

OSAWATOMIE CITY COUNCIL
AGENDA

February 24, 2022

6:30 p.m. | Memorial Hall | 411 11th Street

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. Invocation
5. Consent Agenda

Consent Agenda items will be acted upon by one motion unless a Council member requests an item be removed for discussion and separate action.

 - A. February 24, 2022 Agenda
 - B. February 10, 2022 Meeting Minutes
 - C. February 18, 2022 Meeting Minutes
 - D. Register Report - January 2022
6. Comments from the Public

Citizen participation will be limited to 5 minutes. Stand & be recognized by the Mayor.
7. Public Hearing
8. Presentations, Proclamations, and Appointments
 - A. BG Consultants – Presentation of Bids and Recommendation of Contractor for Wastewater Treatment Plant upgrades
9. Unfinished Business
 - A. Resolution 980 – Accepting the Recommendation of BG Consultants on WWTP Contractor
10. New Business
 - A. Presentation of the S&P Global Rating on General Obligation Bond (GOB) Issue 2022A (Bruce Kimmel, Ehlers)
 - B. Presentation of the Bids and Acceptance of the Winning Bid on GOB Issue 2022A (Bruce Kimmel, Ehlers)
 - C. Ordinance 3808 – An Ordinance Authorizing and Providing for the Issuance of General Obligation Bonds, Series 20221, of the City of Osawatomie, Kansas. (Mitch Walter, Gilmore Bell)
 - D. Resolution 981 – A Resolution Prescribing the Form and Details of and Authorizing and Directing the Sale and Delivery of General Obligation Bonds, Series 2022A, of the City of Osawatomie Kansas. (Mitch Walter, Gilmore Bell)
11. Council Report
12. Mayor's Report
13. City Manager & Staff Report
14. Adjourn

NEXT REGULAR MEETING – March 3, 2022

Osawatomie, Kansas. **February 10, 2022.** The Council Meeting was held at the Memorial Hall located at 411 11th Street. Mayor Nick Hampson called the meeting to order at 6:30 p.m. Council members present were Wright, Macek, Bratton, LaDuex, Dickinson, Diehm, Filipin and Caldwell. City Staff present at the meeting were City Manager Mike Scanlon, Deputy City Manager Bret Glendening, City Clerk Tammy Seamands, Assistant to the City Manager Samantha Moon, and City Attorney Richard Wetzler. Members of the public were: Kari Bradley, Ron Smith, Teri Auten, Alex Castillo, Kevin Schasteen and Dale Koontz.

INVOCATION. – Ron Smith, 1st Christian Church

CONSENT AGENDA. Approval of February 10th Agenda, January 27th Council Minutes, Pay Application – Western Consultants - \$2,384.50 -WWTP Improvements, Pay Application – BG Consultants - \$4,900.00 WWTP Improvements, Pay Application - \$4,875.00 – Brown Street Improvements (16th to 18th St). **Motion** made by LaDuex, seconded by Wright to approve the consent agenda as presented. Yeas: All.

COMMENTS FROM THE PUBLIC. – None

PUBLIC HEARINGS. – None

PRESENTATIONS, PROCLAMATIONS AND APPOINTMENTS.

RESOLUTION 964 – COUNCIL PRESIDENT ELECTIONS – CITY COUNCIL PRESIDENT – Mayor Hampson asked for nominations for the City Council President. LaDuex and Dickinson were nominated. Council then used a ballot to vote for the nominees. City Clerk Seamands collected the ballots and with the help of Mayor Hampson tallied the votes. The winner of the election was Lawrence Dickinson. **Motion** made by Dickinson, seconded by Wright to approve Resolution 964 – Recognizing the election of Lawrence Dickinson to fill the role of Osawatomie City Council President as presented. Yeas: All. Dickinson abstained due to conflict of interest.

RESOLUTION 965 – INTERVIEW AND SELECTION OF TOURISM COMMITTEE MEMBERS – Scanlon asked council if they wanted to proceed with a tourism committee and if they wanted the committee to start immediately or to wait a year. The consensus was to continue with the tourism committee and for the committee to begin immediately. **Motion** made by Bratton, seconded by Wright to approve Resolution 965 – Directing the establishment of a nominating committee to fill the positions on the city’s tourism committee as presented. Yeas: All.

ELECTION OF CITY COUNCIL LIASON TO THE TOURISM COMMITTEE – Mayor Hampson asked for nominations for the City Council Liaison to the Tourism Committee. Caldwell and Macek were nominated. Council then used a ballot to vote for the nominees. City Clerk Seamands collected the ballots and with the help of Mayor Hampson tallied the votes. The winner of the election was Cathy Caldwell.

UNFINISHED BUSINESS. – None.

NEW BUSINESS.

RESOLUTION 966 — DIRECTING THE CITY MANAGER TO FINALIZE THE PURCHASE OF REAL PROPERTY AT 500 MAIN STREET (PARCEL ID# 1711102019022000) – In an executive session the city council directed the city manager to negotiate the purchase of the property located at 500 Main St. (Masonic Lodge). One of the requirements set in all property purchases is that the price paid by the city does not exceed 85% of a private property appraisal or 90% of the current county appraised value. If the purchase does the city manager is required to describe why the additional amount is appropriate and justified. In this case the proposed purchase amount is \$9,888 below the target number. It is also believed that a private appraisal will yield a number greater than \$94,320 and that number is less what we paid will be written into the contract as a donation of property to the City. That donation can then be treated as a match for any future grants we might apply for on the building at 500 Main St. **Motion** made by LaDuex, seconded by Filipin to approve Resolution 966 – Directing the city manager to continue with the purchase of real at 500 Main Street hereby identified by Miami County as parcel id's (1711102019022000) as presented. Yeas: All.

RESOLUTION 967 – RESOLUTION DIRECTING THE CITY MANAGER TO FINALIZE THE PURCHASE OF REAL PROPERTY AT 510 MAIN STREET (PARCEL ID# 1711102019021000) – In an executive session the city council directed the city manager to negotiate the purchase of the property located at 510 Main St. (Old Country Store). In this case, the proposed purchase amount is \$5,437 above our target number – so a justification is in order. 1. The current owner is asking only what they paid for the property. Did they pay too much given its condition? Yes. 2. Do we believe the current owner has the capacity to complete the rehabilitation of the building? No, to verify the amount we had an estimate provided to us by Legacy Contractors, LLC. That estimate was for \$486,412.00. 3. The property is currently at a point in which it could fail and fall down and damage surrounding structures. How do we know this? The city had an Engineering Inspection performed by Norton and Schmidt on November 9, 2021. That inspection determined that the north wall was unstable and could fail and the city needed to close off that portion of the alley. **Motion** made by Caldwell, seconded by Filipin to approve Resolution 967 – Directing the city manager to continue with the purchase of real at 510 Main Street hereby identified by Miami County as parcel id's (1711102019021000) as presented. Yeas: All.

RESOLUTION 968 – RESOLUTION AMENDING THE PROPERTY PURCHASED UNDER RESOLUTION 937 AND DIRECTING THE CITY MANAGER TO MAKE AVAILABLE AN EQUIVALENT AMOUNT OF PROPERTY ON CITY OWNED LAND (PARCEL ID # 1493200000001000) TO THE WEST OF (PARCEL ID # 14932000000009000) – It was discovered after approval of Resolution 937 and upon completing the purchase documents that a portion of land extended down from the residential property along the west side of Old Bethel Church Road that was part of the “originating parcel” that wrapped the single-family residence. We contacted the County to see if this parcel of land could be easily excluded. We learned that the process of separating and recording could take up to six months or longer to achieve. We notified the current owners of this development and we proposed a “land swap” of

an equivalent area of land. The owners indicated early on that they did not want to lose any acreage of the farm field that had been separated from the parcel. The only cost associated with this item is a survey of City property in calculating the area we are swapping for. **Motion** made by Dickinson, seconded by LaDuex to approve Resolution 968 – Directing the city manager and amending resolution 937 to include a property swap with the City of Osawatomie, KS as presented. Yeas: All.

RESOLUTION 969 – RESOLUTION DIRECTING THE CITY MANAGER TO WORK WITH THE OWNERS AND POTENTIAL OWNERS OF 558 MAIN ST. AND 525 MAIN ST. ON THE DECLARATION OF “BUILDING BLIGHT” TO MAKE THE PROPERTIES AVAILABLE FOR THE KANSAS SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) COMMERCIAL REHABILITATION PROGRAM – In order to qualify for the CDBG Commercial Rehabilitation Program a property has to be declared blighted by the city council. This resolution directs the city manager to undertake the studies and work necessary to make the properties at 558 and 525 Main Street eligible and to present to the city council on February 17, 2022 a Blight Resolution for consideration. **Motion** made by Macek, seconded by Bratton to approve Resolution 969 – Directing the city manager to work with business and property owners for the submission of buildings at 558 and 525 Main for a commercial rehabilitation project as presented. Yeas: All

RESOLUTION 970 – DIRECTING THE CITY MANAGER TO FINALIZE THE CONTRACT WITH GOVERNMENTAL ASSISTANCE SERVICES (GAS) FOR ADMINISTRATION AND APPLICATION ASSISTANCE FOR THE KANSAS SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) COMMERCIAL REHABILITATION PROGRAM. – **Motion** made by Macek, seconded by Bratton to approve Resolution 970 – Directing the city manager to sign an agreement with Governmental Assistance Services for a CDBG Grant for a commercial rehabilitation project. Yeas: All.

COUNCIL REPORTS

Lawrence Dickinson ~ Reminder of the Osawatomie Legislative Breakfast on this Saturday morning at 7:00 a.m. at the Osawatomie High School Auditorium.

Karen LaDuex ~ Thanked the council for allowing her to serve as council president for several terms. She really enjoyed that job. Also, congratulations to Lawrence Dickinson on his election of council president.

Dale Bratton ~ Attended the grand opening of the Elevate Sports Academy. He thinks it will be a good asset to the city.

Dan Macek ~ Apologized to Mike and the council. This is a very emotional topic for his family. Not to take away from the others on the Lights on the Lake Committee but for his wife and himself the Lights on the Lake is so much of their life that it is hard for them to hear that the community wants the John Brown Jamboree back. He thinks that the tourism committee will be a great thing.

MAYOR'S REPORT – Thank you to all of the City Councilmembers that have agreed to step up and help serve and work with our committees and selections – there is a lot of work to be done and I appreciate your willingness to help. Thank you to the Police Department for all the work they are doing to help control the problems generated by the Country Vintage Inn. I want to recognize Tammy – in the short time that I've been mayor I have come to realize how valuable she is. I am still new to being Mayor so if there are things that you think I can improve on or do to help the meetings run better, please tell me.

CITY MANAGER & STAFF REPORTS. – Scanlon updated the council on the grants that Bret and himself are working on.

EXECUTIVE SESSION. - None

OTHER DISCUSSION/MOTIONS.

Motion made by LaDuex, seconded by Dickinson to adjourn the meeting of February 10th and reconvene next Thursday, February 17th at 6:30 p.m. at Memorial Hall to continue the business of the City Council per Section 1-203-c of the Code of the City of Osawatomie, KS. Yeas: All.

The mayor declared the meeting adjourned at 7:55 p.m. to reconvene on Thursday, February 17th at 6:30 p.m. at Memorial Hall.

/s/ Tammy Seamands
Tammy Seamands, City Clerk

Osawatomie, Kansas. **February 18, 2022.** The Council Meeting was held at City Hall located at 439 Main Street. This meeting is a continuation of the February 10, 2022 City Council meeting that was originally scheduled for February 17, 2022. That meeting was rescheduled to noon today because of snow yesterday. Mayor Nick Hampson reconvened the meeting to order at 12:00 p.m. Council members present were Macek, Bratton, LaDuex, Dickinson, Diehm and Caldwell. Council members absent were Wright and Filipin. City Staff present at the meeting were City Manager Mike Scanlon, Deputy City Manager Bret Glendening, City Clerk Tammy Seamands, and Assistant to the City Manager Samantha Moon. Members of the public were: Kari Bradley, Jordy Goff and Cody Goff.

Motion made by Caldwell, seconded by Macek to amend the agenda to included the appointment and confirmation of tourism committee members under appointments. Yeas: All.

COMMENTS FROM THE PUBLIC. – None

PUBLIC HEARINGS. – None

PRESENTATIONS, PROCLAMATIONS AND APPOINTMENTS.

UPDATE FROM GOFF VENTURES, LLC ON VALLEY HEIGHTS DEVELOPMENT – Cody and Jordy Goff gave un update on their progress of the development of Valley Heights. The update included an addition of a dome greenhouse that would be located on the property, some of the things they have been working on at Cornerstone that could also be incorporated into Valley Heights. They also discussed some of the obstacles that they have ran into with getting this project started.

APPOINTMENT AND CONFIRMATION OF TOURISM COMMITTEE - Cathy Caldwell presented the recommendations of the Osawatomie Tourism Committee Ex-Officio Members to appoint Jeff Dorsett, Melissa Maimer and Kevin Schasteen as the At-Large members for the Tourism Committee. Additionally, it is the understanding of the interview committee that the following individuals are designated as the Signature Event Representatives: Lights on the Lake – Christle Macek, Border Wars BBQ – Derek Henness, Freedom Festival – Grady Atwater and John Brown Jamboree – Gordon Schrader. **Motion** made by Caldwell, seconded by LaDuex to appoint Jeff Dorsett, Melissa Mainer and Kevin Schasteen as the At-Large Tourism committee members. Yeas: All.

UNFINISHED BUSINESS. – None.

NEW BUSINESS.

RESOLUTION 971 — ACCEPTING OF PERMANENT DRAINAGE EASEMENT – With the pending RFP for the street improvements on Brown Avenue from 16th to 18th, there is an easement that we need to obtain for the stormwater system. The easement only authorizes us to access this 375 sf of property for operation/maintenance of the stormwater system. **Motion** made by Macek, seconded by Dickinson to approve Resolution 971 – Accepting the conveyance by Donald D. and Patricia C. Krueger (owners) of a permanent drainage easement to the City of

Osawatomie generally located at the intersection 16th Street and Brown Avenue as presented. Yeas: All.

RESOLUTION 972 –AUTHORIZING BASE GRANT APPLICATION – Building a Stronger Economy (BASE) Grant provides monies for eligible communities with eligible project to apply for and obtain a grant to further their economic development activities. If successful, this grant award will reduce the estimated cost of design and construction of the water committee recommendation that the council accepted on January 13th by 10%. **Motion** made by Macek, seconded by Caldwell to approve Resolution 972 – Directing City Staff to apply for a Base Grant to assist in the design of the water treatment plant and distribution system of the Osawatomie Water Utility as presented. Yeas: All.

RESOLUTION 973 – AUTHORIZING KDOT COST SHARE APPLICATION – Successful grant applicants are awarded up to \$1 Million towards their project. The 6th Street project is currently being surveyed and has an expected price tag of \$6.2 Million. The city, through the county's half cent sales tax for roads and bridges is eligible for \$500,000 from the county. Additionally, the county will be improving the entrances to this thoroughfare on both the north (2023) and the south end (2022). Receiving \$1.5 Million of funding from other sources reduces or cost to \$4.7 Million. **Motion** made by Macek, seconded by Caldwell to approve Resolution 973 – Directing city staff to apply for a KDOT cost share program to assist in the construction of the 6th Street Project as presented. Yeas: All.

RESOLUTION 974 – RESOLUTION DIRECTING THE CITY MANAGER TO FINALIZE THE PURCHASE OF REAL PROPERTY AT 500 MAIN STREET (PARCEL ID # 1711102019022000) – **Motion** made by Macek, seconded by Dickinson to approve Resolution 974 – Directing the City Manager to close on the purchase of real property located at 500 Main Street hereby identified by Miami County as Parcel ID's (1711102019022000) as presented. Yeas: All.

RESOLUTION 975 – RESOLUTION DIRECTING THE CITY MANAGER TO FINALIZE THE PURCHASE OF REAL PROPERTY AT 510 MAIN STREET (Parcel ID# 171110201902100) **Motion** made by Macek, seconded by Caldwell to approve Resolution 975 – Directing the city manager to close on the purchase of real property at 510 Main Street hereby identified by Miami County as Parcel ID's (1711102019021000). Yeas: All.

RESOLUTION 976 – RESOLUTION DIRECTING CITY STAFF TO APPLY FOR CDBG SMALL CITIES GRANT TO BE USED FOR BUILDING REHAB IN DOWNTOWN CORRIDOR – We have identified a building and business owner who would qualify. Additionally, Greater Osawatomie Foundation has tentatively agreed to assist in the match and in our budget, we've identified \$100,000 that we could divide up into five \$20,000 grants that could also assist in these projects. We believe there is a second project for consideration in the current year and likely 2-3 more projects that could be considered in future years. We might not win on all of the projects submitted but we believe it's realistic to think that over the next 3-5 years we could likely get 2 or 3 grants awarded to us. **Motion** made by Macek, seconded by Diehm to approve Resolution 976 – Certifying legal authority to apply for the 2021 Kansas Small Cities

Community Development Block Grant Program from the Kansas Department of Commerce and Authorizing the Mayor to sign and submit an application. Yeas: All.

COUNCIL REPORTS

Cathy Caldwell ~ enjoyed working with Bret and Kari and she is looking forward to working with the Tourism Committee.

MAYOR'S REPORT – None.

CITY MANAGER & STAFF REPORTS. – Scanlon distributed the preliminary official statement. This is sent out to all of the protentional bidders for our bond issue. Bids will come in next Thursday at 10:00 a.m. Scanlon also distributed a letter stating his possible potential conflict of interest related to the bidding of the city bonds.

EXECUTIVE SESSION. - None

OTHER DISCUSSION/MOTIONS.

Motion made by LaDuex, seconded by Caldwell to adjourn. Yeas: All. The mayor declared the meeting adjourned at 12:57 p.m.

/s/ Tammy Seamands
Tammy Seamands, City Clerk

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
NON-DEPARTMENTAL	GENERAL OPERATING	OSAWATOMIE GOLF COURSE	JANUARY 2022 - GOLF MEMBER	108.00
			TOTAL:	108.00
ADMINISTRATION	GENERAL OPERATING	NAVRAT'S OFFICE PRODUCTS INC	WHITE COPY PAPER	199.50
		FAMILY CENTER FARM & HOME	HAMMER, DEADBOLT	110.04
		KANSAS GAS SERVICE	GAS SERVICE	2,840.17
		LEAGUE OF KS MUNICIPALITIES	2022 CITY DUES	2,301.03
		QUILL CORPORATION	CHAIRS, INK, EXPO, OFFICE	5.63
			SHARPIES - KING SIZE	9.79
			WHITE BOARDS EXPO MARKERS	38.05
		MISCELLANEOUS LAUGHERY, KAYLI	LAUGHERY, KAYLI: CUPCAKES	92.00
		TALLEY, DEBBIE	JANUARY 2022 - CLEANING MH	375.00
		OSAWATOMIE ROTARY CLUB	MOON - DUES	120.00
		CITYCODE FINANCIAL LLC	2022 ANNUAL FEE	1,250.00
		WASTE MANAGEMENT	REFUSE	17.80
		REDISHRED KANSAS INC.	SHREDDING SERVICE	30.90
		EVERGY	UTILITY SERVICES	18.14
		KANSAS ASSOCIATION OF CITY/COUNTY MANA	MEDIUM CITY MEMBERSHIP	200.00
			2022 AFFILIATE KACM MEMBER	75.00
		KAPIO	2022 - DUES	50.00
		PAYCHEX	01/14 - PAYROLL SERVICES	1,467.89
			12/31/21 - PAYROLL ERROR C	125.16
		HITOMI'S LITTLE FLOWER SHOP LLC	FUNERAL PLANTS	150.00
			FUNERAL FLOWERS	75.00
		TRACKER SOFTWARE CORPORATION, INC.	PUBWORKS 50% PAYMENT	2,343.75
		KANSAS DEPT OF REVENUE - ALCOHOLIC BEV	2022 - CEREAL MALT BEV LIC	125.00
			TOTAL:	12,019.85
CODES ENFORCEMENT	GENERAL OPERATING	FAMILY CENTER FARM & HOME	HAMMER, DEADBOLT	19.90
		ZEP SALES & SERVICE	ZEP LINER - BUFF	264.59
		QUILL CORPORATION	CHAIRS, INK, EXPO, OFFICE	315.96
			WHITE BOARDS EXPO MARKERS	64.19
		METROPOLITAN KANSAS CITY CHAPTER OF IC	MEMBERSHIP - BEAUDRY	30.00
		KASPER AUTO PARTS	4PC PRY BAR SET	27.30
		EVERGY	UTILITY SERVICES	382.89
			TOTAL:	1,104.83
POLICE	GENERAL OPERATING	BREWER'S AUTOMOTIVE REPAIR INC	BALANCE TIRES	30.90
		O'REILLY AUTO PARTS	CAPSULE	32.44
			LINK KIT	21.96
			FUEL CAP	15.21
		KANSAS GAS SERVICE	GAS SERVICE	77.15
		SUDDENLINK COMMUNICATIONS	SUDDENLINK COMMUNICATIONS	14.86
		UNIVERSITY OF KANSAS	BASORE TRAINING	80.00
			SPARKS.HUGGINS TRAINING	300.00
		PAT'S SIGNS	WARNING PARKING STICKERS	75.00
		PSYCHOLOGICAL RESOURCES	PSYCHOLOGICAL EVALUATION	135.00
		MISCELLANEOUS CURTIS ISELE	CURTIS ISELE: TRAINING REI	128.71
		KANSAS SECRETARY OF STATE	NOTARY COMMISSION - BALLAR	25.00
		WASTE MANAGEMENT	REFUSE	19.71
		POMP'S TIRE SERVICE INC	FIREHAWK PURSUIT TIRES	488.72
			GY ENFORCER POLICE AW	617.16
		KASPER AUTO PARTS	PROFORMER FOG NIGHT VISION	92.47
			CAPSULE	25.98-
		REDISHRED KANSAS INC.	SHREDDING SERVICE	30.90
			TOTAL:	2,159.21

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
CABIN	GENERAL OPERATING	KANSAS GAS SERVICE	GAS SERVICE	915.21
			TOTAL:	915.21
STREETS & ALLEYS	GENERAL OPERATING	O'REILLY AUTO PARTS	THREAD KIT	45.99
			TOOL & SOLDER	15.98
		FAMILY CENTER FARM & HOME	STARTER - SALT SPRD	136.24
			NIPPLE 1' CLOSE POLY	1.69
		KANSAS GAS SERVICE	GAS SERVICE	488.27
		NATIONAL SIGN COMPANY INC	STOP 30" OCT ALL WAY	1,192.55
		DETROIT INDUSTRIAL TOOL	DIA BLD ALL CUT SUPREME	582.47
		MISCELLANEOUS MORSE'S AUTO SALVAGE	MORSE'S AUTO SALVAGE:HEAD	145.00
		SPRAYER SPECIALTIES INC	VALVE BUSHIGN SCRIN BARB	289.53
		TOMO DRUG TESTING	2022 ADMIN FEES	42.86
		WASTE MANAGEMENT	REFUSE	69.68
		KASPER AUTO PARTS	ADAPTER	3.50
			LOC-WELD ADAPTER	13.06
			2.5 DEF	58.32
			TOTAL:	3,085.14
PARKS & CEMETERIES	GENERAL OPERATING	BREWER'S AUTOMOTIVE REPAIR INC	TIRE DISPOSAL	122.50
		O'REILLY AUTO PARTS	BODY BOLTS & U NUTS	27.28
			IGNITION COIL SPARK PLUG	428.80
			SOLENOID	31.31
			NEW MAF - 2006 F150	66.84
		FAMILY CENTER FARM & HOME	NUTS, BOLTS, LOCKWASH	151.94
			NUTS, BOLTS, HARDWARE RETU	103.49
			PAINT KUBOTA ORANGE SPRAY	10.98
			SMALL ENGINE PARTS	47.40
			CAULK, HAMER, HOOKS	38.90
		ZEP SALES & SERVICE	ZEP LINER - BUFF	264.60
		AMERICAN TEXTILE MILLS	WIPERS	224.62
		MADDEN RENTAL LLOYD MADDEN	PORTABLE TOILET RENTAL	315.00
		TOMO DRUG TESTING	2022 ADMIN FEES	42.86
		WASTE MANAGEMENT	REFUSE	69.68
		KASPER AUTO PARTS	PRIMARY	129.96
			PRIMARY WIRE	131.00
			CORE DEPISOIT PULLY TENSION	128.54
			PULLY EXCHANGE DIFFERENCE	0.91
		EVERGY	UTILITY SERVICES	18.14
			TOTAL:	1,890.69
FIRE	GENERAL OPERATING	KANSAS GAS SERVICE	GAS SERVICE	735.49
		MISCELLANEOUS KSFFA	KSFFA:MEMBERSHIP DUES FIRE	546.00
		WASTE MANAGEMENT	REFUSE	278.71
			TOTAL:	1,560.20
MUNICIPAL COURT	GENERAL OPERATING	HARTLEY LAW GROUP, LLC	COURT APPOINTMENT	25.00
			TOTAL:	25.00
LIBRARY	GENERAL OPERATING	KANSAS GAS SERVICE	GAS SERVICE	291.60
		AMERICAN LIBRARY ASSOCIATION	MEMBERSHIP DUES	114.00
			MEMBERSHIP DUES - CRABTREE	114.00
		SCHINDLER ELEVATOR CORPORATION	ELEVATOR MAINT CONTRACT	1,627.32
		T MOBILE	PHONE & INTERNET	154.66
		WASTE MANAGEMENT	REFUSE	61.68
		KWIKOM COMMUNICATIONS	PHONE & INTERNET	145.00

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
		ROMERO, AURORAH	LIBRARY JANITOR	60.00
			LIBRARY CLEANING	<u>60.00</u>
			TOTAL:	2,628.26
TECHNOLOGY	GENERAL OPERATING	TYLER TECHNOLOGIES INC	UTILITY BILLING SOFTWARE	5,571.65
		VERIZON WIRELESS	PHONE & INTERNET	1,560.81
		KSFIBERNET	PHONE & INTERNET	410.84
		KWIKOM COMMUNICATIONS	INTERNET SERVICES	298.70
			INTERNET SERVICES	295.00
		CENTURYLINK	PHONE & INTERNET	273.34
		RICOH USA, INC.	COPIERS	260.47
		RICOH USA, INC.	COPIER LEASE	134.73
		SCHNEIDER GEOSPATIAL, LLC	BEACON MAPPING SERVICE	6,460.00
		NEXTIVA, INC.	PHONE & INTERNET	1,123.28
		TOSHIBA FINANCIAL SERVICES	PRINTERS @ PD	<u>184.62</u>
			TOTAL:	16,573.44
WATER ADMINISTRATION	WATER	KANSAS DEPT OF REVENUE	CLEAN DRINKING WATER FEES	2,915.51
		KANSAS MUNICIPAL UTILITIES INC	2022 KMU ELECTRIC MEM DUES	1,902.75
		KANSAS RURAL WATER ASSOC	2022 MEMBERSHIP	920.00
		WASTE MANAGEMENT	REFUSE	69.68
		TRACKER SOFTWARE CORPORATION, INC.	PUBWORKS 50% PAYMENT	<u>2,343.75</u>
			TOTAL:	8,151.69
WATER TREATMENT	WATER	ALEXANDER PUMP & SERVICES INC	REPACK PUMP	940.00
		O'REILLY AUTO PARTS	PWR RTD BELTS	66.34
			PWR RDT BELTS	43.42
			PWR RTD BELT	22.37
		FAMILY CENTER FARM & HOME	TAPE, ICE MELT, INSULATION	127.75
			BUCKET, LEAF RAKE, BOOTS	44.97
			BUCKET, LEAF RAKE, BOOTS	63.93
			GLOVES - THERMAL ACRYLIC K	9.98
			PIPE PVC VENT ELBOW BULB C	103.15
			JEANS & BOOTS	279.89
			JEANS	170.96
			BOOT M 11 - JEANS	153.74
			FUEL GRINDER KEY	182.38
			BOOT-M DP BLAYDE 11'	141.75
		AUTEN PHARMACY	MINERAL OIL	11.66
			MINERAL OIL	0.00
		QUILL CORPORATION	CHAIRS, INK, EXPO, OFFICE	94.24
			WHITE BOARDS EXPO MARKERS	64.19
		USA BLUE BOOK	VALVE WHEEL WRENCH 8'	31.95
			BEANIE, THERMAL, GLOVES DI	78.90
			BEANIE, THERMAL, GLOVES DI	299.10
			DIR WATER PROOF THERMAL	151.05
		BRADLEY AIR CONDITIONING & HEATING	FURNACE BOARD BAD - REPLAC	429.69
		TOMO DRUG TESTING	2022 ADMIN FEES	42.86
		WASTE MANAGEMENT	REFUSE	35.49
		R. E. PEDROTTI CO., INC.	TURBIDMETER SERVICES	444.00
		KEY	HIVIS JACKET, LONG SLEEVE	199.90
			HI VISIBILITY SIGHT COAT	<u>234.74</u>
			TOTAL:	4,468.40
WATER DISTRIBUTION	WATER	OLATHE WINWATER WORKS	SCREW TYPE VALVE BOX LID O	96.00
		FAMILY CENTER FARM & HOME	TARP, TAPE, PLIER, CORD	18.99

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
		DETROIT INDUSTRIAL TOOL	DIA BLD ALL CUT SUPREME	582.47
		CJ FEED & SUPPLY INC	DS HAYMAKER MID M 13	149.95
		AMERICAN TEXTILE MILLS	WIPERS	224.61
		PACE ANALYTICAL SERVICES INC	ANALYTICAL SERVICES	160.00
		TOMO DRUG TESTING	2022 ADMIN FEES	42.85
		CORE & MAIN LP	6 SW ANCH CPLG REGULAR GAS	345.00
		KEY	HIVISIBILITY JACKET	89.36
			HIVIS JACKET, LONG SLEEVE	77.98
			HIVIS JACKET, LONG SLEEVE	375.60
			HI VISIBILITY SIGHT COAT	78.26
			DELUXE LONG SLEEVE COVERAL	<u>101.33</u>
			TOTAL:	2,342.40
NON-DEPARTMENTAL	ELECTRIC	VANTAGEPOINT TRANSFER	01/14 - CORRECTION	<u>468.06</u>
			TOTAL:	468.06
ELECTRIC ADMINISTRATIO	ELECTRIC	KANSAS MUNICIPAL UTILITIES INC	KMU TRAINING - 2022 1ST QT	2,656.00
			2022 KMU ELECTRIC MEM DUES	3,805.50
		TRACKER SOFTWARE CORPORATION, INC.	PUBWORKS 50% PAYMENT	<u>2,343.75</u>
			TOTAL:	8,805.25
ELECTRIC PRODUCTION	ELECTRIC	FAMILY CENTER FARM & HOME	JEANS & BOOTS	93.30
			JEANS	56.99
			BOOT M 11 - JEANS	51.24
			BOOT-M DP BLAYDE 11'	47.25
		KMEA	GRDA - JANUARY 2022	124,397.82
		KANSAS GAS SERVICE	GAS SERVICE	51.12
			GAS SERVICE	4,365.10
		PAOLA DO IT BEST HARDWARE	WIRELESS THERMOMETER	19.49
			TERMINAL ADAPTER LOCKNUT	5.92
		QUILL CORPORATION	CHAIRS, INK, EXPO, OFFICE	92.24
		TOMO DRUG TESTING	2022 ADMIN FEES	42.86
		WASTE MANAGEMENT	REFUSE	69.68
			REFUSE	35.49
		EVERGY	UTILITY SERVICES	26.25
			UTILITY SERVICES	26.38
		KEY	HI VISIBILITY SIGHT COAT	<u>78.26</u>
			TOTAL:	129,459.39
ELECTRIC DISTRIBUTION	ELECTRIC	BREWER'S AUTOMOTIVE REPAIR INC	INTERSTATE BATTERY	119.95
		FAMILY CENTER FARM & HOME	SANDPAPER, PAINT, BUCKET	44.85
		QUILL CORPORATION	CHAIRS, INK, EXPO, OFFICE	188.48
		CITY ELECTRICAL SUPPLY COMPANY	45W/LED/HID/5000K/100-277V	766.50
		GERKEN RENT-ALL INC	WOOD CHIPPER 6" CAPACITY	226.53
		TOMO DRUG TESTING	2022 ADMIN FEES	42.86
		ANIXTER INC	ELBOW ARR 10KV MOVE 200A	233.55
			BRACKET STADNOFF 2" CHANNE	<u>282.00</u>
			TOTAL:	1,904.72
SEWER ADMINISTRATION	SEWER	KANSAS MUNICIPAL UTILITIES INC	2022 KMU ELECTRIC MEM DUES	1,902.75
		KANSAS RURAL WATER ASSOC	BRUCE HURT - ANNUAL CONFER	175.00
		TOMO DRUG TESTING	2022 ADMIN FEES	42.85
		TRACKER SOFTWARE CORPORATION, INC.	PUBWORKS 50% PAYMENT	<u>2,343.75</u>
			TOTAL:	4,464.35
WWTP OPERATIONS	SEWER	FAMILY CENTER FARM & HOME	TARP, TAPE, PLIER, CORD	82.89

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
		PAOLA DO IT BEST HARDWARE	CPMDIOT BODY & NIPPLE	24.96
		AERO-MOD INC	STATOR-103/0005 24 NBR	154.11
		PACE ANALYTICAL SERVICES INC	ANALYTICAL SERVICES	407.00
		WASTE MANAGEMENT	SLUDGE HAUL OFF	2,431.87
			REFUSE	<u>70.98</u>
			TOTAL:	3,171.81
SEWER COLLECTION	SEWER	NAVY BRAND MFG. CO.	LIFT CLEAN	776.18
		LLOYD HAROLD	SERVICE CALLS	<u>358.00</u>
			TOTAL:	1,134.18
NON-DEPARTMENTAL	REFUSE	WASTE MANAGEMENT	CURB SIDE REFUSE	30,403.93
			TRASH STICKERS	<u>276.75</u>
			TOTAL:	30,680.68
STREET AND ALLEYS	STREET IMPROVEMENT	OZARK READY MIX COMPANY	4000 A/E ASH WINTER SERVIC	<u>703.91</u>
			TOTAL:	703.91
CABIN	TOURISM	FAMILY CENTER FARM & HOME	QUICK LINK 3/16 EYE SCREW	8.88
		KANSAS GAS SERVICE	GAS SERVICE	381.10
		MADDEN RENTAL LLOYD MADDEN	PORTABLE TOILET RENTAL	205.00
		WASTE MANAGEMENT	REFUSE	53.89
		WINGERT SIGN COMPANY LLC	JAN 2022 BILLBOARD RENTAL	<u>1,350.00</u>
			TOTAL:	1,998.87
LIGHTS ON THE LAKE	TOURISM	ASCAP	2022 MUSIC LICENSE	<u>390.00</u>
			TOTAL:	390.00
COURSE OPERATIONS	GOLF COURSE	FAMILY CENTER FARM & HOME	RECIP SAW BLADE & HEX T HA	50.78
		GCSAA	MEMBERSHIP - DRAPER	80.00
		MADDEN RENTAL LLOYD MADDEN	PORTABLE TOILET RENTAL	95.00
		GREATLIFE WARSAW LLC	'JAN 2022 - CONSULTING FEE	416.00
		KASPER AUTO PARTS	SPARK PLUG & 10W30	124.00
			SPARK PLUG & 10W30	195.98
		EVERGY	UTILITY SERVICES	18.14
			UTILITY SERVICES	464.86
			UTILITY SERVICES	107.09
			UTILITY SERVICES	338.18
			UTILITY SERVICES	658.31
		GREATLIFE LLC	EQUIP LEASE PAYMENT 02/01/	3,696.62
			EQUIP LEASE PAYMENT 02/01/	926.29
		USGA	DRAPER - MEMBERSHIP	<u>45.00</u>
			TOTAL:	7,216.25
CLUB HOUSE	GOLF COURSE	R & R PRODUCTS INC	REEL - 8 BLADE	481.20
			CUP, BEARING, WASHER, BASK	802.55
		CRAWFORD SALES COMPANY	BEER	247.50
		DISH NETWORK	CABLE SERVICES	134.07
		WASTE MANAGEMENT	REFUSE	<u>112.56</u>
			TOTAL:	1,777.88
NON-DEPARTMENTAL	EMPLOYEE BENEFITS	CITY OF OSAWATOMIE	JANUARY 2022 - FLEX SPENDI	1,335.76
		KANSAS DEPT OF REVENUE	01/14/22 - STATE TAXES	4,293.91
			01/28/22 - STATE TAXES	4,438.51
		GUARDIAN	JANUARY 2022 - GUARDIAN	498.02
			JANUARY 2022 - GUARDIAN	498.02

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
			JANUARY 2022 - GUARDIAN	17.29
		HUMANA INSURANCE CO.	JANUARY 2022 - INSURANCE	6,378.61
			JANUARY 2022 - INSURANCE	365.75
			JANUARY 2022 - INSURANCE	80.01
			JANUARY 2022 - INSURANCE	241.55
			JANUARY 2022 - INSURANCE	6,378.61
			JANUARY 2022 - INSURANCE	362.82
			JANUARY 2022 - INSURANCE	79.23
			JANUARY 2022 - INSURANCE	241.55
			JANUARY 2022 - INSURANCE	48.44-
		KANSAS PAYMENT CENTER	01/14/22 - CHILD SUPPORT G	2,166.57
			01/28/22 - CHILD SUPPORT G	2,166.57
		KPERS	KPERS 01/14/22	6,320.12
			KPERS	6,292.17
			KPERS	143.53
		VANTAGEPOINT TRANSFER	IMCA - 01/14/22	643.42
			01/28/22 - ICMA PAYROLL	676.07
			01/28 - CORRECTION	456.76
		EFTPS	EFTPS - 01/14/2022	16,309.45
			01/28/22 - PAYROLL TAXES	17,489.16
		ATCHISON HOSPITAL ASSOCIATES	01/14/22 - GARNISHMENT	312.69
			01/28/22 - GARNISHMENT	312.69
		IL STATE DISBURSEMENT	01/14/22 - GARNISHMENT	105.78
			01/28/22 - GARNISHMENT CHI	<u>105.78</u>
			TOTAL:	78,661.96
NON-DEPARTMENTAL	EMPLOYEE BENEFITS	KANSAS EMPLOYMENT SECURITY FUN	UNEMPLOYMENT - 01/14/22	137.58
			01/28/22 - KS UNEMPLOYMENT	152.92
		HUMANA INSURANCE CO.	JANUARY 2022 - INSURANCE	15,007.51
			JANUARY 2022 - INSURANCE	763.07
			JANUARY 2022 - INSURANCE	174.59
			JANUARY 2022 - INSURANCE	116.50
			JANUARY 2022 - INSURANCE	15,007.51
			JANUARY 2022 - INSURANCE	763.07
			JANUARY 2022 - INSURANCE	174.59
			JANUARY 2022 - INSURANCE	116.50
		KPERS	AFTER RETIREMENT	255.21
			KPERS 01/14/22	9,374.92
			KPERS	9,333.41
		VANTAGEPOINT TRANSFER	IMCA - 01/14/22	468.06
			01/28/22 - ICMA PAYROLL	468.06
		EFTPS	EFTPS - 01/14/2022	8,097.27
			01/28/22 - PAYROLL TAXES	8,995.20
		SURENCY LIFE & HEALTH	JAN 2022 - FSA	<u>63.00</u>
			TOTAL:	69,468.97

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
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===== FUND TOTALS =====

01	GENERAL OPERATING	42,069.83
02	WATER	14,962.49
03	ELECTRIC	140,637.42
04	SEWER	8,770.34
05	REFUSE	30,680.68
12	STREET IMPROVEMENTS	703.91
13	TOURISM	2,388.87
18	GOLF COURSE	8,994.13
31	EMPLOYEE BENEFITS	148,130.93

GRAND TOTAL:	397,338.60

TOTAL PAGES: 7

SELECTION CRITERIA

SELECTION OPTIONS

VENDOR SET: 01-OSAWATOMIE KS
VENDOR: All
CLASSIFICATION: All
BANK CODE: All
ITEM DATE: 0/00/0000 THRU 99/99/9999
ITEM AMOUNT: 99,999,999.00CR THRU 99,999,999.00
GL POST DATE: 1/01/2022 THRU 1/31/2022
CHECK DATE: 0/00/0000 THRU 99/99/9999

PAYROLL SELECTION

PAYROLL EXPENSES: NO
EXPENSE TYPE: N/A
CHECK DATE: 0/00/0000 THRU 99/99/9999

PRINT OPTIONS

PRINT DATE: None
SEQUENCE: By Department
DESCRIPTION: Distribution
GL ACCTS: NO
REPORT TITLE: C O U N C I L R E P O R T - 2 0 2 2 - J A N
SIGNATURE LINES: 0

PACKET OPTIONS

INCLUDE REFUNDS: YES
INCLUDE OPEN ITEM:NO

February 21, 2022

Bret Glendening
Deputy City Manager
City of Osawatomie
439 Main Street
Osawatomie, KS 66064

RE: City of Osawatomie, Kansas
2022 Wastewater Treatment Plant Improvements
Engineer Project Number: 20-1414L

Dear Mayor and City Council:

On February 21, 2022 at 10:00 a.m., 4 bids and an Engineer's Opinion of Probable Cost (EOPC) were received and read publicly for the above referenced project.

Bid summaries are shown below, for quick reference, in ascending order based on the total bid cost. Detailed bid tabulations are attached.

Bidder	Base Bid	Base Bid + Bid Alt. 1	Base Bid + Bid Alt. 1 + Bid Alt. 2
Engineer's Estimate	\$2,551,500	\$2,591,500	\$2,601,500
Crossland Heavy Contractors	\$2,491,064	\$2,531,064	\$2,538,564
Walters Morgan Construction, Inc.	\$2,555,000	\$2,593,000	\$2,601,000
BRB Contractors, Inc.	\$2,568,000	\$2,604,000	\$2,605,400
MegaKC	\$2,865,158	\$2,901,158	\$2,911,158

BG Consultants, Inc. recommends the City consider awarding the construction contract to Crossland Heavy Contractors Construction in the amount of \$2,538,564. This recommendation is based upon our opinion of the lowest responsible bidder for the project.

Sincerely,



Paul Owings, P.E.
Project Manager

Attachments

NOTICE OF AWARD

Date of Issuance: February 21, 2022
Owner: City of Osawatomie, Kansas Owner's Project No.: 20-1414L
Engineer: BG Consultants, Inc. Engineer's Project No.: 20-1414L
Project: 2022 Wastewater Treatment Facility Improvements
Contract Name: 2022 Wastewater Treatment Facility Improvements
Bidder: Crossland Heavy Contractors, Inc.
Bidder's Address: 3252 Roanoke Road, Kansas City, MO 64111

You are notified that Owner has accepted your Bid dated **February 21, 2022** for the above Contract, and that you are the Successful Bidder and are awarded a Contract for:

2022 Wastewater Treatment Facility Improvements: Base Bid, Alternate 1, and Alternate 2.

The Contract Price of the awarded Contract is **\$2,538,564.00** Contract Price is subject to adjustment based on the provisions of the Contract, including but not limited to those governing changes, Unit Price Work, and Work performed on a cost-plus-fee basis, as applicable.

Five unexecuted counterparts of the Agreement accompany this Notice of Award, and one copy of the Contract Documents accompanies this Notice of Award, or has been transmitted or made available to Bidder electronically.

☒ Drawings will be delivered separately from the other Contract Documents.

You must comply with the following conditions precedent within 15 days of the date of receipt of this Notice of Award:

1. Deliver to Owner five counterparts of the Agreement, signed by Bidder (as Contractor).
2. Deliver with the signed Agreement(s) the Contract security (such as required performance and payment bonds) and insurance documentation, as specified in the Instructions to Bidders and in the General Conditions, Articles 2 and 6.
3. Other conditions precedent (if any):

Failure to comply with these conditions within the time specified will entitle Owner to consider you in default, annul this Notice of Award, and declare your Bid security forfeited.

Within ~~10~~ 15 days after you comply with the above conditions, Owner will return to you one fully signed counterpart of the Agreement, together with any additional copies of the Contract Documents as indicated in Paragraph 2.02 of the General Conditions.

Owner: **City of Osawatomie, Kansas**

By (signature): _____

Name (printed): _____

Title: _____

Copy: Engineer

BID TABULATIONS
2022 Wastewater Treatment Plant Improvements
Osawatomie, Kansas
Bid Letting February 21, 2022
20-1414L

				Engineer's Estimate		Crossland Heavy Contractors		Walters Morgan Construction, Inc.		BRB Contractors, Inc.		MegaKC	
<u>Item #</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>		<u>Unit Price</u>		<u>Unit Price</u>		<u>Unit Price</u>		<u>Unit Price</u>	
Base Bid													
1.	Lump Sum Bid Price for Base Bid	1	Lump Sum	\$ 1,530,200.00	\$ 1,530,200.00	\$ 1,472,000.00	\$ 1,472,000.00	\$ 1,533,000.00	\$ 1,533,000.00	\$ 1,548,936.00	\$ 1,548,936.00	\$ 1,846,094.00	\$ 1,846,094.00
2.	Rotary Lobe Blower Equipment Cost	1	Lump Sum	\$ 200,000.00	\$ 200,000.00	\$ 199,642.00	\$ 199,642.00	\$ 200,000.00	\$ 200,000.00	\$ 199,642.00	\$ 199,642.00	\$ 199,642.00	\$ 199,642.00
3.	Liquid Chemical Feed Equipment Cost	1	Lump Sum	\$ 65,300.00	\$ 65,300.00	\$ 65,300.00	\$ 65,300.00	\$ 66,000.00	\$ 66,000.00	\$ 65,300.00	\$ 65,300.00	\$ 65,300.00	\$ 65,300.00
4.	Sequencing Batch Reactor Treatment System Equipment Cost	1	Lump Sum	\$ 500,000.00	\$ 500,000.00	\$ 498,200.00	\$ 498,200.00	\$ 500,000.00	\$ 500,000.00	\$ 498,200.00	\$ 498,200.00	\$ 498,200.00	\$ 498,200.00
5.	Vertical Ultraviolet Disinfection System Equipment Cost	1	Lump Sum	\$ 187,000.00	\$ 187,000.00	\$ 187,000.00	\$ 187,000.00	\$ 187,000.00	\$ 187,000.00	\$ 187,000.00	\$ 187,000.00	\$ 187,000.00	\$ 187,000.00
6.	Grit Dewatering Equipment Cost	1	Lump Sum	\$ 69,000.00	\$ 69,000.00	\$ 68,922.00	\$ 68,922.00	\$ 69,000.00	\$ 69,000.00	\$ 68,922.00	\$ 68,922.00	\$ 38,922.00	\$ 68,922.00
Base Bid Total =				\$ 2,551,500.00		\$ 2,491,064.00		\$ 2,555,000.00		\$ 2,568,000.00		\$ 2,865,158.00	
Bid Alternate No. 1													
No	Description	Quantity	Units	Unit Price		Unit Price		Unit Price		Unit Price		Unit Price	
1.	Lump Sum Bid Price for Bid Alternate #1	1	Lump Sum	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 38,000.00	\$ 38,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00
Bid Alternate No. 1 Total =				\$ 40,000.00		\$ 40,000.00		\$ 38,000.00		\$ 36,000.00		\$ 36,000.00	
Total Base Bid + Bid Alternate #1 =				\$ 2,591,500.00		\$ 2,531,064.00		\$ 2,593,000.00		\$ 2,604,000.00		\$ 2,901,158.00	
Bid Alternate No. 2													
No	Description	Quantity	Units	Unit Price		Unit Price		Unit Price		Unit Price		Unit Price	
1.	Lump Sum Bid Price for Bid Alternate #2	1	Lump Sum	\$ 10,000.00	\$ 10,000.00	\$ 7,500.00	\$ 7,500.00	\$ 8,000.00	\$ 8,000.00	\$ 1,400.00	\$ 1,400.00	\$ 10,000.00	\$ 10,000.00
Bid Alternate No. 2 Total =				\$ 10,000.00		\$ 7,500.00		\$ 8,000.00		\$ 1,400.00		\$ 10,000.00	
Total Base Bid + Bid Alternate #1 + Bid Alternate #2 =				\$ 2,601,500.00		\$ 2,538,564.00		\$ 2,601,000.00		\$ 2,605,400.00		\$ 2,911,158.00	

RESOLUTION NO. 980

A RESOLUTION ACCEPTING THE RECOMMENDATION OF BG CONSULTANTS FOR THE AWARD OF THE CONTRACT ASSOCIATED WITH THE CDBG GRANT TO MAKE CERTAIN MODIFICATIONS TO THE WASTEWATER TREATMENT FACILITY.

WHEREAS, securing the health, safety, and economic well-being of residents of the City of Osawatomie is of the highest priority of the City Council; and

WHEREAS, the City worked with Governmental Assistance Services to apply for, and be awarded a Community Block Development Grant for the repair of our Wastewater Treatment Plant; and

WHEREAS, the City has advertised in accordance with CDBG requirements soliciting bids from qualified contractors to make certain modifications to the wastewater treatment facility; and

WHEREAS, the City received four (4) bids for the work at the wastewater treatment facility; and

WHEREAS, those bids were from: Crossland Heavy Contractors, Walters-Morgan Construction, Inc., BRB Contractors, Inc. and MegaKC.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF OSAWATOMIE, KANSAS:

SECTION ONE: The Governing Body hereby accepts the recommendation of its City Engineer, BG Consultants with regard to the awarding of the contract and two alternatives for modifications at the wastewater treatment facility.

SECTION TWO: The Governing Body hereby awards the contract for the base work in the amount of \$2,491,064 as well as the two alternatives (in the amounts of \$40,000 and \$7,500 respectively) at the wastewater treatment facility to Crossland Heavy Contractors.

SECTION THREE: The Governing Body hereby directs city staff to make every effort to minimize construction costs and schedule with regard to the project.

PASSED AND APPROVED by the Governing Body of the City of Osawatomie, Kansas, this 24th day of February, 2022, a majority voting in favor of.

APPROVED and signed by the Mayor.

Nick Hampson, Mayor

(SEAL)

ATTEST:

Tammy Seamands, City Clerk

RatingsDirect®

Summary:

Osawatomie, Kansas; General Obligation

Primary Credit Analyst:

Joshua Travis, Dallas + 1 (972) 367 3340; joshua.travis@spglobal.com

Secondary Contact:

Andy A Hobbs, Dallas + 1 (972) 367 3345; Andy.Hobbs@spglobal.com

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Rating Action

Stable Outlook

Credit Opinion

Related Research

Summary:

Osawatomie, Kansas; General Obligation

Credit Profile		
US\$6.265 mil GO bnds ser 2022A dtd 03/15/2022 due 03/01/2032		
Long Term Rating	A+/Stable	New

Rating Action

S&P Global Ratings assigned its 'A+' long-term rating to Osawatomie, Kan.'s approximately \$6.3 million series 2022A general obligation (GO) bonds. The outlook is stable.

The bonds are secured by the city's full faith and credit and are payable from ad valorem tax proceeds, which are levied without limitation as to rate or amount on all taxable tangible property within the territorial limits of the city. The bonds will largely be used to fund road improvements, though it will also cover some equipment purchases as well as refunding some of the city's outstanding debt for an expected net present value savings, with no extension of maturity.

Credit overview

With a stable, but somewhat limited, local economy, the city of Osawatomie has largely benefitted from predictable revenue streams derived largely from locally derived property and sales taxes. A recently approved sales tax, combined with an increased property tax levy, is facilitating a reinvestment in local infrastructure, which officials anticipate will spur economic development. Though reported on a cash-basis of accounting, the city's reserve position is strong and, when combined with an elevated but manageable debt burden, we expect fixed costs to remain affordable. Furthermore, additional federal stimulus will continue to bolster the city's financial position, leading us to anticipate overall credit stability over the coming years.

The 'A+' rating reflects our assessment of the city's:

- Somewhat limited local economy that benefits from its position at the outer reaches of the Kansas City metro area;
- Strong financial position, bolstered by sizable cash reserves maintained in various capital reserve funds;
- Very weak debt profile, with affordable fixed costs and minimal pension pressures; and
- Adequate Financial Management Assessment (FMA) assessment, with a strong institutional framework score.

Environmental, social, and governance

We assessed the city's environmental, social, and governance risks relative to its economy, management, budgetary outcomes, and its debt and liability profile; we determined that all are in line with our view of the sector standard. While the city is somewhat exposed to severe weather, including tornadoes and inland flooding, we don't consider these risks outside of the sector standard when compared with other Kansas local governments.

Stable Outlook

Upside scenario

All else equal, we could consider a positive rating action if the city were to reach and maintain reserves at a very strong level within the general fund, combined with sustained long-term planning and an improved debt profile.

Downside scenario

Substantial declines in both budgetary performance and flexibility, likely due to larger-than-expected capital improvement drawdowns, could result in a negative rating action.

Credit Opinion

Somewhat limited local economy located on the outer reaches of the Kanas City metro area

Located roughly 50 miles south of Kansas City, in Miami County, the city has historically been rooted in agribusiness and supported by the railroad industry. Osawatomie was also the home of abolitionist John Brown and derives some economic activity from tourism and recreation, owing to the nearby rivers and trails. While economic development has been somewhat limited, officials report that more than a dozen permits for new homes have been issued over the last two years. With affordable prices and land available for development, the city could benefit from continue southward expansion of the Kansas City metropolitan statistical area. The city is also home to the Osawatomie State Hospital, which employs about 500 people. The hospital is expected to undergo an expansion in the coming year, which should also support added jobs. While we believe that the economic profile will largely remain stable over the coming years, we believe that longer-term prospects could be positive.

Strong reserves reported on a cash-basis of accounting, largely held outside of the general fund

Supported by a relatively stable and predictable revenue mix (29.4% sales taxes, 23% property taxes, and 23% utility transfers), the city has generally posted balanced operating results. Following a small operating deficit, the city posted a strong surplus in fiscal 2020 largely supported by federal stimulus funds (of about \$150,000) and some expenditure savings. Officials report that pandemic-related costs were minimal, while sales tax revenues well exceeded budgeted amounts. While the city's fiscal 2021 audit has not yet been completed, unaudited results indicate a nearly \$400,000 surplus within the general fund. While the city received more than \$500,000 in federal stimulus, its tax revenue also increased, and it had about \$350,000 in one-time income related to the leasing of water towers for cellular service.

While the city's 2022 budget reflects an anticipated deficit, city management reports that this is partly to realign the city's reliance on utility funds support of general operations. Additionally, the city expects to receive about \$384,000 in American Rescue Plan Act payments, combined with additional pass-through funds from the county. While still early in the fiscal year, officials don't anticipate that the year will end with a deficit. We believe that budgetary performance will remain at least adequate.

The strong surplus in fiscal 2021 resulted in an unencumbered ending-cash balance of \$769,000 or approximately 23% of general fund expenditures. In addition, the city maintains another \$843,000 (as of Dec. 31, 2020) in reserves outside of the general fund (largely in capital and equipment reserves). With all reserves held in deposit accounts or liquid

investment pools, we expect that the city will maintain reserves at a strong level, albeit on a cash-basis of accounting.

Adequate financial policies and practices

City officials use multiple years of historical data when making revenue and expenditure assumptions, with outside sources consulted for additional insight, including the Kansas Department of Revenue, county economic development officials, and regional economic forecasters. Monthly cash balance reports are presented to the council, with more detailed budget-to-actual comparisons shared on a quarterly basis. While the city has not formally adopted an investment management policy, it remains compliant with state law. The city informally targets reserves equal to at least three months of general fund expenditures, a level it has historically met. Officials annually prepare, and the council adopts, a capital improvement plan that looks forward at least five years and estimates project costs. We also note that a five-year financial forecast has been prepared and presented to the city council the past two fiscal years. We understand that the city does not have a debt management policy.

Elevated but manageable debt burden, with limited post-employment costs

Following this issuance, the city will have approximately \$16.5 million of net direct debt outstanding. The city has a temporary note issue that was privately placed in the amount of \$421,000 outstanding, that matures later this year. We understand that the city intends to either reissue into another note or to retire the full amount. Given the standard events of default, we do not view the private placement as a contingent liability. While the city is contemplating a loan to rehabilitate its wastewater system, we understand that any issuance would be paid from utility revenues. Other than this, the city reports no additional debt plans.

Pension and other postemployment benefits (OPEB) liabilities

We do not view pension and OPEB liabilities as an immediate credit pressure, because required contributions currently make up a small portion of total governmental expenditures.

As of June 30, 2020, the latest measurement date, Osawatombie participates in the:

- Kansas Public Employees' Retirement System (KPERs), which is 66.3% funded with a net pension liability equal to \$2.2 million.

Contributions to the pension plan are actuarially determined, and the city has historically funded its annual required costs in full. Actuarial assumptions include a discount rate of 7.75%, which we view as aggressive, representing market risk and resulting in contribution volatility if the plan fails to meet assumed investment targets. Contributions are likely to grow due to payroll funding rather than level-dollar contributions, which would result in consistent payments.

The city also allows retirees to participate in KPERs' death and disability OPEB plan. However, the cash-basis of accounting provides limited reporting on this liability. Given that the employer contribution rate is set at 1% of payroll, we believe that the plan costs and resultant liability are minimal despite the lack of transparency.

Strong institutional framework

The institutional framework score for Kansas municipalities with more than \$275,000 in annual gross receipts and more than \$275,000 in GO or revenue bonds outstanding is strong.

Osawatomie, Kansas Key Credit Metrics				
	Most recent	Historical information		
		2020	2019	2018
Weak economy				
Projected per capita EBI % of U.S.	66			
Market value per capita (\$)	40,709			
Population		4,320	4,343	4,335
County unemployment rate(%)	5.0			
Market value (\$000)	175,864	171,288	166,483	
Ten largest taxpayers % of taxable value	27.4			
Adequate budgetary performance				
Operating fund result % of expenditures		4.6	(2.9)	(0.7)
Total governmental fund result % of expenditures		(5.5)	(29.5)	(31.9)
Strong budgetary flexibility				
Available reserves % of operating expenditures		43.3	27.8	54.4
Total available reserves (\$000)		1,234	763	1,436
Very strong liquidity				
Total government cash % of governmental fund expenditures		60	36	45
Total government cash % of governmental fund debt service		403	282	439
Adequate management				
Financial Management Assessment	Standard			
Very weak debt & long-term liabilities				
Debt service % of governmental fund expenditures		14.9	12.9	10.1
Net direct debt % of governmental fund revenue	329			
Overall net debt % of market value	12.0			
Direct debt 10-year amortization (%)	72			
Required pension contribution % of governmental fund expenditures	4.5			
OPEB actual contribution % of governmental fund expenditures	0.0			
Strong institutional framework				

EBI--Effective buying income. OPEB--Other postemployment benefits. Data points and ratios may reflect analytical adjustments.

Related Research

Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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**EXCERPT OF MINUTES OF A MEETING
OF THE CITY COUNCIL OF
THE CITY OF OSAWATOMIE, KANSAS
HELD ON FEBRUARY 24, 2022**

The City Council (the “Governing Body”) met in regular session at the usual meeting place in the City, at 6:30 P.M., the following members being present and participating, to-wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * *

(Other Proceedings)

The Clerk reported that pursuant to the Notice of Bond Sale heretofore duly given, bids for the purchase of General Obligation Bonds, Series 2022A, dated March 3, 2022, of the City had been received. A tabulation of said bids is set forth as **EXHIBIT A** hereto.

The Governing Body reviewed and considered the bids and it was found and determined that the bid of [PURCHASER], [PURCHASER CITY, STATE], was the best bid for the Bonds, a copy of which is attached hereto as **EXHIBIT B**.

Yea: _____.

Nay: _____.

There was presented the following Ordinance and Resolution:

ORDINANCE 3808 AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2022A, OF THE CITY OF OSAWATOMIE, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

RESOLUTION 981 PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION BONDS, SERIES 2022A, OF THE CITY OF OSAWATOMIE, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. [3808] OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

Councilmember _____ moved that (a) the bid be accepted and that the Mayor and Clerk be authorized and directed to execute the bid form selling the Bonds to the best bidder on the basis of the bid and the terms specified in the Notice of Bond Sale; (b) the Ordinance be passed; and (c) the Resolution be adopted. The motion was seconded by Councilmember _____. The motion was carried by a vote of the Governing Body as follows:

Yea: _____.

Nay: _____.

The Mayor declared the Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. [____], was signed by the Mayor and attested by the Clerk and the Ordinance or a summary thereof was directed to be published one time in the official newspaper of the City. The Mayor declared the Resolution duly adopted and the Resolution was then duly numbered Resolution No. [____], and was signed by the Mayor and attested by the Clerk.

* * * * *

(Other Proceedings)

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On motion duly made, seconded and carried, the meeting thereupon adjourned.

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the Governing Body of the City of Osawatomie, Kansas, held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)

Clerk

EXHIBIT A
BID TABULATION

CITY OF OSAWATOMIE, KANSAS
GENERAL OBLIGATION BONDS

Dated: March 3, 2022
Series 2022A
Good Faith Deposit: \$125,900

Sale Date: February 24, 2022
10:00 A.M., Central Time
Max Interest Rate: []%

BIDDERS

EXHIBIT B

(BID OF PURCHASER)

ORDINANCE NO. 3808

OF

THE CITY OF OSAWATOMIE, KANSAS

PASSED

FEBRUARY 24, 2022

**GENERAL OBLIGATION BONDS
SERIES 2022A**

ORDINANCE NO. 3808

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2022A, OF THE CITY OF OSAWATOMIE, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

WHEREAS, the City of Osawatomie, Kansas (the “City”) is a city of the second class, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, pursuant to the laws of the State of Kansas applicable thereto, by proceedings duly had, the City Council of the City (the “Governing Body”) has authorized and/or caused the following improvements (the “Improvements”) to be made in the City, to-wit:

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority</u>	<u>Amount</u>
Capital Improvements authorized pursuant to Capital Improvement Plan	957	K.S.A. 14-570 <i>et seq.</i> /Ch. Ord No. 20	\$8,600,000.00
Sanitary Sewer Improvements (KWPCRF Project No. C20 1961 01)	943	K.S.A. 12-631a	984,707.60
Total:			\$9,584,707.60

WHEREAS, the City has previously financed the above-described sanitary sewer improvements with the proceeds of a loan agreement entered into with the Kansas Department of Health and Environment (the “KDHE Loan Obligation”); and

WHEREAS, all legal requirements pertaining to the Improvements have been complied with, and the Governing Body now finds and determines that the total cost of the Improvements (including issuance costs of the general obligation bonds) and related expenses are at least \$6,295,000*, said cost to be paid by the issuance of general obligation bonds; and

WHEREAS, the Governing Body is authorized by law to issue general obligation bonds of the City to pay a portion of the costs of the Improvements; and

WHEREAS, none of such general obligation bonds heretofore authorized have been issued and the City proposes to issue its general obligation bonds[, together with bid premium thereon,] to pay a portion of the costs of the Improvements, including retiring the KDHE Loan Obligation; and

WHEREAS, the Governing Body has advertised the sale of the Bonds in accordance with the law and at a meeting held in the City on this date awarded the sale of such Bonds to the best bidder.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OSAWATOMIE, KANSAS, AS FOLLOWS:

Section 1. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms in this Ordinance shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the

plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 12-101, K.S.A. 12-631a, and K.S.A. 14-570 *et seq.*, as amended by Charter Ordinance No. 20 of the City, all as amended and supplemented from time to time.

“Bond and Interest Fund” means the Bond and Interest Fund of the City for its general obligation bonds.

“Bond Resolution” means the resolution to be adopted by the Governing Body prescribing the terms and details of the Bonds and making covenants with respect thereto.

“Bonds” means the City's General Obligation Bonds, Series 2022A, dated March 3, 2022, authorized by this Ordinance.

“City” means the City of Osawatomie, Kansas.

“Clerk” means the duly appointed and acting Clerk of the City or, in the Clerk's absence, the duly appointed Deputy, Assistant or Acting Clerk.

“Governing Body” means the City Council of the City.

“Mayor” means the duly elected and acting Mayor of the City or, in the Mayor's absence, the duly appointed and/or elected Vice Mayor or Acting Mayor of the City.

“Ordinance” means this Ordinance authorizing the issuance of the Bonds.

“State” means the State of Kansas.

“Substitute Improvements” means the substitute or additional improvements of the City authorized in the manner set forth in the Bond Resolution.

Section 2. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Bonds, Series 2022A, of the City in the principal amount of \$6,295,000*, for the purpose of providing funds to: (a) pay a portion of the costs of the Improvements, including retiring the KDHE Loan Obligation; and (b) pay costs of issuance of the Bonds.

Section 3. Security for the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest 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 full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 4. Terms, Details and Conditions of the Bonds. The Bonds shall be dated and bear interest, shall mature and be payable at such times, shall be in such forms, shall be subject to redemption and payment prior to the maturity thereof, and shall be issued and delivered in the manner prescribed and subject to the provisions, covenants and agreements set forth in the Bond Resolution hereafter adopted by the Governing Body.

Section 5. Levy and Collection of Annual Tax. The Governing Body shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the City in the manner provided by law.

The taxes above referred to shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the general ad valorem taxes of the City are levied and collected, shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the paying agent for the Bonds. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund.

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the City Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes are collected.

Section 6. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 7. Governing Law. This Ordinance and the Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 8. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the Governing Body and publication of the Ordinance or a summary thereof in the official City newspaper.

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PASSED by the City Council on February 24, 2022 and **SIGNED** by the Mayor.

(SEAL)

Mayor

ATTEST:

Clerk

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CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of the original ordinance; that said Ordinance was passed on February 24, 2022; that the record of the final vote on its passage is found on page ____ of journal ____; and that the Ordinance or a summary thereof was published in the ***Miami County Republic*** on March 2, 2022.

DATED: March 2, 2022.

Clerk

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(PUBLISHED IN THE *MIAMI COUNTY REPUBLIC* ON MARCH 2ND, 2022)

SUMMARY OF ORDINANCE NO. 3808

On February 24, 2022, the governing body of the City of Osawatomie, Kansas passed an ordinance entitled:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2022A, OF THE CITY OF OSAWATOMIE, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

The Series 2022A Bonds approved by the Ordinance are being issued in the principal amount set forth therein to finance certain improvements and refinance certain previously constructed improvements in the City, and constitute general obligations of the City payable as to both principal and interest, to the extent necessary, 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. A complete text of the Ordinance may be obtained or viewed free of charge at the office of the City Clerk, 439 Main St., Osawatomie, Kansas 66064. A reproduction of the Ordinance is available for not less than 7 days following the publication date of this Summary at www.osawatomieks.org.

This Summary is hereby certified to be legally accurate and sufficient pursuant to the laws of the State of Kansas.

DATED: February 24, 2022.

City Attorney

RESOLUTION NO. 981

OF

THE CITY OF OSAWATOMIE, KANSAS

ADOPTED

FEBRUARY 24, 2022

GENERAL OBLIGATION BONDS
SERIES 2022A

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RESOLUTION NO. 981

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION BONDS, SERIES 2022A, OF THE CITY OF OSAWATOMIE, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 3808 OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the Issuer has heretofore passed the Ordinance authorizing the issuance of the Bonds;
and

WHEREAS, the Ordinance authorized the City Council of the Issuer (the “Governing Body”) to adopt a resolution prescribing certain details and conditions and to make certain covenants with respect to the issuance of the Bonds; and

WHEREAS, the Governing Body hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Bonds in the principal amount of \$6,295,000* to pay a portion of the costs of the Improvements.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OSAWATOMIE, KANSAS, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms as used in this Bond Resolution shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 12-101, K.S.A. 12-631a, and K.S.A. 14-570 *et seq.*, as amended by Charter Ordinance No. 20 of the City, all as amended and supplemented from time to time.

“Authorized Denomination” means \$5,000 or any integral multiples thereof.

“Beneficial Owner” of the Bonds includes any Owner of the Bonds and any other Person who, directly or indirectly has the investment power with respect to such Bonds.

“Bond and Interest Fund” means the Bond and Interest Fund of the Issuer for its general obligation bonds.

“Bond Counsel” means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.

“Bond Payment Date” means any date on which principal of or interest on any Bond is payable.

“Bond Register” means the books for the registration, transfer and exchange of Bonds kept at the office of the Bond Registrar.

“Bond Registrar” means the State Treasurer and any successors and assigns.

“Bond Resolution” means this resolution relating to the Bonds.

“Bonds” or **“Bond”** means the General Obligation Bonds, Series 2022A, authorized and issued by the Issuer pursuant to the Ordinance and this Bond Resolution.

“Business Day” means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“Cede & Co.” means Cede & Co., as nominee of DTC and any successor nominee of DTC.

“City” means the City of Osawatomie, Kansas.

“Clerk” means the duly appointed and/or elected Clerk or, in the Clerk's absence, the duly appointed Deputy Clerk or Acting Clerk of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder by the United States Department of the Treasury.

“Costs of Issuance” means all costs of issuing the Bonds, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

“Costs of Issuance Account” means the Costs of Issuance Account for General Obligation Bonds, Series 2022A created pursuant to **Section 501** hereof.

“Dated Date” means March 3, 2022.

“Debt Service Account” means the Debt Service Account for General Obligation Bonds, Series 2022A created within the Bond and Interest Fund pursuant to **Section 501** hereof.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

“Defaulted Interest” means interest on any Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) such obligations are rated in a rating category by Moody's or Standard & Poor's that is no lower than the rating category then assigned by that Rating Agency to United States Government Obligations.

“Derivative” means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

“Disclosure Undertaking” means the Continuing Disclosure Undertaking, dated as of the Dated Date, relating to certain obligations contained in the SEC Rule.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.

“DTC Representation Letter” means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides for a book-entry system, or any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.

“Event of Default” means each of the following occurrences or events:

(a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise;

(b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Resolution (other than the covenants relating to continuing disclosure requirements contained herein and in the Disclosure Undertaking) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

“Federal Tax Certificate” means the Issuer's Federal Tax Certificate, dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

“Financeable Costs” means the amount of expenditure for an Improvement which has been duly authorized by action of the Governing Body to be financed by general obligation bonds, less: (a) the amount of any temporary notes or general obligation bonds of the Issuer which are currently Outstanding and available to pay such Financeable Costs; and (b) any amount of Financeable Costs which has been previously paid by the Issuer or by any eligible source of funds unless such amounts are entitled to be reimbursed to the Issuer under State or federal law.

“Fiscal Year” means the twelve month period ending on December 31.

“Funds and Accounts” means funds and accounts created pursuant to or referred to in *Section 501* hereof.

“Governing Body” means the City Council of the Issuer.

“Improvement Fund” means the Improvement Fund for General Obligation Bonds, Series 2022A created pursuant to *Section 501* hereof.

“Improvements” means the improvements referred to in the preamble to the Ordinance and any Substitute Improvements.

“Independent Accountant” means an independent certified public accountant or firm of independent certified public accountants at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Independent Accountant by this Bond Resolution.

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Bond which shall be March 1 and September 1 of each year, commencing September 1, 2022.

“Issue Date” means the date when the Issuer delivers the Bonds to the Purchaser in exchange for the Purchase Price.

“Issuer” means the City and any successors or assigns.

“KDHE Loan Obligation” means the City’s loan agreement with the Kansas Department of Health and Environment for KWPCRF Project No. C20 1961 01, effective as of November 20, 2013, and outstanding in the principal amount of \$984,707.60.

“Loan Redemption Date” means March 4, 2022.

“Loan Redemption Fund” means the fund by that name created pursuant to *Section 501* hereof.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

“Mayor” means the duly elected and acting Mayor, or in the Mayor's absence, the duly appointed and/or elected Vice Mayor or Acting Mayor of the Issuer.

“Moody's” means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Notice Address” means with respect to the following entities:

(a) To the Issuer at:

City of Osawatomie
439 Main St.
Osawatomie, Kansas 66064
Fax: (913) 755-4164

(b) To the Paying Agent at:

State Treasurer of the State of Kansas
Landon Office Building
900 Southwest Jackson, Suite 201
Topeka, Kansas 66612-1235
Fax: (785) 296-6976

(c) To the Purchaser:

[Purchaser]
[Purchaser Address]
[Purchaser City, State] [Zip]
Fax: [Purchaser Fax]

(d) To the Rating Agency(ies):

Moody's Municipal Rating Desk
7 World Trade Center
250 Greenwich Street, 23rd Floor
New York, New York 10007

S&P Global Ratings, a division of S&P Global Inc.
55 Water Street, 38th Floor
New York, New York 10004

or such other address as is furnished in writing to the other parties referenced herein.

“Notice Representative” means:

- (a) With respect to the Issuer, the Clerk.
- (b) With respect to the Bond Registrar and Paying Agent, the Director of Fiscal Services.
- (c) With respect to any Purchaser, the manager of its Municipal Bond Department.
- (d) With respect to any Rating Agency, any Vice President thereof.

“Official Statement” means Issuer’s Official Statement relating to the Bonds.

“Ordinance” means Ordinance No. 3808 of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

“Outstanding” means, when used with reference to the Bonds, as of a particular date of determination, all Bonds theretofore authenticated and delivered, except the following Bonds:

- (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of *Article VII* hereof; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

“Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register. Whenever consent of the Owners is required pursuant to the terms of this Bond Resolution, and the Owner of the Bonds, as set forth on the Bond Register, is Cede & Co., the term Owner shall be deemed to be the Beneficial Owner of the Bonds.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Paying Agent” means the State Treasurer and any successors and assigns.

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks,

federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

“Person” means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Purchase Price” means [___% of][the principal amount of the Bonds plus accrued interest to the date of delivery[, plus a premium of \$[_____]],[, less an underwriting discount of \$[_____]],[, less an original issue discount of \$[_____]].

“Purchaser” means [Purchaser], [Purchaser City, State], the original purchaser of the Bonds, and any successor and assigns.

“Rating Agency” means any company, agency or entity that provides, pursuant to request of the Issuer, financial ratings for the Bonds.

“Rebate Fund” means the Rebate Fund for General Obligation Bonds, Series 2022A created pursuant to *Section 501* hereof.

“Record Dates” for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“Redemption Date” means, when used with respect to any Bond to be redeemed, the date fixed for the redemption of such Bond pursuant to the terms of this Bond Resolution.

“Redemption Price” means, when used with respect to any Bond to be redeemed, the price at which such Bond is to be redeemed pursuant to the terms of this Bond Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Replacement Bonds” means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 213* hereof.

“SEC Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

“Securities Depository” means, initially, DTC, and its successors and assigns.

“Special Record Date” means the date fixed by the Paying Agent pursuant to *Article II* hereof for the payment of Defaulted Interest.

“Standard & Poor's” or “S&P” means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“State” means the state of Kansas.

“State Treasurer” means the duly elected Treasurer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the State.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Substitute Improvements” means the substitute or additional improvements of the Issuer described in *Article V* hereof.

[**“Term Bonds”** means the Bonds scheduled to mature in the year 2032.]

[**“____ Term Bonds”** means the Bonds scheduled to mature in the year ____.]

[**“2032 Term Bonds”** means the Bonds scheduled to mature in the year 2032.]

[**“Term Bonds”** means collectively the [____] Term Bonds[, the [____] Term Bonds] and the 2032 Term Bonds.]

“Treasurer” means the duly appointed and/or elected Treasurer of the Issuer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of the Bonds. The Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$6,295,000*, for the purpose of providing funds to: (a) pay a portion of the costs of the Improvements, including retiring the KDHE Loan Obligation; and (b) pay Costs of Issuance.

Section 202. Description of the Bonds. The Bonds shall consist of fully registered bonds in an Authorized Denomination, and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof, and shall bear interest at the rates per annum as follows:

SERIAL BONDS

Stated Maturity <u>March 1</u>	Principal <u>Amount</u>	Annual Rate <u>of Interest</u>	Stated Maturity <u>March 1</u>	Principal <u>Amount</u>	Annual Rate <u>of Interest</u>
2023	\$645,000	_____ %	2028	\$655,000	_____ %
2024	645,000		2029	665,000	
2025	655,000		2030	605,000	
2026	660,000		2031	555,000	
2027	670,000		2032	565,000	

[TERM BONDS

Stated Maturity <u>March 1</u>	Principal <u>Amount</u>	Annual Rate <u>of Interest</u>
2032	\$ _____	_____ %]

The Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in *Section 204* hereof.

Each of the Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as *EXHIBIT A* or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

Section 203. Designation of Paying Agent and Bond Registrar. The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. The Mayor of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Bonds.

The Issuer will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Bond Registrar by (a) filing with the Paying Agent or Bond Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Bond Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Bond Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Bond Registrar.

Every Paying Agent or Bond Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.

Section 204. Method and Place of Payment of the Bonds. The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and at least annually shall forward a copy or summary of such records to the Issuer.

Section 205. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 206. Registration, Transfer and Exchange of Bonds. The Issuer covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer

or exchange such Bond for a new Bond or Bonds in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds provided for by this Bond Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Code § 3406, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to *Article III* hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to this *Article II*.

The Issuer and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute Owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Owner or upon the Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Bond Registrar.

Section 207. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual, electronic or facsimile signature of the Mayor, attested by the manual, electronic or facsimile signature of the Clerk, and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Clerk, which registration shall be evidenced by the manual, electronic or facsimile signature of the Clerk with the seal of the Issuer affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual, electronic or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such

Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Bond Registrar for authentication.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as **EXHIBIT A** hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

Section 208. Mutilated, Lost, Stolen or Destroyed Bonds. If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Paying Agent may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the Issuer, and shall be entitled to all the benefits of this Bond Resolution equally and ratably with all other Outstanding Bonds.

Section 209. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

Section 210. Book-Entry Bonds; Securities Depository. The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will

make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in an Authorized Denominations and form as provided herein.

Section 211. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay, without liability for interest thereon, to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 212. Preliminary and Final Official Statement. The Preliminary Official Statement relating to the Bonds is hereby ratified and approved. For the purpose of enabling the Purchaser to comply with the requirements of Section (b)(1) of the SEC Rule, the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be “final” as of its date, except for the omission of such information as is permitted by Section (b)(1) of the SEC Rule, and the appropriate officers of the Issuer are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of the SEC Rule.

The Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor and Clerk are hereby authorized to execute the Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the Official Statement to enable the Purchaser to comply with the requirements of the SEC Rule and Rule G-32 of the Municipal Securities Rulemaking Board.

Section 213. Sale of the Bonds. The sale of the Bonds to the Purchaser is hereby ratified and confirmed. The Mayor and Clerk are hereby authorized to execute the official bid form submitted by the Purchaser. Delivery of the Bonds shall be made to the Purchaser on the Issue Date (which shall be as soon as practicable after the adoption of this Bond Resolution), upon payment of the Purchase Price.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, Bonds maturing on March 1 in the years 2030, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on March 1, 2029, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to

be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

[***Mandatory Redemption.*** [(a) [] *Term Bonds.*] The [] Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in ***Article IV*** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on [March] 1 in each year, the following principal amounts of such [] Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$	

*

*Final Maturity

(b) [] *Term Bonds.* The [] Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in ***Article IV*** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on [March] 1 in each year, the following principal amounts of such [] Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$	

[]*

*Final Maturity]

(c) *2032 Term Bonds.*] The 2032 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in ***Article IV*** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on [March] 1 in each year, the following principal amounts of such 2032 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$	

2032*

*Final Maturity]

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the Issuer may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory

redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the Issuer under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Issuer to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity as designated by the Issuer, and the principal amount of Term Bonds to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the Issuer intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the Issuer will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.]

Section 302. Selection of Bonds to be Redeemed. Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine. Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in a minimum Authorized Denomination of principal amount in such equitable manner as the Bond Registrar may determine.

In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption a minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of the denomination of a minimum Authorized Denomination. If it is determined that one or more, but not all, of a minimum Authorized Denomination of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem a minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of a minimum Authorized Denomination of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of a minimum Authorized Denomination of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. In the event the Issuer desires to call the Bonds for redemption prior to maturity, written notice of such intent shall be provided to the Bond Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Bond Registrar shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Bond Registrar at least 45 days prior to the Redemption Date of written instructions of the Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. [The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Term Bonds hereunder, and Term Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer and whether or not the Paying Agent holds moneys available and sufficient to effect the required redemption.]

Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and the Purchaser. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent.

The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been surrendered for redemption shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Undertaking. Further notice may be given by the Issuer or the Bond Registrar on behalf of the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed:

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least one day before the mailing of notice to Owners by first class, registered or certified mail or overnight delivery, as determined by the Bond Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Each check or other transfer of funds issued for the payment of the Redemption Price of Bonds being redeemed shall bear or have enclosed the CUSIP number of the Bonds being redeemed with the proceeds of such check or other transfer.

The Paying Agent is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for the Bonds. The Bonds shall be general obligations of the Issuer payable as to both principal and interest 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 Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 402. Levy and Collection of Annual Tax; Transfer to Debt Service Account. The Governing Body shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be transferred to the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS

Section 501. Creation of Funds and Accounts. Simultaneously with the issuance of the Bonds, there shall be created within the Treasury of the Issuer the following Funds and Accounts:

- (a) Improvement Fund for General Obligation Bonds, Series 2022A.
- (b) Loan Redemption Fund
- (c) Debt Service Account for General Obligation Bonds, Series 2022A (within the Bond and Interest Fund).
- (d) Rebate Fund for General Obligation Bonds, Series 2022A.
- (e) Costs of Issuance Account for General Obligation Bonds, Series 2022A.

The Funds and Accounts established herein shall be administered in accordance with the provisions of this Bond Resolution so long as the Bonds are Outstanding.

Section 502. Deposit of Bond Proceeds. The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as follows:

- (a) Excess proceeds, if any, received from the sale of the Bonds [and \$[_____]], representing [a portion of the]interest on the Bonds during construction of the Improvements] shall be deposited in the Debt Service Account.
- (b) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (c) An amount necessary to retire the KDHE Loan Obligation shall be deposited in the Loan Redemption Fund.
- (d) The remaining balance of the proceeds derived from the sale of the Bonds] shall be deposited in the Improvement Fund.

Section 503. Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements, in accordance with the plans and specifications therefor approved by the Governing Body and on file in the office of the Clerk, including any alterations in or amendments to said plans and specifications deemed advisable and approved

by the Governing Body; (b) paying interest on the Bonds during construction of the Improvements; (c) paying Costs of Issuance; and (d) transferring any amounts to the Rebate Fund required by this *Article V*.

Withdrawals from the Improvement Fund shall be made only when authorized by the Governing Body. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Clerk (or designate) stating that such payment is being made for a purpose within the scope of this Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Clerk (or designate) stating that such payment is being made for a purpose within the scope of this Bond Resolution. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

Section 504. Substitution of Improvements; Reallocation of Proceeds.

(a) The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Bonds provided the following conditions are met: (1) the Substitute Improvement and the issuance of general obligation bonds to pay the cost of the Substitute Improvement has been duly authorized by the Governing Body in accordance with the laws of the State; (2) a resolution or ordinance authorizing the use of the proceeds of the Bonds to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the Governing Body pursuant to this Section, (3) the Attorney General of the State has approved the amendment made by such resolution or ordinance to the transcript of proceedings for the Bonds to include the Substitute Improvements; and (4) the use of the proceeds of the Bonds to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax-exempt status of the Bonds under State or federal law.

(b) The Issuer may reallocate expenditure of Bond proceeds among all Improvements financed by the Bonds; provided the following conditions are met: (1) the reallocation is approved by the Governing Body; (2) the reallocation shall not cause the proceeds of the Bonds allocated to any Improvement to exceed the Financeable Costs of the Improvement; and (3) the reallocation will not adversely affect the tax-exempt status of the Bonds under State or federal law.

Section 505. Application of Moneys in the Loan Redemption Fund. Moneys in the Redemption Fund shall be paid and transferred to the paying agent for the KDHE Loan Obligation, with irrevocable instructions to apply such amount to the payment of the KDHE Loan Obligation on the Loan Redemption Date. Any moneys remaining in the Loan Redemption Fund not needed to retire the KDHE Loan Obligation shall be transferred to the Debt Service Account.

Section 506. Application of Moneys in Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Bond Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in

accordance with and subject to all of the provisions contained in this Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account after the retirement of the Bonds shall be transferred and paid into the Bond and Interest Fund.

Section 507. Application of Moneys in the Rebate Fund.

(a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax Certificate), for payment to the United States of America, and neither the Issuer nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and the Federal Tax Certificate.

(b) The Issuer shall periodically determine the arbitrage rebate, if any, under Code § 148(f) in accordance with the Federal Tax Certificate, and the Issuer shall make payments to the United States of America at the times and in the amounts determined under the Federal Tax Certificate. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount, or provision made therefor, shall be deposited into the Bond and Interest Fund.

(c) Notwithstanding any other provision of this Bond Resolution, including in particular *Article VII* hereof, the obligation to pay arbitrage rebate to the United States of America and to comply with all other requirements of this Section and the Federal Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Section 508. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the Issuer; or (b) if no such entity has a main or branch office located in the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositories shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

Moneys held in any Fund or Account may be invested in accordance with this Bond Resolution and the Federal Tax Certificate in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account; provided that, during the period of construction of the Improvements, earnings on the investment of such funds may, at the discretion of the Issuer, be credited to the Debt Service Account.

Section 509. Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be

transferred to the Improvement Fund until completion of the Improvements and thereafter to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

Section 601. Remedies. The provisions of the Bond Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer and the Owners of the Bonds. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Resolution or by the Constitution and laws of the State;

(b) by suit, action or other proceedings in equity or at law to require the Issuer, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

Section 602. Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bonds.

Section 603. Remedies Cumulative. No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Bonds by this Bond Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the Issuer and the Owners of the Bonds shall, subject to any determination in such action or proceeding or applicable law of the State, be restored to their former positions and rights

hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with *Article III* hereof. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Bond Resolution.

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Mayor and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Section 802. Survival of Covenants. The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant

to **Article VII** hereof or any other provision of this Bond Resolution until such time as is set forth in the Federal Tax Certificate.

ARTICLE IX

CONTINUING DISCLOSURE REQUIREMENTS

Section 901. Disclosure Requirements. The Issuer hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Undertaking, the provisions of which are incorporated herein by reference. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Section 902. Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its covenants contained in the preceding section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. Notwithstanding any other provision of this Bond Resolution, failure of the Issuer to comply with its covenants contained in the preceding section shall not be considered an Event of Default under this Bond Resolution.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1001. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner. As soon as possible after the completion of the annual audit, the Governing Body shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Bond Resolution, the Issuer shall promptly cure such deficiency.

Section 1002. Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by ordinance or resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;

- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond;
- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Bond Resolution.

Any provision of the Bonds or of this Bond Resolution may, however, be amended or modified by ordinance or resolution duly adopted by the Governing Body at any time in any legal respect with the written consent of the Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more precisely identify the Improvements, to reallocate proceeds of the Bonds among Improvements, to provide for Substitute Improvements, to conform this Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Bonds or of this Bond Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution or ordinance adopted by the Governing Body amending or supplementing the provisions of this Bond Resolution and shall be deemed to be a part of this Bond Resolution. A certified copy of every such amendatory or supplemental ordinance or resolution, if any, and a certified copy of this Bond Resolution shall always be kept on file in the office of the Clerk, and shall be made available for inspection by the Owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Bond Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental ordinance or resolution or of this Bond Resolution will be sent by the Clerk to any such Owner or prospective Owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Clerk a copy of the ordinance or resolution of the Issuer hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The Issuer shall furnish to the Paying Agent a copy of any amendment to the Bonds or this Bond Resolution which affects the duties or obligations of the Paying Agent under this Bond Resolution.

Section 1003. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

- (a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such

jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Bond Resolution, Bonds owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Bond Resolution, except that, in determining whether the Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Owners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer.

Section 1004. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

Section 1005. Electronic Transactions. The transactions described in this Bond Resolution may be conducted, and documents related to the Bonds may be sent, received, executed, and stored, by electronic means or transmissions. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic means or transmissions) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 1006. Further Authority. The officers and officials of the Issuer, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Bond Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 1007. Severability. If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

Section 1008. Governing Law. This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1009. Effective Date. This Bond Resolution shall take effect and be in full force from and after its adoption by the Governing Body.

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ADOPTED by the City Council on February 24, 2022.

(SEAL)

Mayor

ATTEST:

Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Bond Resolution of the Issuer adopted by the Governing Body on February 24, 2022, as the same appears of record in my office.

DATED: February 10, 2022.

Clerk

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EXHIBIT A
(FORM OF BONDS)

**REGISTERED
NUMBER** __

**REGISTERED
\$**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF MIAMI
CITY OF OSAWATOMIE
GENERAL OBLIGATION BOND
SERIES 2022A**

**Interest
Rate:**

**Maturity
Date:**

**Dated
Date: March 3, 2022**

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Osawatomie, in the County of Miami, State of Kansas (the “Issuer”), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above unless called for redemption prior to the Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on March 1 and September 1 of each year, commencing September 1, 2022 (the “Interest Payment Dates”), until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”). The interest payable on this Bond on any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the calendar month

next preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Bond Resolution.

Authorization of Bonds. This Bond is one of an authorized series of Bonds of the Issuer designated "General Obligation Bonds, Series 2022A," aggregating the principal amount of \$6,295,000* (the "Bonds") issued for the purposes set forth in the Ordinance of the Issuer authorizing the issuance of the Bonds and the Resolution of the Issuer prescribing the form and details of the Bonds (collectively the "Bond Resolution"). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including particularly K.S.A. 12-101, K.S.A. 12-631a *et seq.*, and K.S.A. 14-570 *et seq.*, as amended by Charter Ordinance No. 20, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

General Obligations. The Bonds constitute general obligations of the Issuer payable as to both principal and interest 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 Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Redemption Prior to Maturity. The Bonds are subject to redemption prior to maturity as set forth in the Bond Resolution.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Resolution. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Bond Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the

Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Bond Registrar and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE BOND RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Bond, together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond or Bonds in any Authorized Denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Bonds and the cost of a reasonable supply of bond blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issued in fully registered form in Authorized Denominations.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed by the manual, electronic or facsimile signature of its Mayor and attested by the manual, electronic or facsimile signature of its Clerk, and its seal to be affixed hereto or imprinted hereon.

CITY OF OSAWATOMIE, KANSAS

(Facsimile Seal)

By: _____ (facsimile)
Mayor

ATTEST:

By: _____ (facsimile)
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of General Obligation Bonds, Series 2022A, of the City of Osawatomie, Kansas, described in the within-mentioned Bond Resolution.

Registration Date: _____

Office of the State Treasurer,
Topeka, Kansas,
as Bond Registrar and Paying Agent

By _____

Registration Number: _____

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Bonds:

GILMORE & BELL, P.C.

Attorneys at Law
100 N. Main Suite 800
Wichita, Kansas 67202

(PRINTED LEGAL OPINION)

BOND ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identification No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$_____, standing in the name of the undersigned on the books of the Bond Registrar. The undersigned do(es) hereby irrevocably constitute and appoint _____ as agent to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or
Taxpayer Identification No.

Signature (Sign here exactly as name(s)
appear on the face of Certificate)

Signature guarantee:

By _____

CERTIFICATE OF CLERK

STATE OF KANSAS)
) SS.
COUNTY OF MIAMI)

The undersigned, Clerk of the City of Osawatomie, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of March 3, 2022.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____ (facsimile)
Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

LYNN W. ROGERS, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in the office of the State Treasurer, and that this Bond was registered in such office according to law on _____.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____ (facsimile)
Treasurer of the State of Kansas

**CITY OF OSAWATOMIE, KANSAS
GENERAL OBLIGATION BONDS, SERIES 2022A
Timetable of Events**

November 18, 2021	Governing Body Meeting – Pass Charter Ordinance
December 1, 2021	Second Publication of Charter Ordinance in <i>Miami County Republic</i>
December 9, 2021	Governing Body Meeting - Adopt Sanitary Sewer Project Authorization / KDHE Loan Payoff Authorization
January 4, 2022	Distribute Draft Preliminary Official Statement; Send notice of conditional prepayment to KDHE
January 13, 2022	Governing Body Meeting – City adopts Project Authorization/CIP and Sale Resolution, subject to expiration of protest period for Charter Ordinance 20
January 31, 2022	Distribute initial drafts of Basic Financing Documents and Closing Documents
February 1, 2022	Protest Period for Charter Ordinance No. 20 ends
February 2, 2022	Forward Summary Notice of Bond Sale to the Kansas Register and <i>Miami County Republic</i>
February __, 2022	Distribute Preliminary Official Statement, Notice of Bond Sale
February 17, 2022	Publication of Summary Notice of Bond Sale in the <i>Kansas Register</i> and <i>Miami County Republic</i>
February 17, 2022	Distribute initial draft of Federal Tax Certificate
February 24, 2022	Bond Sale (10:00 A.M. Central Time) Governing Body Meeting – Adopt Bond Ordinance and Bond Resolution
February 25, 2022	Forward summary of Bond Ordinance to <i>Miami County Republic</i> ; Order Bond Printing
March 2, 2022	Publish Bond Ordinance in <i>Miami County Republic</i> ; Distribute final Official Statement to Purchaser
March 2, 2022	Proof Bonds, assemble Transcripts and forward to Attorney General for review
March 15, 2022	CLOSING ; Purchase price deposited with the Issuer and Bonds delivered to the Purchaser
March 16, 2022	Redemption of KDHE Loan

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 14, 2022

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the interest on the Bonds [(including any original issue discounts properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; (2) the interest on the Bonds is exempt from income taxation by the State of Kansas; and (3) the Bonds are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" in this Official Statement.

New Issue

Rating Application Made: S&P Global Ratings

CITY OF OSAWATOMIE, KANSAS (Miami County)

\$6,265,000* GENERAL OBLIGATION BONDS, SERIES 2022A

PROPOSAL OPENING: February 24, 2022, 10:00 A.M., C.T. **CONSIDERATION:** February 24, 2022, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$6,265,000* General Obligation Bonds, Series 2022A (the "Bonds") of the City of Osawatomie, Kansas (the "City" or the "Issuer"), are being issued pursuant to K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 12-631a *et seq.*, and K.S.A. 14-570 *et seq.*, as amended by Charter Ordinance No. 20 of the City, all as amended and supplemented from time to time (collectively, the "Act"), for the purposes of financing street reconstruction projects, the acquisition of public safety equipment and retiring an existing financial obligation of the City as more fully described herein. The Bonds and the interest thereon will constitute general obligations of the City, payable 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. Delivery is subject to receipt of an approving legal opinion of Gilmore & Bell, P.C., Wichita, Kansas.

The Bonds will be issued as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof (the "Authorized Denomination"). Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bond owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Bonds.

DATE OF BONDS:

March 15, 2022

MATURITY:

March 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2023	\$635,000	2027	\$655,000	2031	\$550,000
2024	620,000	2028	640,000	2032	560,000
2025	635,000	2029	655,000		
2026	645,000	2030	670,000		

**MATURITY
ADJUSTMENTS:**

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS:

See "THE BONDS - Redemption Provisions" herein.

INTEREST:

September 1, 2022 and semiannually thereafter (the "Interest Payment Date(s)").

OPTIONAL REDEMPTION:

Bonds maturing on March 1, 2030 and thereafter are subject to call for prior optional redemption on March 1, 2029 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL:

\$6,189,820.

GOOD FAITH DEPOSIT:

A good faith deposit in the amount of \$125,300 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT:

State of Kansas - Office of the State Treasurer

BOND COUNSEL:

Gilmore & Bell, P.C.

MUNICIPAL ADVISOR:

Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY:

See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about March 15, 2022.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF OSAWATOMIE CITY COUNCIL

		<u>Term Expires</u>
Nick Hampson	Mayor	January 2024
Dale Bratton	Council Member	January 2026
Cathy Caldwell	Council Member	January 2024
Lawrence Dickinson	Council Member	January 2024
Kenny Diehm	Council Member	January 2026
Tammy Filipin	Council Member	January 2026
Karen LaDuex	Council Member	January 2024
Daniel Macek	Council Member	January 2024
Kirk Wright	Council Member	January 2026

ADMINISTRATION

Mike Scanlon, City Manager
Tammy Seamands, City Clerk
Bret Glendening, Deputy City Manager

PROFESSIONAL SERVICES

Gilmore & Bell, P.C., Bond Counsel, Wichita, Kansas

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Osawatomie, Kansas (the "City") and the issuance of its \$6,265,000* General Obligation Bonds, Series 2022A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Bond Resolution") to be adopted by the City Council on February 24, 2022. Capitalized items not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution, a copy of which is available upon request with the City.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE PROJECT

The Bonds are being issued to finance certain street improvements and equipment acquisition included in the City's Capital Improvement Plan and retiring an existing loan obligation between the City and the Kansas Department of Health and Environment which provided funds for certain wastewater treatment improvements in the City, more specifically described as set forth below:

<u>Description</u>	<u>Res. No.</u>	<u>Authority</u>	<u>Amount</u>
Capital Improvement Plan	957	K.S.A. 14-570 <i>et seq.</i> /Ch. Ord. No. 20	
Street Improvements			\$5,215,000
Equipment Acquisitions			90,000
Sanitary Sewer Improvements (KWPCRF Project No. C20 1961 01)	943	K.S.A. 12-631a	960,000
Total:			<u><u>\$6,265,000</u></u>

THE BONDS

Authority; Purpose

The Bonds are being issued pursuant to K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 12-631a *et seq.*, and K.S.A. 14-570 *et seq.*, as amended by Charter Ordinance No. 20 of the City, all as amended and supplemented from time to time (collectively, the "Act"), an ordinance passed by the governing body of the City and a resolution adopted by the governing body of the City on February 24, 2022 (collectively the "Bond Resolution"), for the purposes of: (i) financing for street reconstruction projects (the "Improvement Portion"), (ii) financing the acquisition of public safety equipment (the "Equipment Portion") and (iii) effecting a current refunding of the City's KDHE Project No. C20 1961-01 (the "KDHE Loan" or the "Refunding Portion"). See "THE PROJECT" herein.

*Preliminary, subject to change.

Security for the Bonds

The Bonds shall be general obligations of the Issuer payable as to both principal and interest 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 Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Levy and Collection of Annual Tax, Transfer to Debt Service Account

The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. Such taxes shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer, shall thereafter be transferred to the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

Description of the Bonds

The Bonds shall consist of fully registered book-entry-only bonds in an Authorized Denomination and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the inside cover page of this Official Statement (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid, on the Interest Payment Dates in the manner hereinafter set forth.

Designation of Paying Agent and Bond Registrar

The Issuer will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Bond Resolution. The Issuer reserves the right to appoint a successor paying agent or bond registrar. No resignation or removal of the paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or bond registrar. Every paying agent or bond registrar appointed by the Issuer shall at all times meet the requirements of Kansas law.

The Treasurer of the State of Kansas, Topeka, Kansas (the “Bond Registrar” and “Paying Agent”) has been designated by the Issuer as paying agent for the payment of principal of and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds.

Method and Place of Payment of the Bonds

The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to

the Paying Agent in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall notify the Issuer of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice not less than 10 days prior to such Special Record Date.

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE BONDS, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See “THE BONDS – Book-Entry Bonds; Securities Depository.”

Payments Due on Saturdays, Sundays and Holidays

In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Book-Entry Bonds; Securities Depository

The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraphs.

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interest in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of the Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

Registration, Transfer and Exchange of Bonds

As long as any of the Bonds remain Outstanding, each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register. Bonds may be transferred and exchanged only on the Bond Register as hereinafter provided. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest.

Mutilated, Lost, Stolen or Destroyed Bonds

If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its discretion, may pay such Bond instead of issuing a new Bond. Upon the issuance of any new Bond, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Nonpresentment of Bonds

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Redemption Provisions

Optional Redemption. At the option of the Issuer, Bonds maturing on March 1 in the years 2030, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on March 1, 2029, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

[Mandatory Redemption. [(a) [20___] Term Bonds.]The [20___] Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on March 1 in each year, the following principal amounts of such [20___] Term Bonds:

**Principal
Amount**

\$ _____

Year

20____
20____
20____*

*Final Maturity

(b) *2032 Term Bonds.*]The 2032 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on March 1 in each year, the following principal amounts of such 2032 Term Bonds:

**Principal
Amount**

\$ _____

Year

20____
20____
2032*

*Final Maturity

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine, Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in minimum Authorized Denomination in such equitable manner as the Bond Registrar may determine. In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination value represented by any Bond is selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such minimum Authorized Denomination value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination value called for redemption (and to that extent only).

Notice and Effect of Call for Redemption. Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and the Underwriter. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date. All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the

principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Undertaking. The Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

ESTIMATED SOURCES AND USES*

Sources	Improvement Portion	Equipment Portion	Refunding Portion	Total Bond Issue
Par Amount of Bonds	<u>\$5,215,000</u>	<u>\$90,000</u>	<u>\$960,000</u>	<u>\$6,265,000</u>
Total Sources	\$5,215,000	\$90,000	\$960,000	\$6,265,000
Uses				
Total Underwriter's Discount (1.200%)	\$62,580	\$1,080	\$11,520	\$75,180
Costs of Issuance	77,830	1,343	14,327	93,500
Deposit to Project Construction Fund	5,074,000	85,000	-	5,159,000
Deposit to Current Refunding Fund	-	-	934,068	934,068
Rounding	<u>590</u>	<u>2,577</u>	<u>85</u>	<u>3,252</u>
Total Uses	\$5,215,000	\$90,000	\$960,000	\$6,265,000

*Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	Improvement Portion	Equipment Portion	Refunding Portion	Total Bond Issue
3/01/2023	\$505,000	\$15,000	\$115,000	\$635,000
3/01/2024	490,000	15,000	115,000	620,000
3/01/2025	500,000	20,000	115,000	635,000
3/01/2026	505,000	20,000	120,000	645,000
3/01/2027	515,000	20,000	120,000	655,000
3/01/2028	520,000	-	120,000	640,000
3/01/2029	530,000	-	125,000	655,000
3/01/2030	540,000	-	130,000	670,000
3/01/2031	550,000	-	-	550,000
3/01/2032	<u>560,000</u>	<u>-</u>	<u>-</u>	<u>560,000</u>
Total	\$5,215,000	\$90,000	\$960,000	\$6,265,000

*Preliminary, subject to change.

RATING

None of the outstanding indebtedness of the City is currently rated, and the City has requested a rating on the Bonds from S&P Global Ratings, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P Global Ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future.

In connection with the issuance of the Bonds, the Issuer will enter into a continuing disclosure undertaking (the "Disclosure Undertaking") wherein the Issuer covenants to annually provide certain financial information and operating data (collectively the "Annual Report") and other information necessary to comply with the Rule, and to transmit the same to the MSRB. Pursuant to the Disclosure Undertaking, the Issuer has agreed to file its Annual Report with the national repository ("EMMA") not later than the fifteenth of the ninth month after the end of the Issuer's Fiscal Year, commencing with the year ending December 31, 2021. In the Bond Resolution, hereinafter defined, the Issuer covenants with the Underwriter and the Beneficial Owners to apply the provisions of the Disclosure Undertaking to the Bonds. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds. The City is subject to previous disclosure undertakings entered into pursuant to the Rule (the "Prior Undertakings"). In the previous five years, the City believes it substantially complied with the Prior Undertakings but may not have timely filed all operating data as described in the Prior Undertakings.

For more information regarding the Disclosure Undertaking, see "**APPENDIX D** – Form of Disclosure Undertaking."

LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas ("Bond Counsel"), bond counsel to the Issuer. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the Official Statement but expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE BONDS," "LEGAL MATTERS," and "TAX MATTERS". Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds.

LITIGATION

The Issuer, in the ordinary course of business, is a party to various legal proceedings. In the opinion of management of the Issuer, any judgment rendered against the Issuer in such proceedings would not materially adversely affect the financial position of the Issuer.

The Issuer certifies that there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the Bonds or the validity of said Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

TAX MATTERS

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign

tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the issue date of the Bonds:

Federal Tax Exemption. The interest on the Bonds [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Bonds are “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3).

Kansas Tax Exemption. The interest on the Bonds is exempt from income taxation by the State of Kansas.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

Other Tax Consequences

[Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.]

[Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the

loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.]

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent the Bonds are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Bonds, and to the proceeds paid on the sale of Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2020 have been audited by Jared, Gilmore & Phillips, PA, Chanute, Kansas, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

A PROSPECTIVE PURCHASER OF THE BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR THE UNDERWRITER.

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Additionally, the Kansas Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Limitations on Remedies Available to Owners of Bonds: The enforceability of the rights and remedies of the owners of Bonds, and the obligations incurred by the Issuer in issuing the Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America

of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Kansas taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Bond Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Kansas income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Kansas income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids: State of Kansas cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Premium on Bonds: The initial offering prices of certain maturities of the Bonds that are subject to optional redemption may be in excess of the respective principal amounts thereof. Any person who purchases a Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Bonds are subject to redemption at par under the various circumstances described under “THE BONDS – Redemption Provisions.”

Kansas Public Employees Retirement System: As described in “THE ISSUER – EMPLOYEES; PENSIONS; UNIONS,” the Issuer participates in the Kansas Public Employees Retirement System (“KPERS”), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERS administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Police and Firemen’s Retirement System (“KP&F”) and the Public Employees Retirement System – Local Group (the “Plan”). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability (“UAAL”). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERS’ Valuation Report, the State/School Group had an UAAL of approximately \$6.143 billion in calendar year 2020.

Suitability of Investment: The tax exempt feature of the Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. The COVID-19 pandemic could result in increased costs to the Issuer and/or negative impacts on the collection of property taxes (a primary source of revenue for the Issuer, including for repayment of the Bonds) within the Issuer due to increased payment delinquencies or disruption of the collection of distribution of property taxes. As of the date hereof, the Issuer has not experienced material adverse changes relative to its adopted budgets with regard to expenditures or receipt of revenues. State and local governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax collections that are essential to repayment of the Bonds, may deviate from historical or anticipated levels.

The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The Issuer is not able to predict and makes no representations as to the long-term economic impact of the COVID-19 pandemic on the Issuer.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Final Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

The valuation of each parcel of real property subject to taxation must, by law, be updated each year, as of each January 1, and must be physically inspected by the appraiser at least once every six years. With the exception of agricultural land, all property is valued at its market value in money which is the value the appraiser determines to be the price the appraiser believes the property to be fairly worth, and which is referred to as the "Fair Market Value". Land devoted to agricultural use is appraised on the basis of the income-generating capabilities of such land for agricultural purposes at median levels of production.

For taxable years commencing January 1, 1993, and thereafter, property is classified and assessed at the percentages of value as follows:

Class 1

This class consists of real property. Real property is further classified into seven subclasses. Such property is defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of market value:

Type of Property

- | | |
|--|------|
| 1) Real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located | 11½% |
| 2) Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to Section 12 of Article 11 of the Constitution | 30% |
| 3) Vacant lots | 12% |
| 4) Real property which is owned and operated by a not-for-profit organization not subject to federal income taxation pursuant to Section 501 of the federal Internal Revenue Code, and which is included in the subclass by law | 12% |
| 5) Public utility real property, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed | 33% |
| 6) Real property used for commercial and industrial purposes and building and other improvements located upon land devoted to agricultural use | 25% |
| 7) All other urban and rural real property no otherwise specifically subclassified | 30% |

Class 2

This class consists of tangible personal property. Such tangible personal property is further classified into six subclasses. Such property is defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of market value:

Type of Property

- | | |
|--|------|
| 1) Mobile homes used for residential purposes | 11½% |
| 2) Mineral leasehold interest, except oil leasehold interests, the average daily production from which is five barrels or less, and natural gas leasehold interest, the average daily production from which is 100 mcf or less, which shall be assessed at 25% | 30% |
| 3) Public utility tangible personal property including inventories thereof, except railroad personal property including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed | 33% |
| 4) All categories of motor vehicles not defined and specifically valued and taxes pursuant to law enacted prior to January 1, 1985 | 20% |
| 5) Commercial and industrial machinery and equipment which, if its economic life is seven years or more, shall be valued at its retail cost less seven-year straight-line depreciation, or which, if its economic life is less than seven years, shall be valued at its retail cost when new less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property | 25% |
| 6) All other tangible personal property not otherwise specifically classified | 30% |

All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories (other than public utility inventories included in Subclass 3) of Class 2, livestock, and all household goods and personal effects not used for the production of income is exempted from property taxation.

The 2006 Kansas Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business.

The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation.

CURRENT PROPERTY VALUATIONS

	2021 Assessed Valuation
Equalized Assessed Valuation of Taxable Tangible Property	\$25,814,880
Plus: Motor Vehicles (2021)	3,775,940
Total Equalized Assessed Tangible Valuation	<u>\$29,590,820</u>

TREND OF ASSESSED VALUATIONS

Year	Real Property	Personal Property	State Assessed Utilities	Motor Vehicles	Total Equalized Assessed Tangible Valuation	Percent increase/decrease in Total Equalized Assessed Tangible Valuation
2016	\$15,966,614	\$233,695	\$5,861,772	\$3,199,236	\$25,261,317	0.63%
2017	16,213,302	198,689	5,958,988	3,418,979	25,789,958	1.55%
2018	16,863,270	192,060	6,187,142	3,374,799	26,617,271	4.01%
2019	17,411,288	190,378	6,286,159	3,518,109	27,405,934	3.25%
2020	18,038,297	195,490	6,498,227	3,406,286	28,138,300	3.60%

Source: *Current Property Valuations and Trend of Assessed Valuations have been furnished by Miami County Clerk.*

LARGER TAXPAYERS

Taxpayer	Type of Property	2020 Taxable Assessed Valuation	Percent of City's Total Taxable Assessed Valuation
Evergy Metro, Inc.	Utility	\$4,867,703	17.30%
Union Pacific Railroad Company	Railroad	1,108,233	3.94%
Kansas Gas Service	Utility	392,448	1.39%
Casey's Retail Company	Commercial	245,168	0.87%
CPF Landlord, LLC	Apartments	221,046	0.79%
Individual	Residential	220,620	0.78%
Osawatomie Health Care Medical	Nursing Home	194,986	0.69%
Lom Vista Investors, LP	Apartments	171,270	0.61%
First National Bank & Trust	Banking	144,463	0.51%
Individual	Residential	<u>136,104</u>	<u>0.48%</u>
Total		\$7,702,041	27.37%

City's Total 2020 Taxable Assessed Valuation \$28,138,300

Source: *Larger Taxpayers have been furnished by Miami County Treasurer.*

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt being paid from taxes (includes the Improvement Portion and Equipment Portion of the Bonds)*	\$13,686,000
Total G.O. debt being paid from utility revenues (includes the Refunding Portion of the Bonds)*	<u>960,000</u>
Total General Obligation Debt*	<u><u>\$14,646,000</u></u>

Revenue Debt (see schedules following)

Total revenue debt being paid from electric revenues	<u><u>\$4,750,000</u></u>
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*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

City of Osawatomie, Kansas
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 03/15/2022)

Dated Amount	Refunding & Improvement Bonds Series 2012A		Refunding & Improvement Bonds Series 2016-A		G.O. Bonds Series 2019-A		Temporary Notes Series 2020-1		Improvements and Equipment 1) Series 2022A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	05/01/2012	09/01	05/19/2016	09/01	05/23/2019	09/01	12/29/2020	09/01	03/15/2022	03/01						
	\$2,810,000		\$8,145,000		\$1,135,000		\$421,000		\$5,305,000*							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest						
2022	95,000	4,519	380,000	105,340	45,000	19,080	421,000	2,316	0	39,810	941,000	171,064	1,112,064	12,745,000	6.88%	2022
2023	65,000	6,900	385,000	199,280	50,000	36,540			520,000	83,865	1,020,000	326,585	1,346,585	11,725,000	14.33%	2023
2024	40,000	4,950	405,000	187,730	50,000	34,740			505,000	78,365	1,000,000	305,785	1,305,785	10,725,000	21.64%	2024
2025	40,000	3,750	410,000	175,580	50,000	32,940			520,000	71,695	1,020,000	283,965	1,303,965	9,705,000	29.09%	2025
2026	40,000	2,550	430,000	163,280	55,000	31,140			525,000	63,986	1,050,000	260,956	1,310,956	8,655,000	36.76%	2026
2027	45,000	1,350	440,000	150,380	55,000	29,160			535,000	55,504	1,075,000	236,394	1,311,394	7,580,000	44.61%	2027
2028			445,000	137,180	55,000	27,180			520,000	46,540	1,020,000	210,900	1,230,900	6,560,000	52.07%	2028
2029			270,000	122,830	60,000	25,200			530,000	37,088	860,000	186,118	1,046,118	5,700,000	58.35%	2029
2030			275,000	115,730	60,000	23,040			540,000	27,055	875,000	165,825	1,040,825	4,825,000	64.74%	2030
2031			280,000	107,480	65,000	20,880			550,000	16,563	895,000	144,923	1,039,923	3,930,000	71.28%	2031
2032			290,000	99,080	65,000	18,540					915,000	123,220	1,038,220	3,015,000	77.97%	2032
2033			300,000	90,380	70,000	16,200					370,000	106,580	476,580	2,645,000	80.67%	2033
2034			310,000	81,380	70,000	13,680					380,000	95,060	475,060	2,265,000	83.45%	2034
2035			315,000	72,080	75,000	11,160					390,000	83,240	473,240	1,875,000	86.30%	2035
2036			330,000	62,630	75,000	8,460					405,000	71,090	476,090	1,470,000	89.26%	2036
2037			125,000	52,400	80,000	5,760					205,000	58,160	263,160	1,265,000	90.76%	2037
2038			130,000	47,400	80,000	2,880					210,000	50,280	260,280	1,055,000	92.29%	2038
2039			135,000	42,200							135,000	42,200	177,200	920,000	93.28%	2039
2040			140,000	36,800							140,000	36,800	176,800	780,000	94.30%	2040
2041			145,000	31,200							145,000	31,200	176,200	635,000	95.36%	2041
2042			150,000	25,400							150,000	25,400	175,400	485,000	96.46%	2042
2043			155,000	19,400							155,000	19,400	174,400	330,000	97.59%	2043
2044			160,000	13,200							160,000	13,200	173,200	170,000	98.76%	2044
2045			170,000	6,800							170,000	6,800	176,800	0	100.00%	2045
	325,000	24,019	6,575,000	2,146,160	1,060,000	356,580	421,000	2,316	5,305,000	526,070	13,686,000	3,055,144	16,741,144			

* Preliminary, subject to change.

1) This represents the \$5,305,000 Improvement portion and Equipment portion of the \$6,265,000 General Obligation Bonds, Series 2022A. This issue is not subject to the debt limit.

City of Osawatomie, Kansas
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 03/15/2022)

Refunding Bonds 1)
Series 2022A

Dated Amount	Maturity	Estimated		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
		Principal	Interest						
03/15/2022 \$960,000*	03/01								
2022		0	6,827	0	6,827	6,827	960,000	.00%	2022
2023		115,000	14,259	115,000	14,259	129,259	845,000	11.98%	2023
2024		115,000	13,023	115,000	13,023	128,023	730,000	23.96%	2024
2025		115,000	11,528	115,000	11,528	126,528	615,000	35.94%	2025
2026		120,000	9,793	120,000	9,793	129,793	495,000	48.44%	2026
2027		120,000	7,873	120,000	7,873	127,873	375,000	60.94%	2027
2028		120,000	5,833	120,000	5,833	125,833	255,000	73.44%	2028
2029		125,000	3,626	125,000	3,626	128,626	130,000	86.46%	2029
2030		130,000	1,235	130,000	1,235	131,235	0	100.00%	2030
		960,000	73,994	960,000	73,994	1,033,994			

* Preliminary, subject to change.

- 1) This represents the \$960,000 Refunding portion of the \$6,265,000 General Obligation Bonds, Series 2022A and will refund the 2022 through 2030 maturities of the City's KDHE Project No. C20 1961-01, dated September 15, 2014. This issue is not subject to the debt limit.

City of Osawatomie, Kansas
Schedule of Bonded Indebtedness
Revenue Debt Secured by Electric Revenues
(As of 03/15/2022)

Electric System Revenue Bonds
Series 2015-A

Dated Amount	07/30/2015 \$6,095,000	
Maturity	09/01	
Calendar Year Ending	Principal	Interest
2022	270,000	83,125
2023	280,000	156,800
2024	285,000	147,000
2025	300,000	137,025
2026	310,000	126,525
2027	320,000	115,675
2028	330,000	104,475
2029	340,000	92,925
2030	355,000	81,025
2031	365,000	68,600
2032	380,000	55,825
2033	390,000	42,525
2034	405,000	28,875
2035	420,000	14,700
	4,750,000	1,255,100

Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
270,000	83,125	353,125	4,480,000	5.68%	2022
280,000	156,800	436,800	4,200,000	11.58%	2023
285,000	147,000	432,000	3,915,000	17.58%	2024
300,000	137,025	437,025	3,615,000	23.89%	2025
310,000	126,525	436,525	3,305,000	30.42%	2026
320,000	115,675	435,675	2,985,000	37.16%	2027
330,000	104,475	434,475	2,655,000	44.11%	2028
340,000	92,925	432,925	2,315,000	51.26%	2029
355,000	81,025	436,025	1,960,000	58.74%	2030
365,000	68,600	433,600	1,595,000	66.42%	2031
380,000	55,825	435,825	1,215,000	74.42%	2032
390,000	42,525	432,525	825,000	82.63%	2033
405,000	28,875	433,875	420,000	91.16%	2034
420,000	14,700	434,700	0	100.00%	2035
4,750,000	1,255,100	6,005,100			

DEBT LIMIT

2021 Equalized Assessed Tangible Valuation	\$25,814,880
Plus Motor Vehicles	<u>3,775,940</u>
Total	\$29,590,820
Multiply by 30% (K.S.A. 10-308)	<u>0.30</u>
Statutory Debt Limit	8,877,246
Less: Outstanding debt subject to the debt limit ¹	<u>(4,996,325)</u>
Unused Debt Limit	<u><u>\$3,880,921</u></u>

OVERLAPPING DEBT²

Taxing District	2020 Taxable Assessed Valuation	% In City	Total G.O. Debt ³	City's Proportionate Share
County of:				
Miami	\$359,076	5.5100%	\$6,522,000	\$359,362
School Districts of:				
U.S.D. No. 367 (Osawatomie)	7,399,389	45.4400%	7,890,000	3,585,216
U.S.D. No. 368 (Paola)	2,467,322	15.1500%	7,320,241	<u>1,109,017</u>
City's Share of Total Overlapping Debt				<u><u>\$5,053,595</u></u>

¹ Does not include the Bonds, as they are not subject to the debt limit calculation.

² Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does **not** include non-general obligation debt, self-supporting general obligation revenue debt, or short-term general obligation debt.

³ Outstanding debt is based on information in official statements obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Total Equalized Assessed Tangible Valuation (\$29,590,820)	Debt/ Current Estimated Population (4,255)
Direct G.O. Debt Being Paid:			
Taxes*	\$13,686,000		
Utility Revenues*	<u>960,000</u>		
Total General Obligation Debt (includes the Bonds)*	\$14,646,000		
Less: G.O. Debt Paid Entirely from Revenues ¹	<u>(960,000)</u>		
Net General Obligation Debt*	\$13,686,000	46.25%	\$3,216.45
 City's Share of Total Overlapping Debt	 <u>\$5,053,595</u>	 <u>17.08%</u>	 <u>\$1,187.68</u>
 Total	 <u><u>\$18,739,595</u></u>	 <u><u>63.33%</u></u>	 <u><u>\$4,404.13</u></u>

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City anticipates to refinance its General Obligation Temporary Notes, Series 2020-1, coming due in September 2022.

¹ Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

TAX LEVIES AND COLLECTIONS

TAX COLLECTIONS

Levy/Budget Year	Total Taxes Levied	Total Collected Following Year	Collected to Date ¹	% Collected
2016	\$1,497,649	\$1,488,326	\$1,430,375	95.51%
2017	1,543,520	1,536,474	1,463,445	94.81%
2018	1,601,490	1,585,599	1,517,021	94.73%
2019	1,657,054	1,632,167	1,591,177	96.02%
2020	1,698,330	1,690,898	1,625,206	95.69%

Property taxes are certified by the City to the County Clerk by August 25 or each year for the following fiscal year. Taxes are levied by the County Clerk and payable to the County Treasurer. Property taxes may be paid in two installments, the first due December 20 in the year the taxes are levied and the second due May 10 of the following year. Taxes become delinquent after May 10 and interest accrues at a rate set by State statute until paid or until the property is sold for taxes. Special assessments are levied and collected in the same manner as property taxes.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Kansas has not taken such measures. The City cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Bonds.

Source: *Miami County Treasurer.*

¹ Collections are through November 10, 2021.

TAX MILL LEVIES¹

	2017	2018	2019	2020	2021
Miami County	49.395	48.307	46.374	46.373	46.366
State of Kansas	1.500	1.500	1.500	1.500	1.500
City of Osawatomie	68.874	68.788	69.259	68.543	79.983
Miami County Library No. 1	5.396	5.326	5.136	5.134	4.857
Recreation Commission	0.997	0.995	1.000	1.000	1.000
U.S.D. No. 367 (Osawatomie)	59.410	59.280	59.124	59.108	58.894
U.S.D. No. 368 (Paola)	55.557	54.529	52.944	51.942	50.532

Source: *Miami County Clerk.*

ACCOUNTING, BUDGETING AND AUDITING PROCEDURES

The City follows a modified accrual basis of accounting for all tax supported funds of the City, including the General Fund. The City follows a cash receipts and disbursement basis of accounting which is adjusted for the issuing of statements, to the accrual or modified accrual basis, as appropriate.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the City prior to August 25 of each year (or September 20 if the City must conduct a public hearing to levy taxes in excess of its revenue neutral rate described below). Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser. In 2021, the Kansas Legislature passed legislation (the “Revenue Neutral Tax Act”) that repeals the “tax lid” (formerly K.S.A. 79-2925c) and provides that, beginning January 1, 2021, a taxing subdivision (which includes any political subdivision of the State that levies an ad valorem property tax, including the City is not authorized to levy a property tax rate in excess of its revenue neutral rate without first providing notice, holding a public hearing, and authorizing such property tax rate by majority vote of its governing body. The revenue neutral rate means the tax rate for the current tax year that would generate the same property tax revenue as levied the previous tax year using the current tax year’s total assessed valuation.

¹ Tax Levy Rates for a Resident of the City (per \$1,000 assessed valuation).

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must first publish notice of a public hearing and notify, by July 20, the county clerk of the taxing subdivision's intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement, (5) the appraised value and assessed value of the taxpayer's property, (6) estimates of the tax for the current tax year on the taxpayer's property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the county clerk's notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by governing body approval of a resolution or ordinance, and thereafter the taxing subdivisions will hold the public hearing and adopt the budget by majority vote of its governing body. The amount of tax to be levied and the adopted budget must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.

The City cannot predict the impact of the Revenue Neutral Tax Act on the ratings on the Bonds, or the general rating of the City. A change in the rating on the Bonds or a change in the general rating of the City may adversely impact the market price of the Bonds in the secondary market.

THE ISSUER

CITY GOVERNMENT

The City was organized as a municipality in 1883 and became a city of the second class in 1879 by executive order of the governor. The City has a Commissioner-City Manager form of government consisting of a nine-member City Council. The City Manager, Deputy City Manager and City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 50 full-time, 31 part-time, and four (4) seasonal employees. The City participates in the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Fire Retirement System (KP&F), which are both part of a cost-sharing, multiple-employer defined benefit pension plan. The City collects and remits member-employee contributions according to the provision of Section 414(h) of the Internal Revenue Code. KPERs and KP&F are funded on an actuarial reserve basis.

See the Notes to Financial Statement in Appendix A for a detailed description of the Plan.

Recognized and Certified Bargaining Units

The City does not have any recognized and certified bargaining units.

OTHER POST EMPLOYMENT BENEFITS

The City does not pay directly for retirees' post-employment benefits. The City has some obligations for post-employment benefits as mandated by State Statutes. Specifically, the City is required to allow retirees to be covered by the City's health care plan as long as the retiree pays his/her premiums. Retiree membership in a health care plan typically increases costs of the premiums. This increased cost is commonly known as implicit price subsidy.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Kansas municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Bonds are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Bonds. Such modifications could be adverse to holders of the Bonds and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds.

FUNDS ON HAND (As of December 31, 2021)

Fund	Total Cash and Investments
General Operating	\$760,097
Water	56,598
Electric	661,819
Sewer	105,841
Refuse	6,903
Library	113,333
Rural Fire	1,385
Industrial Promotion	12,548
Special Park & Recreation	160
Street Improvements	105,915
Tourism	48,591
Public Safety Equipment	1,471
Golf Course	142,584
CIP - General	155,213
CIP - Water	51,235
CIP - Electric	33,295
CIP - Sewer	157,129
CIP - Street Project	223,797
CIP - Grants	3,557
CIP - Technology Fund	28,850
Employee Benefits	78,036
Cafeteria 125	88,906
Bond & Interest	309,905
Electric Debt Service	164,635
Court Adsap	7,401
Court Bonds	21,890
Forfeitures	26,467
Evidence Liability	12,900
Paypal	13,637
Mayor's Christmas Tree Fund	2,780
Total Funds on Hand	<u><u>\$3,396,877</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the City's 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2018 Audited	2019 Audited	2020 Audited	2021 Unaudited 1)	2022 Adopted Budget 2)
Revenues					
Taxes	\$1,568,144	\$1,601,723	\$1,778,476	\$1,819,381	\$1,709,685
Intergovernmental	58,171	27,025	191,424	618,916	50,000
Licenses and permits	21,517	26,059	23,761	101,188	100,000
Charges for services	39,553	64,029	73,688	435,367	100,000
Fines, forfeitures and penalties	160,352	128,724	97,389	100,278	115,000
Use of money and property	16,867	28,974	17,687	13,576	15,000
Other miscellaneous revenues	116,078	20,510	101,306	298,772	250,000
Total Revenues	<u>\$1,980,680</u>	<u>\$1,897,044</u>	<u>\$2,283,732</u>	<u>\$3,387,478</u>	<u>\$2,339,685</u>
Expenditures					
Current:					
General government	\$558,425	\$630,472	\$755,843	\$1,134,054	\$758,812
Code enforcement	105,161	175,939	195,233	237,391	270,331
Police and fire	1,081,134	1,071,112	1,096,135	1,076,156	1,065,520
John Brown cabin	35,551	36,748	36,651	39,988	51,500
Streets and alleys	204,609	198,620	185,540	238,301	388,957
Property & maintenance	300,124	287,789	273,112	236,230	296,637
City clerk	0	0	162	0	0
Municipal court services	181,320	159,742	152,770	155,240	0
Levees and stormwater	23,085	31,943	12,839	30,597	0
Library	148,920	147,601	138,583	162,345	167,500
Total Expenditures	<u>\$2,638,329</u>	<u>\$2,739,968</u>	<u>\$2,846,868</u>	<u>\$3,310,302</u>	<u>\$2,999,257</u>
Excess of revenues over (under) expenditures	<u>(\$657,648)</u>	<u>(\$842,924)</u>	<u>(\$563,137)</u>	<u>\$77,176</u>	<u>(\$659,572)</u>
Other Financing Sources (Uses)					
Operating transfers in	\$638,516	\$762,676	\$694,188	\$300,500	\$299,500
Operating transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$638,516</u>	<u>\$762,676</u>	<u>\$694,188</u>	<u>\$300,500</u>	<u>\$299,500</u>
Net changes in Fund Balances	<u>(\$19,132)</u>	<u>(\$80,248)</u>	<u>\$131,051</u>	<u>\$377,676</u>	<u>(\$360,072)</u>
General Fund Balance January 1	\$359,415	\$340,282	\$260,035	\$391,086	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	<u>\$340,282</u>	<u>\$260,035</u>	<u>\$391,086</u>	<u>\$768,762</u>	

1) The unaudited data is scheduled to begin on March 31, 2022.

2) The 2022 budget was adopted on September 16, 2021.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 4,509 and a current estimated population of 4,255 and comprising an area of 5.34 square miles, is located approximately 61 miles southwest of Kansas City.

LARGER EMPLOYERS¹

Larger employers within the City include the following:

Firm	Type of Business/Product	No. of Employees
Osawatomie State Hospital	Mental health facility	337
Osawatomie School District	Elementary and secondary education	329
Life Care Center of Osawatomie	Occupational therapists	100
Tri-Ko, Inc.	Developmental disability services	95
City of Osawatomie	Municipal government and services	85
State of Kansas	Social services	50
Sonic Drive-in	Restaurant	30
Apple Bus Company	Transportation	20
Ace Pest Control, LLC	Pest control	20

Source: *Data Axle Reference Solutions, written and telephone survey (January 2022), and the Kansas Department of Employment and Economic Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors - Impact of the Spread of COVID-19").

BUILDING PERMITS

	2018	2019	2020	2021	2022 ¹
<u>New Single Family Homes</u>					
No. of building permits	0	0	3	11	0
Valuation	\$0	\$0	\$530,000	\$2,079,000	\$0
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	196	245	238	263	12
Valuation	\$1,073,957	\$2,018,232	\$2,078,385	\$4,673,763	\$34,000

Source: The City.

¹ As of February 8, 2022.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census	4,509
2020 Current Population Estimate	4,255
Percent of Change 2010 - 2020	-5.63%

Income and Age Statistics

	The City	Miami County	State of Kansas	United States
2019 per capita income	\$23,471	\$35,659	\$31,814	\$32,621
2019 median household income	\$51,631	\$71,995	\$59,597	\$60,293
2019 median family income	\$80,944	\$86,235	\$75,976	\$73,965
2019 median gross rent	\$778	\$827	\$850	\$1,023
2019 median value owner-occupied units	\$87,100	\$201,400	\$151,900	\$204,900
2019 median age	34.9 yrs.	42.1 yrs.	36.7 yrs.	37.9 yrs.
	State of Kansas		United States	
City % of 2018 per capita income	73.78%		71.95%	
City % of 2018 median family income	106.54%		109.44%	

Housing Statistics

	<u>The City</u>		
	2010	2020	Percent of Change
All Housing Units	2,037	1,799	-11.68%

Source: 2000 and 2010 Census of Population and Housing, and 2017 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Miami County	Miami County	State of Kansas
2017	16,702	3.7%	3.6%
2018	16,792	3.5%	3.3%
2019	17,143	3.3%	3.2%
2020	16,793	5.0%	5.9%
2021, December	17,638	2.0%	3.3%

Source: Kansas Department of Labor (<https://www.dol.ks.gov>)

APPENDIX A

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

CITY OF OSAWATOMIE, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2020

CITY OF OSAWATOMIE, KANSAS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Osawatomie, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Osawatomie, Kansas, as of and for the year ended December 31, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Osawatomie on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Osawatimie, Kansas as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Osawatimie, Kansas as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Osawatimie, Kansas as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated June 8, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/oar/municipal-services>. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2020 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 basic financial statement or to

the 2019 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2019, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 30, 2021
Chanute, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Payable and Accounts Add	Cash Balance December 31, 2020
General Fund	\$ 260,034.53	\$ 2,977,919.73	\$ 2,846,868.44	\$ 391,085.82	\$ 60,523.64	\$ 451,609.46
Special Purpose Funds:						
Industrial	(4,302.57)	58,476.43	19,125.00	35,048.86	2,519.07	37,567.93
Library	103,424.55	23,729.93	11,097.05	116,057.43	1,622.21	117,679.54
Employee Benefits	251,571.07	747,483.90	714,494.90	284,560.07	632.43	285,192.50
Special Parks and Recreation	41,502.19	22,797.72	22,726.95	43,572.96	43,572.96	76,843.69
Tourism	56,524.07	33,467.14	14,969.55	75,621.66	1,222.03	9,897.41
911	9,897.41	116,307.21	204,267.97	113,179.95	788.80	113,968.75
Street Improvement	201,140.71	116,307.21	204,267.97	113,179.95	788.80	113,968.75
Golf Course	1,828.69	360,010.94	268,810.12	93,029.51	1,881.59	94,911.10
Capital Improvements General	151,104.39	248,056.00	155,967.20	243,193.19	-	243,193.19
Capital Improvements Water	75,000.00	80,000.00	46,742.81	108,257.19	-	108,257.19
Capital Improvements Sewer	141,294.61	85,369.31	55,684.00	170,979.92	6,510.00	177,489.92
Capital Improvements Street	82,400.50	155,000.00	69,949.44	167,451.06	-	167,451.06
Capital Improvements Grant	3,556.79	-	-	3,556.79	-	3,556.79
Capital Improvements Special Projects	14,433.27	178,338.00	107,114.35	85,656.92	1,067.50	86,724.42
Capital Improvements Technology	35,624.10	65,941.27	70,752.59	30,812.78	357.00	31,169.78
Public Safety Equipment	56,481.48	59,080.89	82,476.53	33,085.84	-	33,085.84
Capital Project Funds:						
Electric Generation Bond Account	24,463.56	100,019.13	45,570.00	78,912.69	-	78,912.69
Bond and Interest Fund:						
General Obligation Bond and Interest	180,405.32	762,722.58	771,564.25	171,563.65	-	171,563.65
Business Funds:						
Electric Utility	288,305.24	3,653,841.45	3,583,355.45	358,791.24	199,054.84	557,846.08
Electric Utility Debt Service	149,988.47	434,100.00	434,101.25	149,987.22	-	149,987.22
Water Utility	231,461.71	1,007,753.89	1,096,279.77	142,935.83	15,628.91	158,564.74
Refuse Utility	1,000.30	1,168.76	405.00	1,764.06	-	1,764.06
Sewer Utility	130,599.31	930,052.12	865,885.08	194,766.35	1,303.84	196,070.19
Total Reporting Entity (Excluding Agency Funds)	\$ 2,487,739.70	\$ 12,103,636.40	\$ 11,487,607.70	\$ 3,103,768.40	\$ 293,111.86	\$ 3,396,880.26

The notes to the financial statement are
an integral part of this statement.

CITY OF OSAWATOMIE, KANSAS
Statement 1 (Continued)

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2020

Total Cash to be accounted for:	\$ 3,396,880.26
Composition of Cash:	
Cash on Hand	\$ 800.00
Checking Accounts:	
Operating Account	190,364.18
Cash Flow Account	1,329,720.24
ADSAP	7,661.00
Municipal Court	15,028.54
Police Forfeitures	20,610.54
Cafeteria 125 Checking	91,470.13
Street & Sewer Project	396,140.42
Grant Account	65,656.79
PayPal Donations Account	1,230.01
USDA Loan Checking	19,525.46
Petty Cash	2,000.00
Investments:	
Kansas Municipal Investment Pool	954,593.06
Certificates of Deposit	450,979.90
Total Reporting Entity	3,545,780.27
Agency Funds Per Schedule 3	(148,900.01)
Total Reporting Entity (Excluding Agency Funds)	\$ 3,396,880.26

The notes to the financial statement
are an integral part of this statement.

CITY OF OSAWATOMIE, KANSAS

Notes to the Financial Statement
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Osawatomie, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City of Osawatomie, Kansas (the City) is a municipal corporation governed by an elected eight-member council. These financial statements present the City of Osawatomie, Kansas (the primary government).

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

The Osawatomie Housing Authority – The Osawatomie Housing Authority operates the City's housing projects. The Osawatomie Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. The Osawatomie Housing Authority's financial statements should be included with the City's financial statements. However, the statements are omitted in an apparent departure from accounting principles generally accepted in the United States of America. Separate financial statements are prepared and are available at the Osawatomie Housing Authority. The Osawatomie Housing Authority is considered a major component unit.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Osawatomie, Kansas, for the year of 2020:

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

Bond and Interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection account, etc.).

Basis of Presentation – Regulatory Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as cash receipts. In the financial statement and budget comparison schedules presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2020 the City amended the General Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget or expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, and trust funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in compliance with the cash basis and budget laws of Kansas.

The City was in apparent violation of K.S.A. 12-1608 which requires the treasurer of second class cities to publish quarterly statements showing the total amount received into each fund and the total amount expended from each fund and the cash balances of each fund at the beginning and close of each quarter. Such quarterly statements shall show the amount of outstanding registered warrants, temporary notes, bonds and all other obligations and liabilities of the City. Two of the four quarterly statements were not published within 30 days of the end of that quarter.

Compliance with Revenue Bond Covenants

The City is required, under the ordinances on Revenue Bond Issues, to maintain in its Business Funds certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts described below:

	RESERVE ACCOUNTS	
	REQUIRED AMOUNT	ACTUAL AMOUNT
Principal and Interest Account for Electric Revenue Bonds Series 2015 – requires transfers		
Monthly of 1/12 of next maturing interest and 1/12 of next maturing principal.	\$ 145,116.67	\$ 149,987.22

The City agrees to fix, establish, maintain and collect such rates, fees or charges for Electric Utility service which will be sufficient to enable the City to have, in each fiscal year, Net Revenues in an amount that will not be less than 125% of the Debt Service Requirements required to be paid by the City during that fiscal year on all System revenue bonds at the time outstanding. Net income is defined as gross income less operating expenses, but before any transfers, depreciation and capital expense. For the year ended December 31, 2020, the City had net revenues available for debt service of \$1,435,352.88, which is 329.70%. The loan agreement defines net revenues available for debt service to be revenues, less ordinary and necessary expenses of operating the system, but not including charges for interest and principal paid on the loan, or charges for depreciation. Therefore, this amount consists of receipts over expenditures, less debt service expenditures and capital outlay. Capital outlay is not considered to be an ordinary expense.

3. **DEPOSITS AND INVESTMENTS**

As of December 31, 2020, the City had the following investments and maturities.

Investment Type	Fair Value	Less than 1	1-2	Rating
Kansas Investment Pool	\$ 954,593.06	\$ 954,593.06	\$ -	S&P AAA/S1+

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices. The rating of the City's investments is noted above.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2020, is as follows:

Investments	Percentage of Investments
Kansas Investment Pool	100%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2020.

3. **DEPOSITS AND INVESTMENTS** (Continued)

Deposits: At year-end, the City's carrying amount of deposits was \$2,590,387.21 and the bank balance was \$2,792,907.05. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$500,000.00 was covered by FDIC insurance and \$2,292,907.05 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments to be adequately secured.

At December 31, 2020, the City has invested \$954,593.06 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligation that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities of up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. LONG-TERM DEBT

Changes in long-term debt for the City for the year ended December 31, 2020, were as follows:

Interest	Rates	Issue	Date of	Original	Amount	of Issue	Maturity	Balance	of Year	Additions	Reductions/	Balance	End of	Year	Interest
Interest	Rates	Issue	Date of	Original	Amount	of Issue	Maturity	Balance	of Year	Additions	Reductions/	Balance	End of	Year	Interest
General Obligation Bonds															
Paid by Tax Levies:															
Series 2019 A Street Bonds	3.60%	5/23/2019		1,135,000.00			9/1/2038	\$ 1,135,000.00	\$ 400,000.00		\$ 10,369.31	\$ 130,000.00	\$ 1,105,000.00	\$ 410,369.31	\$ 51,983.00
Series 2019 Temporary	2.65%	12/31/2019		400,000.00			1/1/2021	400,000.00							
Paid by Tax Levies and Utility Receipts:															
Series 2016A - Refunding	2.00-4.00%	5/19/2016		8,143,000.00			9/1/2045	7,305,000.00							
Series 2012A - Refunding	2.00-4.70%	5/1/2012		2,810,000.00			9/1/2027	510,000.00							
Paid by Utility Receipts:															
Series 2015 - Electric	3.50%	12/14/2015		6,095,000.00			9/1/2035	5,260,000.00							
Series 2014 - Refunding	2.83%	11/20/2013		1,266,256.72			3/1/2030	1,143,878.19							
Capital Leases															
Case Tractor & Bush Hog	3.25%	11/26/2006		195,525.75			10/1/2021	33,023.15							
Golf Course Irrigation	2.50%	7/6/2015		76,161.00			7/6/2023	40,013.10							
Case Tractor & Bush Hog	3.10%	4/5/2018		277,107.76			10/1/2026	249,754.70							
Software	3.10%	4/5/2018		239,334.88			10/1/2022	184,952.82							
Golf Course Equipment	5.00%	4/25/2019		108,650.00			5/1/2026	102,079.63							
Backhoe	2.25%	10/14/2020		100,056.00			7/1/2026	20,428.38							
John Deere Excavator	9.12%	8/9/2019		26,723.74			8/9/2023	20,428.38							
Total Contractual Indebtedness															
								\$ 16,384,129.97				\$ 110,425.31		\$ 110,425.31	\$ 16,384,129.97

4. LONG-TERM DEBT (Continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Principal	Issue	2021	2022	2023	2024	2025	2026-2030	2031-2035	2036-2040	2041-2045	Total
General Obligation Bonds											
Paid by Tax Levies:											
Series 2019 A Street Bonds	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 285,000.00	\$ 345,000.00	\$ 860,000.00	\$ 235,000.00	\$ 1,105,000.00
Series 2019 Temporary	-	410,369.31	-	-	-	-	-	-	780,000.00	-	410,369.31
Paid by Tax Levies and Utility Receipts:											
Series 2016A	380,000.00	380,000.00	385,000.00	405,000.00	410,000.00	1,860,000.00	1,860,000.00	1,495,000.00	860,000.00	780,000.00	6,945,000.00
Paid by Utility Receipts:											
Series 2012A	95,000.00	95,000.00	65,000.00	40,000.00	40,000.00	40,000.00	85,000.00	85,000.00	-	-	420,000.00
Series 2015	260,000.00	270,000.00	280,000.00	285,000.00	300,000.00	1,655,000.00	1,960,000.00	1,960,000.00	-	-	5,010,000.00
KDHE No. 1961-01	101,134.63	104,016.99	106,981.49	110,030.48	113,166.38	550,512.26	-	-	-	-	1,085,842.23
Capital Leases											
Golf Course Irrigation	16,818.67	-	-	-	-	-	-	-	-	-	16,818.67
Case Tractor & Bush Hog	9,877.47	10,124.41	10,377.33	36,774.32	37,871.61	39,054.72	-	-	-	-	30,379.21
Software	34,532.99	34,532.74	35,611.81	36,724.32	37,871.61	39,054.72	-	-	-	-	217,282.30
Fire Truck	63,532.74	63,532.74	63,532.74	63,532.74	63,532.74	63,532.74	-	-	-	-	125,184.23
Golf Course Equipment	14,335.70	19,429.97	19,429.97	20,324.00	20,790.24	9,075.31	-	-	-	-	88,438.86
Backhoe	19,638.58	5,309.57	5,793.74	-	-	-	-	-	-	-	15,969.16
John Deere Excavator	4,865.85	5,309.57	5,793.74	-	-	-	-	-	-	-	15,969.16
Total Principal Payments											
	1,031,789.24	1,452,402.02	974,471.18	963,719.03	989,316.21	4,483,642.29	3,800,000.00	1,095,000.00	780,000.00	15,570,339.97	
Interest											
Series 2019 A Street Bonds	39,780.00	38,160.00	36,540.00	34,740.00	32,940.00	135,720.00	80,460.00	17,100.00	-	-	415,440.00
Series 2019 Temporary	3,113.06	4,631.00	-	-	-	-	-	-	-	-	7,744.06
Paid by Tax Levies and Utility Receipts:											
Series 2016A	210,690.00	199,280.00	187,730.00	175,580.00	691,000.00	450,400.00	241,430.00	96,000.00	2,470,190.00	39,712.50	2,470,190.00
Paid by Utility Receipts:											
Series 2012A	11,175.00	9,037.50	6,900.00	4,950.00	3,750.00	3,900.00	-	-	-	-	39,712.50
Series 2015	175,350.00	166,250.00	156,800.00	147,000.00	137,025.00	520,625.00	210,525.00	-	-	-	1,513,375.00
KDHE No. 1961-01	30,018.83	27,136.47	24,171.97	21,122.98	17,987.08	39,678.40	-	-	-	-	160,115.73
Capital Leases											
Golf Course Irrigation	469.08	-	-	-	-	-	-	-	-	-	469.08
Case Tractor & Bush Hog	759.49	512.85	259.44	259.44	2,094.47	910.35	-	-	-	-	1,531.48
Software	3,408.87	4,481.48	4,481.48	4,481.48	4,481.48	4,481.48	-	-	-	-	20,383.20
Fire Truck	5,433.07	4,481.48	4,481.48	4,481.48	4,481.48	4,481.48	-	-	-	-	20,383.20
Golf Course Equipment	1,456.22	1,834.52	1,834.52	1,834.52	1,834.52	1,834.52	-	-	-	-	6,266.45
Backhoe	1,456.22	1,012.50	528.33	528.33	474.25	170.51	-	-	-	-	2,997.05
John Deere Excavator	494,822.49	1,456.22	528.33	528.33	474.25	170.51	-	-	-	-	4,656,578.04
Total Interest Payments											
	494,822.49	469,524.89	432,882.33	401,575.61	370,853.46	1,392,004.26	741,385.00	258,530.00	96,000.00	20,226,918.01	
Total Principal and Interest											
	\$ 1,526,611.73	\$ 1,920,926.91	\$ 1,407,353.51	\$ 1,365,294.64	\$ 1,360,169.67	\$ 5,875,646.55	\$ 4,541,385.00	\$ 1,353,530.00	\$ 876,000.00	\$ 20,226,918.01	

5. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order to finance the acquisition of a Golf Course Irrigation System. Payments are made yearly, including interest at approximately 3.25%. Final maturity of the lease is October 1, 2021. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2021	\$ 17,287.75
2022	17,287.75
2023	(469.08)
2024	
2025	
2026	
Less imputed interest	
Net Present Value of Minimum Lease Payments	16,818.67
Less: Current Maturities	(16,818.67)
Long-Term Capital Lease Obligations	\$ 0.00

The City has entered into a capital lease agreement in order to finance the acquisition of a 2015 Case Tractor and Bush Hog. Payments are made yearly, including interest at approximately 2.50%. Final maturity of the lease is July 6, 2023. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2021	\$ 10,636.96
2022	10,636.96
2023	10,636.77
2024	31,910.69
2025	(1,531.48)
2026	
Less imputed interest	
Net Present Value of Minimum Lease Payments	30,379.21
Less: Current Maturities	(9,877.47)
Long-Term Capital Lease Obligations	\$ 20,501.74

The City has entered into a capital lease agreement in order to finance the acquisition of a Fire Truck. Payments are made twice a year, including interest at approximately 3.10%. Final maturity of the lease is October 1, 2026. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2021	\$ 38,918.94
2022	38,886.26
2023	39,965.08
2024	39,965.07
2025	39,965.08
2026	39,965.07
2027	237,665.50
2028	(20,383.20)
2029	
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5. CAPITAL LEASE OBLIGATIONS (Continued)

The City has entered into a capital lease agreement in order to finance the acquisition of a John Deere excavator. Payments are made annually, including interest at 9.12%. Final maturity of the lease is August 9, 2023. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2021	\$ 6,322.07
2022	6,322.07
2023	6,322.07
	18,966.21
Less imputed interest	(2,997.05)
Net Present Value of Minimum Lease Payments	15,969.16
Less: Current Maturities	(4,865.85)
Long-Term Capital Lease Obligations	\$ 11,103.31

6. OPERATING LEASES

As of December 31, 2020 the City has entered into a number of operating leases for equipment. Rent expense for the year ended December 31, 2020, was \$20,768.77. Under the current lease agreements, the future minimum rental payments are as follows:

2021	\$ 7,372.72
2022	5,657.28
2023	4,759.11
2024	2,554.74
2025	743.94

7. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan
Plan description. The City participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. KPERs financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERs website at www.kpers.org or by writing to KPERs (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. KPERs has multiple benefit structures and contribution rates depending on whether the employee is a KPERs 1, KPERs 2 or KPERs 3 member. KPERs 1 members are active and contributing members hired before July 1, 2009. KPERs 2 members were first employed in a covered position on or after July 1, 2009, and KPERs 3 members were first employed in a covered position on or after January 1, 2017. Effective January 1, 2017, Kansas law established the KPERs member-employee contribution rate at 6% of covered salary for KPERs 1, KPERs 2 and KPERs 3 members. Member contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code.

7. DEFINED BENEFIT PENSION PLAN (Continued)

State law provides that the employer contribution rates for KPERs 1 and KPERs 2 and KPERs 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the City were \$234,051.50 for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, The City's proportionate share of the collective net pension liability reported by KPERs was \$2,220,949.00. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERs, relative to the total employer and non-employer contributions of the Local subgroup within KPERs. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERs collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020.

Compensated Absences:

All full-time employees of the City are eligible for vacation benefits in varying annual amounts. Full time employees will be granted paid vacation time according to the following schedules:

Years Continuous Employment:	Days Granted per Year:	Maximum Days Accrued:
Less than 5 years	12 Days	20 Days
After 5 but less than 10	15 Days	25 Days
After 10 but less than 15	18 Days	30 Days
More than 15 years	21 Days	30 Days

No vacation time may be taken by an employee until they have been in the service of the City continuously for a period of six months. In the event of termination, an employee will be compensated for unused vacation leave, provided they have been in the service of the City for at least six full months.

Sick leave accrues to all full-time employees at the rate of 8 hours per month to a maximum of 960 hours. All employees shall receive their sick leave credit on the last payroll of the month.

Employees who terminate by other than retirement will not be paid for accumulated sick leave. Upon retirement 30 days of remaining sick leave will be paid at their hourly rate. provided the employee has accrued 960 hours and provided one year notice to the City of their intent to retire.

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

The City determines a liability for compensated absences and compensatory time when the following conditions are met:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has estimated a liability for vacation pay and compensatory time, which has been earned, but not taken by City employees. The liability for compensated absences was \$157,838.81 and compensatory time was \$24,580.75. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

Other Post Employment Benefits:

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, except as disclosed below, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The City pays annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

10. CONCENTRATION OF RISK

The City provides water to two rural water districts. During 2020, sales to Miami County Rural Water District No. 1 accounted for 6.33% of the water sold and sales to Miami County Rural Water District No. 3 accounted for 21.95% of the water sold. Risk of accounting loss exists from the possibility that a customer would no longer purchase water from the City. Impact of potential risk cannot be determined.

11. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
Electric Utility	General	K.S.A. 12-825d	\$ 374,024.00
Electric Utility	Employee Benefits	K.S.A. 12-16,102	97,085.00
Electric Utility	Special Parks and Recreation	K.S.A. 12-825d	20,000.00
Electric Utility	Tourism	K.S.A. 12-825d	10,000.00
Electric Utility	Golf Course	K.S.A. 12-825d	77,500.00
Electric Utility	Capital Improvements		
	General	K.S.A. 12-1,118	137,000.00
Electric Utility	Electric Generation		
	Bond Account	K.S.A. 12-1,118	100,000.00
Electric Utility	Electric Utility Debt		
	Service	K.S.A. 13-1270	434,100.00
Water Utility	General	K.S.A. 12-825d	174,021.00
Water Utility	Employee Benefits	K.S.A. 12-16,102	67,741.00
Water Utility	Capital Improvements		
	Water	K.S.A. 12-1,118	80,000.00
Water Utility	General Obligation		
	Bond and Interest	K.S.A. 13-1270	126,000.00
Sewer Utility	General	K.S.A. 12-825d	146,143.00
Sewer Utility	Employee Benefits	K.S.A. 12-16,102	44,134.00
Sewer Utility	Capital Improvements		
	Sewer	K.S.A. 12-1,118	75,000.00
Sewer Utility	General Obligation		
	Bond and Interest	K.S.A. 13-1270	175,000.00
Street Improvements	Capital Improvements		
	Street	K.S.A. 12-1,118	155,000.00
Public Safety Equipment	Capital Improvements		
	Technology	K.S.A. 12-1,118	29,000.00

12. CONTINGENCIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2020. Future potential impacts include a decline in sales tax collections and utility collections. Our results of operations for full year 2021 may be materially adversely affected.

13. CRF AND CARES ACT FUNDING

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Securities (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of \$400 million. The Municipality received Coronavirus Relief Funds (SPARK) in the amount of \$29,000.00 and CDBG-CV funds in the amount of \$62,100.00 during 2020. The Municipality is encouraged to share the CDBG grant amount with local businesses within the Municipality. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act, and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

14. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statement.

However, due to a stretch of extreme cold temperatures and an energy shortage causing extreme price spikes, the City received an electric bill for the amount of \$693,695.09 in 2021 that they issued no-fund warrants for that will be paid by utilizing the state's low-interest loan program. The City also purchased new public safety radios for \$83,367.75 using funds held in reserves.

SUPPLEMENTARY INFORMATION

CITY OF OSAWATOMIE, KANSAS
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
Regulatory Basis
For the Year Ended December 31, 2020

For the Year Ended December 31, 2020

Regulatory Basis

udgeted Funds On

Summary of Expenditures - Actual and Bud

General Fund	Special Purpose Funds:	Industrial	Library	Employee Benefits	Special Parks and Recreation	Tourism	Street Improvement	Golf Course	Public Safety Equipment	Bond and Interest Fund:	General Obligation Bond and Interest	Business Funds:	Electric Utility	Electric Utility Debt Service	Water Utility	Refuse Utility	Sewer Utility
															</		

Schedule 1
1 of 24 (Continued)

CITY OF OSAWATOMIE, KANSAS

GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures				
General Administration				
Personal Services	\$ 431,330.48	\$ 436,442.73	\$ 211,434.00	\$ 225,008.73
Contractual Services	162,672.50	240,216.65	138,600.00	101,616.65
Commodities	19,249.66	37,325.58	24,350.00	12,975.58
Capital Outlay	10,754.45	41,857.61	8,500.00	33,357.61
Other Expenses	6,465.40	-	501,150.00	(501,150.00)
Code Enforcement				
Personal Services	98,184.52	137,291.46	127,599.00	9,692.46
Contractual Services	61,897.61	43,716.76	56,900.00	(13,183.24)
Commodities	14,937.84	10,186.34	8,950.00	1,236.34
Capital Outlay	918.73	4,038.58	500.00	3,538.58
Police and Fire				
Personal Services	901,447.04	911,240.26	911,930.00	(689.74)
Contractual Services	103,597.65	104,526.25	106,549.00	(2,022.75)
Commodities	59,831.79	56,235.15	64,116.00	(7,880.85)
Capital Outlay	6,235.77	24,133.72	5,000.00	19,133.72
Other Expenses	-	-	100.00	(100.00)
John Brown Cabin				
Personal Services	29,317.20	29,869.12	29,532.00	337.12
Contractual Services	7,294.27	6,753.61	8,850.00	(2,096.39)
Commodities	101.66	28.75	200.00	(171.25)
Capital Outlay	35.00	-	1,000.00	(1,000.00)
Streets and Alleys				
Personal Services	110,873.38	126,922.57	105,288.00	21,634.57
Contractual Services	28,636.19	21,180.39	27,250.00	(6,069.61)
Commodities	33,929.41	35,663.86	41,450.00	(5,786.14)
Capital Outlay	25,180.67	1,772.97	8,000.00	(6,227.03)
City Clerk				
Personal Services	-	-	173,340.00	(173,340.00)
Capital Outlay	-	162.49	-	162.49
Property & Maintenance				
Personal Services	200,784.25	191,672.46	157,461.00	34,211.46
Contractual Services	37,719.73	38,017.96	48,116.00	(10,098.04)
Commodities	32,060.36	30,473.15	38,400.00	(7,926.85)
Capital Outlay	17,224.94	12,947.97	17,000.00	(4,052.03)

Schedule 1
1 of 24 (Continued)

CITY OF OSAWATOMIE, KANSAS

GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Municipal Court Services				
Personal Services	\$ 41,630.19	\$ 39,119.04	\$ 44,334.00	\$ (5,214.96)
Contractual Services	101,872.81	99,981.99	128,959.00	(28,977.01)
Commodities	1,017.12	932.47	1,150.00	(217.53)
Capital Outlay	388.98	-	1,500.00	(1,500.00)
Other Expenses	14,833.25	12,736.00	18,000.00	(5,264.00)
Levees and Stormwater				
Contractual Services	13,068.38	659.19	2,900.00	(2,240.81)
Commodities	8,237.97	1,543.24	4,200.00	(2,656.76)
Lease Purchase - Tractor and Bush Hog				
Personal Services	10,636.96	10,636.96	10,637.00	(0.04)
Library				
Personal Services	99,935.15	99,579.40	97,194.00	2,385.40
Contractual Services	23,773.75	18,835.31	23,685.00	(4,849.69)
Commodities	23,236.10	18,273.27	20,200.00	(1,926.73)
Capital Outlay	656.44	1,895.18	1,000.00	895.18
Information Technology				
Personal Services	-	-	49,847.00	(49,847.00)
Other				
Cash Basis Reserve	-	-	50,000.00	(50,000.00)
Total Certified Budget			3,275,171.00	(428,302.56)
Adjustments for Qualifying Budget Credits				
Total Expenditures	2,739,967.60	2,846,868.44	\$ 3,369,850.80	\$ (522,982.36)
Receipts Over(Under) Expenditures	(80,247.69)	131,051.29		
Unencumbered Cash, Beginning	340,282.22	260,034.53		
Unencumbered Cash, Ending	\$ 260,034.53	\$ 391,085.82		

**Schedule 2
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**CITY OF OSAWATOMIE, KANSAS
INDUSTRIAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Tax	\$ 4,330.16	\$ 4,477.16	\$ 4,778.00	\$ (300.84)
Delinquent Tax	75.12	276.69	50.00	226.69
Motor Vehicle Tax	242.13	417.18	467.00	(49.82)
Recreational Vehicle Tax	4.01	7.00	8.00	(1.00)
16/20M Vehicle Tax	0.67	5.89	4.00	1.89
Commercial Vehicle Tax	2.16	5.26	3.00	2.26
Use of Money and Property				
Rental Income	52,668.71	-	12,000.00	(12,000.00)
Sale of Assets	56,449.12	6,000.00	-	6,000.00
Other Receipts	5,460.00	29,393.65	5,460.00	23,933.65
Reimbursed Expense	14,893.60	17,893.60	15,000.00	2,893.60
Miscellaneous				
Total Receipts	134,125.68	58,476.43	37,770.00	\$ 20,706.43
Expenditures				
General Government				
Contractual Services	85,334.45	18,187.62	11,050.00	\$ 7,137.62
Commodities	525.00	937.38	-	937.38
Lease Purchase - Grocery				
Store Equipment	154,750.63	-	12,000.00	(12,000.00)
Other				
Cash Basis Reserve	-	-	35,000.00	(35,000.00)
Total Expenditures	240,610.08	19,125.00	\$ 58,050.00	\$ (38,925.00)
Receipts Over(Under) Expenditures	(106,484.40)	39,351.43		
Unencumbered Cash, Beginning	102,181.83	(4,302.57)		
Unencumbered Cash, Ending	\$ (4,302.57)	\$ 35,048.86		

**Schedule 2
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**CITY OF OSAWATOMIE, KANSAS
LIBRARY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Intergovernmental				
Grant Proceeds	\$ 10,040.00	\$ 17,705.00	\$ 10,000.00	\$ 7,705.00
Use of Money and Property				
Interest Income	743.27	602.55	300.00	302.55
Other Receipts				
Donations	2,305.35	5,422.38	2,000.00	3,422.38
Total Receipts	13,088.62	23,729.93	\$ 12,300.00	\$ 11,429.93
Expenditures				
Culture and Recreation				
Contractual Services	1,432.22	2,068.86	\$ 2,500.00	\$ (431.14)
Commodities	9,397.83	9,028.19	10,000.00	(971.81)
Capital Outlay	3,250.00	-	-	-
Other				
Cash Basis Reserve	-	-	98,000.00	(98,000.00)
Total Expenditures	14,080.05	11,097.05	\$ 110,500.00	\$ (99,402.95)
Receipts Over(Under) Expenditures	(991.43)	12,632.88		
Unencumbered Cash, Beginning	104,415.98	103,424.55		
Unencumbered Cash, Ending	\$ 103,424.55	\$ 116,057.43		

**Schedule 2
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**CITY OF OSAWATOMIE, KANSAS
EMPLOYEE BENEFITS FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 467,053.93	\$ 447,720.83	\$ 477,772.00	\$ (30,051.17)
Delinquent Tax	22,973.39	36,953.06	10,000.00	26,953.06
Motor Vehicle Tax	54,800.64	51,793.97	50,476.00	1,317.97
Recreational Vehicle Tax	901.48	830.21	811.00	19.21
16/20M Vehicle Tax	418.82	198.02	162.00	36.02
Commercial Vehicle Tax	487.52	573.44	601.00	(27.56)
Other Receipts	10,139.48	454.37	-	454.37
Reimbursed Expense				
Operating Transfers from:				
Electric Utility Fund	87,636.00	97,085.00	97,085.00	-
Sewer Utility Fund	48,445.00	44,134.00	44,134.00	-
Water Utility Fund	63,368.00	67,741.00	67,741.00	-
Total Receipts	756,224.26	747,483.90	748,782.00	\$ (1,298.10)
Expenditures				
General Government				
Personal Services	700,348.28	708,873.46	756,920.00	\$ (48,046.54)
Contractual Services	7,312.22	5,621.44	15,000.00	(9,378.56)
Other	-	-	120,000.00	(120,000.00)
Cash Basis Reserve				
Total Expenditures	707,660.50	714,494.90	891,920.00	\$ (177,425.10)
Receipts Over(Under) Expenditures				
Unencumbered Cash, Beginning	48,563.76	32,989.00		
Unencumbered Cash, Ending	203,007.31	251,571.07		
Unencumbered Cash, Ending	\$ 251,571.07	\$ 284,560.07		

**Schedule 2
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**CITY OF OSAWATOMIE, KANSAS
SPECIAL PARKS AND RECREATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	\$ 3,868.31	\$ 4,797.72	\$ 6,000.00	\$ (1,202.28)
Other Receipts	250.00	-	-	-
Donations				
Operating Transfers from:				
Recreation Fund	-	-	20,000.00	(20,000.00)
Electric Utility Fund	20,000.00	20,000.00	-	20,000.00
Total Receipts	24,118.31	24,797.72	26,000.00	\$ (1,202.28)
Expenditures				
Culture and Recreation				
Facilities	-	821.88	-	\$ 821.88
Contractual Services	-	4,614.75	20,000.00	(15,385.25)
Capital Outlay				
Debt Retirement	15,640.84	16,204.48	32,770.00	(16,565.52)
Principal	1,649.48	1,085.84	1,576.00	(490.16)
Interest				
Total Expenditures	17,290.32	22,726.95	54,346.00	\$ (31,619.05)
Receipts Over(Under) Expenditures	6,827.99	2,070.77		
Unencumbered Cash, Beginning	34,674.20	41,502.19		
Unencumbered Cash, Ending	\$ 41,502.19	\$ 43,572.96		

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CITY OF OSAWATOMIE, KANSAS
TOURISM FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Transient Guest Tax	\$ 11,182.44	\$ 11,908.53	\$ 15,000.00	\$ (3,091.47)
Charges for Services				
Rental Income	50.00	100.00	250.00	(150.00)
Sponsorship Income	16,920.00	10,285.00	16,000.00	(5,715.00)
Entry Fees	450.00	-	-	-
Other Receipts				
Donations	1,909.30	1,137.00	2,250.00	(1,113.00)
Miscellaneous	212.00	36.61	-	36.61
Operating Transfers from				
Electric Utility Fund	10,000.00	10,000.00	10,000.00	-
Total Receipts	40,723.74	33,467.14	43,500.00	\$ (10,032.86)
Expenditures				
General Government				
Contractual Services	25,414.95	10,962.28	29,444.00	\$ (18,481.72)
Commodities	5,868.58	3,407.27	14,300.00	(10,892.73)
Other				
Cash Basis Reserve	-	-	35,000.00	(35,000.00)
Total Expenditures	31,283.53	14,369.55	78,744.00	\$ (64,374.45)
Receipts Over(Under) Expenditures	9,440.21	19,097.59		
Unencumbered Cash, Beginning	47,083.86	56,524.07		
Unencumbered Cash, Ending	\$ 56,524.07	\$ 75,621.66		

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CITY OF OSAWATOMIE, KANSAS
911 FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Emergency Telephone Tax	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	\$ -	\$ -
Expenditures				
General Government				
Contractual Services	-	-	\$ -	\$ -
Total Expenditures	-	-	\$ -	\$ -
Receipts Over(Under) Expenditures	-	-	-	-
Unencumbered Cash, Beginning	9,897.41	9,897.41		
Unencumbered Cash, Ending	\$ 9,897.41	\$ 9,897.41		

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**CITY OF OSAWATOMIE, KANSAS
STREET IMPROVEMENT FUND**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Motor Fuel Tax	\$ 117,274.43	\$ 111,207.21	\$ 117,220.00	\$ (6,012.79)
Intergovernmental				
County Connecting Links	5,100.00	5,100.00	5,100.00	-
Total Receipts	122,374.43	116,307.21	122,320.00	\$ (6,012.79)
Expenditures				
Street Improvements				
Contractual Services	-	3,620.02	5,500.00	\$ (1,879.98)
Commodities	-	-	29,380.00	(29,380.00)
Capital Outlay	69,981.03	45,647.95	5,120.00	40,527.95
Debt Service				
Capital Lease - Const. Equip.	-	-	23,620.00	(23,620.00)
Operating Transfer to				
Capital Improvements	95,000.00	155,000.00	155,000.00	-
Street Fund				
Other				
Cash Basis Reserve			50,000.00	(50,000.00)
Total Expenditures	164,981.03	204,267.97	\$ 268,620.00	\$ (64,352.03)
Receipts Over(Under) Expenditures	(42,606.60)	(87,960.76)		
Unencumbered Cash, Beginning	243,747.31	201,140.71		
Unencumbered Cash, Ending	\$ 201,140.71	\$ 113,179.95		

**Schedule 2
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**CITY OF OSAWATOMIE, KANSAS
GOLF COURSE FUND**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Golf Course Sheds	\$ 1,820.00	\$ 2,352.00	\$ 3,000.00	\$ (648.00)
Membership Fees	12,439.00	29,041.10	40,000.00	(10,958.90)
Green Fees	53,088.75	96,664.61	55,000.00	41,664.61
Golf Cart Fees	33,393.88	62,596.11	40,000.00	22,596.11
Sales Tax	8,856.03	11,953.57	8,100.00	3,853.57
Driving Range	4,463.12	5,832.25	3,800.00	2,032.25
Concessions	39,072.96	15,343.79	44,200.00	(28,856.21)
Tournaments	21,847.88	17,597.03	22,500.00	(4,902.97)
Pro Shop	7,766.46	36,585.51	5,000.00	31,585.51
Other Fees	3,131.35	4,198.68	5,800.00	(1,601.32)
Miscellaneous	365.14	346.29	-	346.29
Operating Transfers from				
Electric Utility Fund	75,000.00	77,500.00	77,500.00	-
Total Receipts	261,244.57	360,010.94	\$ 304,900.00	\$ 55,110.94
Expenditures				
Culture and Recreation				
Personal Services	126,918.81	111,811.06	\$ 133,552.00	\$ (21,740.94)
Contractual Services	59,351.09	67,068.29	70,912.00	(3,843.71)
Commodities	75,534.02	71,439.13	59,353.00	12,086.13
Capital Outlay	-	-	21,492.00	(21,492.00)
Debt Service				
Principal	12,030.37	13,640.77	23,952.00	(10,311.23)
Interest	2,675.45	4,850.87	-	4,850.87
Other				
Cash Basis Reserve	-	-	7,000.00	(7,000.00)
Total Expenditures	276,509.74	268,810.12	\$ 316,261.00	\$ (47,450.88)
Receipts Over(Under) Expenditures	(15,265.17)	91,200.82		
Unencumbered Cash, Beginning	17,093.86	1,828.69		
Unencumbered Cash, Ending	\$ 1,828.69	\$ 93,029.51		

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS GENERAL FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Capital Lease Proceeds	\$ -	\$ 100,056.00
Other Receipts		
Donations	-	11,000.00
Operating Transfers from		
Electric Utility Fund	115,000.00	137,000.00
Total Receipts	115,000.00	248,056.00
Expenditures		
Capital Projects		
Capital Outlay	97,968.18	155,967.20
Lease Purchase - Land	40,000.00	-
Total Expenditures	137,968.18	155,967.20
Receipts Over(Under) Expenditures	(22,968.18)	92,088.80
Unencumbered Cash, Beginning	174,072.57	151,104.39
Unencumbered Cash, Ending	\$ 151,104.39	\$ 243,193.19

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS WATER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers From		
Water Utility Fund	\$ 75,000.00	\$ 80,000.00
Total Receipts	75,000.00	80,000.00
Expenditures		
Capital Projects		
Capital Outlay	-	46,742.81
Total Expenditures	-	46,742.81
Receipts Over(Under) Expenditures	75,000.00	33,257.19
Unencumbered Cash, Beginning	-	75,000.00
Unencumbered Cash, Ending	\$ 75,000.00	\$ 108,257.19

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS SEWER FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2020
 (With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Temporary Notes Proceeds	\$ 400,000.00	\$ 10,369.31
Operating Transfers From		
Sewer Utility Fund	50,000.00	75,000.00
Total Receipts	450,000.00	85,369.31
Expenditures		
Capital Projects		
Capital Outlay	308,705.39	55,684.00
Total Expenditures	308,705.39	55,684.00
Receipts Over(Under) Expenditures	141,294.61	29,685.31
Unencumbered Cash, Beginning	-	141,294.61
Unencumbered Cash, Ending	\$ 141,294.61	\$ 170,979.92

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS STREET FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2020
 (With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from		
Street Improvement Fund	\$ 95,000.00	\$ 155,000.00
Total Receipts	95,000.00	155,000.00
Expenditures		
Capital Projects		
Capital Outlay	264,251.88	69,949.44
Debt Services		
Bond Principal	520,000.00	-
Total Expenditures	784,251.88	69,949.44
Receipts Over(Under) Expenditures	(689,251.88)	85,050.56
Unencumbered Cash, Beginning	771,652.38	82,400.50
Unencumbered Cash, Ending	\$ 82,400.50	\$ 167,451.06

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers From:		
Capital Improvements		
Street Fund	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Capital Projects	20,874.63	-
Capital Outlay		
Total Expenditures	20,874.63	-
Receipts Over(Under) Expenditures	(20,874.63)	-
Unencumbered Cash, Beginning	24,431.42	3,556.79
Unencumbered Cash, Ending	\$ 3,556.79	\$ 3,556.79

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CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS SPECIAL PROJECTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Grant Proceeds	\$ 166,666.00	\$ 178,338.00
Operating Transfers From:		
Electric Utility Fund	25,000.00	-
Total Receipts	191,666.00	178,338.00
Expenditures		
Capital Projects	177,232.73	107,114.35
Capital Outlay		
Total Expenditures	177,232.73	107,114.35
Receipts Over(Under) Expenditures	14,433.27	71,223.65
Unencumbered Cash, Beginning	-	14,433.27
Unencumbered Cash, Ending	\$ 14,433.27	\$ 85,656.92

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CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS TECHNOLOGY FUND
Schedule of Receipts and Expenditures - Actual

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Technology Fees	\$ 36,145.06	\$ 36,941.27
Operating Transfer from		
Public Safety Equipment	-	29,000.00
Total Receipts	36,145.06	65,941.27
Expenditures		
Capital Projects		
Capital Outlay	126,144.46	5,714.22
Debt Service		
Principal	-	59,768.59
Interest	-	5,269.78
Total Expenditures	126,144.46	70,752.59
Receipts Over(Under) Expenditures	(89,999.40)	(4,811.32)
Unencumbered Cash, Beginning	125,623.50	35,624.10
Unencumbered Cash, Ending	\$ 35,624.10	\$ 30,812.78

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CITY OF OSAWATOMIE, KANSAS
PUBLIC SAFETY EQUIPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year	Variance - Over (Under)
Receipts			
Taxes and Shared Receipt			
Ad Valorem Tax	\$ 21,628.39	\$ 22,385.55	\$ (1,503.45)
Delinquent Tax	617.55	1,554.43	1,054.43
Motor Vehicle Tax	2,151.23	2,307.12	(29.88)
Recreational Vehicle Tax	35.41	37.47	(0.53)
16/20M Vehicle Tax	7.55	6.92	(3.08)
Commercial Vehicle Tax	18.71	26.48	1.48
Sales Tax	66,619.33	20,501.38	(53,498.62)
Intergovernmental			
State Grant Proceeds	19,049.97	7,581.54	7,581.54
Other Receipts			
Miscellaneous	3,960.00	4,680.00	(320.00)
Operating Transfers From:			
Electric Utility Fund	10,000.00	-	-
Total Receipts	124,088.14	59,080.89	\$ (46,718.11)
Expenditures			
General Government			
Contractual	7,041.72	927.29	\$ 927.29
Commodities	2,619.99	-	-
Capital Outlay	106,389.24	12,584.16	(17,215.84)
Debt Services			
Principal	31,470.36	32,472.40	5,119.40
Interest	8,494.89	7,492.68	(5,119.32)
Operating Transfer to			
Capital Improvements Technology	-	29,000.00	-
Other			
Cash Basis Reserve	-	50,000.00	(50,000.00)
Total Expenditures	156,016.20	82,476.53	\$ (66,288.47)
Receipts Over(Under) Expenditures	(31,928.06)	(23,395.64)	
Unencumbered Cash, Beginning	88,409.54	56,481.48	
Unencumbered Cash, Ending	\$ 56,481.48	\$ 33,085.84	

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CITY OF OSAWATOMIE, KANSAS
ELECTRIC GENERATION BOND ACCOUNT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property Interest	\$ 1,943.74	\$ 19.13
Operating Transfer from Electric Utility Fund	100,000.00	100,000.00
Total Receipts	101,943.74	100,019.13
Expenditures		
Capital Projects		
Capital Outlay	270,265.57	45,570.00
Total Expenditures	270,265.57	45,570.00
Receipts Over(Under) Expenditures	(168,321.83)	54,449.13
Unencumbered Cash, Beginning	192,785.39	24,463.56
Unencumbered Cash, Ending	\$ 24,463.56	\$ 78,912.69

Schedule 2
19 of 24

CITY OF OSAWATOMIE, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 360,019.95	\$ 394,662.07	\$ 421,132.00	\$ (26,469.93)
Delinquent Tax	13,995.06	26,846.69	9,000.00	17,846.69
Motor Vehicle Tax	38,390.36	39,013.57	38,908.00	105.57
Recreational Vehicle Tax	631.53	630.05	625.00	5.05
16/20M Vehicle Tax	227.41	128.80	587.00	(458.20)
Commercial Vehicle Tax	341.53	441.40	-	441.40
Operating Transfers from:				
Sewer Utility Fund	320,800.00	175,000.00	175,000.00	-
Water Utility Fund	126,500.00	126,000.00	126,000.00	-
Total Receipts	860,905.84	762,722.58	\$ 771,252.00	\$ (8,529.42)
Expenditures				
Debt Service				
Bond Principal	630,687.50	480,000.00	\$ 480,000.00	\$ -
Bond Interest	250,080.00	290,463.00	289,451.00	1,012.00
Commissions and Postage	1,000.00	1,101.25	1,000.00	101.25
Other	-	-	-	-
Cash Basis Reserve	-	-	120,000.00	(120,000.00)
Total Expenditures	881,767.50	771,564.25	\$ 890,451.00	\$ (118,886.75)
Receipts Over(Under) Expenditures	(20,861.66)	(8,841.67)		
Unencumbered Cash, Beginning	201,266.98	180,405.32		
Unencumbered Cash, Ending	\$ 180,405.32	\$ 171,563.65		

**Schedule 2
20 of 24**

**CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services	\$ 3,508,534.96	\$ 3,379,240.15	\$ 3,651,607.00	\$ (272,366.85)
Electric Charges	123,017.20	119,409.46	125,219.00	(5,809.54)
Sales Tax	5,685.75	7,178.83	55,000.00	(47,821.17)
Utility Deposits	79,839.17	62,535.10	95,000.00	(32,464.90)
Late Fees	22,777.99	72,943.85	18,000.00	54,943.85
Other Charges				
Use of Money and Property	2,888.80	1,648.81	2,500.00	(851.19)
Interest Income		3,014.35	-	3,014.35
Sale of Assets				
Other Receipts	1,646.73	998.74	1,000.00	(1.26)
Miscellaneous	4,455.18	6,872.16	1,000.00	5,872.16
Reimbursed Expense				
Total Receipts	3,748,845.78	3,653,841.45	\$ 3,949,326.00	\$ (295,484.55)
Expenditures				
Administration				
Personal Services	10,701.46	-	-	\$ -
Contractual Services	265,304.89	255,926.78	295,431.00	(39,504.22)
Commodities	5,124.18	997.86	1,700.00	(702.14)
Capital Outlay	861.62	217.41	-	217.41
Electric Production				
Personal Services	93,618.25	83,700.78	83,873.00	(172.22)
Contractual Services	1,544,763.83	1,519,471.14	1,812,043.00	(292,571.86)
Commodities	48,814.52	11,449.24	53,800.00	(42,350.76)
Electric Distribution				
Personal Services	273,126.47	285,016.73	330,024.00	(45,007.27)
Contractual Services	48,448.86	27,151.29	36,400.00	(9,248.71)
Commodities	71,660.92	34,774.75	70,300.00	(35,525.25)
Capital Outlay	88,668.35	108,618.40	2,600.00	106,018.40
Capital Lease - Utility Equip	-	6,322.07	6,400.00	(77.93)

**Schedule 2
20 of 24 (Continued)**

**CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Operating Transfers to:				
General Fund	\$ 424,359.00	\$ 374,024.00	\$ 374,024.00	\$ -
Electric Utility Debt				
Service Fund	432,501.33	434,100.00	434,100.00	-
Electric Generation				
Bond Account Fund	100,000.00	100,000.00	100,000.00	-
Golf Course Fund	75,000.00	77,500.00	77,500.00	-
Special Parks and				
Recreation Fund	20,000.00	20,000.00	20,000.00	-
Employee Benefits Fund	87,636.00	97,085.00	97,085.00	-
Capital Improvements				
General Fund	115,000.00	137,000.00	137,000.00	-
Capital Improvements				
Special Projects	25,000.00	-	-	-
Tourism Fund	10,000.00	10,000.00	10,000.00	-
Public Safety Equipment Fund	10,000.00	-	-	-
Other				
Cash Basis Reserve	-	-	100,000.00	(100,000.00)
Total Certified Budget			4,042,280.00	(458,924.55)
Adjustments for Qualifying				
Budget Credits			6,872.16	(6,872.16)
Total Expenditures	3,750,589.68	3,583,355.45	\$ 4,049,152.16	\$ (465,796.71)
Receipts Over(Under) Expenditures	(1,743.90)	70,486.00		
Unencumbered Cash, Beginning	290,049.14	288,305.24		
Unencumbered Cash, Ending	\$ 288,305.24	\$ 358,791.24		

**Schedule 2
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**CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY DEBT SERVICE FUND**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Transfers From Electric Utility Fund	\$ 432,501.33	\$ 434,100.00	\$ 434,100.00	\$ -
Total Receipts	432,501.33	434,100.00	434,100.00	-
Expenditures				
Debt Service				
Bond Principal	240,000.00	250,000.00	\$ 250,000.00	\$ -
Bond Interest	192,500.00	184,100.00	184,100.00	-
Commissions and Postage	1.25	1.25	-	1.25
Other				
Cash Basis Reserve	-	-	10,000.00	(10,000.00)
Total Expenditures	432,501.25	434,101.25	\$ 444,100.00	\$ (9,998.75)
Receipts Over(Under) Expenditures	0.08	(1.25)		
Unencumbered Cash, Beginning	149,988.39	149,988.47		
Unencumbered Cash, Ending	\$ 149,988.47	\$ 149,987.22		

**Schedule 2
22 of 24**

**CITY OF OSAWATOMIE, KANSAS
WATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Water Sales	\$ 967,821.47	\$ 956,425.41	\$ 995,000.00	\$ (38,574.59)
Sales Tax	69.38	137.46	-	137.46
Late Fees	8,481.33	12,287.80	3,000.00	9,287.80
Other Charges	8,667.49	11,023.03	3,500.00	7,523.03
Use of Money and Property				
Rental Income	17,748.10	25,780.44	22,331.00	3,449.44
Sale of Assets	-	1,050.00	-	1,050.00
Other Receipts	-	-	-	-
Reimbursed Expense	-	1,049.75	-	1,049.75
Total Receipts	1,002,787.77	1,007,753.89	\$ 1,023,831.00	\$ (16,077.11)
Expenditures				
Administration				
Personal Services	7,707.97	1,407.59	\$ 34,694.00	\$ (33,286.41)
Contractual Services	37,876.30	33,881.18	44,330.00	(10,448.82)
Commodities	115.72	1,102.16	-	1,102.16
Water Treatment				
Personal Services	94,354.07	108,786.47	141,945.00	(33,158.53)
Contractual Services	99,838.72	168,930.32	101,650.00	67,280.32
Commodities	128,280.30	107,059.26	113,050.00	(5,990.74)
Water Distribution				
Personal Services	144,322.63	135,085.22	96,107.00	38,978.22
Contractual Services	27,806.97	26,607.87	43,400.00	(16,792.13)
Commodities	47,340.37	62,519.75	45,400.00	17,119.75
Capital Outlay	20,244.86	3,137.95	13,620.00	(10,482.05)

Schedule 2
22 of 24 (Continued)

CITY OF OSAWATOMIE, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Operating Transfers to:				
General Fund	\$ 173,721.00	\$ 174,021.00	\$ 174,021.00	\$ -
General Obligation Bond and Interest Fund	126,500.00	126,000.00	126,000.00	-
Capital Improvements	75,000.00	80,000.00	80,000.00	-
Water Fund	63,368.00	67,741.00	67,741.00	-
Employee Benefits Fund	-	-	50,000.00	(50,000.00)
Other	-	-	-	-
Cash Basis Reserve	-	-	-	-
Total Expenditures	1,046,476.91	1,096,279.77	\$ 1,131,958.00	\$ (35,678.23)
Receipts Over(Under) Expenditures	(43,689.14)	(88,525.88)		
Unencumbered Cash, Beginning	275,150.85	231,461.71		
Unencumbered Cash, Ending	\$ 231,461.71	\$ 142,935.83		

Schedule 2
23 of 24

CITY OF OSAWATOMIE, KANSAS
REFUSE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Refuse Fees	\$ 309.40	\$ 460.18	\$ 450,000.00	\$ (449,539.82)
Other Receipts	640.00	708.58	-	708.58
Miscellaneous				
Total Receipts	949.40	1,168.76	\$ 450,000.00	\$ (448,831.24)
Expenditures				
Collections				
Contractual Services	5,051.77	405.00	\$ 430,000.00	\$ (429,595.00)
Total Expenditures	5,051.77	405.00	\$ 430,000.00	\$ (429,595.00)
Receipts Over(Under) Expenditures	(4,102.37)	763.76		
Unencumbered Cash, Beginning	5,102.67	1,000.30		
Unencumbered Cash, Ending	\$ 1,000.30	\$ 1,764.06		

**Schedule 2
24 of 24**

**CITY OF OSAWATOMIE, KANSAS
SEWER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Sewer Charges	\$ 863,834.42	\$ 914,318.04	\$ 905,000.00	\$ 9,318.04
Late Fees	9,583.48	14,184.08	3,000.00	11,184.08
Other Receipts	-	1,550.00	-	1,550.00
Reimbursed Expense				
Total Receipts	873,417.90	930,052.12	908,000.00	22,052.12
Expenditures				
Collections				
Personal Services	137,926.20	147,388.37	145,551.00	1,837.37
Contractual Services	116,473.38	167,263.76	137,800.00	29,463.76
Commodities	18,905.78	19,048.01	16,650.00	2,398.01
Capital Outlay	6,844.78	1,907.94	13,000.00	(11,092.06)
Capital Lease	-	-	3,620.00	(3,620.00)
Debt Service				
Principal Payments	56,427.77	58,035.96	57,807.00	228.96
Interest Payments	30,606.49	29,140.36	29,350.00	(209.64)
Service Fee	2,965.74	2,823.68	2,844.00	(20.32)
Operating Transfers to:				
General Fund	164,596.00	146,143.00	146,143.00	-
Capital Improvements				
Sewer Fund	50,000.00	75,000.00	75,000.00	-
Employee Benefits Fund	48,445.00	44,134.00	44,134.00	-
General Obligation				
Bond and Interest Fund	320,800.00	175,000.00	175,000.00	-
Other				
Cash Basis Reserve	-	-	50,000.00	(50,000.00)
Total Expenditures	953,991.14	865,885.08	896,899.00	(31,013.92)
Receipts Over(Under) Expenditures	(80,573.24)	64,167.04		
Unencumbered Cash, Beginning	211,172.55	130,599.31		
Unencumbered Cash, Ending	\$ 130,599.31	\$ 194,766.35		

Schedule 3

**CITY OF OSAWATOMIE, KANSAS
AGENCY FUNDS**

Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2020

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Cafeteria 125	\$ 89,113.40	22,343.32	19,986.59	\$ 91,470.13
Court ADSAP	7,401.00	260.00	-	7,661.00
Court Bonds	18,877.04	22,167.00	26,015.50	15,028.54
Evidence Liability	12,899.79	-	-	12,899.79
Fire Insurance Proceeds	0.84	27,143.28	27,144.12	-
Forfeiture	13,596.85	7,413.69	400.00	20,610.54
Mayor's Christmas Tree Fund	-	1,230.01	-	1,230.01
PayPal Donations	0.01	(0.01)	-	-
Rural Fire	(5,299.73)	48,208.28	42,908.55	-
	\$ 136,589.20	\$ 128,765.57	\$ 116,454.76	\$ 148,900.01

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

[FORM OF BOND COUNSEL OPINION]

GILMORE & BELL, P.C.
Attorneys at Law
100 N. Main Suite 800
Wichita, Kansas 67202

[March 15, 2022]

Governing Body
City of Osawatomie, Kansas

[Purchaser]
[Purchaser City, State]

Re: [\$6,265,000*] General Obligation Bonds, Series 2022A, of the City of
Osawatomie, Kansas, Dated March 15, 2022

We have acted as Bond Counsel in connection with the issuance by the City of Osawatomie, Kansas (the “Issuer”), of the above-captioned bonds (the “Bonds”). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the resolution adopted by the governing body of the Issuer prescribing the details of the Bonds.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.

2. The Bonds are payable as to both principal and interest 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 Issuer. The Issuer 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.

3. The interest on the Bonds [(including any original issue discount properly allocable to an owner of a Bond)] is: (a) excludable from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds are “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

4. The interest on the Bonds is exempt from income taxation by the State of Kansas.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

GILMORE & BELL, P.C.

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

(See following pages)

CONTINUING DISCLOSURE UNDERTAKING

DATED AS OF MARCH 15, 2022

BY

CITY OF OSAWATOMIE, KANSAS

**CITY OF OSAWATOMIE, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2022A
DATED MARCH 15, 2022**

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of March 15, 2022 (the “Continuing Disclosure Undertaking”), is executed and delivered by the **CITY OF OSAWATOMIE, KANSAS** (the “Issuer”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2022A (the “Bonds”), pursuant to an Ordinance and Resolution adopted by the governing body of the Issuer (collectively the “Bond Resolution”).

2. The Issuer is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). The Issuer is the only “obligated person” with responsibility for continuing disclosure hereunder.

The Issuer covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**Dissemination Agent**” means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the Issuer a written acceptance of such designation.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Financial Obligation**” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on January 1 and ending on December 31 or any other 12-month period selected by the Issuer as the Fiscal Year of the Issuer for financial reporting purposes.

“Material Events” means any of the events listed in *Section 3* of this Continuing Disclosure Undertaking.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Section 2. Provision of Annual Reports.

(a) The Issuer shall, not later than the fifteenth day of the ninth month after the end of the Issuer’s Fiscal Year, commencing with the year ending December 31, 2021, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

(1) The audited financial statements of the Issuer for the prior Fiscal Year, in substantially the format contained in the Official Statement relating to the Bonds. A more detailed explanation of the accounting basis and method of preparation of the financial statements is contained in the Official Statement relating to the Bonds. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in *Exhibit A*, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the Issuer.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under *Section 3*.

(b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than 10 Business Days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“Material Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The Issuer’s obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer’s obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time

upon 30 days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the Issuer shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Bond Resolution or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Bond Resolution or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

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IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

CITY OF OSAWATOMIE, KANSAS

(SEAL)

Mayor

Clerk

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The financial information and operating data contained in tables in the following sections contained in the final Official Statement relating to the Bonds:

- Trend of Assessed Valuations
- Tax Mill Levies
- Tax Levies and Collections – Tax Collections
- Larger Taxpayers
- Direct Debt – General Obligation Debt*

* This Operating Data is also available in the Issuer's financial information portion of its Annual Report.

NOTICE OF BOND SALE

NOTICE OF BOND SALE

\$6,265,000*

CITY OF OSAWATOMIE, KANSAS

**GENERAL OBLIGATION BONDS
SERIES 2022A**

(GENERAL OBLIGATION BONDS PAYABLE
FROM UNLIMITED AD VALOREM TAXES)

Bids. Electronic bids (as explained below) for the purchase of the above-referenced bonds (the “Bonds”) of the City of Osawatomie, Kansas (the “Issuer”) herein described will be received on behalf of the undersigned Clerk of the Issuer via PARITY®, until 10:00 A.M. applicable Central Time (the “Submittal Hour”), on

FEBRUARY 24, 2022

(the “Sale Date”). All bids will be publicly evaluated at said time and place and the award of the Bonds to the successful bidder (the “Successful Bidder”) will be acted upon by the City Council of the Issuer (the “Governing Body”) at its meeting to be held at 6:30 p.m. on the Sale Date. No other written, emailed or facsimile bids will be considered. Capitalized terms not otherwise defined herein shall have the meanings set forth in the hereinafter referenced Preliminary Official Statement relating to the Bonds.

Terms of the Bonds. The Bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). The Bonds will be dated March 15, 2022 (the “Dated Date”), and will become due in principal installments on March 1 in the years as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2023	\$635,000	2028	\$640,000
2024	620,000	2029	655,000
2025	635,000	2030	670,000
2026	645,000	2031	550,000
2027	655,000	2032	560,000

The Bonds will bear interest from the Dated Date at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on September 1, 2022 (the “Interest Payment Dates”).

***Adjustment of Issue Size.** The Issuer reserves the right to increase or decrease the total principal amount of the Bonds or the schedule of principal payments described above, depending on the purchase price and interest rates bid and the offering prices specified by the Successful Bidder. The Successful Bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the Bonds or the schedule of principal payments as described herein. If there is an

increase or decrease in the final aggregate principal amount of the Bonds or the schedule of principal payments as described above, the Issuer will notify the Successful Bidder by means of telephone or facsimile transmission, subsequently confirmed in writing, no later than 2:00 p.m. applicable Central Time, on the business day immediately following the Sale Date. The actual purchase price for the Bonds shall be calculated by applying the percentage of par value bid by the Successful Bidder against the final aggregate principal amount of the Bonds, as adjusted, plus accrued interest from the Dated Date to the Closing Date (as hereinafter defined).

Place of Payment. The principal of and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The principal of each Bond will be payable at maturity or earlier redemption to the owner thereof whose name is on the registration books (the "Bond Register") of the Bond Registrar (the "Registered Owner") upon presentation and surrender at the principal office of the Paying Agent. Interest on each Bond will be payable to the Registered Owner of such Bond as of the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the "Record Date") (a) mailed by the Paying Agent to the address of such Registered Owner as shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address to which such Registered Owner wishes to have such wire directed.

Bond Registration. The Bonds will be registered pursuant to a plan of registration approved by the Issuer and the Attorney General of the State of Kansas (the "State"). The Issuer will pay for the fees of the Bond Registrar for registration and transfer of the Bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, will be the responsibility of the Owners.

Book-Entry-Only System. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will initially be issued exclusively in "book entry" form and shall be initially registered in the name of Cede & Co., as the nominee of DTC and no beneficial owner will receive certificates representing their interests in the Bonds. During the term of the Bonds, so long as the book-entry-only system is continued, the Issuer will make payments of principal of, premium, if any, and interest on the Bonds to DTC or its nominee as the Registered Owner of the Bonds. DTC will make book-entry-only transfers among its participants and receive and transmit payment of principal of, premium, if any, and interest on the Bonds to its participants who shall be responsible for transmitting payments to beneficial owners of the Bonds in accordance with agreements between such participants and the beneficial owners. The Issuer will not be responsible for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that continuation of the book-entry-only form of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Issuer will discontinue the book-entry-only form of registration with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer will cause to be authenticated and delivered to the beneficial owners replacement Bonds in the form of fully registered certificates. Reference is made to the Official Statement for further information regarding the book-entry-only system of registration of the Bonds and DTC.

Redemption of Bonds Prior to Maturity.

General. Whenever the Issuer is to select Bonds for the purpose of redemption, it will, in the case of Bonds in denominations greater than the minimum Authorized Denomination, if less than all of the Bonds then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such fully registered Bond as though it were a separate Bond in the minimum Authorized Denomination.

Optional Redemption. At the option of the Issuer, Bonds maturing on March 1 in the years 2030, and thereafter, will be subject to redemption and payment prior to maturity on March 1, 2029, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

Mandatory Redemption. A bidder may elect to have all or a portion of the Bonds scheduled to mature in consecutive years issued as term bonds (the “Term Bonds”) scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, subject to the following conditions: (a) not less than all Bonds of the same serial maturity shall be converted to Term Bonds with mandatory redemption requirements; and (b) a bidder shall make such an election by completing the applicable information on PARITY®.

Notice and Effect of Call for Redemption. Unless waived by any owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar, any provider of municipal bond insurance and the Successful Bidder. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the registered owners of said Bonds. Each of said written notices shall be deposited in United States first class mail not less than 30 days prior to the Redemption Date. All notices of redemption shall state the Redemption Date, the redemption price, the Bonds to be redeemed, the place of surrender of Bonds so called for redemption and a statement of the effect of the redemption. The Issuer shall also give such additional notice as may be required by State law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Bond be called for redemption and payment as aforesaid, all interest on such Bond shall cease from and after the Redemption Date, provided funds are available for its payment at the price hereinbefore specified.

Authority, Purpose and Security. The Bonds are being issued pursuant to the Constitution and statutes of the State, including K.S.A. 12-631a *et seq.*, K.S.A 14-570 *et seq.*, as amended by Charter Ordinance No. 25 of the City, and an ordinance and a resolution adopted by the Governing Body (collectively the “Bond Resolution”) for the purpose of paying a portion of the cost of certain capital improvements (the “Improvements”). The Bonds shall be general obligations of the Issuer payable as to both principal and interest 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 Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

Submission of Bids. All bids must be submitting using the PARITY® bidding platform and must be submitted in accordance with its Rules of Participation, as well as the provisions of this Notice of Bond Sale. ***Any bid submitted shall include the initial offering prices to the public for each maturity of the Bonds.*** If provisions of this Notice of Bond Sale conflict with those of PARITY®, this Notice of Bond Sale shall control. Bids must be received prior to the Submittal Hour on the Sale Date accompanied by the Deposit (as hereinafter defined), which may be submitted separately.

PARITY®. Information about the electronic bidding services of PARITY® may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5023.

Conditions of Bids. Proposals will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) the same rate shall apply to all Bonds of the same maturity year; (b) no interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond published by **THE BOND BUYER**, in New York, New York, on the Monday next preceding the day on which the Bonds are sold, plus 3%; and (c) no supplemental interest payments will be considered. No bid for less than **98.80%** of the principal amount of the Bonds and accrued interest thereon to the date of delivery will be considered. Each bid shall specify the total interest cost (expressed in dollars) during the term of the Bonds on the basis of such bid, the discount, if any, the premium, if any, offered by the bidder, the net interest cost (expressed in dollars) on the basis of such bid, and an estimate of the TIC (as hereinafter defined) on the basis of such bid. Each bidder shall certify to the Issuer the correctness of the information contained on the Official Bid Form; the Issuer will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the Bonds, it will provide the certification described under the caption "Establishment of Issue Price" in this Notice.

Good Faith Deposit. A good faith deposit (the "Deposit") in the amount of \$125,300 payable to the order of the Issuer is required in order to secure the Issuer from any loss resulting from the failure of the bidder to comply with the terms of its bid.

The Deposit may be submitted at the address hereinafter set forth in either of the following forms:

(a) *Certified or Cashier's Check.* Certified or cashier's check drawn on a bank located in the United States of America received by the Issuer **prior to the Submittal Hour**; or

(b) *Wire Transfer.* Wire transfer submitted by the Successful Bidder in Federal Reserve funds, immediately available for use by the Issuer **not later than 2:00 p.m. applicable Central Time on the Sale Date** (wire transfer information may be obtained from the Municipal Advisor at the addresses set forth below).

Contemporaneously with the submission of a wire transfer Deposit, such bidder shall send an email to the Municipal Advisor at the email address set forth below, including the following information: (a) notification that a wire transfer has been made; (b) the amount of the wire transfer; and (c) return wire transfer instructions in the event such bid is unsuccessful. Checks submitted for Deposits by unsuccessful bidders will be returned; wire transfer Deposits submitted by unsuccessful bidders will not be accepted or shall be returned in the same manner received on the next business day following the Sale Date. The Issuer reserves the right to withhold reasonable charges for any fees or expenses incurred in returning a wire transfer Deposit. No interest on the Deposit will be paid by the Issuer. If a bid is accepted, the Deposit, or the proceeds thereof, will be held by the Issuer until the Successful Bidder has complied with all of the terms and conditions of this Notice at which time the amount of said Deposit shall be returned to the Successful Bidder or deducted from the purchase price at the option of the Issuer. If a bid is accepted but the Issuer fails to deliver the Bonds to the Successful Bidder in accordance with the terms and conditions of this Notice, said Deposit, or the proceeds thereof, will be returned to the Successful Bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this Notice, the proceeds of such Deposit will be retained by the Issuer as and for liquidated damages.

Basis of Award. Subject to the timely receipt of the Deposit set forth above, the award of the Bonds will be made on the basis of the lowest net interest cost (expressed in dollars), which will be determined by subtracting the amount of the premium bid, if any, from or adding the amount of the discount

bid, if any, to the total interest cost to the Issuer. The Issuer Municipal Advisor will compute the net interest cost based on such bids. If there is any discrepancy between the net interest cost specified and the interest rates specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the Governing Body will determine which bid, if any, will be accepted, and its determination is final.

The Issuer reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any bid received after the Submittal Hour on the Sale Date will not be considered. Any disputes arising hereunder shall be governed by the laws of the State, and any party submitting a bid agrees to be subject to jurisdiction and venue of the federal and state courts within the State with regard to such dispute.

The Issuer's acceptance of the Successful Bidder's proposal for the purchase of the Bonds in accordance with this Notice of Bond Sale shall constitute a bond purchase agreement between the Issuer and the Successful Bidder for purposes of the laws of the State and a contract between the Issuer and the Successful Bidder for the purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and Rule G-32 of the Municipal Securities Rulemaking Board ("Rule G-32"). The method of acceptance shall be determined solely by the Governing Body.

Bond Ratings. The outstanding general obligation bonds of the Issuer are rated "A3" by Moody's Investors Service. The Issuer has applied to S&P Ratings Services, a division of S&P Global, Inc., for a rating on the Bonds herein offered for sale.

Optional Bond Insurance. The Issuer has **not** applied for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance, and any bidder desires to purchase such policy, such indication and the name of the desired insurer must be set forth on the bidder's Official Bid Form. The Issuer specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the Issuer.

If the Successful Bidder elects to purchase the Bonds with municipal bond insurance, certain rating agencies will assign their ratings to the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by such bond insurer. All costs associated with the purchase and issuance of such municipal bond insurance policy and associated ratings and expenses (other than any independent rating requested by the Issuer) shall be paid by the Successful Bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the Successful Bidder to accept delivery of the Bonds.

CUSIP Numbers. CUSIP identification numbers will be assigned and printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Notice. The Municipal Advisor will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. All expenses in relation to the assignment and printing of CUSIP numbers on the Bonds will be paid by the Issuer.

Delivery and Payment. The Issuer will pay for preparation of the Bonds and will deliver the Bonds properly prepared, executed and registered without cost on or about **MARCH 15, 2022** (the "Closing Date"), to DTC for the account of the Successful Bidder. The Successful Bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of

delivery of the Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Bonds shall be made in federal reserve funds, immediately available for use by the Issuer. The Issuer will deliver one Bond of each maturity registered in the nominee name of DTC.

Establishment of Issue Price.

(a) In order to provide the Issuer with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the “Code”), the Successful Bidder will be required to assist the Issuer in establishing the “issue price” of the Bonds and complete, execute and deliver to the Issuer prior to the Closing Date, a written certification in a form acceptable to the Successful Bidder, the Issuer and Bond Counsel (the “Issue Price Certificate”) containing the following for each maturity of the Bonds: (1) the interest rate; (2) the reasonably expected initial offering price to the “public” (as said term is used in Treasury Regulation Section 1.148-1(f) (the “Regulation”)) or the sale price; and (3) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Successful Bidder has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the Issuer pursuant hereto may be taken or received by the Municipal Advisor or Bond Counsel on behalf of the Issuer.

(b) The Issuer intends that the sale of the Bonds pursuant to this Notice shall constitute a “competitive sale” as defined in the Regulation. In support thereof: (1) the Issuer shall cause this Notice to be disseminated to potential bidders in a manner reasonably designed to reach potential bidders; (2) all bidders shall have an equal opportunity to submit a bid; (3) the Issuer reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and (4) the Issuer anticipates awarding the sale of the Bonds to the bidder that provides a bid with the lowest TIC in accordance with the section hereof entitled “Basis of Award.”

(c) Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Bonds as specified therein. The Successful Bidder shall constitute an “underwriter” as said term is defined in the Regulation. By submitting its bid, the Successful Bidder confirms that it shall require any agreement among underwriters, a selling group agreement or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with provisions of the Code and the Regulation regarding the initial sale of the Bonds.

(d) If all of the requirements of a “competitive sale” are not satisfied, the Issuer shall advise the Successful Bidder of such fact at the time of award of the sale of the Bonds to the Successful Bidder and the following provisions shall apply to the Bonds. ***In such event, any bid submitted will not be subject to cancellation or withdrawal.*** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Successful Bidder shall advise the Issuer if a “substantial amount” (as defined in the Regulation (10%)) of any maturity of the Bonds has been sold to the public and the price at which such substantial amount was sold. The Issuer will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The Issuer will ***not*** require the Successful Bidder to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Successful Bidder may elect such option. If the Successful Bidder exercises such option, the Issuer will apply the initial offering price to the public provided in the bid as the issue price for such maturities. If the Successful Bidder does not exercise that option, it shall thereafter promptly provide the Issuer the prices at which a substantial amount of such maturities are sold to the public. ***Any change in the issue price of any of the Bonds after the Submittal Hour will not affect the purchase price for the Bonds submitted in the bid of the Successful Bidder.***

(e) This agreement by the Successful Bidder to provide such information will continue to apply after the Closing Time if: (a) the Issuer requests the information in connection with an audit or inquiry by the Internal Revenue Service (the “IRS”) or the Securities and Exchange Commission (the “SEC”) or (b) the information is required to be retained by the Issuer pursuant to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

Preliminary Official Statement and Official Statement. The Issuer has prepared a Preliminary Official Statement dated relating to the Bonds, “deemed final” by the Issuer except for the omission of certain information as provided in the Rule, copies of which may be obtained from the Municipal Advisor. Upon the sale of the Bonds, the Issuer will adopt the final Official Statement and will furnish the Successful Bidder, without cost, within seven business days of the acceptance of the Successful Bidder’s proposal, with a sufficient number of copies thereof, which may be in electronic format, in order for the Successful Bidder to comply with the requirements of the Rule and Rule G-32. Additional copies may be ordered by the Successful Bidder at its expense.

Continuing Disclosure. In the Bond Resolution, the Issuer has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. This covenant is for the benefit of and is enforceable by any Registered Owner of the Bonds. For further information, reference is made to the caption “CONTINUING DISCLOSURE” in the Preliminary Official Statement.

Assessed Valuation and Indebtedness. The total assessed valuation of the taxable tangible property within the Issuer for the year 2021 is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property	\$25,814,880
Tangible Valuation of Motor Vehicles.....	<u>3,775,940</u>
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations	\$29,590,820

The total general obligation indebtedness of the Issuer as of the Dated Date, including the Bonds being sold, is \$14,646,000.

Legal Opinion. The Bonds will be sold subject to the approving legal opinion of GILMORE & BELL, P.C., WICHITA, KANSAS, Bond Counsel to the Issuer, which opinion will be furnished and paid for by the Issuer, will be printed on the Bonds, if the Bonds are printed, and will be delivered to the Successful Bidder when the Bonds are delivered. Said opinion will also include the opinion of Bond Counsel relating to the interest on the Bonds being excludable from gross income for federal income tax purposes and exempt from income taxation by the State. Reference is made to the Preliminary Official Statement for further discussion of federal and State income tax matters relating to the interest on the Bonds.

Electronic Transactions. The transactions described herein may be conducted and related documents may be sent, received and stored by electronic means or transmissions. All bid documents, closing documents, certificates, ordinances, resolutions and related instruments may be executed by electronic means or transmissions. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic means or transmissions) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Additional Information. Additional information regarding the Bonds may be obtained from the Municipal Advisor at the address set forth below:

DATED: January 13, 2022.

CITY OF OSAWATOMIE, KANSAS

By: Tammy Seamands, Clerk

Issuer – Good Faith Deposit Delivery Address:	Municipal Advisor
City of Osawatomie, Kansas	Ehlers Municipal Advisors
439 Main Street	3060 Centre Point Drive
Osawatomie, Kansas 66064	Roseville, Minnesota 55113
Attn: Tammy Seamands, Clerk	Attn: Bruce Kimmell
Phone No. (913) 755-2146	Phone No. (651) 697-8572
Email: tseamands@osawatomie.org	Email: bkimmel@ehlers-inc.com

CITY OF OSAWATOMIE

439 Main Street
PO Box 37
Osawatomie, Kansas 66064



913.755.2146 (p)
913.755.4164 (f)
ozcity@osawatomieks.org
www.osawatomieks.org

Nick Hampson, Mayor

CITY OF OSAWATOMIE

DEPUTY CITY MANAGER'S REPORT ON OPERATIONS

February 24, 2022

Water Treatment Plant Status:

Below is the proposed fee schedule and design/construction durations.

Cost detail:

a.	Preliminary Design -	\$1,645,600
b.	Final Design -	\$1,346,400
c.	Bidding & Negotiating -	\$ 40,000
d.	Construction -	\$ 769,000
e.	Startup / Commissioning -	\$ 15,000

Schedule:

- f. Notice to Proceed
- g. Design for water distribution – 12-14 months
- h. Design for water treatment – 18-24 months
- i. Construction for water distribution – 18 months
- j. Construction for water treatment – 24 months

The application for design cost assistance to the BASE Grant program has been completed and submitted. Additionally, an application was submitted to the state's SPARK Committee for funding of the entire project (\$40,000,000). We are far too early in this process to assume that any of these will come to fruition. We are hopeful that we can be successful to some extent with the applications to both of these programs, but we also need to prepare for the worst-case scenario, which is why at the March 10 council meeting, I will present a contract with Governmental Assistance Services for compiling the USDA-RD loan/grant application as well as completion of the environmental review (which is a requirement of the USDA-RD program). I will also present for the council's review, the agreement with BG Consultants for design and construction engineering administration. As was the case with the water study committee's recommendation, we will not be seeking a council vote on either of these items at the March 10 meeting because there is just simply too much information to get through prior to voting on these critical items.

Wastewater Treatment Plant Status:

Advertisement for bids went out on January 3rd. The pre-bid conference was held on January 21st at the wastewater plant and was very well attended. Bids were originally due on February 4th, but due to CDBG's requirement that the bid request also be published in the paper of record for three

consecutive weeks, the bid due date was been moved to February 21st. Four bids were received for the project. They are as follows:

	<u>BASE</u>	<u>BASE + Alt. 1</u>	<u>BASE + Alt 1 & 2</u>
Crossland Heavy:	\$2,491,064	\$2,531,064	\$2,538,564
Walters-Morgan:	\$2,555,000	\$2,593,000	\$2,601,000
BRB:	\$2,568,000	\$2,604,000	\$2,605,400
MEGA KC:	\$2,865,158	\$2,901,158	\$2,911,158
Engineers Estimate:	\$2,551,500	\$2,591,500	\$2,601,500

Construction Budget: \$2,382,500

Keep in mind, the construction budget was built in the summer of 2020. Between value engineering and working with KDHE we believe we can get the cost closer to what the budget was and we are hopeful that KDHE will take into account the fact that the budget for this project was set prior to many of the equipment/material shortages we are experiencing as well as the impacts of inflation on the project. Additionally, the numbers shown above are for base bids only. There were two options that were requested. One was a price for a UV system with a remote ballast (as opposed to a ballast built into the UV lighting fixtures) and the second bid option was a price to remove the Styrofoam blocks that were purchased as part of the city hall renovation project.

BG Consultants will be present at the February 24th council meeting to present the conformed bids and make a recommendation to the council to approve. Provided the council accepts staff's recommendation, an award can be made on February 25th. Currently, we are targeting March 4th as the preconstruction conference and a notice to proceed being issued on March 11th and construction beginning no later than May 15th. Keep in mind, this is all dependent on lead times for equipment.

Related to the wastewater plant is our ongoing battle with inflow and infiltration (I&I). BG Consultants has drafted an RFP for CCVT companies to bid to in order to identify sewer lines in the city that have not been part of the previous sewer main rehabilitation phases 1, 2 or 3. Estimated costs for the CCVT work is in the \$120,000 range.

Middle School Water Line Update:

You have probably noticed the significant progress the water crew has made on this water line. On February 16th, the crew installed the last segment of pipe as well as the second fire hydrant on the project. All that remains is to bring the main back to the north side of the street as well as connect services for the residential homes on the south side of Pacific Ave. as well as Osawatomie Middle School. Estimated time to complete this work (weather permitting) is approximately two weeks.

Evergy Solar Array Development:

At the January 27th council meeting, the council suggested touring the Baldwin City fixed array solar facility. I am currently working with the City of Baldwin City to schedule a tour and tentatively we have set April 15th as a primary date and April 29th as a secondary option. I am targeting having a negotiated power purchase agreement ready for the council to begin reviewing

on March 10th as well, with the intention of asking the council to vote on the PPA once the final cost per MWh and the purchase price of the facility can be known. This is dependent unfortunately, on other municipalities catching up with where we are in this process so Evergy can begin locking in prices for materials. Evergy estimates this could take as long as three months.

2022 and 2023 Street Improvements:

Survey crews from BG Consultants were in town beginning on February 8, 2022 to begin boundary line and topographical surveys for the streets slated for replacement in 2022 and 2023. Additionally, the application for the KDOT Cost Share Grant program has been completed and submitted. Finally, on February 16, Mike and I had a ratings call with S&P. We received word on February 22nd that we received an A+ rating on the bonds that we are issuing. This is two steps above the rating the city received from Moody's the last time the city had a bond issuance rated. Better ratings equals to better interest rates!