

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 4, 2026

NEW ISSUES – BOOK-ENTRY ONLY

BOND and NOTE RATING: S&P: “AA-”

*In the opinion of Bond Counsel, 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 Securities (including any original issue discount 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 Securities is exempt from income taxation by the State of Kansas, and (3) the Securities have **not** been designated as "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). Bond Counsel notes that interest on the Securities may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See "TAX MATTERS" herein.*

CITY OF VALLEY CENTER, KANSAS

\$5,080,000*
GENERAL OBLIGATION BONDS
SERIES 2026-1

\$9,275,000*
GENERAL OBLIGATION
TEMPORARY NOTES
SERIES 2026-1

Dated: Date of Delivery

Due: December 1, As shown on inside cover

The General Obligation Bonds, Series 2026-1 (the "Bonds") and the General Obligation Temporary Notes, Series 2026-1 (the "Notes") (the Bonds and the Notes collectively the "Security" or "Securities") will be issued by the City of Valley Center, Kansas (the "City" or the "Issuer"), as fully registered securities, 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 Securities. Purchases of the Securities 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 Securities purchased. So long as Cede & Co. is the registered owner of the Securities, as nominee of DTC, references herein to the Bond or Note owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Securities. Principal will be payable upon presentation and surrender of the Securities by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as paying agent and registrar (the "Paying Agent," "Note Registrar" and "Bond Registrar"). Interest payable on each Security shall be paid to the persons who are the registered owners of the Securities as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner or, in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of either the Bonds or the Notes, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Securities, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

Principal of the Bonds will be payable annually on December 1, beginning in 2027, and semiannual interest will be payable on June 1 and December 1, beginning on June 1, 2027. At the option of the Issuer, Bonds maturing on December 1, 2034 and thereafter will be subject to redemption and payment prior to maturity on December 1, 2033, or thereafter as described herein. [The Term Bonds are also subject to mandatory redemption as described herein.] See "THE BONDS - Redemption Provisions" herein.

Principal of the Notes will be payable at maturity or earlier redemption upon presentation and surrender of the Notes by the registered owners thereof at the Office of the Paying Agent and semiannual interest will be payable on June 1 and December 1, beginning on December 1, 2026. The Notes will be subject to redemption prior to maturity, at the option of the Issuer, on June 1, 2027 or any date thereafter.

The Securities and the interest thereon will constitute general obligations of the Issuer, 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 Issuer.

SEPARATE BIDS WILL BE RECEIVED ON TUESDAY, APRIL 7, 2026
NOTES - UNTIL 9:30 A.M., APPLICABLE CENTRAL TIME
BONDS - UNTIL 10:30 A.M., APPLICABLE CENTRAL TIME

The Securities are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. Certain other legal matters will be passed upon by Barry Arbuckle, Esq., counsel for the Issuer. It is expected that the Securities will be available for delivery through the facilities of DTC in New York, New York on or about April 23, 2026.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE PRELIMINARY OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. APPENDIX C-1 AND APPENDIX C-2 CONTAIN DEFINITIONS USED IN THIS PRELIMINARY OFFICIAL STATEMENT.

The date of this Official Statement is [_____], 2026

**Preliminary, subject to change*

This Preliminary Official Statement and information contained herein are subject to completion or amendment without notice. These securities may not be sold nor an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$5,080,000*
CITY OF VALLEY CENTER, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2026-1

MATURITY SCHEDULE

SERIAL BONDS

<u>Stated Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾</u>
2027	\$95,000			
2028	255,000			
2029	265,000			
2030	280,000			
2031	295,000			
2032	310,000			
2033	325,000			
2034	340,000			
2035	360,000			
2036	375,000			
2037	395,000			
2038	415,000			
2039	435,000			
2040	455,000			
2041	480,000			

[TERM BONDS

<u>Stated Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u> ____%	<u>Yield</u> ____%	<u>CUSIP⁽¹⁾</u>]
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(All plus accrued interest, if any)

\$9,275,000*
CITY OF VALLEY CENTER, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2026-1

<u>Stated Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾</u>
2029	\$9,275,000			

(All plus accrued interest, if any)

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*Preliminary, subject to change

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SECURITIES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SECURITIES IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE SECURITIES AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS PRELIMINARY OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS PRELIMINARY OFFICIAL STATEMENT, THE WORDS "ESTIMATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE ISSUER FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

CITY OF VALLEY CENTER, KANSAS

121 S. Meridian
Valley Center, Kansas 67147
(316) 755-7310

CITY COUNCIL

Jet Truman, Mayor
Ron Colbert, Councilmember
Robert Wilson, Councilmember
Gina Gregory, Councilmember
Dale Kerstetter, Councilmember
Matt Stamm, Councilmember
Chris Evans, Councilmember
Ben Anderson, Councilmember
Amy Reid, Councilmember

**CITY
ADMINISTRATOR**
Cyndra Kastens

**ASSISTANT CITY ADMINISTRATOR /
DIRECTOR OF FINANCE**
Clint Miller

CLERK
Kristi Carrithers

TREASURER
Desirae Womack

ISSUER'S COUNSEL
Barry L. Arbuckle, Esq.
Wichita, Kansas

BOND COUNSEL
Gilmore & Bell, P.C.
Wichita, Kansas

CERTIFIED PUBLIC ACCOUNTANTS
Gordon CPA, LLC
Lawrence, Kansas

FINANCIAL ADVISOR
Piper Sandler & Co.
Leawood, Kansas

No dealer, broker, salesman or other person has been authorized by the Issuer or the Financial Advisor to give any information or to make any representations with respect to the Securities 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 any of the foregoing. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Financial Advisor has reviewed the information in this Preliminary Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Preliminary Official Statement does not constitute a contract between the Issuer or the Financial Advisor and any one or more of the purchasers, Owners or Beneficial Owners of the Securities.

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OFFICIAL STATEMENT

CITY OF VALLEY CENTER, KANSAS

\$5,080,000*
GENERAL OBLIGATION BONDS
SERIES 2026-1

\$9,275,000*
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2026-1

INTRODUCTION

General Matters

The purpose of this Preliminary Official Statement is to furnish information relating to the City of Valley Center, Kansas (the "Issuer" or the "City"), the General Obligation Bonds, Series 2026-1 (the "Bonds") and the General Obligation Temporary Notes, Series 2026-1 (the "Notes," and collectively with the Bonds, the "Securities") of the Issuer, dated as of April 23, 2026 (the "Dated Date").

The Appendices to this Preliminary Official Statement are integral parts of this document, to be read in their entirety.

The Issuer is a municipal corporation duly organized and existing under the laws of the State of Kansas. Additional information regarding the Issuer is contained in *APPENDIX A* to this Preliminary Official Statement.

The materials contained on the cover page, in the body and in the Appendices to this Preliminary Official Statement are to be read in their entirety. Except for the information expressly attributed to other sources deemed to be reliable, all information has been provided by the Issuer. The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Except to the extent described under the section captioned "LEGAL MATTERS," Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Definitions

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in "*APPENDIX C-1 – SUMMARY OF BOND FINANCING DOCUMENTS*," and "*APPENDIX C-2 – SUMMARY OF NOTE FINANCING DOCUMENTS*."

Continuing Disclosure

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. 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 September 1 immediately following the end of the Issuer's Fiscal Year, commencing with the year ending December 31, 2025. In the Bond Resolution, hereinafter defined, the Issuer covenants with the Underwriter and the Beneficial Owners of the Bonds to apply the provisions of the Disclosure Undertaking to the Bonds. These covenants are for the benefit of and is enforceable by the Beneficial Owners of the Bonds.

The Issuer has previously entered into disclosure undertakings pursuant to the Rule (the "Prior Undertakings"). For the past five years the Issuer has filed its Annual Report within the time period prescribed by the Prior Undertakings. The statistical information included in the Annual Reports contains most, but not all, of the information described as Operating Data in the Prior Undertakings.

For more information regarding the Disclosure Undertaking, see "*APPENDIX D – FORM OF CONTINUING DISCLOSURE UNDERTAKING*."

**Preliminary, subject to change*

Additional Information

Additional information regarding the Issuer and the Securities may be obtained from the Finance and Administration Director of the Issuer at the address set forth in the preface to this Official Statement, or from the Financial Advisor, Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas 66211-2298, (913) 345-3300.

THE BONDS

Authority for the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 14-570 *et seq.*, as amended by Charter Ordinance No. 27-2009, all as amended and supplemented (the "Act"), and an ordinance passed by the governing body of the Issuer and a resolution adopted by the governing body of the Issuer (collectively the "Bond Resolution").

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.

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, 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. 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, 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 or portions thereof maturing on December 1, 2034 and thereafter may be called for redemption and payment prior to their Stated Maturity on December 1, 2033, and any date 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 thereon 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 December 1 in each year, the following principal amounts of such [20__] Term Bonds:

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

*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 of face 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 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 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 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. 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.

THE NOTES

Authority for the Notes

The Notes are being issued pursuant to and in full compliance with the Constitution and statutes of the State, including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123), K.S.A. 10-620 *et seq.*, and K.S.A. 12-6a01 *et seq.*, all as amended and supplemented from time to time (the "Act"), and a resolution adopted by the governing body of the Issuer (the "Note Resolution").

Security for the Notes

The Notes shall be general obligations of the Issuer payable as to both principal and interest from special assessments levied upon the property benefitted by the construction of certain public improvements or from the proceeds of the Issuer's general obligation bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property 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 Notes as the same become due.

Description of the Notes

The Notes shall consist of fully registered book-entry-only notes in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Note Registrar shall determine. All of the Notes shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturity, subject to redemption and payment prior to their Stated Maturity, and shall bear interest at the rates per annum set forth on the inside cover page of this Official Statement. The Notes shall bear interest (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 Note Registrar

The Issuer will at all times maintain a paying agent and note registrar meeting the qualifications set forth in the Note Resolution. The Issuer reserves the right to appoint a successor paying agent or Note registrar. No resignation or removal of the paying agent or note registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or note registrar. Every paying agent or note 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 "Note Registrar" and "Paying Agent") has been designated by the Issuer as paying agent for the payment of principal of and interest on the Notes and Note Registrar with respect to the registration, transfer and exchange of Notes.

Method and Place of Payment of the Notes

The principal of, or Redemption Price, and interest on the Notes 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 Note shall be paid at maturity to the person in whose name such Note is registered on the Note Register at the Maturity thereof, upon presentation and surrender of such Note at the principal office of the Paying Agent.

The interest payable on each Note on any Interest Payment Date shall be paid to the Owner of such Note as shown on the Note 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 Note 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. by electronic transfer to such Owner upon written notice given to the Note 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 Note shall cease to be payable to the Owner of such Note on the relevant Record Date and shall be payable to the Owner in whose name such Note 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 Note 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 Note 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 NOTES, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See "THE NOTES – Book-Entry Notes; Securities Depository."

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Notes; Securities Depository

The Notes 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 Notes, except in the event the Note Registrar issues Replacement Notes. It is anticipated that during the term of the Notes, 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 Notes to the Participants until and unless the Note Registrar authenticates and delivers Replacement Notes 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 Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes; or

(b) if the Note Registrar receives written notice from Participants having interest in not less than 50% of the Notes 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 Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes, then the Note Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Note Registrar shall register in the name of and authenticate and deliver Replacement Notes 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 Note 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 Note. Upon the issuance of Replacement Notes, 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 Note Registrar, to the extent applicable with respect to such Replacement Notes. If the Securities Depository resigns and the Issuer, the Note Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Note Registrar shall authenticate and cause delivery of Replacement Notes to Owners, as provided herein. The Note Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Notes. The cost of printing, registration, authentication, and delivery of Replacement Notes 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 Note Registrar receives written evidence satisfactory to the Note 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 Note Registrar upon its receipt of a Note or Notes for cancellation shall cause the delivery of the Notes to the successor Securities Depository in appropriate denominations and form as provided in the Note Resolution.

Registration, Transfer and Exchange of Notes

As long as any of the Notes remain Outstanding, each Note when issued shall be registered in the name of the Owner thereof on the Note Register. Notes may be transferred and exchanged only on the Note Register as hereinafter provided. Upon surrender of any Note at the principal office of the Note Registrar, the Note Registrar shall transfer or exchange such Note for a new Note or Notes in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Note that was presented for transfer or exchange. Notes 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 Note 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 Notes is exercised, the Note Registrar shall authenticate and deliver Notes in accordance with the provisions of the Note Resolution. The Issuer shall pay the fees and expenses of the Note Registrar for the registration, transfer and exchange of Notes. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, are the responsibility of the Owners of the Notes. 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 Note Registrar shall not be required (a) to register the transfer or exchange of any Note 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 Note 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 Notes

If (a) any mutilated Note is surrendered to the Note Registrar or the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (b) there is delivered to the Issuer and the Note Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Note Registrar that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Note Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer, in its discretion, may pay such Note instead of issuing a new Note. Upon the issuance of any new Note, 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 Notes

If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note 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 Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Note Resolution or on, or with

respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note becomes due at Maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Note, and such Note 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, the Notes or portions thereof may be called for redemption and payment prior to their Stated Maturity on June 1, 2027, and thereafter, as a whole or in part (selection of the amount of Notes 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 thereon to the Redemption Date.

Selection of Notes to be Redeemed. Notes shall be redeemed only in an Authorized Denomination. When less than all of the Notes are to be redeemed and paid prior to their Stated Maturity, such Notes shall be redeemed in such manner as the Issuer shall determine, Notes of less than a full Stated Maturity shall be selected by the Note Registrar in minimum Authorized Denomination in such equitable manner as the Note Registrar may determine. In the case of a partial redemption of Notes by lot when Notes 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 Note 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 Note 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 Note to the Note 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 Note or Notes of the aggregate principal amount of the unredeemed portion of the principal amount of such Note. If the Owner of any such Note fails to present such Note to the Paying Agent for payment and exchange as aforesaid, such Note 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 Notes to be redeemed, if the Issuer shall call any Notes for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Notes to the Note Registrar and the Purchaser. In addition, the Issuer shall cause the Note Registrar to give written notice of redemption to the Owners of said Notes. 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 Notes are to be redeemed, the identification (and, in the case of partial redemption of any Notes, the respective principal amounts) of the Notes to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Note 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 Notes 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 Notes or portions of Notes that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Notes or portions of Notes 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 Notes or portion of Notes shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Notes, the Note 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 Note (having been mailed notice from the Note Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Note so affected, shall not affect the validity of the redemption of such Note.

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 Note.

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for 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 bond certificate will be issued for each scheduled maturity of the Securities, and will be deposited with DTC.

2. DTC, the world’s largest 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 3.6 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 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 Bond (“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.

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 the Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 Issuer or Paying Agent, on the payment 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 nor its nominee, the Paying Agent, or the Issuer, 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 Issuer or Paying 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 the Paying 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 the Paying Agent. The requirement for physical delivery of the 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 the Paying 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 Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond 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 Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE PROJECTS

Bond Projects. The Bonds are being issued to finance certain improvements more specifically described as follows (the “Bond Improvements”):

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Amount</u>
CIP Projects – TIF District	713-22	14-570 <i>et seq.</i> Charter No. 27-2009	\$5,080,000

A portion of the costs of the Bond Improvements were financed by the following temporary notes of the Issuer, which will be retired from the proceeds of the Bonds as follows:

<u>Series</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Outstanding Amount</u>	<u>Redemption Amount</u>	<u>Redemption Date</u>	<u>Retired By</u>
2024-1	10/10/2024	06/01/2026	\$4,835,000	\$4,835,000	04/24/2026	2026-1 Bonds

Note Projects. The Notes are being issued to provide interim financing for the construction of certain improvements (collectively the “Note Improvements”), more specifically described as follows:

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Authorized Amount</u> ¹
Amber Ridge/Trails End Addition – Drainage Improvements Phase 2 Residential	780-25	12-6a01 <i>et seq.</i>	\$360,000
Amber Ridge/Trails End Addition – Paving Improvements Phase 2 Residential	781-25	12-6a01 <i>et seq.</i>	1,200,000
Amber Ridge/Trails End Addition – Water Improvements Phase 2 Residential	782-25	12-6a01 <i>et seq.</i>	370,000
Amber Ridge/Trails End Addition – Sanitary Sewer Improvements Phase 2 Residential	783-25	12-6a01 <i>et seq.</i>	565,000
Arbor Valley – Drainage Improvements-Phase 2	785-25	12-6a01 <i>et seq.</i>	190,000
Arbor Valley – Paving Improvements-Phase 2	786-25	12-6a01 <i>et seq.</i>	643,000
Arbor Valley – Water Improvements-Phase 2	787-25	12-6a01 <i>et seq.</i>	230,000
Prairie Lakes – Paving Improvements-Phase 5	792-25	12-6a01 <i>et seq.</i>	650,000
Prairie Lakes – Drainage Improvements-Phase 5	793-25	12-6a01 <i>et seq.</i>	100,000
Prairie Lakes – Sanitary Sewer Improvements-Phase 5	794-25	12-6a01 <i>et seq.</i>	75,000
Prairie Lakes – Water Improvements-Phase 5	795-25	12-6a01 <i>et seq.</i>	200,000

ValePointe Addition – Drainage Improvements Phase 1	797-25	12-6a01 <i>et seq.</i>	1,600,000
ValePointe Addition – Paving Improvements Phase 1	798-25	12-6a01 <i>et seq.</i>	1,000,000
ValePointe Addition – Sanitary Sewer Improvements Phase 1	799-25	12-6a01 <i>et seq.</i>	750,000
ValePointe Addition – Water Improvements Phase 1	800-25	12-6a01 <i>et seq.</i>	<u>500,000</u>
Total			<i>\$8,433,000</i>

¹ Plus interest on interim financing and costs of issuance

SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds associated with the issuance of the Securities:

Sources of Funds:	<u>Bonds</u>	<u>Notes</u>
Principal Amount of the Securities	\$5,080,000.00*	\$9,275,000.00*
[Original Issue Premium]		
[Original Issue Discount]		
Total		

Uses of Funds:
Deposit to Improvement Fund
Deposit to the Refunded Notes Redemption Fund
Underwriter's Discount
Costs of Issuance
Total

*Preliminary, subject to change

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE SECURITIES DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE SECURITIES 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 SECURITIES. PROSPECTIVE PURCHASERS OF THE SECURITIES SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS PRELIMINARY 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 FINANCIAL ADVISOR.

Taxation of Interest on the Securities

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Securities is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Securities includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Bond Resolution, Note Resolution and in other documents and certificates to be delivered in connection with the issuance of the Securities to comply with the provisions of the Code, including those which require the Issuer to take or omit to take certain actions after the issuance of the Securities. Because the existence and continuation of the excludability of the interest on the Securities depends upon events occurring after the date of issuance of the Securities, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the Issuer with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Securities in the event of noncompliance with such provisions. The failure of the Issuer to comply with the provisions described above may cause the interest on the Securities to become includable in gross income as of the date of issuance.

Market for the Securities

Ratings. The Securities have been assigned the financial ratings set forth in the section hereof entitled “RATINGS.” There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Securities.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Securities. Prices of Securities traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Securities as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Premium on Securities

[The initial offering price of certain maturities of the Securities that are subject to optional redemption are in excess of the principal amount thereof.] Any person who purchases a Security in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Securities are subject to redemption at par under the various circumstances described under "Redemption Provisions" in the sections entitled “THE BONDS” and “THE NOTES”.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Securities. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer.

Limitations on Remedies Available to Owners of Securities

The enforceability of the rights and remedies of the owners of Securities, and the obligations incurred by the Issuer in issuing the Securities, 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 Securities 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.

Debt Service Source

The Securities are general obligations of the Issuer payable as to both principal and interest, if 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 Issuer. 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. See “**APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections.**”

Kansas Public Employees Retirement System

As described in “**APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans,**” 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 Reports, the Local Group had an UAAL of approximately \$2.173 billion in calendar year 2024 and KP&F had an UAAL of approximately \$1.521 billion.

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Bond Resolution and the Note Resolution do not provide for the payment of additional interest or penalty on the Securities or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Bond Resolution and the Note Resolution do not provide for the payment of any additional interest or penalty on the Securities if the interest thereon becomes subject to income taxation by the State.

Suitability of Investment

The tax exempt feature of the Securities 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 Preliminary 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 Securities are an appropriate investment.

Potential Impacts Resulting from Epidemics or Pandemics

The Issuer's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics, such as the Coronavirus (COVID-19) pandemic. The Issuer cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the local, State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the Issuer, including but not limited to the payment of debt service on any of its outstanding debt obligations.

Cybersecurity Risks

Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the Issuer and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If a security breach occurs, the Issuer may incur significant costs to remediate possible injury to the affected persons, and the Issuer may be subject to sanctions and civil penalties. Any failure to maintain proper functionality and security of information systems could interrupt the Issuer's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

Natural Disasters or Terrorist Attacks

The occurrence of a terrorist attack in the Issuer, or natural disasters, such as fires, tornados, earthquakes, floods or droughts, could damage the Issuer and its systems and infrastructure, and interrupt services or otherwise impair operations of the Issuer.

RATINGS

S&P Global Ratings has assigned an independent rating of "AA-" to the Bonds and the Notes. Such ratings reflect only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any Securities, including the Securities, or as to the market price or suitability thereof for a particular investor. The Issuer furnished such rating agency with certain information and materials relating to the Securities that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the Securities.

ABSENCE OF 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 Securities or the validity of said Securities, 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.

LEGAL MATTERS

Approval of Securities

All matters incident to the authorization and issuance of the Securities 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 not participated in the preparation of the Official Statement and therefore 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,” “THE NOTES,” “LEGAL MATTERS,” “TAX MATTERS,” “*APPENDIX C-1 – SUMMARY OF BOND FINANCING DOCUMENTS*” and “*APPENDIX C-2 – SUMMARY OF NOTE FINANCING DOCUMENTS*”. Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Securities. Certain legal matters have been passed on for the Issuer by Barry L. Arbuckle, Esq.

TAX MATTERS

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Securities. 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 Securities 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 Securities 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 Securities.

Opinion of Bond Counsel

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

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

Alternative Minimum Tax. Interest on the Securities is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Securities have **not** been designated as “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3).

Kansas Tax Exemption. The interest on the Securities 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 Securities, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Securities 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 Securities in gross income for federal income tax purposes retroactive to the date of issuance of the Securities. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Securities.

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 Security over its issue price. The stated redemption price at maturity of a Security is the sum of all payments on the Security other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Security is generally the first price at which a substantial amount of the Securities 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 Security during any accrual period generally equals (1) the issue price of that Security, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Security (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 Security 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 Security. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount, if any.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Security over its stated redemption price at maturity. The stated redemption price at maturity of a Security is the sum of all payments on the Security other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Security is generally the first price at which a substantial amount of the Securities of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Security using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Security 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 Security 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, if any.

Sale, Exchange or Retirement of Securities. Upon the sale, exchange or retirement (including redemption) of a Security, an owner of the Security 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 Security (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Security. To the extent the Securities 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 Security 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 Securities, and to the proceeds paid on the sale of Securities, 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 Securities should be aware that ownership of the Securities 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 Securities. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Securities 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 Securities, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the Securities may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

FINANCIAL ADVISOR

Piper Sandler & Co., Leawood, Kansas has acted as a Financial Advisor to the Issuer in connection with the sale of the Securities. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Securities. The fees of the Financial Advisor are contingent upon the issuance of the Securities. The Financial Advisor will not submit a bid for the Securities.

UNDERWRITING

The Bonds have been sold at public sale by the Issuer to _____ (the "Bond Underwriter") on the basis of lowest true interest cost. [] bids were received by the Issuer. The Bond Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price equal to the principal amount of the Bonds, plus accrued interest from the Dated Date to the Issue Date[, plus a premium of \$ _____][, less an underwriting discount of \$ _____].

The Notes have been sold at public sale by the Issuer to _____ (the "Note Underwriter") on the basis of lowest true interest cost. [] () bids were received by the Issuer. The Note Underwriter has agreed, subject to certain conditions, to purchase the Notes at a price equal to the principal amount of the Notes, plus accrued interest from the Dated Date to the Issue Date[, plus a premium of \$ _____][, less an underwriting discount of \$ _____].

The Securities will be offered to the public initially at the prices determined to produce the yields as set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Securities to certain dealers (including dealers depositing the Securities into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Securities at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

AUTHORIZATION OF OFFICIAL STATEMENT

The preparation of this Official Statement and its distribution has been authorized by the governing body of the Issuer as of the date on the cover page hereof. This Official Statement is submitted in connection with the issuance of the Securities and may not be reproduced or used as a whole or in part for any other purpose. This Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Securities.

CITY OF VALLEY CENTER, KANSAS

APPENDIX A

INFORMATION CONCERNING THE ISSUER

GENERAL

Size and Location

The City of Valley Center, Kansas (the "City" or the "Issuer") is located in Sedgwick County, Kansas, and is positioned immediately north of the City of Wichita, Kansas. The City encompasses approximately 4.5 square miles and has a current estimated population of 7,416 persons.

Government and Organization of the Issuer

The City was incorporated in 1885 and is a city of the second class.

The City operates under the Mayor-Council form of government. The Council positions consist of two members elected from four wards. Each Council position is elected from the ward on staggered four-year terms. The Mayor, elected at large for a four-year term, has veto power over certain Council actions, presides over Council meetings and appoints certain City officials, subject to Council approval. The City Administrator is appointed by the Mayor, subject to Council approval, and is charged with the efficient and effective administration of the City.

Municipal Services and Utilities

The City owns and operates its own water and sewer utility systems. Kansas Gas Service supplies natural gas and Evergy supplies electricity to the City. Telephone service is provided by AT&T. Cox Communications operates a cable television system under franchise with the City.

The City has seventeen full-time and six part-time police officers, and four full-time and 24 volunteer firefighters which provide continuous protection to the City and four township areas (Valley Center, Kechi, Grant and Park). Sedgwick County EMS operates an emergency ambulance service for the City and surrounding area. The City utilizes Sedgwick County for all dispatch services.

Transportation and Communication Facilities

The City is served by U.S. Highway 81, I-135, I-235 and K-96, which are located within four miles of the City. Six motor freight lines serve the City and rail service is provided by Burlington Northern and Santa Fe Railroads. Two private airports with storage facilities are available in the Valley Center area, which provide a runway capable of handling private and corporate aircraft. Regularly scheduled air service is available at Wichita Dwight D. Eisenhower National Airport.

Educational Institutions and Facilities

Unified School District No. 262 operates three elementary schools, one middle school (6-8) and one senior high school (9-12) in the City and surrounding area. As of 2023-24, the district had a total enrollment of approximately 3,184 students. Wichita State University, Friends University, Kansas Newman College and Bethel College are all located within commuting distance of the City.

Medical and Health Facilities

Major medical service is available at Wesley Medical Center, Via Christi Regional Medical Center-St. Francis campus, Via Christi Regional Medical Center -St. Joseph campus and Via Christi Riverside Medical Center in Wichita, Kansas, and Newton Medical Center in Newton, Kansas. Medicalodges, Inc. is located within the City and provides a 90-bed facility for the physically and mentally handicapped. Currently, one doctor, one dentist, one chiropractor, two optometrists, and one osteopath practice in the City.

Recreational, Cultural and Religious Facilities

The City owns and maintains three public parks, one of which contains an Olympic size swimming pool. In addition, the City, in conjunction with Unified School District No. 262, operates a recreation commission, which provides its citizens with various recreational, vocational and educational classes and activities. In 2020, the City’s electors approved the imposition of a 1% citywide retailers’ sales tax to pay the costs to construct, furnish and equip an aquatic facility and recreation complex in the City and all improvements related thereto. The City maintains a public library, historical museum and community building, which provide locations for various community and senior citizen related activities. Nine churches are located in the City.

ECONOMIC INFORMATION

The area surrounding the City is devoted to raising wheat and milo crops. Several small businesses and industries are located in the City, including National Plastic Colors, Central Kansas Truss, Valley Offset Printing, Barton Solvents and Stearman Aircraft.

Major Employers

Listed below are the major employers located in the City and the number employed by each:

<u>Major Employers</u>	<u>Product/Service</u>	<u>Number of Full- & Part-time Employees</u>
Unified School District No. 262	School District	610
Builders FirstSource	Trusses and building materials	102
National Plastics	Plastic Color Pellets	101
Valley Offset	Commercial Printing	56
Fremar Corporation	Earthwork, excavating, & trucking	52
City of Valley Center	Municipality	50
Hamilton Trucking	General Freight/National	48
Hornet Cutting Systems	Cutting Machines	47
Safarik Tool Co	Machine Shop	41
Schwan's Sales	Frozen foods-Home Delivery	31
Pizza Hut	Restaurant	31

Source: City Clerk

In addition, City residents have employment opportunities in Sedgwick County, Kansas and the City of Wichita. Listed below are the largest employers located in the Wichita Metro Area and the approximate number employed by each:

Major Employers – Wichita Metro Area

<u>Major Employers</u>	<u>Product/Service</u>	<u>Number of Full-time Employees</u>
Spirit AeroSystems Inc.	Aircraft	13,000
Textron Aviation	Aircraft	9,350
McConnell Air Force Base	Government	5,679
U.S.D. 259 (Wichita Public Schools)	Education	5,614
Ascension Via Christi Health	Healthcare	4,413
Koch Industries Inc.	Refining & Chemicals	3,100
City of Wichita	Government	2,886
U.S. Government	Government	2,830
Sedgwick County	Government	2,521
State of Kansas	Higher Education and Government	2,157

Source: “Major Employers”, Wichita.gov, 2025

Labor Force

The following table sets forth labor force figures for Sedgwick County and the State of Kansas:

SEDGWICK COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2015	246,201	234,392	11,809	4.8%
2016	245,673	233,914	11,759	4.8%
2017	244,915	234,480	10,435	4.3%
2018	246,605	237,249	9,356	3.8%
2019	251,155	242,477	8,678	3.5%
2020	257,484	235,491	21,993	8.5%
2021	255,086	243,391	11,695	4.6%
2022	255,813	247,806	8,007	3.1%
2023	269,226	260,849	8,377	3.1%
2024	273,618	262,880	10,738	3.9%

STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2015	1,489,829	1,427,731	62,098	4.2%
2016	1,485,336	1,425,413	59,923	4.0%
2017	1,478,713	1,424,724	53,989	3.7%
2018	1,482,220	1,432,387	49,833	3.4%
2019	1,486,620	1,439,563	47,057	3.2%
2020	1,493,706	1,408,965	84,741	5.7%
2021	1,495,665	1,447,323	48,342	3.2%
2022	1,504,932	1,464,834	40,098	2.7%
2023	1,524,404	1,480,579	43,825	2.9%
2024	1,545,790	1,490,553	55,237	3.6%

Source: Kansas Department of Labor, Kansas Statistical Abstract

Retail Sales Tax Collections

The following table lists the State of Kansas sales tax collections for the years indicated for sales occurring in Sedgwick County, Kansas:

<u>Year*</u>	<u>Sedgwick County State Sales Tax Collections</u>	<u>Sedgwick County Per Capita State Sales Tax</u>
2015	\$528,776,274	\$ 987.44
2016	549,882,967	1,070.76
2017	542,322,930	1,068.97
2018	556,320,123	1,069.50
2019	656,724,476	1,234.11
2020	666,114,395	1,271.20
2021	762,214,079	1,360.99
2022	846,942,027	1,531.27
2023	833,909,688	1,607.64
2024	820,206,303	1,534.22

The State sales and use tax was 6.15% effective July 1, 2013, and increased to 6.50%, effective July 1, 2015. For sales of food and food ingredients, beginning January 1, 2023, the State sales and use tax rate was reduced to 4%, beginning January 1, 2024, such rate was reduced to 2%, and beginning January 1, 2025, such rate was reduced to 0%. During such times, the State sales and use tax rate on non-food and non-food ingredients sales is scheduled to remain at 6.50%.

* Use tax collections included beginning in 2019.

Source: Kansas Statistical Abstract

Local Option Sales Tax

Countywide Sales Tax. In 1985, Sedgwick County voters approved a 1% sales tax on retail sales within County limits. The County shares a portion of its sales tax collections with the City. The City uses its portion of sales tax receipts to provide operating funds.

Citywide Sales Tax. In 2020, the City’s electors approved a 1% citywide retailers’ sales tax to pay the costs to construct, furnish and equip an aquatic facility and recreation complex in the City and all improvements related thereto. Collection of this sales tax began April 1, 2021, and will end on the earlier of the following: (a) 15 years after its commencement, or (b) accumulation of sufficient revenues to provide for the payment of all costs of the project.

The following table provides the amount of local sales tax received by the City during the years indicated.

<u>Year</u>	<u>Receipts of City’s Portion of Countywide Sales Tax</u>	<u>Receipts of City’s Sales Tax</u>
2017	\$1,184,100	\$0
2018	1,227,614	0
2019	1,277,435	0
2020	1,304,486	0
2021	1,472,584	438,070
2022	1,632,484	880,305
2023	1,681,180	907,383
2024	1,689,443	916,092
2025	1,783,180	1,009,935

Source: City Treasurer

Oil Production

The oil production (in number of barrels) for Sedgwick County for the years listed is indicated in the following table:

<u>Year</u>	<u>Oil Production</u>
2020	98,374
2021	94,739
2022	91,176
2023	84,322
2024	79,237

Source: Kansas Geological Survey

Financial and Banking Institutions

There are currently 38 banks located in Sedgwick County. For the years listed, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u>
2016	\$12,580,941,000
2017	12,851,121,000
2018	13,401,267,000
2019	13,633,610,000
2020	16,661,846,000
2021	18,605,019,000
2022	17,990,588,000
2023	19,077,135,000
2024	18,679,979,000
2025	19,104,096,000

Source: FDIC

Building Permits

The following table indicates the number of building permits and total valuation of these permits issued within the City for the years indicated. These numbers reflect permits issued either for new construction or for major renovation.

<u>Year</u>	<u>Number of Permits Issued</u>		<u>Total Valuation</u>	
	<u>Residential</u>	<u>Non-Residential</u>	<u>Residential</u>	<u>Non-Residential</u>
2016	15	9	\$1,514,546	\$4,653,636
2017	7	13	1,548,828	14,438,714
2018	47	3	3,757,583	1,276,148
2019	38	5	4,987,961	1,581,034
2020	79	20	6,116,590	5,904,457
2021	65	9	5,201,092	2,146,052
2022	17	1	4,779,135	100,786
2023	35	4	7,311,527	1,102,000
2024	126	1	20,961,000	2,000,000
2025	41	3	13,157,000	1,415,000

Source: City Clerk

Population

The following table shows the approximate population of the City and Sedgwick County in the years indicated:

<u>Year</u>	<u>City Population</u>	<u>Sedgwick County Population</u>
1980	3,300	367,088
1990	3,624	403,662
2000	4,883	453,546
2010	6,822	494,241
2020	7,340	523,824
2024	7,416	536,081

The median age of persons in Sedgwick County and the State of Kansas is 35.9 and 37.3, respectively, per the 2020 Census.

Source: U.S. Census Data & Kansas Statistical Abstract

Personal Income

Sedgwick County personal and per capita personal income and the State of Kansas per capita personal income are listed for the years indicated in the following table.

<u>Year</u>	<u>Sedgwick County Total</u>	<u>Sedgwick County Per Capita</u>	<u>State of Kansas Per Capita</u>
	<u>Personal Income</u>	<u>Personal Income</u>	<u>Personal Income</u>
2014	\$25,747,355,000	\$50,592	\$46,702
2015	24,952,315,000	48,858	47,229
2016	24,632,248,000	48,050	47,496
2017	25,222,667,000	49,101	48,559
2018	27,619,954,000	53,776	51,471
2019	28,094,027,000	54,385	53,203
2020	29,400,927,000	56,550	56,099
2021	30,231,865,000	57,713	58,924
2022	30,623,133,000	58,289	62,326
2023	32,480,499,000	61,462	66,115

Source: Bureau of Economic Analysis

FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

The City's financial statements are prepared on a regulatory basis of accounting which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. The City has waived generally accepted accounting principles.

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 regulatory or cash basis of accounting. 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.

The Revenue Neutral Tax Act provides that by June 15 of every year (or by July 1 for tax year 2024), 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 notify the county clerk by July 20 of the taxing subdivision's intent to exceed the revenue neutral rate and provide to the county clerk the date, time and location of the related public hearing and the taxing subdivision's proposed tax rate. The county clerk is required to provide notice of such intent to exceed the revenue neutral rate to each taxpayer with property in the taxing subdivision at least 10 days in advance of the public hearing. The notice must include the following information: (1) the heading "NOTICE OF PROPOSED PROPERTY TAX INCREASE AND PUBLIC HEARINGS"; (2) a statement that the notice contains estimates of the property tax and proposed property tax increases, actual taxes may increase or decrease from the estimates provided, the governing body will vote at a public hearing to exceed the revenue neutral rate, taxpayers may attend and comment at the hearing, and property tax statements will be issued after mill rates are finalized and taxes are calculated; (3) the appraised value and assessed value of the taxpayer's property for the current year and the previous year; (4) the amount of property tax of the taxing subdivision on the taxpayer's property from the previous year's tax statement; (5) the estimated amount of property tax for the current year of the taxing subdivision on the taxpayer's property based on the revenue neutral rate of the taxing subdivision; (6) the estimated amount of property tax for the current year of the taxing subdivision on the taxpayer's property based on the proposed tax rate provided by the taxing subdivision; (7) the difference between the amount of the current year's maximum tax and the previous year's tax, reflected in dollars and a percentage, for the taxing subdivision; (8) the date, time and location of the public hearing of the taxing subdivision; and (9) the difference between the current year's maximum tax and the estimated amount of property tax based on the revenue neutral rate of the taxing subdivision.

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 will 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 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. However, if a taxing subdivision does not comply with the notice and hearing requirements of the Revenue Neutral Tax Act because it did not intend to exceed its revenue neutral rate, but the final assessed valuation of such taxing subdivision used to calculate the actual levy is less than the estimated assessed valuation used to calculate the revenue neutral rate, such taxing

subdivision is permitted to levy a tax rate that generates the same amount of property tax revenue as levied the prior year or less.

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

Kansas law prohibits governmental units from creating indebtedness unless there are funds on hand in the proper accounts and unencumbered by previous action with which to pay such indebtedness. An exception to this cash-basis operation is made where provision has been made for payment of obligations by bonds or other specific debt obligations authorized by law.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Gordon CPA, LLC, Lawrence, Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ended December 31, 2024, is attached hereto as *Appendix B*.

The financial information contained in the Appendices to this Official Statement are an integral part of this document and are intended to be read in conjunction herewith.

Property Valuations

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties under the direction of state statutes. The County Appraiser's office determines the assessed valuation that is to be used as a basis for the mill levy on property located in the City.

Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) 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, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 30%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 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, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 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, shall be exempted from property taxation.

The Kansas Legislature (the "Legislature") reduced the applicable assessment rates on motor vehicles from 30% of market value to 20% of market value as of January 1, 2000.

The 2006 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.

Assessed Valuation

The following table shows the assessed valuation of the taxable tangible property within the City for the following years:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2016	\$43,009,057	\$898,748	\$2,413,248	\$8,260,512	\$54,581,565
2017	44,748,909	924,439	2,503,423	8,478,776	56,655,547
2018	47,138,918	949,532	2,786,019	8,816,240	59,690,709
2019	49,860,350	919,955	2,961,595	8,990,224	62,732,124
2020	52,759,670	1,400,916	3,075,826	9,112,891	66,349,303
2021	55,460,343	909,118	3,002,416	9,488,257	68,860,134
2022	59,682,949	945,647	3,040,721	9,231,864	72,901,181
2023	65,490,108	1,274,584	3,153,596	9,242,776	79,161,064
2024	71,641,547	1,250,519	3,343,157	9,367,063	85,602,286
2025 ¹	82,920,071	1,247,884	3,593,695	10,099,379	97,861,029
2025 ²	82,917,523	1,260,432	3,590,110	10,099,379	97,867,444

¹ Preliminary 2025 assessed valuation figures used for budgeting purposes.

² Final 2025 assessed valuation figures.

Source: County Clerk

Estimated Actual Valuation

The following table shows the estimated actual valuation for the taxable property within the City assuming an average assessment ratio of 16%:

<u>Year</u>	<u>Estimated Actual Valuation</u>
2016	\$341,134,781
2017	354,097,169
2018	373,066,931
2019	392,075,775
2020	414,683,144
2021	430,375,838
2022	455,632,381
2023	494,756,650
2024	535,014,288
2025	611,671,525

Property Tax Levies and Collections

Tax Collections:

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are considered delinquent and accrue interest at a per annum rate established by State law until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale on or before August 1 of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, and after written notice, warrants are issued and placed in the hands of

the Sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

Motor vehicle taxes are collected periodically throughout the year concurrently with the renewal of motor vehicle tags based upon the value of such vehicles. Such tax receipts are distributed to all taxing subdivisions, including the State of Kansas, in proportion to the number of mills levied within each taxpayer's tax levy unit.

Tax Rates:

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.

The following table shows the City's mill levies by fund (per \$1,000 of assessed valuation) for each of the years indicated and the current year:

<u>Year</u>	<u>General Fund</u>	<u>Library Fund</u>	<u>G.O. Bonds</u>	<u>Misc. Funds</u>	<u>Total Levy</u>
2016/17	34.899	4.506	5.484	10.751	55.640
2017/18	34.505	4.394	5.422	10.630	54.951
2018/19	23.061	4.506	16.508	10.902	54.977
2019/20	23.052	4.504	11.501	15.898	54.955
2020/21	22.714	4.505	14.529	13.264	55.012
2021/22	21.626	4.487	14.471	14.264	54.848
2022/23	22.413	4.382	14.131	13.930	54.856
2023/24	22.478	4.331	14.115	13.920	54.844
2024/25	22.977	4.326	13.584	13.901	54.788
2025/26	21.998	4.200	12.299	15.155	53.652

Source: County Clerk

Aggregate Tax Levies:

The aggregate tax levies (per \$1,000 assessed valuation) of the City and overlapping jurisdictions for the years indicated are included in the following table:

<u>Year</u>	<u>City</u>	<u>Sedgwick County</u>	<u>School District</u>	<u>State</u>	<u>Total Levy</u>
2016/17	55.640	29.393	65.377	1.500	151.910
2017/18	54.951	29.393	64.874	1.500	150.718
2018/19	54.977	29.383	64.370	1.500	150.230
2019/20	54.955	29.384	64.740	1.500	150.579
2020/21	55.012	29.376	64.779	1.500	150.667
2021/22	54.848	29.370	65.584	1.500	151.302
2022/23	54.856	29.368	65.394	1.500	151.118
2023/24	54.844	28.988	65.598	1.500	150.930
2024/25	54.788	28.701	65.251	1.500	150.240
2025/26	53.652	27.567	65.254	1.500	147.973

Source: County Clerk

Tax Collection Record:

The following table sets forth tax collection information for the City for the years indicated:

<u>Year</u>	<u>Total Levy</u>	<u>Total Taxes Levied</u>	<u>Current Taxes Collected</u>	
			<u>Amount</u>	<u>Percentage</u>
2016/17	55.640	\$2,581,008	\$2,530,849	98.06%
2017/18	54.951	2,651,007	2,549,251	96.16%
2018/19	54.977	2,799,951	2,710,799	96.82%
2019/20	54.955	2,958,713	2,877,954	97.27%
2020/21	55.012	3,166,872	3,051,011	96.34%
2021/22	54.848	3,261,138	3,197,820	98.06%
2022/23	54.856	3,498,887	3,417,752	97.68%
2023/24	54.844	3,850,915	3,738,802	97.09%
2024/25	54.788	4,191,469	4,088,910	97.55%
2025/26*	53.652	4,714,398	2,519,769	53.45%

*Collections through 1/8/2026

Source: County Treasurer

Major Taxpayers:

The following table sets forth the ten largest taxpayers in the City for taxes levied in 2025:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Due</u>
INDIVIDUAL	\$2,216,489	\$118,919.08
EVERGY KANSAS SOUTH INC	1,684,770	90,391.27
NATIONAL PLASTICS COLOR INC	1,139,713	61,147.89
MIMG CXCII TWIN HOMES AT REDBUD SUB	1,115,433	59,845.17
KANSAS GAS SERVICE-A DIV OF ONE GAS	814,499	43,699.50
TNG RETRO HOLDINGS LLC	599,975	32,189.87
PRO-BUILD REAL ESTATE HOLDINGS LLC	540,850	29,017.67
AIR CAPITOL LAND COMPANY	482,780	25,902.11
UNION PACIFIC RAILROAD CO	465,505	24,975.28
BNSF	449,062	24,093.08

Source: County Clerk

Risk Management

The City carries commercial insurance for all risks of loss.

Pension and Employee Retirement Plans

The Issuer participates in the Kansas Public Employees Retirement System (“KPERS”) established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERS is governed by a board of trustees consisting of nine members each of whom serve four-year terms. The board of trustees appoints an executive director to serve as the managing officer of KPERS and manage a staff to carry out daily operations of the system. As of January 1, 2022 the City moved all public safety personnel to the KP&F retirement system.

As of June 30, 2024, KPERS serves approximately 346,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen’s Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for approximately 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

(a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.

(b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

KPERS is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The Issuer's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

In 2004, 2015 and 2021, the Kansas Development Finance Authority, on behalf of the State, issued pension obligation bonds and contributed the proceeds thereof to KPERS to assist with improving the status of the unfunded actuarial pension liability. In 2022 the Legislature provided for additional contributions totaling \$1.125 billion in four payments to be deposited into the KPERS trust fund for the School Group. For more information about the Legislature's actions related to KPERS, please see the 2022 Valuation Report referenced below.

The Issuer's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The Issuer's contribution is 9.59% of the employee's gross salary for calendar year 2026. In addition, the Issuer contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees.

According to the Valuation Report as of December 31, 2024 (the "2024 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$2.173 billion at the end of 2024. The amount of the UAAL in 2024 changed from the previous year's amount due to the factors discussed in the 2024 Valuation Report; such report also includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group. A copy of the 2024 Valuation Report is available on the KPERS website at www.kspers.gov/about/reports. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2024 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2024 Valuation Report sets the employer contribution rate for the period beginning January 1, 2027, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 9.44% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial period set forth in the 2024 Valuation Report. The statutory contribution rate of employers currently equals the 2024 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

The Issuer has established membership in the Kansas Police and Fire Retirement System ("KP&F") for its police and fire personnel. KP&F is a division of and is administered by KPERS. Annual contributions are adjusted annually based on actuarial studies, subject to legislative caps on percentage increases. According to the 2024 Valuation Report, KP&F carried an UAAL of approximately \$1.521 billion at the end of 2024. For KP&F, the Issuer's employees currently annually contribute 7.15% of their gross salary to the plan. For the year beginning January 1, 2026, the Issuer contributes 24.00% of employees' gross salary.

The Issuer has not implemented GASB 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB 27, because the Issuer's financial statements are prepared on a regulatory basis of accounting which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. KPERS, however, has implemented GASB 67 – Financial Reporting for Pension Plans – An Amendment of GASB Statement 25, and is required annually to provide its participants the proportional share of the net pension liability of KPERS

allocated to each participant as of the end of the prior fiscal year. The KPERS' Schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer (the "GASB 68 Report") provides the net pension liability allocated to each KPERS participant, including the Issuer. The GASB 68 Report is available on the KPERS website at www.kpers.gov/about/reports. Because the Issuer has not implemented GASB 68, the net pension liability calculated by KPERS for the Issuer is not reflected as a liability on the Issuer's financial statements. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. It is important to note that under existing State law, the Issuer has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

DEBT STRUCTURE

Debt Summary

The following table summarizes certain key statistics with respect to the Issuer's tax and assessment supported general obligation debt, including the Bonds and the Notes, and excluding the Refunded Notes:

Debt Summary	
Estimated Actual Valuation ¹	\$611,671,525
Final Assessed Valuation ²	\$97,867,444
Outstanding General Obligation Debt	\$73,505,000
Net Overlapping debt ³	\$27,626,751
Direct debt per capita (7,416 population).....	\$9,912
Direct and net overlapping debt per capita.....	\$13,637
Direct debt as a percentage of Final Assessed Valuation.....	75.11%
Direct debt as a percentage of Estimated Actual Valuation	12.02%
Direct & net overlapping debt as a percentage of Final Assessed Valuation	103.34%
Direct & net overlapping debt as a percentage of Estimated Actual Valuation.....	16.53%

¹ See "**Property Valuations**" *infra*.

² The 2025 final assessed value of all tangible taxable property within the City. Also includes the taxable value of motor vehicles within the City.

³ The overlapping debt includes the debt of USD 262, USD 259, and Sedgwick County. The State established the CIF in 1992 to assist school districts on making principal and interest payments on voted general obligation bond issues. Each school district that is obligated to make payments from its bond and interest fund is entitled to receive state aid from the CIF. A school district's entitlement of state aid from the CIF each year is determined by applying its state aid percentage factor to the bond and interest fund payment obligation for that year. Although the CIF has provided state aid in each year since its inception, no assurance can be given that state aid will continue in future years. However, the school district is obligated to levy unlimited ad valorem taxes to provide for debt service payments on its outstanding general obligation bonds regardless of any state aid.

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Authority to Incur Debt

Pursuant to Kansas law, the City is permitted to issue general obligation debt in an aggregate amount not to exceed 30% of its (1) assessed valuation as certified to the county clerk on the preceding August 25 (assessed valuation figures as of August 25 are typically estimates used for budgeting purposes and may be slightly different than final valuation figures shown herein) and (2) valuation of motor vehicles (the “Debt Limit”). State law exempts various types of general obligation bonds and temporary notes from counting against the City’s Debt Limit; for instance, bonds or temporary notes issued pursuant to the City’s Charter Ordinance No. 27-2009; issued for the purpose of acquiring, enlarging, extending or improving any storm or sanitary sewer system; for the purpose of acquiring, enlarging, extending or improving any municipal utility; or to pay the cost of improvements to intersections of streets and alleys or that portion of any street immediately in front of city or school district property, are not included in computing the total bonded indebtedness of the City for the purposes of determining the limitations on bonded indebtedness. The following table provides certain information relating to the City’s outstanding general obligation debt, including the Bonds and the Notes, and excluding the Refunded Notes, and its statutory Debt Limit:

Preliminary Assessed Valuation (including Motor Vehicle Valuation) ¹	\$97,861,029
Statutory Debt Limit ²	\$29,358,309
Outstanding General Obligation Debt.....	\$73,505,000
Exempt Debt	\$58,381,735
Net Debt against Debt Limit Capacity ³	\$15,123,265
Additional legal debt capacity	\$14,235,044
Statutory Direct debt as a percentage of Preliminary Assessed Valuation.....	15.45%

¹ The assessed value of all tangible taxable property within the City, as certified to the County Clerk on August 25th of the preceding year. Also includes the taxable value of motor vehicles within the City. See K.S.A. 10-301 *et seq.*

² Based upon preliminary assessed value of all tangible taxable property within the City, as certified to the County Clerk on the preceding August 25. See K.S.A. 10-301 *et seq.*

³ Excludes general obligation debt that is exempt from the City’s Debt Limit pursuant to State law exceptions.

Current Indebtedness of the Issuer

The following tables set forth as of the date of issuance of the Bonds, all of the outstanding obligations of the Issuer, including the Bonds and the Notes and excluding the Refunded Notes:

GENERAL OBLIGATION BONDS

<u>Category of Indebtedness</u>	<u>Series</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>	<u>Exempt from Debt Limit</u>
G.O. Bonds	2016-1	06/01/2016	12/01/2036	\$4,490,000	\$2,770,000	\$1,896,951
G.O. Refunding Bonds	2017-1	11/01/2017	12/01/2032	3,030,000	1,055,000	453,011
G.O. Bonds	2018-1	08/23/2018	12/01/2038	1,470,000	1,200,000	1,200,000
G.O. Bonds	2019-1	05/23/2019	12/01/2039	3,980,000	3,070,000	3,070,000
G.O. Bonds	2020-1	02/06/2020	12/01/2044	4,510,000	3,880,000	3,880,000
G.O. Refunding Bonds	2020-2	09/24/2020	12/01/2033	6,540,000	3,095,000	2,546,367
G.O. Bonds	2024-1	05/02/2024	12/01/2044	5,635,000	5,595,000	3,478,242
G.O. Bonds	2025-1	11/20/2025	12/01/2046	24,845,000	24,845,000	22,195,551
Taxable G.O. Bonds	2025-2	11/20/2025	12/01/2041	885,000	885,000	885,000
G.O. Bonds ⁽¹⁾	2026-1	04/23/2026	12/01/2041	5,080,000	<u>5,080,000</u>	<u>5,080,000</u>
				Total	<u>\$51,475,000</u>	<u>\$44,685,122</u>

⁽¹⁾ This issue. Preliminary, subject to change.

TEMPORARY NOTES

<u>Category of Indebtedness</u>	<u>Series</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>	<u>Exempt from Debt Limit</u>
G.O. Temp Notes ⁽¹⁾	2024-1	10/10/2024	12/01/2027	\$19,140,000	\$12,755,000	\$7,928,154
G.O. Temp Notes ⁽²⁾	2026-1	04/23/2026	12/01/2029	9,275,000	<u>9,275,000</u>	<u>5,768,459</u>
				Total	<u>\$22,030,000</u>	<u>\$13,696,613</u>

⁽¹⁾ Excludes amount to be refunded by the Series 2026-1 GO Bonds.

⁽²⁾ This issue. Preliminary, subject to change.

State Loans

The City has entered into Loan Agreements with the Kansas Department of Health and Environment to finance various water and sewer system improvements, which provide for approximately level annual debt service payments and are secured by pledges of water system revenues together with pledges of unlimited ad valorem property tax levies of the City.

<u>Purpose of Indebtedness</u>	<u>Dated Date</u>	<u>Final Payment Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding*</u>
KDHE – Sewer	03/07/2007	09/01/2028	\$3,299,870	\$789,361

*Amount is as of December 31, 2024

Source: FY 2024 Audit

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of the dated date and the percent attributable (on the basis of assessed valuation) to the City:

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to Issuer</u>	<u>Gross Amount Applicable to Issuer</u>	<u>Net Amount Applicable to Issuer</u>
Sedgwick County	\$6,963,286,061	\$52,395,000	1.26%	\$660,177	\$660,177
USD No. 262 ⁽¹⁾	265,252,156	101,970,000	33.09%	33,740,384	25,621,697
USD No. 259 ⁽²⁾	4,163,718,681	118,150,000	2.11%	<u>2,490,513</u>	<u>1,344,877</u>
			Total:	<u>\$36,891,074</u>	<u>\$27,626,751</u>

⁽¹⁾ For bonds approved by voters prior to July 1, 2015, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 55% of debt service for the School District's bonds; for bonds approved by voters after July 1, 2015 but before 7/1/2022, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 0% of debt service for the School District's bonds; for bonds approved by voters after July 1, 2022, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 7% of debt service for the School District's bonds.

⁽²⁾ For bonds approved by voters prior to July 1, 2015, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 46% of debt service for the School District's bonds; for bonds approved by voters after July 1, 2015 but before 7/1/2022, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 0% of debt service for the School District's bonds; for bonds approved by voters after July 1, 2022, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 0% of debt service for the School District's bonds.

Source: County Clerk

Future Indebtedness

The Issuer has adopted a plan to issue temporary notes or bonds periodically to finance the costs of certain internal and city-at-large improvements. In addition, the Issuer plans to issue general obligation bonds in 2026 to retire the balance of the General Obligation Temporary Notes, Series 2024-1.

APPENDIX B

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
(FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024)**

CITY OF VALLEY CENTER, KANSAS

FINANCIAL STATEMENTS

Year Ended December 31, 2024

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CITY OF VALLEY CENTER, KANSAS

FINANCIAL STATEMENTS
Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Valley Center, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Valley Center, Kansas, (the City), as of and for the year ended December 31, 2024 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse and Unmodified Opinions" section of our report, the accompanying 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 as of December 31, 2024, or the changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2024, 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.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statement" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City 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.

Responsibilities of Management 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 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.

Other Matter

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Valley Center, Kansas as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated June 17, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 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 <https://admin.ks.gov/offices/oar/municipalservices>. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2024 (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 2023 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 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 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, 2023, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

April 24, 2025

CITY OF VALLEY CENTER, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
For the Year Ended December 31, 2024

<u>Funds</u>	Beginning Unencumbered <u>Cash Balance</u>	Prior Period <u>Adjustment</u>	<u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered <u>Cash Balance</u>	Add: Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
General Fund:							
General	\$ 1,540,617	\$ -	\$ 4,298,784	\$ 4,149,165	\$ 1,690,236	\$ 115,997	\$ 1,806,233
Special Purpose Funds:							
Library	858	-	333,080	333,080	858	-	858
Employee Benefits	406,573	-	1,034,313	1,327,326	113,560	551	114,111
Emergency Equipment	122,158	-	88,298	147,505	62,951	-	62,951
Special Highway	676,506	-	1,164,362	1,086,675	754,193	5,295	759,488
Equipment Reserve	404,391	-	54,854	41,438	417,807	-	417,807
Alcohol & Drug Safety							
Action Program	1,071	-	-	-	1,071	-	1,071
Special Alcohol & Drug	10,688	-	8,250	128	18,810	-	18,810
Special Parks & Recreation	39,473	-	9,872	5,361	43,984	-	43,984
TIF	2,601,829	-	5,013,881	6,637,653	978,057	-	978,057
Drug Tax	3,491	-	-	-	3,491	-	3,491
Building Equipment Reserve	65,632	-	2,824	-	68,456	-	68,456
Park Beautification	2,215	-	556	556	2,215	-	2,215
D.A.R.E.	1,658	-	20	-	1,678	-	1,678
Land Bank Reserve	81,859	-	3,302	18,492	66,669	-	66,669
Public Safety Training	7,043	-	2,835	-	9,878	-	9,878
Pool/Rec Sales Tax	15,043,853	-	1,871,780	14,010,336	2,905,297	620,707	3,526,004
Fleet Management	171,924	-	210,249	272,830	109,343	-	109,343
Gifts & Grants	6,268	-	747	-	7,015	-	7,015
State/Federal Grants	414,253	-	24,672	-	438,925	-	438,925
Bond and Interest Fund:							
Bond and Interest	1,148,884	-	2,383,220	3,319,090	213,014	-	213,014
Capital Projects Funds:							
Capital Projects	1,800,776	-	20,461,078	10,919,016	11,342,838	231,964	11,574,802
Business Funds:							
Water	3,455,966	-	2,523,157	2,235,157	3,743,966	[1,954]	3,742,012
Sewer	1,650,325	-	1,548,888	1,454,930	1,744,283	18,897	1,763,180
Stormwater	317,444	-	347,126	297,526	367,044	119	367,163
Solid Waste	112,243	-	637,488	579,211	170,520	-	170,520
Total Primary Government	30,087,998	-	42,023,636	46,835,475	25,276,159	991,576	26,267,735
Related Municipal Entities:							
Valley Center Public Library	228,464	-	401,945	342,266	288,143	6,383	294,526
Total Reporting Entity	\$ 30,316,462	\$ -	\$ 42,425,581	\$ 47,177,741	\$ 25,564,302	\$ 997,959	\$ 26,562,261

Composition of Cash:

Intrust Bank	
Operating	\$ 3,183,588
Fidelity Bank	
ICS - Demand	\$ 22,169,951
Halstead Bank	
Checking	798,350
Emprise Bank	
Certificate of Deposit	115,846
Chisolm Trail State Bank	
Library Checking	11,415
Library Money Market	283,011
Library Petty Cash	100
Total Reporting Entity	\$ 26,562,261

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

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Valley Center (the City) is a municipal corporation governed by a mayor and eight-member council. This financial statement presents the City (the primary government) and the Valley Center Public Library (related municipal entity) for which the City is considered to be financially accountable. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

Library Board - Valley Center Public Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide (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 receipts 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 City 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 City to use the regulatory basis of accounting.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2024:

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 regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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 Projects 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.

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).

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:

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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.

If the City is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The City did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts 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. The budget for the year ended December 31, 2024 was not amended.

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 of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts 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 certain special purpose funds including: Equipment Reserve, Alcohol and Drug Safety Action Program, Drug Tax, Building Equipment Reserve, Park Beautification, D.A.R.E., Land Bank Reserve, Public Safety Training, Fleet Management, Gifts & Grants and State/Federal Grants 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.

NOTE 2 - Deposits and Investments

Deposits. 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 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.

Investments. 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. As of December 31, 2024, the City held no such investments.

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.

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

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 2 - Deposits and Investments (Continued)

State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods." All deposits were legally secured as of December 31, 2024.

As of December 31, 2024, the City's and Library's carrying amounts of deposits were \$26,267,735 and \$294,526, respectively, and the bank balances were \$26,433,126 and \$288,899, respectively. The City's bank balances were held by three banks and the Library's bank balances was held by one bank, resulting in a concentration of credit risk. Of the City's bank balance, \$865,846 was covered by federal depository insurance and the remaining balance of \$25,567,280 was collateralized with securities held by the pledging financial institutions' agents in the City's name. Of the Library's bank balance, \$250,000 was covered by federal depository insurance and the remaining balance of \$38,899 was collateralized with securities held by the pledging financial institution's agents in the Library'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 or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 - Defined Benefit Pension

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.

Funding Policy. 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, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F 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 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rate 9.26% for KPERS and 23.10% for KP&F for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were \$192,221 for KPERS and \$272,655 for KP&F for the year ended December 31, 2024.

Net Pension Liability. As of December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was \$1,679,819 and \$2,680,888 for KP&F. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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 of KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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 publically available on the KPERS website at www.kpers.org or can be obtained as described above.

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 4 - Long-Term Debt

Changes in Long-term Debt. During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Interest Paid
Paid by Taxes:					
General Obligation Bonds	\$ 18,140,000	\$ 5,635,000	\$ 1,585,000	\$ 22,190,000	\$ 453,625
General Obligation Temporary Notes	37,715,000	19,140,000	10,490,000	46,365,000	1,572,723
Finance Leases	62,741	-	30,882	31,859	1,988
	<u>55,917,741</u>	<u>24,775,000</u>	<u>12,105,882</u>	<u>68,586,859</u>	<u>2,028,336</u>
Paid by Utility Revenues:					
KDHE Revolving Loan	974,699	-	185,338	789,361	23,309
Total	<u>\$ 56,892,440</u>	<u>\$ 24,775,000</u>	<u>\$ 12,291,220</u>	<u>\$ 69,376,220</u>	<u>\$ 2,051,645</u>

General Obligation Bonds. Following is a detailed listing of the City's outstanding general obligation debt:

Description	Interest Rates	Date of Issuance	Final Maturity	Original Amount	Amount Outstanding
Paid by taxes					
G.O. Bonds issued:					
Series 2016-1	2.00% - 3.00%	6/1/2016	12/1/2036	\$ 4,490,000	\$ 2,990,000
Series 2017-1	2.00% - 3.35%	11/1/2017	12/1/2032	3,030,000	1,215,000
Series 2018-1	2.65% - 3.65%	8/23/2018	12/1/2038	1,470,000	1,270,000
Series 2019-1	3.00% - 4.00%	5/23/2019	12/1/2039	3,980,000	3,245,000
Series 2020-1	2.00% - 4.00%	2/6/2020	12/1/2044	4,510,000	4,045,000
Series 2020-2	1.00% - 2.00%	9/24/2020	12/1/2033	6,540,000	3,790,000
Series 2024-1	4.00% - 5.00%	5/2/2024	12/1/2044	5,635,000	5,635,000
					<u>\$ 22,190,000</u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Totals
2025	1,525,000	822,700	2,347,700
2026	1,660,000	631,560	2,291,560
2027	1,620,000	583,963	2,203,963
2028	1,372,500	536,218	1,908,718
2029	1,362,500	497,160	1,859,660
2030 - 2034	6,740,000	1,924,963	8,664,963
2035 - 2039	4,970,000	987,240	5,957,240
2040 - 2044	2,940,000	312,050	3,252,050
Total	<u>\$ 22,190,000</u>	<u>\$ 6,295,854</u>	<u>\$ 28,485,854</u>

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 4 - Long-Term Debt (Continued)

Revolving Loans. Following is a listing of the City's Kansas Water Pollution Control Loan:

Description	Interest Rate	Date of Issue	Final Maturity	Original Amount	Amount Outstanding
KDHE Project No. C20 1740 01 WWTP	2.510%	3/7/2007	9/1/2028	<u>\$ 3,299,868</u>	<u>\$ 789,361</u>

The debt service requirements to the maturity date are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	190,019	16,773	206,792
2026	194,819	12,451	207,270
2027	199,739	8,021	207,760
2028	204,784	3,478	208,262
Total	<u>\$ 789,361</u>	<u>\$ 40,723</u>	<u>\$ 830,084</u>

Finance Leases. The City has entered into lease agreements as lessee for financing the acquisition of equipment. The following is information regarding these leases:

Description	Interest Rate	Date of Issue	Final Maturity	Original Amount	Amount Outstanding
2018 Street Sweeper	3.125%	1/17/2020	1/1/2025	<u>\$ 150,004</u>	<u>\$ 31,859</u>
				<u>\$ 150,004</u>	<u>\$ 31,859</u>

The debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	31,859	1,012	32,871
Total	<u>\$ 31,859</u>	<u>\$ 1,012</u>	<u>\$ 32,871</u>

Temporary Notes. Following is a listing of the City's outstanding temporary notes:

Description	Interest Rate	Date of Issue	Final Maturity	Original Amount	Amount Outstanding
G.O. Temporary Notes					
Series 2022-2	3.10%	12/1/2025	12/1/2025	\$ 855,000	\$ 855,000
Series 2023-1	4.38%	9/12/2023	12/1/2025	27,370,000	26,370,000
Series 2024-1	3.00% - 6.00%	10/10/2024	12/1/2027	19,140,000	19,140,000
				<u>\$ 47,365,000</u>	<u>\$ 46,365,000</u>

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 4 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for the temporary notes are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	27,225,000	2,025,088	29,250,088
2026	4,835,000	586,288	5,421,288
2027	14,305,000	429,150	14,734,150
Total	<u>\$ 46,365,000</u>	<u>\$ 3,040,526</u>	<u>\$ 49,405,526</u>

On October 10, 2024, the City issued General Obligation Temporary Notes, Series 2024-1, in the amount of \$19,140,000. Proceeds will be used to provide interim financing for the construction of certain improvements throughout the City. The notes carry interest rates ranging from 3.00% to 6.50% and are scheduled to mature on December 1, 2027.

On May 2, 2024, the City issued General Obligation Bonds, Series 2024-1, in the amount of \$5,635,000. Proceeds will be used to finance certain improvements throughout the City. The bonds carry interest rates ranging from 4.00% to 5.00% and are scheduled to mature on December 1, 2044.

Special Assessments. As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as regulatory receipts in the appropriate project. Special assessments received after the issuance of bonds are recorded as regulatory receipts in the Bond and Interest Fund. The special assessments receivable are not recorded as regulatory receipts when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City's to the extent of property owner defaults which have historically been immaterial.

NOTE 5 - Commitments and Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial Statement of the City as of December 31, 2024.

NOTE 6 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the City carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 7 - Compensated Absences

It is the City's policy to pay employees' accrued vacation pay upon termination of employment, subject to the maximum hours of accumulation authorized in the following schedule:

Years of Continuous Service	Hours Earned per Pay period	Annual Accrued Hours	Maximum Accrued
0 - 1	3.08	80	104
1 - 5	4.62	120	160
5 - 10	5.54	144	184
10 - 15	6.15	160	200
15 - 20	7.07	184	224
20 - 25	7.99	208	248
25 +	8.6	224	264

As of December 31, 2024, the liability for earned vacation pay was \$152,578.

Full-time employees are eligible to receive up to a maximum of \$15,000 of payout for any accrued unused sick leave upon termination of employment after a minimum of ten (10) years of continued service as shown below:

- 10 Years - 25% payout
- 15 Years - 50% payout
- 20+ Years - 75% payout

As of December 31, 2024, the liability for earned sick pay was \$68,443.

NOTE 8 - Medical Self Insurance Plan

The City has established a program to pay medical claims of covered current and former City employees and additional health insurance premiums. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated. An excess coverage insurance policy covers individual claims over a certain amount. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

The below table summarizes activity for the years ended December 31, 2023 and 2024:

	<u>2023</u>	<u>2024</u>
Unpaid claims, January 1	\$ 125,608	\$ 383,411
Incurred claims (including IBNRs)	646,304	63,212
Claim payments	[388,501]	[313,489]
Unpaid claims, December 31	<u>\$ 383,411</u>	<u>\$ 133,134</u>

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2024

NOTE 9 - Interfund Transfers

A reconciliation of transfers by fund type for 2024 follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
General	Fleet Management	\$ 52,000	Council Resolution
Special Highway	Fleet Management	36,000	Council Resolution
Emergency Equipment	Fleet Management	48,000	Council Resolution
Water	Bond & Interest	278,000	K.S.A. 12-825d
Water	Equipment Reserve	10,000	K.S.A. 12-825d
Water	Fleet Management	35,000	K.S.A. 12-825d
Water	Pool/Rec Sales Tax	200,000	K.S.A. 12-825d
Stormwater	Bond & Interest	175,000	K.S.A. 12-825d
Stormwater	Equipment Reserve	18,000	K.S.A. 12-825d
Sewer	Bond & Interest	279,550	K.S.A. 12-825d
Sewer	Pool/Rec Sales Tax	210,000	K.S.A. 12-825d
Sewer	Equipment Reserve	10,000	K.S.A. 12-825d
Sewer	Fleet Management	35,000	K.S.A. 12-825d
		<u>\$ 1,386,550</u>	

NOTE 10 - Other Long-Term Obligations from Operations

Other Post-Employment Benefits. As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, 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 this financial statement.

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.

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, 2024.

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CITY OF VALLEY CENTER, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2024

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over [Under]</u>
General Funds:					
General	\$ 5,042,595	\$ -	\$ 5,042,595	\$ 4,149,165	\$ [893,430]
Special Purpose Funds:					
Library	345,000	-	345,000	333,080	[11,920]
Employee Benefits	1,465,841	-	1,465,841	1,327,326	[138,515]
Emergency Equipment	223,951	-	223,951	147,505	[76,446]
Special Highway	1,279,920	-	1,279,920	1,086,675	[193,245]
Special Alcohol & Drug	1,000	-	1,000	128	[872]
Special Parks & Recreation	16,459	-	16,459	5,361	[11,098]
TIF	2,659,310	4,921,759	7,581,069	6,637,653	[943,416]
Pool/Rec Sales Tax	21,049,903	-	21,049,903	14,010,336	[7,039,567]
Bond and Interest Funds:					
Bond and Interest	3,300,387	78,003	3,378,390	3,319,090	[59,300]
Business Funds:					
Water	2,303,971	9,876	2,313,847	2,235,157	[78,690]
Sewer	1,531,697	208,647	1,740,344	1,454,930	[285,414]
Stormwater	359,200	-	359,200	297,526	[61,674]
Solid Waste	588,820	-	588,820	579,211	[9,609]

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 2,109,904	\$ 2,216,947	\$ 2,338,324	\$ [121,377]
Intergovernmental	843,088	854,372	805,048	49,324
Licenses and permits	266,477	617,523	202,886	414,637
Fines and fees	157,515	124,514	327,000	[202,486]
Use of money and property	96,053	147,215	25,000	122,215
Charges for services	6,030	1,030	21,000	[19,970]
Reimbursement	323,002	186,542	76,200	110,342
Miscellaneous	<u>242,567</u>	<u>150,641</u>	<u>4,000</u>	<u>146,641</u>
Total Receipts	<u>4,044,636</u>	<u>4,298,784</u>	<u>\$ 3,799,458</u>	<u>\$ 499,326</u>
Expenditures				
General Government:				
Administration	827,313	988,145	\$ 869,720	\$ 118,425
Public Works:				
Community development	232,189	294,632	265,540	29,092
Public Safety:				
Police department	1,459,616	1,449,753	1,486,374	[36,621]
Fire department	525,300	559,569	520,458	39,111
Legal and municipal court	170,376	165,714	178,700	[12,986]
Culture and Recreation:				
Parks	595,770	639,352	633,642	5,710
Transfers out	74,518	52,000	52,000	-
Cash reserve	<u>-</u>	<u>-</u>	<u>1,036,161</u>	<u>[1,036,161]</u>
Total Expenditures	<u>3,885,082</u>	<u>4,149,165</u>	<u>\$ 5,042,595</u>	<u>\$ [893,430]</u>
Receipts Over [Under] Expenditures	159,554	149,619		
Unencumbered Cash, Beginning	<u>1,381,063</u>	<u>1,540,617</u>		
Unencumbered Cash, Ending	<u>\$ 1,540,617</u>	<u>\$ 1,690,236</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 310,225	\$ 333,080	\$ 343,994	\$ [10,914]
Total Receipts	<u>310,225</u>	<u>333,080</u>	<u>\$ 343,994</u>	<u>\$ [10,914]</u>
Expenditures				
Library appropriation	<u>310,262</u>	<u>333,080</u>	<u>\$ 345,000</u>	<u>\$ [11,920]</u>
Total Expenditures	<u>310,262</u>	<u>333,080</u>	<u>\$ 345,000</u>	<u>\$ [11,920]</u>
Receipts Over [Under] Expenditures	[37]	-		
Unencumbered Cash, Beginning	<u>895</u>	<u>858</u>		
Unencumbered Cash, Ending	<u>\$ 858</u>	<u>\$ 858</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 EMPLOYEE BENEFITS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 916,916	\$ 995,028	\$ 1,010,528	\$ [15,500]
Use of money and property	19,118	25,882	95,000	[69,118]
Reimbursements	-	13,403	48,000	[34,597]
Total Receipts	<u>936,034</u>	<u>1,034,313</u>	<u>\$ 1,153,528</u>	<u>\$ [119,215]</u>
Expenditures				
Personal services	741,445	799,719	\$ 1,354,650	\$ [554,931]
Insurance claims	190,569	527,607	-	527,607
Cash reserve	-	-	111,191	[111,191]
Total Expenditures	<u>932,014</u>	<u>1,327,326</u>	<u>\$ 1,465,841</u>	<u>\$ [138,515]</u>
Receipts Over [Under] Expenditures	4,020	[293,013]		
Unencumbered Cash, Beginning	<u>402,553</u>	<u>406,573</u>		
Unencumbered Cash, Ending	<u>\$ 406,573</u>	<u>\$ 113,560</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 EMERGENCY EQUIPMENT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 68,954	\$ 74,058	\$ 75,095	\$ [1,037]
Use of money and property	4,899	6,036	-	6,036
Reimbursements	-	556	-	556
Fines & fees	<u>9,176</u>	<u>7,648</u>	<u>5,000</u>	<u>2,648</u>
Total Receipts	<u>83,029</u>	<u>88,298</u>	<u>\$ 80,095</u>	<u>\$ 8,203</u>
Expenditures				
Capital outlay	62,357	99,505	\$ 23,896	\$ 75,609
Transfers out	30,000	48,000	48,000	-
Cash reserve	<u>-</u>	<u>-</u>	<u>152,055</u>	<u>[152,055]</u>
Total Expenditures	<u>92,357</u>	<u>147,505</u>	<u>\$ 223,951</u>	<u>\$ [76,446]</u>
Receipts Over [Under] Expenditures	[9,328]	[59,207]		
Unencumbered Cash, Beginning	<u>131,486</u>	<u>122,158</u>		
Unencumbered Cash, Ending	<u>\$ 122,158</u>	<u>\$ 62,951</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 SPECIAL HIGHWAY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 87,950	\$ 199,715	\$ 87,300	\$ 112,415
Intergovernmental	1,040,247	932,153	998,200	[66,047]
Licenses and permits	250	75	-	75
Use of money and property	26,342	28,207	-	28,207
Reimbursements	19,110	4,212	-	4,212
Lease proceeds	<u>537,667</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>1,711,566</u>	<u>1,164,362</u>	<u>\$ 1,085,500</u>	<u>\$ 78,862</u>
Expenditures				
Personal services	396,779	374,846	\$ 481,340	\$ [106,494]
Contractual services	611,672	92,515	73,780	18,735
Commodities	64,008	66,644	66,800	[156]
Capital outlay	552,472	516,670	522,000	[5,330]
Transfers out	20,000	36,000	36,000	-
Cash reserve	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>[100,000]</u>
Total Expenditures	<u>1,644,931</u>	<u>1,086,675</u>	<u>\$ 1,279,920</u>	<u>\$ [193,245]</u>
Receipts Over [Under] Expenditures	66,635	77,687		
Unencumbered Cash, Beginning	<u>609,871</u>	<u>676,506</u>		
Unencumbered Cash, Ending	<u>\$ 676,506</u>	<u>\$ 754,193</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
EQUIPMENT RESERVE FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Years Ended December 31, 2024 and 2023

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfers in	\$ 37,600	\$ 38,000
Use of money and property	<u>13,444</u>	<u>16,854</u>
Total Receipts	<u>51,044</u>	<u>54,854</u>
Expenditures		
Capital outlay	<u>14,540</u>	<u>41,438</u>
Total Expenditures	<u>14,540</u>	<u>41,438</u>
Receipts Over [Under] Expenditures	36,504	13,416
Unencumbered Cash, Beginning	<u>367,887</u>	<u>404,391</u>
Unencumbered Cash, Ending	<u>\$ 404,391</u>	<u>\$ 417,807</u>

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
 ALCOHOL & DRUG SAFETY ACTION PROGRAM FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2024 and 2023

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Miscellaneous	\$ 15	\$ -
Total Receipts	<u>15</u>	<u>-</u>
Expenditures		
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	15	-
Unencumbered Cash, Beginning	<u>1,056</u>	<u>1,071</u>
Unencumbered Cash, Ending	<u>\$ 1,071</u>	<u>\$ 1,071</u>

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
SPECIAL ALCOHOL & DRUG FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Use of money and property	\$ 290	\$ 422	\$ -	\$ 422
Intergovernmental	<u>6,280</u>	<u>7,828</u>	<u>3,070</u>	<u>4,758</u>
Total Receipts	<u>6,570</u>	<u>8,250</u>	<u>\$ 3,070</u>	<u>\$ 5,180</u>
Expenditures				
Contractual services	260	128	\$ 1,000	\$ [872]
Commodities	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>310</u>	<u>128</u>	<u>\$ 1,000</u>	<u>\$ [872]</u>
Receipts Over [Under] Expenditures	6,260	8,122		
Unencumbered Cash, Beginning	<u>4,428</u>	<u>10,688</u>		
Unencumbered Cash, Ending	<u>\$ 10,688</u>	<u>\$ 18,810</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 SPECIAL PARKS & RECREATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental	\$ 6,280	\$ 8,362	\$ 3,070	\$ 5,292
Use of money and property	<u>1,280</u>	<u>1,510</u>	<u>-</u>	<u>1,510</u>
Total Receipts	<u>7,560</u>	<u>9,872</u>	<u>\$ 3,070</u>	<u>\$ 6,802</u>
Expenditures				
Capital outlay	-	-	\$ 16,459	\$ [16,459]
Miscellaneous	<u>-</u>	<u>5,361</u>	<u>-</u>	<u>5,361</u>
Total Expenditures	<u>-</u>	<u>5,361</u>	<u>\$ 16,459</u>	<u>\$ [11,098]</u>
Receipts Over [Under] Expenditures	7,560	4,511		
Unencumbered Cash, Beginning	<u>31,913</u>	<u>39,473</u>		
Unencumbered Cash, Ending	<u>\$ 39,473</u>	<u>\$ 43,984</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
TIF FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 4	\$ 3,183	\$ 1,288	\$ 1,895
Temporary note proceeds	-	4,921,759	-	4,921,759
Miscellaneous	5,285	-	-	-
Use of money and property	<u>94,185</u>	<u>88,939</u>	<u>-</u>	<u>88,939</u>
Total Receipts	<u>99,474</u>	<u>5,013,881</u>	<u>\$ 1,288</u>	<u>\$ 5,012,593</u>
Expenditures				
Contractual services	-	170,130	\$ -	\$ 170,130
Capital outlay	157,004	1,864,024	2,531,781	[667,757]
Debt service				
Interest	183,501	4,603,499	127,529	4,475,970
Adjustment for qualifying budget credits	<u>-</u>	<u>-</u>	<u>4,921,759</u>	<u>[4,921,759]</u>
Total Expenditures	<u>340,505</u>	<u>6,637,653</u>	<u>\$ 7,581,069</u>	<u>\$ [943,416]</u>
Receipts Over [Under] Expenditures	[241,031]	[1,623,772]		
Unencumbered Cash, Beginning	<u>2,842,860</u>	<u>2,601,829</u>		
Unencumbered Cash, Ending	<u>\$ 2,601,829</u>	<u>\$ 978,057</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 DRUG TAX FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Years Ended December 31, 2024 and 2023

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Miscellaneous	\$ 714	\$ -
Total Receipts	714	-
Expenditures		
Capital outlay	-	-
Total Expenditures	-	-
Receipts Over [Under] Expenditures	714	-
Unencumbered Cash, Beginning	2,777	3,491
Unencumbered Cash, Ending	\$ 3,491	\$ 3,491

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
 BUILDING EQUIPMENT RESERVE FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2024 and 2023

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Use of money and property	\$ 2,213	\$ 2,824
Total Receipts	<u>2,213</u>	<u>2,824</u>
Expenditures		
Contractual services	-	-
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	2,213	2,824
Unencumbered Cash, Beginning	<u>63,419</u>	<u>65,632</u>
Unencumbered Cash, Ending	<u>\$ 65,632</u>	<u>\$ 68,456</u>

* - This is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
 PARK BEAUTIFICATION FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2024 and 2023

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Contributions	\$ -	\$ 556
 Total Receipts	-	556
 Expenditures		
Capital outlay	-	556
 Total Expenditures	-	556
 Receipts Over [Under] Expenditures	-	-
 Unencumbered Cash, Beginning	2,215	2,215
 Unencumbered Cash, Ending	\$ 2,215	\$ 2,215

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
D.A.R.E. FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Years Ended December 31, 2024 and 2023

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Miscellaneous	\$ -	\$ 20
Total Receipts	-	20
Expenditures		
Commodities	-	-
Total Expenditures	-	-
Receipts Over [Under] Expenditures	-	20
Unencumbered Cash, Beginning	1,658	1,658
Unencumbered Cash, Ending	<u>\$ 1,658</u>	<u>\$ 1,678</u>

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
 LAND BANK RESERVE FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2024 and 2023

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Use of money and property	\$ 2,905	\$ 3,302
Total Receipts	<u>2,905</u>	<u>3,302</u>
Expenditures		
Contractual services	<u>-</u>	<u>18,492</u>
Total Expenditures	<u>-</u>	<u>18,492</u>
Receipts Over [Under] Expenditures	2,905	[15,190]
Unencumbered Cash, Beginning	<u>78,954</u>	<u>81,859</u>
Unencumbered Cash, Ending	<u>\$ 81,859</u>	<u>\$ 66,669</u>

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
PUBLIC SAFETY TRAINING FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Years Ended December 31, 2024 and 2023

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Fines and fees	\$ 3,040	\$ 2,835
Total Receipts	<u>3,040</u>	<u>2,835</u>
Expenditures		
Contractual services	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	3,040	2,835
Unencumbered Cash, Beginning	<u>4,003</u>	<u>7,043</u>
Unencumbered Cash, Ending	<u>\$ 7,043</u>	<u>\$ 9,878</u>

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
 POOL/REC SALES TAX FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Years Ended December 31, 2024 and 2023

		Current Year		
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Receipts				
Taxes	\$ 907,383	\$ 916,092	\$ 430,000	\$ 486,092
Use of money and property	113,682	545,688	-	545,688
Temporary note proceeds	18,378,898	-	935,000	[935,000]
Transfers in	-	410,000	-	410,000
	<u>19,399,963</u>	<u>1,871,780</u>	<u>\$ 1,365,000</u>	<u>\$ 506,780</u>
Total Receipts				
Expenditures				
Contractual services	29,514	25,350	\$ 1,100,000	\$ [1,074,650]
Capital outlay	5,437,491	13,983,486	19,949,903	[5,966,417]
Debt service				
Cost of issuance	174,011	1,500	-	1,500
	<u>5,641,016</u>	<u>14,010,336</u>	<u>\$ 21,049,903</u>	<u>\$ [7,039,567]</u>
Total Expenditures				
Receipts Over [Under] Expenditures	13,758,947	[12,138,556]		
Unencumbered Cash, Beginning	<u>1,284,906</u>	<u>15,043,853</u>		
Unencumbered Cash, Ending	<u>\$ 15,043,853</u>	<u>\$ 2,905,297</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 FLEET MANAGEMENT FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2024 and 2023

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Use of money and property	\$ 3,136	\$ 4,249
Transfers in	<u>186,956</u>	<u>206,000</u>
Total Receipts	<u>190,092</u>	<u>210,249</u>
Expenditures		
Contractual services	146,178	272,830
Capital outlay	<u>4,975</u>	<u>-</u>
Total Expenditures	<u>151,153</u>	<u>272,830</u>
Receipts Over [Under] Expenditures	38,939	[62,581]
Unencumbered Cash, Beginning	<u>132,985</u>	<u>171,924</u>
Unencumbered Cash, Ending	<u>\$ 171,924</u>	<u>\$ 109,343</u>

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
 GIFTS & GRANTS FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2024 and 2023

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Miscellaneous	\$ 1,818	\$ 747
Total Receipts	<u>1,818</u>	<u>747</u>
Expenditures		
Capital outlay	149	-
Miscellaneous	<u>1,364</u>	<u>-</u>
Total Expenditures	<u>1,513</u>	<u>-</u>
Receipts Over [Under] Expenditures	305	747
Unencumbered Cash, Beginning	<u>5,963</u>	<u>6,268</u>
Unencumbered Cash, Ending	<u>\$ 6,268</u>	<u>\$ 7,015</u>

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
STATE/FEDERAL GRANTS FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Years Ended December 31, 2024 and 2023

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Use of money and property	\$ 25,019	\$ 24,672
Total Receipts	<u>25,019</u>	<u>24,672</u>
Expenditures		
Contractual services	316,263	-
Capital outlay	<u>3,476</u>	<u>-</u>
Total Expenditures	<u>319,739</u>	<u>-</u>
Receipts Over [Under] Expenditures	[294,720]	24,672
Unencumbered Cash, Beginning	<u>708,973</u>	<u>414,253</u>
Unencumbered Cash, Ending	<u>\$ 414,253</u>	<u>\$ 438,925</u>

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
 BOND AND INTEREST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 999,948	\$ 1,084,101	\$ 1,100,734	\$ [16,633]
Special assessment	418,275	425,541	414,221	11,320
Use of money and property	61,624	63,025	5,000	58,025
Reimbursement	-	78,003	-	78,003
Transfers in	<u>622,000</u>	<u>732,550</u>	<u>732,550</u>	<u>-</u>
Total Receipts	<u>2,101,847</u>	<u>2,383,220</u>	<u>\$ 2,252,505</u>	<u>\$ 130,715</u>
Expenditures				
Debt service				
Principal	1,495,000	1,585,000	\$ 1,590,000	\$ [5,000]
Interest	554,355	1,734,081	697,000	1,037,081
Miscellaneous	3,292	9	-	9
Cash reserve	-	-	1,013,387	[1,013,387]
Adjustment for qualifying budget credits	<u>-</u>	<u>-</u>	<u>78,003</u>	<u>[78,003]</u>
Total Expenditures	<u>2,052,647</u>	<u>3,319,090</u>	<u>\$ 3,378,390</u>	<u>\$ [59,300]</u>
Receipts Over [Under] Expenditures	49,200	[935,870]		
Unencumbered Cash, Beginning	<u>1,099,684</u>	<u>1,148,884</u>		
Unencumbered Cash, Ending	<u>\$ 1,148,884</u>	<u>\$ 213,014</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 CAPITAL PROJECTS FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2024 and 2023

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Temporary note proceeds	\$ 9,059,528	\$ 20,323,079
Use of money and property	56,357	137,999
Transfers in	<u>7,562</u>	<u>-</u>
Total Receipts	<u>9,123,447</u>	<u>20,461,078</u>
Expenditures		
Contractual services	9,497,486	4,276,756
Capital outlay	25,511	-
Debt service		
Principal	-	6,000,000
Interest	99,068	178,767
Cost of issuance	<u>58,734</u>	<u>463,493</u>
Total Expenditures	<u>9,680,799</u>	<u>10,919,016</u>
Receipts Over [Under] Expenditures	[557,352]	9,542,062
Unencumbered Cash, Beginning	<u>2,358,128</u>	<u>1,800,776</u>
Unencumbered Cash, Ending	<u>\$ 1,800,776</u>	<u>\$ 11,342,838</u>

* - This fund is not required to be budgeted.

CITY OF VALLEY CENTER, KANSAS
 WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Charges to customers	\$ 2,258,595	\$ 2,312,300	\$ 2,201,646	\$ 110,654
Use of money and property	140,987	170,374	-	170,374
Reimbursements	8,673	9,876	-	9,876
Miscellaneous	<u>33,903</u>	<u>30,607</u>	<u>20,000</u>	<u>10,607</u>
Total Receipts	<u>2,442,158</u>	<u>2,523,157</u>	<u>\$ 2,221,646</u>	<u>\$ 301,511</u>
Expenditures				
Personnel services	398,008	270,357	\$ 448,651	\$ [178,294]
Contractual services	1,200,463	1,280,774	1,120,870	159,904
Commodities	46,017	44,293	41,450	2,843
Capital outlay	117,382	116,733	150,000	[33,267]
Transfers out	426,950	523,000	543,000	[20,000]
Adjustment for qualifying budget credits	<u>-</u>	<u>-</u>	<u>9,876</u>	<u>[9,876]</u>
Total Expenditures	<u>2,188,820</u>	<u>2,235,157</u>	<u>\$ 2,313,847</u>	<u>\$ [78,690]</u>
Receipts Over [Under] Expenditures	253,338	288,000		
Unencumbered Cash, Beginning	<u>3,202,628</u>	<u>3,455,966</u>		
Unencumbered Cash, Ending	<u>\$ 3,455,966</u>	<u>\$ 3,743,966</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
SEWER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Charges to customers	\$ 1,421,472	\$ 1,455,648	\$ 1,406,719	\$ 48,929
Use of money and property	75,821	89,586	12,000	77,586
Miscellaneous	<u>2,269</u>	<u>3,654</u>	<u>3,500</u>	<u>154</u>
Total Receipts	<u>1,499,562</u>	<u>1,548,888</u>	<u>\$ 1,422,219</u>	<u>\$ 126,669</u>
Expenditures				
Personnel services	350,020	248,162	\$ 374,487	\$ [126,325]
Contractual services	452,686	399,305	457,860	[58,555]
Commodities	25,186	25,143	24,800	343
Capital outlay	59,790	39,122	140,000	[100,878]
Debt service	205,871	206,326	-	206,326
Miscellaneous	2,776	2,322	-	2,322
Transfers out	277,874	534,550	534,550	-
Reserve funds not subject to budget	<u>-</u>	<u>-</u>	<u>208,647</u>	<u>[208,647]</u>
Total Expenditures	<u>1,374,203</u>	<u>1,454,930</u>	<u>\$ 1,740,344</u>	<u>\$ [285,414]</u>
Receipts Over [Under] Expenditures	125,359	93,958		
Unencumbered Cash, Beginning	<u>1,524,966</u>	<u>1,650,325</u>		
Unencumbered Cash, Ending	<u>\$ 1,650,325</u>	<u>\$ 1,744,283</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 STORMWATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2024
 (With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges to customers	\$ 324,595	\$ 330,196	\$ 325,000	\$ 5,196
Use of money and property	<u>13,818</u>	<u>16,930</u>	<u>-</u>	<u>16,930</u>
Total Receipts	<u>338,413</u>	<u>347,126</u>	<u>\$ 325,000</u>	<u>\$ 22,126</u>
Expenditures				
Contractual services	31,686	32,510	\$ 36,400	\$ [3,890]
Commodities	2,241	1,853	5,000	[3,147]
Capital outlay	85,874	70,163	124,800	[54,637]
Transfers out	<u>162,600</u>	<u>193,000</u>	<u>193,000</u>	<u>-</u>
Total Expenditures	<u>282,401</u>	<u>297,526</u>	<u>\$ 359,200</u>	<u>\$ [61,674]</u>
Receipts Over [Under] Expenditures	56,012	49,600		
Unencumbered Cash, Beginning	<u>261,432</u>	<u>317,444</u>		
Unencumbered Cash, Ending	<u>\$ 317,444</u>	<u>\$ 367,044</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
SOLID WASTE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges to customers	\$ 583,406	\$ 599,618	\$ 577,476	\$ 22,142
Franchise fee	-	-	5,000	[5,000]
Use of money and property	5,034	6,509	1,600	4,909
Miscellaneous	<u>4,588</u>	<u>31,361</u>	<u>16,000</u>	<u>15,361</u>
Total Receipts	<u>593,028</u>	<u>637,488</u>	<u>\$ 600,076</u>	<u>\$ 37,412</u>
Expenditures				
Contractual services	589,197	579,211	\$ 585,820	\$ [6,609]
Capital outlay	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>[3,000]</u>
Total Expenditures	<u>589,197</u>	<u>579,211</u>	<u>\$ 588,820</u>	<u>\$ [9,609]</u>
Receipts Over [Under] Expenditures	3,831	58,277		
Unencumbered Cash, Beginning	<u>108,412</u>	<u>112,243</u>		
Unencumbered Cash, Ending	<u>\$ 112,243</u>	<u>\$ 170,520</u>		

See independent auditor's report on the financial statements.

Schedule 3

CITY OF VALLEY CENTER, KANSAS
 VALLEY CENTER PUBLIC LIBRARY - RELATED MUNICIPAL ENTITY
 GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Year Ended December 31, 2024

Receipts	
State of Kansas	\$ 2,062
NEKL Association	25,242
City appropriation	333,080
Use of money and property	16,704
Donations and sales	6,230
Grants	7,872
Miscellaneous	<u>10,755</u>
 Total Receipts	 <u>401,945</u>
Expenditures	
Salary and payroll taxes	226,307
Books, periodicals and film	21,109
Supplies	40,557
Utilities	14,296
Contractual services	25,913
Maintenance	11,570
Miscellaneous	<u>2,514</u>
 Total Expenditures	 <u>342,266</u>
 Receipts Over [Under] Expenditures	 59,679
 Unencumbered Cash, Beginning	 <u>228,464</u>
 Unencumbered Cash, Ending	 <u>\$ 288,143</u>

See independent auditor's report on the financial statements.

APPENDIX C-1 and C-2

SUMMARY OF FINANCING DOCUMENTS

APPENDIX C-1

SUMMARY OF BOND FINANCING DOCUMENTS

The following is a summary of certain provisions contained in the Bond Resolution authorizing the issuance of the Bonds. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing document.

THE BOND RESOLUTION

DEFINITIONS

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used herein 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.* and K.S.A. 14-570 *et seq.*, as amended by Charter Ordinance No. 27-2009, all as amended and supplemented.

[“**AG**” means Assured Guaranty Inc., a Maryland domiciled financial guaranty insurance company, or any successor thereto.]

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

[“**BAM**” means Build America Mutual Assurance Company, a New York domiciled mutual insurance corporation, or any successor thereto.]

“**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 Insurance Policy**” means the municipal bond insurance policy issued by the Bond Insurer concurrently with the delivery of the Bonds guaranteeing the scheduled payment when due of the principal of and interest on the Bonds.

“**Bond Insurer**” means [AG] [BAM] with respect to the Bonds.]

“**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 its successors and assigns.

“**Bond Resolution**” means collectively the Ordinance passed by the governing body of the Issuer and the resolution adopted by the governing body of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

“**Bonds**” means the General Obligation Bonds, Series 2026-1, authorized and issued by the Issuer pursuant to the 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 with respect to the Bonds.

“**City**” means the City of Valley Center, Kansas.

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

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

“**Compliance Account**” means the account by that name created by the Bond Resolution.

“**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 account by that name created by the Bond Resolution.

“**Dated Date**” means April 23, 2026.

“**Debt Service Account**” means the account by that name created within the Bond and Interest Fund by the Bond Resolution.

“**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) [evidences of ownership of proportionate interests in future interest and principal payments on United States Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Government Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated; or

(c) 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, New York, New York.

“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 the Bond Resolution (other than the covenants relating to continuing disclosure contained in the Bond Resolution and 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 for the Bonds, dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

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

“Funds and Accounts” means funds and accounts created by or referred to in the Bond Resolution.

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

“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 the Bond Resolution.

[**“Insurer's Fiscal Agent”** means the agent designated by the Bond Insurer pursuant to the Bond Insurance Policy.]

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Bond which shall be June 1 and December 1 of each year, commencing June 1, 2027.

“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.

“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 in the Bond Resolution provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

“Mayor” means the duly elected and acting Mayor of the Issuer, 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 [with notice to the Bond Insurer].

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

“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 the Bond Resolution; [and]
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder[.]; and
- (d) Bonds, the principal or interest of which has been paid by the Bond Insurer.]

“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 the 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); or (m) other investment obligations authorized by the laws of the State and approved in writing by the Bond Insurer], 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.

“Purchaser” means the financial institution or investment banking firm that is original purchaser of the Bonds.

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

“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 the 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 the Bond Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Refunded Notes” means the Series 2024-1 Notes maturing in the year 2026, in the aggregate principal amount of \$4,835,000.

“Refunded Notes Paying Agent” means the paying agent for the Refunded Notes as designated in the Refunded Notes Resolution, and any successor or successors at the time acting as paying agent of the Refunded Notes.

“Refunded Notes Redemption Date” means April 24, 2026.

“Refunded Notes Redemption Fund” means the Redemption Fund for Refunded Notes created pursuant to the Bond Resolution

“Refunded Notes Resolution” means the resolution which authorized the Refunded Notes.

“Replacement Bonds” means Bonds issued to the Beneficial Owners of the Bonds in accordance with the Bond Resolution.

“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.

“Series 2024-1 Notes” means the Issuer's General Obligation Temporary Notes, Series 2024-1, dated October 10, 2024.

“Special Record Date” means the date fixed by the Paying Agent for the payment of Defaulted Interest.

“Standard & Poor's” 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 [with notice to the Bond Insurer].

“State” means the state of Kansas.

“State Treasurer” means the duly elected Treasurer of the State 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 the Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

[**“Term Bonds”** means the Bonds scheduled to mature in the year 2041.]

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

[**“2041 Term Bonds”** means the Bonds scheduled to mature in the year 2041.]

[**“Term Bonds”** means collectively, the ___ Term Bonds and the 2041 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.

**ESTABLISHMENT OF FUNDS AND ACCOUNTS;
DEPOSIT AND APPLICATION OF BOND PROCEEDS**

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) Refunded Notes Redemption Fund.
- (b) Debt Service Account (within the Bond and Interest Fund).
- (c) Costs of Issuance Account.
- (d) Compliance Account.

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

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) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (b) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited into the Refunded Notes Redemption Fund.

Application of Moneys in the 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 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 the 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.

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.

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 Compliance Account or Debt Service Account.

Application of Moneys in the Refunded Notes Redemption Fund. Moneys in the Refunded Notes Redemption Fund shall be paid and transferred to the Refunded Notes Paying Agent, with irrevocable instructions to apply such amount to the payment of the Refunded Notes on the Refunded Notes Redemption Date. The Refunded Notes issued to temporarily finance the costs of the Improvements pending the issuance of the Bonds have been called for redemption and payment. The Clerk is authorized and instructed to provide appropriate notice of redemption in accordance with the Refunded Notes Resolution authorizing the issuance of such Refunded Notes. Any moneys remaining in the Refunded Notes Redemption Fund not needed to retire the Refunded Notes shall be transferred to the Debt Service Account.

Application of Moneys in the Compliance Account. Moneys in the Compliance Account shall be used by the Issuer to pay the fees and expenses relating to compliance with federal arbitrage law and state or federal securities laws. Any funds remaining in the Compliance Account not necessary for such payments shall be transferred to the Debt Service Account.

DEPOSIT AND INVESTMENT OF MONEYS

Deposits. Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank which are members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law, and which meet certain guidelines of State law. All such deposits shall be held in cash or invested in Permitted Investments or shall be adequately secured as provided by the laws of the State.

Investments. Moneys held in any Fund or Account may be invested in accordance with the 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.

DEFAULT AND REMEDIES

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.

[The Paying Agent shall notify the Owners and Bond Insurer of any Event of Default of which it has actual notice.]

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained in the Bond Resolution 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 of any series shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the Funds and Accounts 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 the 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 in the Bond Resolution, or to enforce any right, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

Remedies Cumulative. No remedy conferred 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. 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.

[**Control of Remedies By Bond Insurer Upon an Event of Default and Event of Insolvency.** Upon the occurrence and continuance of an Event of Default, the Bond Insurer, provided the Bond Insurance Policy is in full force and effect and the Bond Insurer shall not be in default thereunder, shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners under the Bond Resolution. Any reorganization or liquidation plan with respect to the Issuer must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Owners who hold the Bonds insured by the Bond Insurer absent a default by the Bond Insurer under the applicable Bond Insurance Policy insuring such Bonds.]

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 the Bond Resolution and all other rights granted thereby 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 the 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 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. [The Issuer shall notify the Bond Insurer of any defeasance of the Bonds.]

[Notwithstanding anything in the Bond Resolution to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer and the covenants, agreements and other obligations of the Issuer to the Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Owners.]

TAX COVENANTS

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 Issuer will take such 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.

Survival of Covenants. The covenants contained in the Bond Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds or any other provision of the Bond Resolution until such time as is set forth in the Federal Tax Certificate.

CONTINUING DISCLOSURE REQUIREMENTS

Disclosure Requirements. The Issuer covenants in the Bond Resolution 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 and to make the provisions of the Disclosure Undertaking applicable to the Bonds. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its continuing disclosure covenants contained in the Bond Resolution, 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 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. [The Purchaser or Beneficial Owner shall provide a copy of any such demand or notice to the Bond Insurer.] Notwithstanding any other provision of the Bond Resolution, failure of the Issuer to comply with its continuing disclosure covenants contained in the Bond Resolution shall not be considered an Event of Default under the Bond Resolution.

PROVISIONS RELATING TO THE BOND INSURANCE POLICY

Provisions relating to the Bond Insurance Policy will be included and updated if the Bonds are purchased with such a policy.

MISCELLANEOUS PROVISIONS

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 annual audit, a copy thereof shall be filed in the office of the Clerk[, and a duplicate copy of the audit shall be mailed to the Bond Insurer]. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Bonds as the same become due by 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 deposited in 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.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of [the Bond Insurer and] 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 [the Bond Insurer and] 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 the Bond Resolution.

Any provision of the Bonds or of the Bond Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the Issuer at any time in any legal respect with the written consent of [the Bond Insurer and] 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 the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, 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 conform the 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.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Bond Resolution shall be in writing, 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[and the Bond Insurer]. The Issuer, the Paying Agent[, the Bond Insurer] 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.

Electronic Transactions. The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Severability. If any section or other part of the 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 the Bond Resolution.

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

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APPENDIX C-2

SUMMARY OF NOTE FINANCING DOCUMENTS

The following is a summary of certain provisions contained in the Note Resolution authorizing the issuance of the Notes. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing document.

THE NOTE RESOLUTION

DEFINITIONS

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used herein 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 (specifically including K.S.A. 10-123), K.S.A. 10-620 *et seq.* and K.S.A. 12-6a01 *et seq.*, all as amended and supplemented.

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

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

“**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.

“**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 with respect to the Notes.

“**City**” means the City of Valley Center, Kansas.

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

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

“**Compliance Account**” means the account by that name created by the Note Resolution.

“**Consulting Engineer**” means an independent engineer or engineering firm, or architect or architectural firm, having a favorable reputation for skill and experience in the construction, financing and operation of public facilities, at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Consulting Engineer by the Note Resolution.

“**Costs of Issuance**” means all costs of issuing the Notes, 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, and all expenses incurred in connection with receiving ratings on the Notes.

“**Costs of Issuance Account**” means the account by that name created by the Note Resolution.

“**Dated Date**” means April 23, 2026.

“Debt Service Account” means the account by that name (within the Bond and Interest Fund) created by the Note Resolution.

“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 Notes 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 Note 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.

“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 Notes 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 Notes 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 Notes or in the Note Resolution (other than the covenants relating to continuing disclosure contained in the Note Resolution or 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 Notes then Outstanding.

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

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

“Financeable Costs” means the amount of expenditure for an Improvement which has been duly authorized by action of the governing body of the Issuer 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.

“Funds and Accounts” means funds and accounts created by or referred to in the Note Resolution.

“Improvement Fund” means the fund by that name created in the Note Resolution.

“Improvements” means the improvements referred to in the preamble to the Note Resolution 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 the Note Resolution.

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Note which shall be June 1 and December 1 of each year, commencing December 1, 2026.

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

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

“Maturity” when used with respect to any Note means the date on which the principal of such Note becomes due and payable as therein and in the Note Resolution 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.

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

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

“Note Registrar” means the State Treasurer, and its successors and assigns.

“Note Resolution” means the resolution adopted by the governing body of the Issuer authorizing the issuance of the Notes, as amended from time to time.

“Notes” means the General Obligation Temporary Notes, Series 2026-1, authorized and issued by the Issuer pursuant to the Note Resolution.

“Official Statement” means the Issuer's Official Statement relating to the Notes.

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

- (a) Notes theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Notes deemed to be paid in accordance with the provisions of the Note Resolution; and

(c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered hereunder.

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

“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.

“Purchaser” means the financial institution or investment banking firm that is original purchaser of the Notes.

“Rating Agency” means any company, agency or entity that provides ratings for the Notes.

“Rebate Fund” means the fund by that name created by the Note Resolution.

“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” when used with respect to any Note to be redeemed means the date fixed for the redemption of such Note pursuant to the terms of the Note Resolution.

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

“Replacement Notes” means Notes issued to the Beneficial Owners of the Notes in accordance with the Note Resolution.

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

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Special Record Date” means the date fixed by the Paying Agent for the payment of Defaulted Interest.

“**Standard & Poor's**” 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 Note or any installment of interest thereon means the date specified in such Note and the Note Resolution as the fixed date on which the principal of such Note or such installment of interest is due and payable.

“**Substitute Improvements**” means the substitute or additional improvements of the Issuer described in the Note Resolution.

“**Treasurer**” means the duly appointed and/or elected Treasurer 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.

ESTABLISHMENT OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF NOTE PROCEEDS

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

- (a) Improvement Fund.
- (b) Debt Service Account.
- (c) Rebate Fund.
- (d) Costs of Issuance Account.
- (e) Compliance Account.

The above Funds and Accounts shall be administered in accordance with the provisions of the Note Resolution so long as the Notes are Outstanding.

Deposit of Note Proceeds. The net proceeds received from the sale of the Notes shall be deposited simultaneously with the delivery of the Notes as follows:

- (a) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (b) The remaining balance of the proceeds derived from the sale of the Notes shall be deposited in the Improvement Fund.

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; (b) paying interest on the Notes during construction of the Improvements; (c) paying Costs of Issuance; and (d) transferring any amounts to the Rebate Fund.

Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Consulting Engineer stating that such payment is being made for a purpose within the scope of the Note 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 the Note Resolution. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

Substitution of Improvements; Reallocation of Proceeds. The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Notes provided the following conditions are met: (a) 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 of the Issuer in accordance with the laws of the State; (b) a resolution authorizing the use of the proceeds of the Notes to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the governing body of the Issuer pursuant to this Section; and (c) the use of the proceeds of the Notes to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax-exempt status of the Notes under State or federal law.

The Issuer may reallocate expenditure of Note proceeds among all Improvements financed by the Notes; provided the following conditions are met: (a) the reallocation is approved by the governing body of the Issuer; (b) the reallocation shall not cause the proceeds of the Notes allocated to any Improvement to exceed the Financeable Costs of the Improvement; and (c) the reallocation will not adversely affect the tax-exempt status of the Notes under State or federal law.

Application of Moneys in the 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 Notes as and when the same become due and the usual and customary fees and expenses of the Note 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 Notes and the fees and expenses of the Note 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 Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Notes are no longer entitled to enforce payment of the Notes 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 the Note Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Notes entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account after the retirement of the indebtedness for which the Notes were issued shall be transferred and paid into the Bond and Interest Fund.

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

Application of Moneys in the Rebate Fund. 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 Notes shall have any rights in or claim to such money.

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.

Application of Moneys in the Compliance Account. Moneys in the Compliance Account shall be used by the Issuer to pay the to pay fees and expenses relating to compliance with federal arbitrage law and state or federal securities laws.

DEPOSIT AND INVESTMENT OF MONEYS

Deposits. Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank which are members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law, and which meet certain guidelines of State law. All such deposits shall be held in cash or invested in Permitted Investments or shall be adequately secured as provided by the laws of the State.

Investments. Moneys held in any Fund or Account may be invested in accordance with the Note 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 be credited to the Debt Service Account.

DEFAULT AND REMEDIES

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

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained in the Note Resolution and in the Notes shall be for the equal benefit, protection, and security of the Owners of any or all of the Notes, all of which Notes of any series shall be of equal rank and without preference or priority of one Note over any other Note in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Notes, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Note 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 in the Note Resolution, or to enforce any right, except in the manner provided in the Note Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Notes.

Remedies Cumulative. No remedy conferred 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. No waiver of any default or breach of duty or contract by the Owner of any Note shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon.

DEFEASANCE

When any or all of the Notes, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Note Resolution and all other rights granted thereby shall terminate with respect to the Notes or scheduled interest payments thereon so paid and discharged. Notes, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Note 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 Notes 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 or Redemption Price of said Notes 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 Notes, no such satisfaction shall occur until: (a) the Issuer has elected to redeem such Notes, 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 Note Registrar to give such notice of redemption.

TAX COVENANTS

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 Notes; and (b) all provisions and requirements of the Federal Tax Certificate. 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 Notes will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Survival of Covenants. The covenants contained in the Note Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Notes pursuant to the Note Resolution or any other provision thereof until such time as is set forth in the Federal Tax Certificate

CONTINUING DISCLOSURE REQUIREMENTS

Disclosure Requirements. The Issuer covenants in the Note Resolution 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 and to make the provisions of the Disclosure Undertaking applicable to the Notes. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

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 Note Resolution, 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 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.

MISCELLANEOUS PROVISIONS

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 annual audit, a copy thereof shall be filed in the office of the Clerk. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Notes, or by anyone acting for or on behalf of such user or Owner.

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Notes as the same become due by 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 deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Notes 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 Notes 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.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Notes or of the Note Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Notes 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 Note;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Note;
- (c) permit preference or priority of any Note over any other Note; or
- (d) reduce the percentage in principal amount of Notes required for the written consent to any modification or alteration of the provisions of the Note Resolution.

Any provision of the Notes or of the Note Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the Issuer at any time in any legal respect with the written consent of the Owners of all of the Notes at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Note Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, 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 Notes among Improvements, to provide for Substitute Improvements, to conform the Note 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.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Note Resolution shall be in writing, 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.

Electronic Transaction. The issuance of the Notes and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

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

Governing Law. The Notes and the Note Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

DATED AS OF APRIL 23, 2026

BY

CITY OF VALLEY CENTER, KANSAS

\$5,080,000*
GENERAL OBLIGATION
BONDS
SERIES 2026-1

\$9,275,000*
GENERAL OBLIGATION
TEMPORARY NOTES
SERIES 2026-1

DATED APRIL 23, 2026

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of April 23, 2026 (the “Continuing Disclosure Undertaking”), is executed and delivered by **THE CITY OF VALLEY CENTER, 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 2026-1, and General Obligation Temporary Notes, Series 2026-1 (collectively the “Securities”), 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 Securities 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, which may include the Issuer's Annual Comprehensive Financial Report, if any, so long as the Annual Comprehensive Financial Report contains the financial information and operating data described in **Section 2(a)(1)** and **(2)**.

“**Beneficial Owner**” means any registered owner of any Securities 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 Securities (including persons holding Securities through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Securities 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 Securities required to comply with the Rule in connection with the offering of the Securities.

Section 2. Provision of Annual Reports.

(a) The Issuer shall, not later than September 1st immediately following the end of the Issuer’s Fiscal Year, commencing with the year ending December 31, 2025, 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 Securities. 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 Securities. 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 Securities, 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 Securities, 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*, and the Annual Report deadline provided above shall automatically become the first day of the ninth month after the end of the Issuer’s new fiscal year.

(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 Securities (“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 Securities, or other material events affecting the tax status of the Securities;
- (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 Securities, 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 Securities. 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 Securities, 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 Securities 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 Securities, 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 Securities, 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 Securities 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 VALLEY CENTER, 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 ***Appendix A*** of the final Official Statement relating to the Securities:

- Assessed Valuation
- Tax Rates
- Aggregate Tax Levies
- Tax Collection Record
- Major Taxpayers
- Current Indebtedness of the Issuer*
- Lease Obligations*
- State Loans*

* This Operating Data is also available in the Issuer's financial information portion of its Annual Report.