

FINAL OFFICIAL STATEMENT DATED JUNE 12, 2025

NEW ISSUE
BOOK ENTRY ONLY

S&P RATINGS: AA/SP-1+

Interest on the Bonds is included in gross income for federal income tax purposes. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Notes is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Notes may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, under existing State of Kansas statutes, interest on the Bonds and the Notes is exempt from State of Kansas income tax. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein.

CITY OF SPRING HILL, KANSAS

\$3,450,000
General Obligation Bonds, Series 2025A
(Taxable Under Federal Law)
(the "Bonds")

\$28,510,000
General Obligation Notes, Series 2025B
(the "Notes")

(General Obligations Payable From Unlimited Ad Valorem Taxes)

Dated Date	Date of Delivery (July 8, 2025)
Security	<p><u>The Bonds:</u> The Bonds shall be general obligations of the City of Spring Hill, Kansas (the "City") payable as to both principal and interest from special assessments levied upon the property benefited by the construction of certain improvements, or from current revenues of the City authorized for such purpose, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.</p> <p><u>The Notes:</u> The Notes shall be general obligations of the City payable as to both principal and interest from general obligation bonds of the City, special assessments levied upon the property benefited by the construction of certain improvements, or from current revenues of the City authorized for such purpose and from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Notes as the same become due.</p> <p><u>The Bonds and the Notes are sometimes referred to herein collectively as the "Obligations".</u></p>
Authorization	<p><u>The Bonds:</u> The Bonds are being issued pursuant to K.S.A. 12-6a01 <i>et seq.</i>, as amended or supplemented, an ordinance passed by the governing body of the City and a resolution adopted by the governing body of the City on June 12, 2025 (collectively, the "Bond Resolution").</p> <p><u>The Notes:</u> The Notes are being issued pursuant to K.S.A. 12-6a01 <i>et seq.</i>, K.S.A 12-685 <i>et seq.</i>, and K.S.A. 12-617 and 12-618, and a resolution adopted by the governing body of the City on June 12, 2025 (the "Note Resolution", and collectively with the Bond Resolution, the "Resolutions").</p> <p>See "Authority and Security" herein.</p>

Purpose	<p><u>The Bonds:</u> The proceeds of the Bonds will be used for the purpose of: (i) providing permanent financing for certain street improvements previously financed with the City's General Obligation Temporary Notes, Series 2023B; (ii) paying for improvements to the Webster Road Special Benefit District; and (iii) paying the costs of issuance of the Bonds. See "Purpose of the Obligations and Use of Funds" herein.</p> <p><u>The Notes:</u> The proceeds of the Notes will be used for the purpose of: (i) financing various street improvements, sewer improvements, and improvements to the Fox Hollow Special Benefit District, (iii) paying capitalized interest, and (iii) paying costs of issuance on the Notes.</p> <p>See "Purpose of the Obligations and Use of Funds" herein.</p>
Principal and Interest Payments	<p><u>The Bonds:</u> Principal will be paid on each September 1, beginning September 1, 2026. Interest will be payable semiannually on March 1 and September 1, beginning March 1, 2026.</p> <p><u>The Notes:</u> Principal will be paid on September 1, 2027. Interest will be payable semiannually on March 1 and September 1, beginning March 1, 2026.</p>
Redemption Provisions	<p><u>The Bonds.</u> At the option of the City, Bonds maturing on September 1 in the years 2033, and thereafter, will be subject to redemption and payment prior to maturity on September 1, 2032, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the City in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.</p> <p><u>The Notes.</u> At the option of the City, the Notes will be subject to redemption and payment prior to maturity on September 1, 2026, and thereafter, as a whole or in part (selection of the amount of Notes to be redeemed to be determined by the City in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.</p> <p>Please see the "DESCRIPTION OF THE OBLIGATIONS – Mandatory Redemption" section herein for discussion regarding the mandatory redemption of the Bonds.</p>
Book Entry	The Obligations will be issued only as fully registered obligations, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See Appendix B for "Book Entry".
Denominations	The Obligations are being issued in the denomination of \$5,000 or integral multiples thereof.
Registrar and Paying Agent	Treasurer of the State of Kansas, located in Topeka, Kansas ("Registrar" and "Paying Agent").
Underwriter	Please see the "PURCHASER/UNDERWRITING" section herein for discussion regarding the Underwriter of the Obligations.

MATURITY SCHEDULE
(Base CUSIP(1) 849658)

THE BONDS

<u>Maturity (September 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP(1)</u>
2026	\$ 65,000	7.00%	4.10%	103.210%	TP4
2027	\$100,000	7.00%	4.10%	105.895%	TQ2
2028	\$110,000	7.00%	4.15%	108.320%	TR0
2029	\$115,000	7.00%	4.25%	110.348%	TS8
2030	\$125,000	7.00%	4.35%	112.096%	TT6
2031	\$130,000	7.00%	4.45%	113.575%	TU3
2032	\$140,000	7.00%	4.55%	114.798%	TV1
2033	\$150,000	4.65%	4.65%	100.000%	TW9
2034	\$160,000	4.75%	4.75%	100.000%	TX7
2035	\$165,000	4.85%	4.85%	100.000%	TY5
2037(2)	\$355,000	5.05%	5.05%	100.000%	UA5
2039(2)	\$390,000	5.20%	5.20%	100.000%	UC1
2041(2)	\$430,000	5.30%	5.30%	100.000%	UE7
2043(2)	\$480,000	5.40%	5.40%	100.000%	UG2
2045(2)	\$535,000	5.50%	5.50%	100.000%	UJ6

THE NOTES

MATURITY SCHEDULE
(Base CUSIP(1) 849658)

<u>Maturity (September 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP(1)</u>
2027	\$28,510,000	4.00%	3.00%	101.116%(3)	UK3

(1) CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data (including CUSIP identifiers and related descriptive data) contained herein is provided by CUSIP Global Services (“CGS”), which is operated on behalf of the ABA by FactSet Research Systems Inc. CUSIP data is the valuable intellectual property of the ABA and the inclusion of CUSIP data herein is not intended to create a database and does not serve in any way as a substitute for any CUSIP Service provided by CGS. CUSIP data herein is provided for convenience of reference only. Neither the City, the Municipal Advisor, the Underwriter nor their agents take any responsibility for the accuracy of such data now or at any time in the future. The CUSIP number for the Obligations is subject to being changed after the issuance of the Obligations as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Obligations.

(2) Term Bonds (see “Description of THE OBLIGATIONS – Mandatory Redemption” herein).

(3) Priced to the first optional call date of September 1, 2026.

The Official Statement dated June 12, 2025 is a Final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

The City designates the senior managing underwriter of the syndicate to which the Obligations are awarded as its agent for purposes of distributing copies of the Final Official Statement to each participating underwriter. By delivering an offer with respect to the purchase of the Obligations, the senior managing underwriter has agreed that (i) it accepts such designation and (ii) it shall enter into a contractual relationship with all participating underwriters of the Obligations for purposes of assuring the receipt by each such participating underwriter of the Final Official Statement.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Obligations, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. The information and expressions of opinion in the Preliminary Official Statement and the Final Official Statement are subject to change, and neither the delivery of the Preliminary Official Statement nor the Final Official Statement nor any sale made under either such document shall create any implication that there has been no change in the affairs of the City since the respective date thereof. However, upon delivery of the Obligations, the City will provide a certificate stating there have been no material changes in the information contained in the Final Official Statement since its delivery.

References herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for the purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

The Obligations are considered securities and have not been approved or disapproved by the Securities and Exchange Commission or any state or federal regulatory authority nor has any state or federal regulatory authority confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. Investors must rely on their own examination of this Official Statement, the security pledged to repay the Obligations, the City and the merits and risks of the investment opportunity.

FORWARD-LOOKING STATEMENTS

This Official Statement, including its appendices, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "may," or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause a deviation from the actual results, performance or achievements expressed or implied by such forward-looking statements. The City does not expect or intend to update or revise any forward-looking statements contained herein if or when its expectations, or events, conditions, or circumstances on which such statements are based occur.

CITY OF SPRING HILL, KANSAS

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OFFICIAL STATEMENT

CITY OF SPRING HILL, KANSAS

\$3,450,000

General Obligation Bonds, Series 2025A (Taxable Under Federal Law)

\$28,510,000

General Obligation Notes, Series 2025B

(General Obligations Payable From Unlimited Ad Valorem Taxes)

PURPOSE OF THE OBLIGATION AND USE OF FUNDS

PURPOSE OF THE OBLIGATIONS

The Bonds

The proceeds of the Bonds will be used for the purpose of: (i) providing permanent financing for certain street improvements previously financed with the City's General Obligation Temporary Notes, Series 2023B (the "Existing Notes"); (ii) paying for improvements to the Webster Road Special Benefit District; and (iii) paying the costs of issuance of the Bonds

SOURCES AND USES OF FUNDS

The composition of the Bonds is as follows:

Sources of Funds:	
Principal Amount	\$3,450,000.00
Reoffering Premium	<u>82,518.40</u>
Total Sources of Funds	\$3,532,518.40
Uses of Funds:	
Deposit for Existing Notes Payment	\$3,105,000.00
Deposit to Improvement Fund	308,440.90
Costs of Issuance(1)	68,017.50
Underwriter's Compensation	<u>51,060.00</u>
Total Uses of Funds	\$3,532,518.40

The Notes

The proceeds of the Notes will be used for the purpose of: (i) financing various street improvements, sewer improvements, and improvements to the Fox Hollow Special Benefit District, (ii) paying capitalized interest, and (iii) paying costs of issuance on the Notes.

The composition of the Notes is as follows:

Sources of Funds:	
Principal Amount	\$28,510,000.00
Reoffering Premium	<u>318,171.60</u>
Total Sources of Funds	\$28,828,171.60
Uses of Funds:	
Deposit to Improvement Fund	\$26,643,906.89
Deposit to Debt Service Fund (Capitalized Interest)	1,878,492.21
Costs of Issuance(1)	113,330.00
Underwriter's Compensation	<u>192,442.50</u>
Total Uses of Funds	\$28,828,171.60

(1) Includes fees for local counsel, bond counsel, municipal advisor, registrar and paying agent, rating, and other miscellaneous expenses.

OBLIGATIONS

INTEREST CALCULATION

Interest on the Obligations is payable on March 1 and September 1 of each year, commencing March 1, 2026. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar and Paying Agent (as defined herein) as of the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months.

REGISTRATION AND EXCHANGE FEATURES

Each registered Obligation shall be transferable or exchangeable only on such record at the designated corporate trust office of the "Registrar" and "Paying Agent," the Treasurer of the State of Kansas, at the written request of the registered owner thereof or their attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or their duly authorized attorney.

BOOK ENTRY

When issued, the Obligations will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Obligations will be made in book-entry-only form. See Appendix B for "Book Entry".

PROVISIONS FOR PAYMENT

The principal on the Obligations shall be payable to the person in whose name such Obligation is registered on the books of the Registrar upon presentation and surrender of such Obligation at the principal office of the Registrar and Paying Agent. All payments of interest on the Obligations shall be paid to the registered owners of such Obligations as shown on the 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 register; (b) at such other address as is provided to the Registrar in writing by such owner; or (c) in the case of an interest payment to any owner that is a securities depository, by wire transfer to such owner upon written notice given to the 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 (which shall be in the continental United States), address, ABA routing number and account number to which such owner wishes to have such wire directed. Payments on the Obligations shall be made in lawful money of the United States of America which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the Obligations, principal and interest on the Obligations will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Obligations will be the responsibility of the DTC Participants and Indirect Participants as each such terms are defined in Appendix B.)

NOTICE OF REDEMPTION

As long as the book-entry only system applies to the Obligations, notice of redemption is to be mailed to DTC not less than 30 days prior to the date set for redemption in accordance with the procedures set forth in the letter of representations between the City and DTC. See Appendix B: Book-Entry herein for a description of DTC's practices with respect to redemption notices. If the book-entry only system is discontinued, the following notice of redemption procedures will apply.

Unless waived by any owner of the Obligations to be redeemed, if the City elects to call any Obligations for redemption and payment prior to maturity, the City shall instruct the Registrar to give written notice of its intention to call and pay such Obligations on a specified date, the same being described by maturity and series, such notice to be mailed by United States first class mail addressed to the owners of the Obligations, each of the notices to be mailed not less than 30 days prior to the date fixed for redemption. The City shall also give such additional notice as may be required by Kansas law or regulation of the Securities and

Exchange Commission in effect as of the date of such notice. If any Obligations are called for redemption and payment as described above, all interest on such Obligations shall cease from and after the date for which such call is made, provided funds are available for its payment at the price specified.

OPTIONAL REDEMPTION

The Bonds. At the option of the City, Bonds maturing on September 1 in the years 2033, and thereafter, will be subject to redemption and payment prior to maturity on September 1, 2032, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the City in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

The Notes. At the option of the City, the Notes will be subject to redemption and payment prior to maturity on September 1, 2026, and thereafter, as a whole or in part (selection of the amount of Notes to be redeemed to be determined by the City in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

MANDATORY REDEMPTION

The Series 2025A Bonds

The Term Bonds maturing on September 1 in the years 2037, 2039, 2041, 2043 and 2045 (the "Term Bonds") are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on the mandatory dates and in the principal amounts as follows:

<u>2037 Term Bond</u>		<u>2039 Term Bond</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2036	\$175,000	2038	\$190,000
2037*	\$180,000	2039*	\$200,000

<u>2041 Term Bond</u>		<u>2043 Term Bond</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2040	\$210,000	2042	\$235,000
2041*	\$220,000	2043*	\$245,000

<u>2045 Term Bond</u>	
<u>Year</u>	<u>Amount</u>
2044	\$260,000
2045*	\$275,000

* *Final Maturity.*

The principal amount of the Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the Issuer shall determine.

SELECTION OF OBLIGATIONS FOR REDEMPTION

Whenever the City is to select Obligations for the purpose of redemption, it will, in the case of Obligations in denominations greater than \$5,000, if less than all of the Obligations then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered Obligation as though it were a separate Obligation in the denomination of \$5,000.

REGISTRATION AND TRANSFER

As long as any Obligation remains outstanding, the Registrar will maintain a register and all transfers and exchanges of the Obligations will be registered therein. All Obligations presented for transfer or exchange shall be accompanied by a written instrument of transfer in a form and with guarantee of signature in a form satisfactory to the Registrar. Obligations may be exchanged for Obligations in the same series, aggregate principal amount and maturity upon presentation to the Registrar, subject to the terms, conditions and limitations set forth in the Resolutions (as herein defined). The City shall pay the fees and expenses of the Registrar for the registration, transfer and exchange of Obligations and the cost of preparation of a reasonable supply of registered Bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Registrar, are the responsibility of the owners of the Obligations. The City and Registrar shall not be required to register the transfer or exchange of any Obligation during a period beginning on the day following the Record Date preceding any interest payment date and ending at the close of business on such interest payment date.

AUTHORITY AND SECURITY

AUTHORITY

The Bonds: The Bonds are being issued pursuant to K.S.A. 12-6a01 *et seq.*, as amended or supplemented, and an ordinance passed by the governing body of the City and a resolution adopted by the governing body of the City on June 12, 2025 (collectively, the “Bond Resolution”).

The Notes: The Notes are being issued pursuant to K.S.A. 12-6a01 *et seq.*, K.S.A. 12-685 *et seq.*, K.S.A. 12-617 and 12-618 and a resolution adopted by the governing body of the City on June 12, 2025 (collectively, the “Note Resolution”).

SECURITY AND SOURCES OF PAYMENT

The Bonds

The Bonds shall be general obligations of the City payable as to both principal and interest from special assessments levied upon the property benefited by the construction of certain improvements, or from current revenues of the City authorized for such purpose, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

The Notes

The Notes shall be general obligations of the City payable as to both principal and interest from general obligation bonds of the City, from special assessments levied upon the property benefited by the construction of certain improvements, from current revenues of the City authorized for such purpose and from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Notes as the same become due.

INVESTMENT OF FUNDS

The proceeds of the Obligations are to be invested in accordance with the laws of the State of Kansas (the “State”) relating to the depositing, holding, securing, or investing of public funds. The City shall direct the investment of Obligation proceeds.

RATINGS

S&P Global Ratings (“S&P”), 55 Water Street, New York, New York have assigned a rating of “AA” to the Bonds and “SP-1+” to the Notes. Such ratings reflect only the opinion of S&P and any explanation of the significance of the ratings may be obtained only from S&P.

The ratings are not a recommendation to buy, sell or hold the Obligations, and such ratings may be subject to revision or withdrawal at any time by S&P. Any revision or withdrawal of the ratings may have an adverse effect upon the market price of the Obligations.

The City has not applied to any other rating service for a rating on the Obligations.

RISK FACTORS AND INVESTOR CONSIDERATIONS

Prospective purchasers of the Obligations should consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the City to meet the debt service requirements of the Obligations is subject to various risks and uncertainties which are discussed throughout this Official Statement. Certain of such investment considerations are set forth below.

MAINTENANCE OF RATING

The Obligations have been rated as to their creditworthiness by S&P. No assurance can be given that the Obligations will maintain their original rating. If the rating on the Obligations decreases or is withdrawn, the Obligations may lack liquidity in the secondary market in comparison with other such municipal obligations. See "Ratings" herein.

SECONDARY MARKET

No assurance can be given concerning the future existence of such a secondary market for the Obligations or its maintenance by the purchasers or others, and prospective purchasers of the Obligations should therefore be prepared, if necessary, to hold their Obligations to maturity or prior redemption, if any.

FUTURE CHANGES IN LAW

Future legislative proposals, if enacted into law, clarification of the Code (defined herein) or court decisions may change the tax treatment of interest on the Obligations, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal debt obligations is considered from time to time by the United States Congress and the Executive Branch. Bond Counsel's opinion is based upon the law in existence on the date of issuance of the Obligations. It is possible that legislation enacted after the date of issuance of the Obligations or proposed for consideration will have an adverse effect on the treatment of all or a part of the interest on the Obligations, the manner in which such interest is subject to federal income taxation or the market price of the Obligations.

Legislation affecting municipal debt obligations is considered from time to time by the Kansas legislature and Executive Branch. It is possible that legislation enacted after the date of the Obligations or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Obligations.

The City cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Obligations should reach their own conclusions regarding the impact of any such federal or state proposals.

There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the City.

LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF THE OBLIGATIONS

No Acceleration. There is no provision for acceleration of maturity of the principal of the Obligations in the event of a default in the payment of principal of or interest on the Obligations. Consequently, the owners of the Obligations may have to enforce other available remedies.

No Trustee. There is no trustee or similar person or entity to monitor or enforce the provisions of the Resolution on behalf of the owners of the Obligations, and therefore the owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

POTENTIAL IMPACTS RESULTING FROM EPIDEMICS OR PANDEMICS

The City's finances may be materially adversely affected by unforeseen impacts of future epidemics or pandemics, such as the Coronavirus (COVID-19) pandemic. The City cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the 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 City, including but not limited to the payment of debt service on any of its outstanding debt obligations.

CYBERSECURITY

The City relies on computer networks, data storage, collection, and transmission to conduct the operations of the City and has implemented security measures to protect data and limit financial exposure, including securing cybersecurity insurance to assist with the reduction of potential risk of financial and operational damage resulting from network attacks. Even with these security measures, the City, its information technology, data stored by the City and its infrastructure may be vulnerable in the event of a deliberate system attack, including malware, ransomware, computer virus, employee error or general disruption. If breached or compromised, the networks could be disrupted and information could be accessed, disclosed, lost, or stolen. The City acknowledges that its systems could be affected by a cybersecurity attack and that a loss, disruption, or unauthorized access to data held by the City could have a material impact on the City. Further, as cybersecurity threats evolve, the City will continue to evaluate and implement security measures and work to mitigate any vulnerabilities in its system. See "APPENDIX A: GENERAL INFORMATION CONCERNING THE CITY – Data Security Incident" herein.

PURCHASER/UNDERWRITING

The Bonds

The Bonds are being purchased by Robert W. Baird & Co., Incorporated, Milwaukee, Wisconsin (the "Bonds Underwriter") and its syndicate at a purchase price of \$3,481,458.40, which is the par amount of the Bonds of \$3,450,000.00, less the Underwriter's discount of \$51,060.00, plus the original issue premium of \$82,518.40.

The Notes

The Notes are being purchased by Robert W. Baird & Co., Incorporated, Milwaukee, Wisconsin (the "Bonds Underwriter") and its syndicate at a purchase price of \$28,635,729.10, which is the par amount of the Notes of \$28,510,000.00, less the Underwriter's discount of \$192,442.50, plus the original issue premium of \$318,171.60.

The Underwriter intends to offer the Obligations to the public at the offering price set forth in this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Obligations into investment trusts), who may reallocate concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time.

CONTINUING DISCLOSURE

The City has agreed in the Resolutions to enter into undertakings (the "Undertakings") for the benefit of the holders of the Obligations to provide certain financial information and operating data annually and to provide notice of certain events pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). See Appendix D, "Forms of Continuing Disclosure Letter of Instructions" herein.

To the best of its knowledge, the City has complied for the past five years in material respects with previous undertakings entered into pursuant to the Rule.

A failure by the City to comply with the Undertakings will not constitute an event of default under the Resolutions (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Obligations and their market price.

FUTURE FINANCING

As of the date of the Official Statement, the City does anticipate issuing additional debt in the Fall 2025.

The City periodically evaluates market conditions and outstanding financial obligations for refunding and refinancing opportunities and may issue refunding bonds if debt service savings can be achieved.

LITIGATION

To the knowledge of the officers for the City, there is no litigation pending, or threatened, against the City, which in any way questions or affects the validity of the Obligations, or any proceedings or transactions relating to the issuance, sale, or delivery thereof.

The officers for the City will certify at the time of delivery of the Obligations that there is no litigation pending or in any way threatened questioning the validity of the Obligations, or any of the proceedings relating to the authorization, issuance and sale of the Obligations that would result in a material adverse impact on the financial condition of the City.

LEGAL MATTERS

The Obligations are subject to approval as to certain matters by Kutak Rock LLP of Kansas City, Missouri, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix C herein will be delivered at closing.

APPROVAL OF OBLIGATIONS

All matters incident to the authorization and issuance of the Obligations are subject to the approval of Kutak Rock LLP, Kansas City, Missouri, Bond Counsel. The factual and financial information has been supplied or reviewed by certain officials of the City. Bond Counsel expresses no opinion as to the accuracy or sufficiency except for the matters appearing in the sections of this Official Statement captioned "PURPOSE OF THE OBLIGATIONS AND USE OF FUNDS" and "DESCRIPTION OF THE OBLIGATIONS" (except for the financial information therein including the sources and uses of funds and information pertaining to DTC or Book Entry) and "TAX MATTERS."

TAX MATTERS

The Bonds

General Matters. Bond Counsel is of the opinion that interest on the Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that, under existing State of Kansas statutes, interest on the Bonds is exempt from Kansas income tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Kansas or any other state or jurisdiction.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation

that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Bonds.

In general, interest paid on the Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Bonds, and principal payments (excluding the portion, if any, of such payments characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium. An investor that acquires a Bond for a cost greater than its remaining stated redemption price at maturity and holds such instrument as a capital asset will be considered to have purchased such instrument at a premium. Such premium may generally be amortized under the constant yield method upon prior election permitted by Section 171(c) of the Code and, if so amortized, any call options of the Issuer with respect to the Bonds are generally disregarded such that the instruments are amortized to their maturity date. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizing bond premium that reduces interest payments under Section 171 of the Code. Investors of any Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount. An investor that acquires a Bond for a price less than the adjusted issue price of such instrument may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Bond originally issued at a discount, the amount by which the issue price of such instrument, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Bond not originally issued at a discount, the amount by which the stated redemption price of such instrument at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the instrument, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such an instrument or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Bond that acquired such instrument at a market discount also may be required to defer, until the maturity date of such instrument or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such instrument in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such instrument. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Bond for the days during the taxable year on which the owner held such instrument and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will

be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Bonds and to gain on the sale of a Bond.

Sales or Other Dispositions. If an owner of a Bond sells the instrument, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such instrument. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Bond should consult its own tax advisor concerning the circumstances in which such instrument would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance. The legal defeasance of a Bond may result in a deemed sale or exchange of such instrument under certain circumstances. The owner of such a Bond should consult its tax advisors as to the federal income tax consequences of such a defeasance.

Foreign Investors. An owner of a Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax may apply to interest paid and original issue discount accruing on Bonds owned by foreign investors. In those instances in which payments of interest on the Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Bond.

Tax-Exempt Investors. In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. Unrelated business taxable income generally means the gross income derived by an organization from any unrelated trade or business as defined in Section 513 of the Code. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Bond incurs acquisition indebtedness with respect to such instrument, interest paid or accrued with respect to such owner may be

excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities whose underlying assets are considered to include “plan assets” (within the meaning of 29 C.F.R. Section 2510.3 (as modified by Section 3(42) of ERISA), such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans,” and together with arrangements that are subject to Section 4975 of the Code or similar provisions under any other federal, state, local, non-United States or other laws or regulations or similar law, as applicable, “Plans”)) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Bonds, could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the issuer or conduit borrower, if any, of the Bonds or any dealer of the Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Bonds are acquired by such plans or arrangements with respect to which the issuer or any conduit borrower of the Bonds or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Bonds. The sale of the Bonds to a Plan is in no respect a representation by the issuer or conduit borrower, if any, of the Bonds or any dealer that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular Plan. Any plan proposing to invest in the Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Neither the issuer or conduit borrower, if any, of the Bonds nor the Underwriter is acting as a fiduciary, or undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to such purchaser or transferee with respect to the decision to purchase or hold the Bonds or an interest in the Bonds.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed on persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Bonds on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the Bonds.

THE NOTES

General Matters. Bond Counsel is of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Notes is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Notes. Interest on the Notes may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, under existing State of Kansas statutes, interest on the Notes is exempt from Kansas income tax.

The accrual or receipt of interest on the Notes may otherwise affect the federal income tax liability of the owners of the Notes. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Notes, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Notes.

Original Issue Premium. The Notes that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Notes"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Note over its stated redemption price at maturity constitutes premium on such Premium Note. A purchaser of a Premium Note must amortize any premium over such Premium Note's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Notes callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Note is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Note prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Notes should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Note.

PROSPECTIVE PURCHASERS OF THE OBLIGATIONS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE OBLIGATIONS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE OBLIGATIONS.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of Obligations (the "Municipal Advisor" or "BTMA"). BTMA is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP ("BTUS"), an accounting firm and has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by City officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements. The Municipal Advisor's duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility.

MUNICIPAL ADVISOR REGISTRATION

BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the Obligations.

The offer and sale of the Obligations shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City has agreed that BTMA does not undertake to sell or attempt to sell the Obligations, and will take no part in the sale thereof.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms.

Baker Tilly Wealth Management, LLC ("BTWM"), a U.S. Securities and Exchange Commission ("SEC") registered investment adviser under the Federal Investment Advisers Act of 1940. Baker Tilly Capital, LLC ("BTC"), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA"). Baker Tilly Financial, LLC ("BTF"), is a wholly owned subsidiary of BTUS, registered with the SEC as an investment advisor.

BTUS, BTWM and subsidiaries of BTUS may provide advisory services to the clients of BTMA. BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

MISCELLANEOUS

The information contained in this Official Statement has been compiled from the City officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Obligations, the security for the payment of the Obligations and the rights and obligations of the owners thereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Obligations.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Obligations and a Final Official Statement following award of the Obligations. The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

GENERAL INFORMATION OF THE CITY

CITY PROPERTY VALUES

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is conducted by Kansas counties. The Johnson and Miami County Appraiser's offices determine annually the assessed valuation that is used as a basis for the mill levy on property located in the City. The County Appraiser's determination is based on criteria established by Kansas Statute.

The market valuation of every property is updated every year, with physical inspection required once every four years. Valuations as of January 1 are made available in September of each year for taxes payable during the next calendar year. The State Constitution provides that, for ad valorem taxation purposes, real and personal property are divided into classes and assessed at percentages of market value. See Appendix E for a discussion of property classes and assessment ratios.

Trend of Values

<u>Year</u> ⁽¹⁾	<u>Johnson County Sales Ratio</u>	<u>Miami County Sales Ratio</u>	<u>Appraised Value</u> ⁽²⁾	<u>Taxable Assessed Value</u> ⁽³⁾	<u>Valuation of Motor Vehicles</u>	<u>Equalized Assessed Tangible Valuation</u>
2024/25	N/A	N/A	\$1,447,160,297	\$187,740,620	\$ 7,482,275	\$195,222,895
2023/24	91.0%	99.1%	1,304,406,623	166,665,136	7,170,575	173,835,711
2022/23	81.6	89.5	1,063,229,811	140,053,757	13,509,342	153,563,099
2021/22	75.3	89.5	870,779,561	115,825,172	12,172,375	127,997,547
2020/21	76.6	89.3	881,933,045	105,268,896	11,127,723	116,396,619

- (1) As valued in the first year for the purpose of computing the rates of taxes collectible in the following year.
- (2) According to the Johnson County Appraiser's office, the valuations provided for in prior official statements did not include the area of the City covered by Johnson County's fire coverage. The valuations shown here have been updated to reflect the full valuations for the City in each year.
- (3) The value of motor and recreational vehicles is not included in total property valuation for determining the property tax levy. It is, however, included in total property valuation for determining the City's debt limit.

Sources: The Johnson and Miami County Clerk's Offices and the Kansas Department of Revenue, <http://www.ksrevenue.org>; For an explanation of Kansas property taxes, see Appendix E.

2024/25 Equalized Assessed Tangible Valuation

	<u>Johnson County</u>	<u>Miami County</u>	<u>Total</u>	<u>Percent of Total</u>
Real Estate	\$130,239,285	\$50,299,755	\$180,539,040	96.2%
Personal Property	737,973	178,865	916,838	0.5
State Assessed Utilities	<u>5,518,217</u>	<u>766,525</u>	<u>6,284,742</u>	<u>3.3</u>
Taxable Assessed Value	\$136,495,475	\$51,245,145	\$187,740,620	100.0%
Motor Vehicles	<u>2,178,016</u>	<u>5,304,259</u>	<u>7,482,275</u>	
Equalized Assessed Tangible Valuation	\$138,673,491	\$56,549,404	\$195,222,895	

Sources: The Johnson and Miami County Clerk's Offices, March 2025.

Ten of the Largest Taxpayers

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2024/25 Taxable Assessed Value</u>
Cardinal FG Company	Glass Manufacturer	\$ 5,877,344
A & M Products Manufacturing	Clorox Manufacturing	4,575,417
JSMITCH Properties LLC	Real Estate	4,271,174
Blackhawk Development	Real Estate	1,736,493
Individual	Commercial	1,638,781
ARG VI LLC	Real Estate	1,509,484
Mercado Holdings LLC	Commercial	1,436,675
Oak Woods TH 1 LLC	Real Estate	1,387,446
Knaebels, Inc.	Real Estate	1,270,300
Spring Hill Associates LLC	Real Estate	<u>1,260,536</u>
Total		\$24,963,650(1)

(1) Represent 12.8% of the City's 2024/25 equalized assessed tangible valuation.

CITY INDEBTEDNESS

2024/25 Total Equalized Assessed Tangible Valuation	\$195,222,895
Debt Limit Ratio	<u>x 30%</u>
Debt Limit	\$ 58,566,868
Outstanding Debt Subject to Debt Limit	<u>(36,002,025)</u>
Debt Authority Remaining as of July 8, 2025	\$ 22,564,843

NOTE: General obligation bonds and temporary notes issued to finance utility improvements, revenue bonds, and refunding bonds are not subject to the debt limit.

General Obligation Bonds Payable from Property Taxes

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 7-8-25</u>	<u>% Subject to the Debt Limit</u>	<u>Amount Subject to the Debt Limit</u>
1-1-12	\$ 338,385	Improvements (2012A)	1-27-2052	\$ 276,578	- 0 -	- 0 -
12-5-16	875,000	Improvements (2016B)	9-1-2026	195,000	100.00	\$ 195,000
7-23-19	2,785,000	Improvements (2019B)	9-1-2039	2,295,000	100.00	2,295,000
11-4-20	965,000	Improvements Refunding (2020B)	9-1-2033	690,000	- 0 -	- 0 -
3-28-23	5,145,000	Improvements (2023A)	9-1-2033	<u>4,825,000</u>	100.00	<u>4,825,000</u>
Total				\$8,281,578		\$7,315,000

General Obligation Bonds Payable from Special Assessments

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As 7-8-25</u>	<u>% Subject to the Debt Limit</u>	<u>Amount Subject to the Debt Limit</u>
12-5-16	\$3,565,000	Improvements Refunding (2016B)	9-1-2036	\$ 1,340,000	- 0 -	- 0 -
7-23-19	3,405,000	Improvements (2019B)	9-1-2039	2,810,000	100.00%	\$ 2,810,000
11-4-20	3,790,000	Improvements Refunding (2020B)	9-1-2032	2,620,000	- 0 -	- 0 -
8-19-21	1,625,000	Improvements (2021B)	9-1-2041	1,435,000	100.00	1,435,000
8-10-22	3,025,000	Improvements (2022A)	9-1-2042	2,805,000	100.00	2,700,000
7-8-25	3,450,000	Improvements (2025A)	9-1-2045	<u>3,450,000</u>	100.00	<u>3,450,000</u>
Total				\$14,355,000		\$10,395,000

General Obligation Bonds Payable from Sales Tax

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 7-8-25</u>	<u>% Subject to the Debt Limit</u>	<u>Amount Subject to the Debt Limit</u>
7-23-19	\$3,975,000	Improvements and Refunding (2019B)	9-1-2030	\$2,625,000	17.22%	\$452,025

General Obligation Bonds Payable from Utility Revenues

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 7-8-25</u>	<u>% Subject to the Debt Limit</u>	<u>Amount Subject to the Debt Limit</u>
12-5-16	\$4,105,000	Improvements Refunding (2016B)	9-1-2033	\$2,920,000	- 0 -	- 0 -
11-4-20	1,895,000	Improvements Refunding (2020B)	9-1-2033	<u>1,520,000</u>	- 0 -	- 0 -
Total				\$4,440,000		

General Obligation Temporary Bonds

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 7-8-25</u>	<u>% Subject to the Debt Limit</u>	<u>Amount Subject to the Debt Limit</u>
9-21-23	\$ 3,105,000	Improvements (2023B)	9-1-2025	\$ 3,105,000	100.00%	\$ 3,105,000
7-8-25	28,330,000	Improvements (2025B)	9-1-2027	<u>28,510,000</u>	62.57%	<u>17,840,000</u>
Total				\$31,615,000		\$20,945,000
		Less: Existing Notes to be Redeemed By the Bonds		<u>(3,105,000)</u>		<u>(3,105,000)</u>
		Total		\$28,510,000		\$17,840,000

**Estimated Calendar Year Debt Service Payments
Excluding All Temporary Bonds**

<u>Year</u>	<u>General Obligation Bonds Payable from Property Taxes</u>		<u>General Obligation Bonds Payable from Special Assessments</u>	
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest(1)</u>
2025 (at 7-8)	\$ 720,000	\$ 883,500	\$ 910,000	\$ 1,082,038
2026	756,094	1,060,766	1,000,000	1,535,287
2027	686,322	956,665	1,075,000	1,545,045
2028	721,560	959,066	1,100,000	1,529,395
2029	756,806	959,816	850,000	1,237,595
2030	792,061	960,216	880,000	1,234,545
2031	832,326	965,466	930,000	1,251,845
2032	852,600	955,665	830,000	1,121,895
2033	887,885	960,015	600,000	864,795
2034	173,181	213,116	620,000	865,170
2035	173,488	208,166	640,000	863,870
2036	178,806	208,216	660,000	861,743
2037	189,136	213,115	655,000	833,455
2038	194,479	212,716	685,000	840,190
2039	199,834	212,165	705,000	835,535
2040	10,203	16,466	490,000	595,035
2041	10,586	16,466	515,000	599,605
2042	10,983	16,466	430,000	493,145
2043	11,395	16,466	245,000	287,655
2044	11,822	16,466	260,000	289,425
2045	12,265	16,465	275,000	290,125
2046	12,725	16,465		
2047	13,202	16,465		
2048	13,697	16,465		
2049	14,211	16,466		
2050	14,744	16,466		
2051	15,297	16,466		
2052	<u>15,870</u>	<u>16,465</u>		
Total	\$8,281,578(2)	\$10,142,722	\$14,355,000(3)	\$19,057,393

(1) Includes debt service on the Bonds.

(2) 86.7% of this debt will be retired within ten years.

(3) 61.3% of this debt will be retired within ten years.

**Estimated Calendar Year Debt Service Payments
Excluding All Temporary Bonds (Continued)**

<u>Year</u>	<u>General Obligation Bonds Payable from Sales Tax</u>		<u>General Obligation Bonds Payable from Utility Revenues</u>	
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>
2025 (at 7-8)	\$ 360,000	\$ 418,275	\$ 390,000	\$ 451,125
2026	395,000	493,550	405,000	515,550
2027	425,000	503,800	410,000	508,400
2028	460,000	517,550	405,000	491,100
2029	500,000	534,550	405,000	478,950
2030	485,000	499,550	425,000	486,800
2031			435,000	484,050
2032			450,000	486,800
2033			405,000	429,100
2034			230,000	244,200
2035			235,000	244,600
2036			245,000	249,900
Total	\$2,625,000	\$2,967,575	\$4,440,000(1)	\$5,070,575

(1) 89.2% of this debt will be retired within ten years.

Other Debt Obligations

Leases

The City has entered into various leases for the acquisition of equipment in the current and prior years. Information regarding these leases are represented in the City's Annual Financial Statements. See Appendix F.

Debt Payment Record

The City has never in its history monetarily defaulted on the payment of any of its general obligation debt.

Overlapping Debt

<u>Taxing Unit(1)</u>	<u>Est. G.O. Debt As of 7-8-25(2)</u>	<u>Debt Applicable to Value in City</u>	
		<u>Percent</u>	<u>Amount</u>
Johnson County	\$269,275,600(3)	0.81%	\$ 2,181,132
Miami County	4,407,000	8.00	352,560
U.S.D. No. 230 (Spring Hill)	197,630,000	24.22	47,865,986
Johnson County Community College	39,395,000	0.81	319,100
Johnson County Park & Recreation	50,065,000	0.81	405,527
Johnson County Rural Fire No. 2	3,635,000	28.02	1,018,527
Total			\$52,142,832

(1) Only those taxing units that have general obligation debt outstanding are shown here.

(2) Excludes general obligation debt supported by revenues and revenue debt.

(3) Includes general obligation airport debt and lease purchase revenue bonds issued by the Public Building Commission of Johnson County ("PBC") which are payable solely from lease payments received by the PBC from the County and the Library Board.

Debt Ratios(1)

	<u>G.O. Direct Debt</u>	<u>G.O. Direct & Overlapping Debt</u>
To 2024/25 Appraised Valuation (\$1,447,160,297)	3.72%	8.10%
To 2024/25 Equalized Assessed Tangible Valuation (\$195,222,895)	27.54	60.03
Per Capita (9,689 – 2023 Estimate)	\$5,550	\$12,906

- (1) Excludes state revolving fund loans, general obligation bonds payable by utility revenues, and other debt obligations.

CITY TAX RATES, LEVIES AND COLLECTIONS

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

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

Tax Rates for a City Resident in U.S.D. 230 in Johnson County (Expressed in Mills)

<u>Levy Year</u>	<u>Budget Year</u>	<u>City of Spring Hill(1)</u>	<u>Miami County</u>	<u>U.S.D 230 (Spring Hill)</u>	<u>Other(2)</u>	<u>State</u>	<u>Total</u>
2024	2025	22.970	17.286	59.108	9.889	1.500	109.253
2023	2024	36.242	17.526	59.454	9.905	1.500	123.127
2022	2023	35.977	17.772	67.406	9.866	1.500	131.041
2021	2022	36.288	18.564	67.534	10.042	1.500	133.928
2020	2021	39.661	18.799	67.875	10.051	1.500	137.866

(1) Includes General, Bond & Interest, Fire Protection, and Cemetery.

(2) Includes the Spring Hill Recreation Commission, Johnson County Parks and Recreation, and Johnson County Library.

Source: Kansas Department of Administration, <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/county-tax-levy-sheets>.

Tax Rates for a City Resident in U.S.D. 230 in Miami County (Expressed in Mills)

<u>Levy Year</u>	<u>Budget Year</u>	<u>City of Spring Hill(1)</u>	<u>Miami County</u>	<u>U.S.D 230 (Spring Hill)</u>	<u>Other(2)</u>	<u>State</u>	<u>Total</u>
2024	2025	22.970	34.767	67.446	5.047	1.500	130.230
2023	2024	36.242	36.500	67.406	4.959	1.500	145.107
2022	2023	35.977	40.380	67.406	5.077	1.500	148.840
2021	2022	36.288	46.366	67.534	5.092	1.500	156.780
2020	2021	39.661	46.373	67.875	5.177	1.500	160.586
2019	2020	39.599	46.374	67.980	5.192	1.500	160.645
2018	2019	39.820	48.307	63.206	5.115	1.500	157.948

(1) Includes General, Bond & Interest, Fire Equipment, and Cemetery.

(2) Includes the Library, Spring Hill Recreation Commission, and Ext. District #16.

Source: Kansas Department of Administration, <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/county-tax-levy-sheets>.

Tax Levies and Collections

The City may levy taxes in accordance with the requirements of its adopted budget and within the restrictions of Kansas statute. The County Clerk determines property tax levies based on the assessed valuation provided by the appraiser and spreads the levies on the tax rolls.

<u>Levy Year/ Budget Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% Current Tax Collected</u>	<u>Prior Years Tax Collected</u>	<u>Total Tax Collections</u>	<u>Ratio Collection Versus Levy</u>
2024/25	\$3,385,402	\$1,946,723	57.5 %	\$41,600	\$1,988,323	58.7 %
2023/24	3,842,362	3,816,497	99.3	45,374	3,861,871	100.5
2022/23	3,280,557	3,146,230	95.9	61,951	3,208,181	97.8
2021/22	3,467,017	2,832,364	81.7	113	2,832,477	81.7
2020/21	3,555,937	2,942,395	82.7	10,870	2,953,265	83.1

* Collections are as of December 31, 2024.

Sources: The Johnson and Miami County Clerk's Offices, March 2025.

Special Assessment Collections

Special assessments are spread on benefited real estate with the property tax levy in August of each year. Interest on special assessments is computed at a rate equal to the rate of the bonds which financed the public improvements. The following table presents special assessments levies and collections for the past five years.

<u>Levy Year/ Budget Year</u>	<u>Amount Levied</u>	<u>Collections</u>	<u>Percent Collected</u>
2024/25(1)	\$1,190,502	\$ 664,587	55.8%
2023/24	1,190,502	1,225,209	102.9
2022/23	1,180,412	1,137,503	96.4
2021/22	1,055,905	1,156,911	109.6
2020/21	1,728,112	2,052,009	118.7

(1) Collections are as of February 28, 2025.

Source: City of Spring Hill.

Sales Tax Collections

The current total sales tax rate within the portion of the City located in Johnson County is 9.475%, of which the State's portion is 6.50%, the County's portion is 1.475%, and the City's portion is 1.50%. The current total sales tax rate of the portion of the City located in Miami County is 9.50%, of which the State's portion is 6.50%, the County's portion is 1.50%, and the City's portion is 1.50%. The following table sets forth the general fund sales tax collections of the City in the years indicated:

<u>Year</u>	<u>Amount Received</u>
2025 (to 2-28)	\$ 806,150
2024	4,455,441
2023	4,126,427
2022	3,939,698
2021	2,545,243
2020	2,028,877
2019	1,806,326
2018	1,727,123
2017	1,598,708
2016	1,565,703

Source: City of Spring Hill.

FUNDS ON HAND As of February 28, 2025

General Fund	\$ 5,055,265
Special Revenue Funds	5,829,899
Debt Service Funds	1,944,376
Capital Project Funds	1,517,562
Enterprise Funds:	
Water	1,705,155
Sewer	8,681,740
Stormwater	492,307
Equipment Replacement Fund	70,598
Gift Fund	52,057
ARPA Grant Funds	0
BASE Grant	0
Private Purpose Fund	<u>1,182,450</u>
Total Cash and Investments	\$26,531,409

CITY INVESTMENTS

The City may invest its funds pursuant to K.S.A. 12-1675, a state law which governs the investment of public funds by governmental subdivisions, units, and entities. K.S.A. 12-1675 authorizes the City to invest in the following:

- 1) its own temporary notes or no-fund warrants;
- 2) time deposit, open accounts, certificates of deposit or time certificates of deposit with maturities of not more than two years in banks, savings and loan associations and savings banks;
- 3) repurchase agreements with banks, savings and loan associations and savings banks;
- 4) United States treasury bills or notes with maturities not exceeding two years;
- 5) in the municipal investment pool fund established in K.S.A. 1997 Supp. 12-1677a;
- 6) in the investments authorized and in accordance with the conditions prescribed in K.S.A. 1997 Supp. 12-1677b; or
- 7) in multiple municipal client investment pools managed by trust departments of commercial banks which have offices located in the City or with trust companies incorporated under the laws of this state which have contracted to provide trust services under the provisions of K.S.A. 9-2107.

The local banks have a right of first refusal under the statute for the investments described in (2) or (3) above, and the City is authorized to make the other investments described above only if the local banks have refused. The municipal investment pool described in paragraph (5) above and in part (b) of the following paragraph is statutorily limited to those investments permitted for state monies under Kansas law. Permissible investments include:

- 1) direct obligations of, or obligations that are insured as to principal and interest by the United States of America or any agency thereof and obligations and securities of United States sponsored enterprises which under federal law may be accepted as security for public funds, provided that, after July 1, 1996 no investment may be made in mortgage-backed securities of such enterprises and of the Government National Mortgage Association (any investments existing before July 1, 1996 will be permitted to mature);
- 2) state agency bonds and projects; or commercial paper that does not exceed 270 days to maturity and which has received one of the two highest commercial paper credit ratings by a nationally recognized rating firm; or
- 3) repurchase agreements with a Kansas bank or a primary government securities dealer which reports to the market reports division of the Federal Reserve Bank of New York for direct obligations of, or obligations that are insured as to principal and interest by the United States government or any agency thereof and securities of United States government sponsored enterprises which under federal law may be accepted as security for public funds. The municipal investment pool and all of state monies for investment, on a competitive basis, to qualified banks. Any such investments in qualified banks are required to be secured by a pledge of securities as required by K.S.A. 1995 Supp. 75-4218.

The City (and the accounting staff of the City) has the responsibility for making and monitoring the investments made under these statutes and City ordinances and resolutions.

Population

The City's population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2023 Estimate	9,689	21.8%
2020 U.S. Census	7,952	47.1
2010 U.S. Census	5,407	98.3
2000 U.S. Census	2,727	30.9
1990 U.S. Census	2,084	3.9
1980 U.S. Census	2,005	--

Sources: Kansas Demographics, https://www.kansas-demographics.com/cities_by_population; and United States Census Bureau, <http://www.census.gov/>.

The City's approximate population by age group for the past five years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2024/25	2,376	1,833	3,684	1,297
2023/24	2,355	1,691	3,257	1,159
2022/23	2,230	1,759	3,266	1,188
2021/22	1,956	1,443	2,824	915
2020/21	1,903	1,376	2,782	868

Source: Claritas, LLC.

Transportation

The City is served by U.S. Highway 169 and Interstate 35. The City is also served by U.S. Highway 69, U.S. Highway 56 and Highway K-68. In addition, the Kansas Turnpike and Interstate 70 are located north of the City. Burlington Northern Santa Fe Railroad provides rail service to the area and the newly developed BNSF intermodal is located approximately 10 miles from the City. Regularly scheduled air service is available at the Kansas City International Airport, located approximately 45 miles north of the City. Additionally, new Century Air Center and Johnson County Executive Airport are each located approximately 10 miles from the City.

Major Employers

<u>Employer</u>	<u>Product or Service</u>	<u>Estimated Number of Employees</u>
USD No. 230 (Spring Hill)	Education	594
Seats, Inc.	Manufacturer	167
Cardinal Glass	Glass manufacturers	250
A&M Products Manufacturing	Manufacturer	210
Mid-Am Building Supply	Wholesale – construction material	87
Premier Building Supply	Distribution	79
City of Spring Hill	Municipal government and services	63*

*Includes full- and part-time employees. Excludes 75 seasonal employees.

Source: The City, <https://www.springhillks.gov/700/Spring-Hill-Demographics>.

Labor Force Data

	Annual Average				January
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Labor Force:					
Johnson County	345,753	349,503	355,475	360,344	357,283
Miami County	17,842	18,037	18,514	18,803	18,793
State of Kansas	1,500,677	1,504,932	1,524,404	1,545,790	1,548,755
Unemployment Rate:					
Johnson County	2.7%	2.3%	2.7%	3.3%	3.5%
Miami County	3.0	2.6	2.8	3.5	4.2
State of Kansas	3.3	2.7	2.9	3.6	3.9

Source: Kansas Labor Information Center, <http://www.klic.dol.ks.gov>. 2025 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Spring Hill

<u>Data Year/ Report Year</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>	<u>Total Retail Sales (\$000)</u>
2024/25	\$352,294	\$95,458	\$109,734
2023/24	293,564	87,188	101,784
2022/23	291,033	85,965	105,550
2021/22	250,890	83,528	78,764
2020/21	220,074	74,557	93,102

Johnson County

<u>Data Year/ Report Year</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>	<u>Total Retail Sales (\$000)</u>
2024/25	\$30,805,836	\$89,780	\$18,752,005
2023/24	28,366,899	84,927	15,619,533
2022/23	28,837,840	87,205	15,791,673
2021/22	28,294,590	85,331	13,500,115
2020/21	24,379,387	74,713	12,897,337

Miami County

<u>Data Year/ Report Year</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>	<u>Total Retail Sales (\$000)</u>
2024/25	\$1,348,130	\$80,802	\$529,260
2023/24	1,356,718	81,506	414,711
2022/23	1,244,972	78,264	437,258
2021/22	1,187,153	72,833	358,097
2020/21	1,026,890	65,022	370,167

The 2024/25 Median Household EBI for the State of Kansas was \$65,578. The 2024/25 Median Household EBI for the United States was \$69,245.

Source: Claritas, LLC.

Permits Issued by the City

Year	New Single Family Residential		New Commercial/Industrial		Total Value* (All Permits)
	Number	Value	Number	Value	
2025 (to 2-28)	42	\$ 8,476,699	0	\$ 3,333,000	\$ 8,951,203
2024	237	63,771,296	7	28,357	96,953,192
2023	104	32,472,271	12	18,714,584	65,891,601
2022	159	47,878,524	8	13,922,829	74,524,911
2021	284	64,667,255	20	40,732,032	111,200,086
2020	181	47,643,460	12	32,334,086	84,946,018
2019	125	32,539,999	6	21,477,987	54,017,986
2018	148	35,530,195	9	870,860	38,881,905
2017	144	33,955,150	12	21,180,585	56,454,385
2016	57	20,149,164	2	911,080	22,349,695

(1) In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).

Source: City of Spring Hill.

Education

Public Education

The following district serves the residents of the City:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2024/25 Enrollment</u>
U.S.D. No. 230 (Spring Hill)	City of Spring Hill	K-12	5,818

Source: Kansas K-12 Reports, http://datacentral.ksde.org/report_gen.aspx.

Post-Secondary Education

Residents of the City benefit from several regional secondary private schools and post-secondary institutions. There are four vocational technical schools and community colleges within a 25-minute drive from the City. They include Johnson County Community College, Johnson County Area Vocational School, DeVry Institute of Technology, and Fort Scott Community College. There are 11 four-year universities within one hour of the City. They include Mid-America Nazarene University in the City of Olathe; Washburn University in the City of Topeka; Rockhurst University in the City of Kansas City, Missouri; Baker University in the City of Baldwin; Avila University, Brown Mackie College of Kansas and University of Kansas Regents Center in the City of Overland Park; Haskell Indian College and University of Kansas in the City of Lawrence; University of Missouri in the City of Kansas City, Missouri; and Ottawa University in the City of Ottawa, Kansas.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

The City was incorporated in 1885 and is a City of the second class. The City is governed by a Mayor Council form of government. Five Council Members are elected at-large to serve four-year overlapping terms. The Mayor, also elected at large, serves a four-year term and presides over Council meetings and appoints certain City officials, subject to Council approval.

Elected Officials

		<u>Expiration of Term</u>
Joe Berkey	Mayor	January 2026
Chad Young	Council President	January 2028
Kristin Feeback	Council Member	January 2028
Mike Grant	Council Member	January 2026
Brian Peel	Council Member	January 2026
Phillip J. Thron	Council Member	January 2026

Key Appointed Officials

		<u>Employed Since</u>
Lane Massey	City Administrator	August 15, 2022
Rhonda Dunn	Finance Director/City Treasurer	July 15, 2022
Glenda Gerrity	City Clerk & Director of Community Services	March 1993
Adam Khan	Interim Chief of Police	December 2024
Patrick Burton	Director of Community Development	June 2019

Employee Relations

The City currently has approximately 53 full-time, 10 part-time, and approximately 75 seasonal employees during the summer months. The City does not have any bargaining units. All employees are non-union.

Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Kansas Public Employees Retirement System (KPERS). The KPERS is part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737. The City has established membership in KP&F. KP&F is a division of and is administered by KPERS.

A detailed description of these plans, along with the City's required contributions to each plan, are represented in the City's Annual Financial Statements. See Appendix F.

Other Postemployment Benefits

The City has obligations to its employees for post-employment benefits other than pensions, accounted for pursuant to the Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). The City's OPEB liabilities and associated contributions are represented in the City's Annual Financial Statements. See Appendix F.

General Fund Budget Summary

	<u>2024 Budget</u>	<u>2024 Estimated</u>	<u>2025 Budget</u>
Revenues:			
Taxes	\$7,926,337	\$ 8,065,490	\$ 8,625,194
Fines and Fees	805,231	1,859,096	1,457,377
Use of Money and Property	2,800	27,715	15,000
Miscellaneous	<u>48,055</u>	<u>154,926</u>	<u>48,055</u>
Total Revenues	\$8,782,423	\$10,107,227	\$10,145,626
Expenditures:			
General Government	\$4,165,155	\$ 3,641,734	\$ 4,735,802
Law Enforcement	2,685,038	2,584,214	2,877,111
Court Services	128,359	161,800	157,650
Highways and Streets	0	0	0
Streets and Parks*	1,131,223	1,479,961	1,462,267
Culture and Recreation	<u>672,233</u>	<u>957,043</u>	<u>912,796</u>
Total Expenditures	\$8,782,423	\$ 8,824,752	\$10,145,626
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 1,282,475	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 1,282,475	\$ 0
Beginning Fund Balance - January 1	\$1,245,226	\$ 1,971,222	\$ 1,973,220
Ending Fund Balance - December 31	\$1,245,226	\$ 3,253,697	\$ 1,973,220

Sources: City's Annual Financial Statements and the City.

Federal Financial Assistance

As of the date of this Official Statement, the City has received the following: \$201,211.73 of CARES Act Assistance in 2020; \$41,477.88 of Sparks funds in 2020; \$559,007.33 in American Rescue Plan Act (ARPA) Funds in 2021; and \$559,007.33 in ARPA Funds received in June 2022.

In 2022, the City Council designated use of the ARPA funds as follows: (i) for the purchase of AXON system for Police Department for \$162,058.36; (ii) for the purchase of mobile data terminals for Police Department for \$36,009.00; (iii) for the purchase of John Deere Mower for Streets/Parks \$67,859.33; and (iv) the remaining balance of \$852,669.00 to be spent on street improvements.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Taxes	\$4,599,958	\$5,184,152	\$6,061,752	\$6,483,500	\$7,219,409
Fines and fees	704,001	628,378	802,007	839,981	791,091
Miscellaneous	15,766	15,253	21,966	13,868	36,886
Intergovernmental	5,324	8,951	3,278	2,607	3,371
Use of money and property	695	787	2,010	2,460	4,336

Sources: City's Annual Financial Statements.

Data Security Incident

The City experienced a cybersecurity incident in October 2022 that temporarily impacted certain computer systems. The incident resulted in a limited data breach, and the City advised the known potentially affected individuals of the breach in accordance with applicable law. Subsequently, the City retained consulting services to identify needed cybersecurity enhancements and to implement recommendations.

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BOOK ENTRY

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORMS OF BOND COUNSEL OPINION

[Closing Date]

Governing Body of the
City of Spring Hill, Kansas

Re: \$3,450,000 General Obligation Bonds, Series 2025A (Taxable Under Federal Law), of the City of Spring Hill, Kansas, Dated July 8, 2025 (the “Bonds”)

We have acted as Bond Counsel in connection with the issuance by the City of Spring Hill, Kansas (the “City”), of the Bonds.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

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

1. The Bonds are valid and legally binding general obligations of the City, payable as to both principal and interest from special assessments levied upon the property benefited by the construction of certain improvements, or from current revenues of the City authorized for such purpose, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City.

2. The interest on the Bonds is included in gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

3. The interest on the Bonds is excluded from computation of Kansas adjusted gross income. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Kansas or any other state or jurisdiction.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the official statement).

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

[Closing Date]

Governing Body of the
City of Spring Hill, Kansas

Re: \$28,510,000 General Obligation Temporary Notes, Series 2025B, of the City of Spring Hill, Kansas, Dated July 8, 2025 (the “Notes”)

We have acted as Bond Counsel in connection with the issuance by the City of Spring Hill, Kansas (the “City”), of the Notes.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

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

1. The Notes are valid and legally binding general obligations of the City, payable as to both principal and interest from general obligation bonds of the City, from special assessments levied upon the property benefited by the construction of certain improvements, from current revenues of the City authorized for such purpose and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City.

2. The interest on the Notes is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Interest on the Notes may affect the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

3. The interest on the Notes is excluded from computation of Kansas adjusted gross income. We express no opinion regarding other tax consequences arising with respect to the Notes under the laws of the State of Kansas or any other state or jurisdiction.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Notes (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the official statement).

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

FORMS OF CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS

[Closing Date]

Governing Body of the
City of Spring Hill, Kansas

Re: Continuing Disclosure Letter of Instructions for \$3,450,000 General
Obligation Bonds, Series 2025A (Taxable Under Federal Law), Dated
July 8, 2025, of the City of Spring Hill, Kansas (the “Bonds”)

The purpose of this letter is to assist the Underwriter (as defined below) in complying with the requirements of the SEC Rule (as defined below). It being the intention of the City that there be full and complete compliance with the SEC Rule and EMMA (as defined below), this letter shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Commission (as defined below) and its staff or the MSRB (as defined below) and its staff with respect to the SEC Rule or EMMA, as the case may be. The City represents that it will be the only Obligated Person (as defined below) with respect to the Bonds at the time the Bonds are delivered to the Underwriter and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 1. Definitions. Unless the context otherwise requires, the following capitalized terms have the following meanings:

“**Annual Financial Information**” means the financial information or operating data with respect to the City, provided at least annually, of the type included in the portions of the Final Official Statement set forth in *Exhibit A* to this Letter.

“**Audited Financial Statements**” means the City’s annual financial statements, prepared in accordance with accounting principles generally accepted in the United States and the Kansas Municipal Accounting and Audit Guide, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

“**Bond Counsel**” means the firm of Kutak Rock LLP, 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 City.

“**Bond Resolution**” means the resolution of the City prescribing the terms and details of the Bonds.

“**Bonds**” means the “Bonds” as previously defined herein.

“**City**” means the City of Spring Hill, Kansas.

“**Commission**” means the Securities and Exchange Commission.

“Continuing Disclosure Letter of Instructions” or **“Letter”** means this Continuing Disclosure Letter of Instructions, the execution of which is authorized by the Bond Resolution, as the same may be amended or supplemented in accordance with its terms.

“EMMA” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB, or any other market access method approved under the SEC Rule.

“Final Official Statement” means the final official statement prepared by the City or its representatives in connection with the sale of the Bonds and delivered to the Underwriter within seven business days after the sale of the Bonds in accordance with the SEC Rule. The Final Official Statement includes the information in the Preliminary Official Statement as supplemented or amended.

“Financial Obligation” means a Financial Obligation as defined in the SEC Rule.

“MSRB” means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the SEC Rule.

“Obligated Person” means an Obligated Person as defined in the SEC Rule.

“Outstanding” means as of a particular date of determination, all Bonds authenticated and delivered under the provisions of the Bond Resolution, except:

- A. Bonds canceled by the Paying Agent or delivered to the Paying Agent for cancellation pursuant to the Bond Resolution;
- B. Bonds for the payment or redemption of which moneys or investments have been deposited in accordance with the defeasance provisions of the Bond Resolution; and
- C. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Bond Resolution.

“Paying Agent” means the paying agent for the Bonds as described in the Bond Resolution.

“Preliminary Official Statement” means the Preliminary Official Statement which was prepared by the City and its advisors in connection with the sale of the Bonds and distributed to potential purchasers of the Bonds before the Final Official Statement, as described in the SEC Rule, was made available.

“Prescribed Form” means such electronic format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of the applicable information.

“Reporting Event” means any of the following events with respect to the Bonds:

- A. principal and interest payment delinquencies;

- B. non-payment related defaults, if material;
- C. unscheduled draws on debt service reserves reflecting financial difficulties;
- D. unscheduled draws on credit enhancements reflecting financial difficulties;
- E. substitution of credit or liquidity providers, or their failure to perform;
- F. 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 security, or other material events affecting the tax status of the security;
- G. modifications to rights of security holders, if material;
- H. bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;
- I. defeasances;
- J. release, substitution, or sale of property securing repayment of the securities, if material;
- K. rating changes;
- L. bankruptcy, insolvency, receivership or similar event of the Obligated Person (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in proceedings under the U.S. Bankruptcy Code or in any other proceedings under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person);
- M. the consummation of a merger, consolidation, or acquisition involving an 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;
- N. appointment of a successor or additional trustee or the change of name of a trustee, if material;
- O. 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

P. 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.

“Reporting Event Notice” means notice in Prescribed Form in accordance with EMMA of a Reporting Event.

“SEC Report Date” means December 1 of each year, beginning December 1, 2025.

“SEC Rule” means the Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (17 CFR § 240.15c2-12).

“State” means the State of Kansas.

“Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Section 2. Undertaking.

A. This Letter constitutes the written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of the SEC Rule.

B. The City, as an “Obligated Person” within the meaning of the SEC Rule, undertakes to provide the following information as provided in this Letter:

- (1) Annual Financial Information;
- (2) Audited Financial Statements, if any; and
- (3) Reporting Event Notices.

C. (1) The City shall while any Bonds are Outstanding provide the Annual Financial Information in Prescribed Form in accordance with EMMA to the MSRB, on or before the SEC Report Date. The City may adjust the SEC Report Date if the City changes its fiscal year by providing written notice of the change of fiscal year and the new SEC Report Date to the MSRB; provided that the new SEC Report Date shall be six months after the end of the new fiscal year and provided further that the period between the final SEC Report Date relating to the former fiscal year and the initial SEC Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the City provides to the MSRB the Annual Financial Information by specific reference to documents available to the public on the MSRB’s Internet website, or filed with the Commission.

(2) If not provided as part of the Annual Financial Information, the City shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to the MSRB in Prescribed Form in accordance with EMMA.

(3) If a Reporting Event occurs while any Bonds are Outstanding, the City shall file a Reporting Event Notice in a timely manner not in excess of ten business days after the occurrence of such event in Prescribed Form in accordance with EMMA with the MSRB. Each Reporting Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(4) The City shall provide in Prescribed Form in accordance with EMMA in a timely manner not in excess of ten business days after the occurrence of such event to the MSRB notice of any failure by the City while any Bonds are Outstanding to provide to the MSRB Annual Financial Information on or before the SEC Report Date.

D. Any failure by the City to perform in accordance with this Letter shall not constitute an “event of default” under the Bond Resolution, and the rights and remedies provided therein upon the occurrence of an event of default shall not apply to any such failure.

Section 3. Method of Transmitting Continuing Disclosure. The information listed in Section 2 shall be provided by the City to the MSRB, at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), in the Prescribed Form or by such other method of transmitting information that is approved by the Commission.

Section 4. Amendments; Waiver. Notwithstanding any other provision of this Letter, the City may amend this Letter, and any provision of this Letter may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted;

(b) This Letter, as amended, or the provision, as waived, would have complied with the requirements of the SEC Rule at the time of the primary offering, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by a vote of the owners of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the City or its affiliates) or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the owners of the Bonds; or

(d) The amendment or waiver is otherwise permitted by the SEC Rule.

Following any amendment or waiver of a provision of this Letter, the City shall give notice in the same manner as for the occurrence of a Reporting Event under Section 2 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 City.

Section 5. Termination of Obligation to Provide Continuing Disclosure. The continuing obligation hereunder of the City to provide Annual Financial Information, Audited Financial Statements, if any, and Reporting Event Notices shall terminate immediately once the

Bonds no longer are Outstanding. This Letter, or any provision hereof, shall be null and void in the event that the City delivers to the MSRB an opinion of Bond Counsel to the effect that those portions of the SEC Rule which require this Letter, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 6. Dissemination Agent. The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Letter and may discharge any such agent with or without appointing a successor agent.

Section 7. Additional Information. Nothing in this Letter shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this subsection or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Reporting Event in addition to that which is required by this Letter. If the City chooses to include any information from any document or notice of occurrence of a Reporting Event in addition to that which is specifically required by this Letter, the City shall not have any obligation under this Letter to update such information or include it in any future disclosure or notice of the occurrence of a Reporting Event.

Section 8. Beneficiaries. This Letter has been executed in order to assist the Underwriter in complying with the Rule; however, this Letter shall inure solely to the benefit of the holders of the Bonds as required by Section (b)(5)(i) of the SEC Rule, and shall create no rights in any other person or entity.

Section 9. Recordkeeping. The City shall maintain records of all disclosure made pursuant to this Letter, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

KUTAK ROCK LLP

THIS CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS, received,
acknowledged and agreed to as of [Closing Date].

CITY OF SPRING HILL, KANSAS

By: _____
Mayor

EXHIBIT A

ANNUAL FINANCIAL INFORMATION

“Annual Financial Information” shall include the City’s Audited Financial Statements and, if not included in the City’s Audited Financial Statements, the tables under the following sections or headings in the Final Official Statement:

APPENDIX A, CITY PROPERTY VALUES

APPENDIX A, CITY INDEBTEDNESS

APPENDIX A, CITY TAX RATES, LEVIES AND COLLECTIONS

[Closing Date]

Governing Body of the
City of Spring Hill, Kansas

Re: Continuing Disclosure Letter of Instructions for \$28,510,000 General
Obligation Temporary Notes, Series 2025B, of the City of Spring Hill,
Kansas, Dated July 8, 2025 (the “Notes”)

The purpose of this letter is to assist the Underwriter (as defined below) in complying with the requirements of the SEC Rule (as defined below). It being the intention of the City that there be full and complete compliance with the SEC Rule and EMMA (as defined below), this letter shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Commission (as defined below) and its staff or the MSRB (as defined below) and its staff with respect to the SEC Rule or EMMA, as the case may be. The City represents that it will be the only Obligated Person (as defined below) with respect to the Notes at the time the Notes are delivered to the Underwriter and that no other person is expected to become so committed at any time after issuance of the Notes.

Section 1. Definitions. Unless the context otherwise requires, the following capitalized terms have the following meanings:

“**Annual Financial Information**” means the financial information or operating data with respect to the City, provided at least annually, of the type included in the portions of the Final Official Statement set forth in *Exhibit A* to this Letter.

“**Audited Financial Statements**” means the City’s annual financial statements, prepared in accordance with accounting principles generally accepted in the United States and the Kansas Municipal Accounting and Audit Guide, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

“**Bond Counsel**” means the firm of Kutak Rock LLP, 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 City.

“**City**” means the City of Spring Hill, Kansas.

“**Commission**” means the Securities and Exchange Commission.

“**Continuing Disclosure Letter of Instructions**” or “**Letter**” means this Continuing Disclosure Letter of Instructions, the execution of which is authorized by the Note Resolution, as the same may be amended or supplemented in accordance with its terms.

“**EMMA**” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB, or any other market access method approved under the SEC Rule.

“Final Official Statement” means the final official statement prepared by the City or its representatives in connection with the sale of the Notes and delivered to the Underwriter within seven business days after the sale of the Notes in accordance with the SEC Rule. The Final Official Statement includes the information in the Preliminary Official Statement as supplemented or amended.

“Financial Obligation” means a Financial Obligation as defined in the SEC Rule.

“MSRB” means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the SEC Rule.

“Note Resolution” means the resolution of the City prescribing the terms and details of the Notes.

“Notes” means the “Notes” as previously defined herein.

“Obligated Person” means an Obligated Person as defined in the SEC Rule.

“Outstanding” means as of a particular date of determination, all Notes authenticated and delivered under the provisions of the Note Resolution, except:

- A. Notes canceled by the Paying Agent or delivered to the Paying Agent for cancellation pursuant to the Note Resolution;
- B. Notes for the payment or redemption of which moneys or investments have been deposited in accordance with the defeasance provisions of the Note Resolution; and
- C. Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Note Resolution.

“Paying Agent” means the paying agent for the Notes as described in the Note Resolution.

“Preliminary Official Statement” means the Preliminary Official Statement which was prepared by the City and its advisors in connection with the sale of the Notes and distributed to potential purchasers of the Notes before the Final Official Statement, as described in the SEC Rule, was made available.

“Prescribed Form” means such electronic format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of the applicable information.

“Reporting Event” means any of the following events with respect to the Notes:

- A. principal and interest payment delinquencies;
- B. non-payment related defaults, if material;
- C. unscheduled draws on debt service reserves reflecting financial difficulties;

- D. unscheduled draws on credit enhancements reflecting financial difficulties;
- E. substitution of credit or liquidity providers, or their failure to perform;
- F. 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 security, or other material events affecting the tax status of the security;
- G. modifications to rights of security holders, if material;
- H. bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;
- I. defeasances;
- J. release, substitution, or sale of property securing repayment of the securities, if material;
- K. rating changes;
- L. bankruptcy, insolvency, receivership or similar event of the Obligated Person (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in proceedings under the U.S. Bankruptcy Code or in any other proceedings under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person);
- M. the consummation of a merger, consolidation, or acquisition involving an 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;
- N. appointment of a successor or additional trustee or the change of name of a trustee, if material;
- O. 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
- P. 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.

“Reporting Event Notice” means notice in Prescribed Form in accordance with EMMA of a Reporting Event.

“SEC Report Date” means December 1 of each year, beginning December 1, 2025.

“SEC Rule” means the Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (17 CFR § 240.15c2-12).

“State” means the State of Kansas.

“Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Notes.

Section 2. Undertaking.

A. This Letter constitutes the written undertaking for the benefit of the holders of the Notes required by Section (b)(5)(i) of the SEC Rule.

B. The City, as an “Obligated Person” within the meaning of the SEC Rule, undertakes to provide the following information as provided in this Letter:

- (1) Annual Financial Information;
- (2) Audited Financial Statements, if any; and
- (3) Reporting Event Notices.

C. (1) The City shall while any Notes are Outstanding provide the Annual Financial Information in Prescribed Form in accordance with EMMA to the MSRB, on or before the SEC Report Date. The City may adjust the SEC Report Date if the City changes its fiscal year by providing written notice of the change of fiscal year and the new SEC Report Date to the MSRB; provided that the new SEC Report Date shall be six months after the end of the new fiscal year and provided further that the period between the final SEC Report Date relating to the former fiscal year and the initial SEC Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the City provides to the MSRB the Annual Financial Information by specific reference to documents available to the public on the MSRB’s Internet website, or filed with the Commission.

(2) If not provided as part of the Annual Financial Information, the City shall provide the Audited Financial Statements when and if available while any Notes are Outstanding to the MSRB in Prescribed Form in accordance with EMMA.

(3) If a Reporting Event occurs while any Notes are Outstanding, the City shall file a Reporting Event Notice in a timely manner not in excess of ten business days after the occurrence of such event in Prescribed Form in accordance with EMMA with the MSRB. Each Reporting Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Notes.

(4) The City shall provide in Prescribed Form in accordance with EMMA in a timely manner not in excess of ten business days after the occurrence of such event to the MSRB notice of any failure by the City while any Notes are Outstanding to provide to the MSRB Annual Financial Information on or before the SEC Report Date.

D. Any failure by the City to perform in accordance with this Letter shall not constitute an “event of default” under the Note Resolution, and the rights and remedies provided therein upon the occurrence of an event of default shall not apply to any such failure.

Section 3. Method of Transmitting Continuing Disclosure. The information listed in Section 2 shall be provided by the City to the MSRB, at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), in the Prescribed Form or by such other method of transmitting information that is approved by the Commission.

Section 4. Amendments; Waiver. Notwithstanding any other provision of this Letter, the City may amend this Letter, and any provision of this Letter may be waived, if:

A. The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted;

B. This Letter, as amended, or the provision, as waived, would have complied with the requirements of the SEC Rule at the time of the primary offering, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and

C. The amendment or waiver either (i) is approved by a vote of the owners of the Notes holding a majority of the aggregate principal amount of the Notes (excluding Notes held by or on behalf of the City or its affiliates) or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the owners of the Notes; or

D. The amendment or waiver is otherwise permitted by the SEC Rule.

Following any amendment or waiver of a provision of this Letter, the City shall give notice in the same manner as for the occurrence of a Reporting Event under Section 2 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 City.

Section 5. Termination of Obligation to Provide Continuing Disclosure. The continuing obligation hereunder of the City to provide Annual Financial Information, Audited Financial Statements, if any, and Reporting Event Notices shall terminate immediately once the Notes no longer are Outstanding. This Letter, or any provision hereof, shall be null and void in the event that the City delivers to the MSRB an opinion of Bond Counsel to the effect that those portions of the SEC Rule which require this Letter, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Notes.

Section 6. Dissemination Agent. The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Letter and may discharge any such agent with or without appointing a successor agent.

Section 7. Additional Information. Nothing in this Letter shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this subsection or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Reporting Event in addition to that which is required by this Letter. If the City chooses to include any information from any document or notice of occurrence of a Reporting Event in addition to that which is specifically required by this Letter, the City shall not have any obligation under this Letter to update such information or include it in any future disclosure or notice of the occurrence of a Reporting Event.

Section 8. Beneficiaries. This Letter has been executed in order to assist the Underwriter in complying with the Rule; however, this Letter shall inure solely to the benefit of the holders of the Notes as required by Section (b)(5)(i) of the SEC Rule, and shall create no rights in any other person or entity.

Section 9. Recordkeeping. The City shall maintain records of all disclosure made pursuant to this Letter, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

KUTAK ROCK LLP

THIS CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS, received, acknowledged and agreed to as of [Closing Date].

CITY OF SPRING HILL, KANSAS

By: _____
Mayor

EXHIBIT A

ANNUAL FINANCIAL INFORMATION

“Annual Financial Information” shall include the City’s Audited Financial Statements and, if not included in the City’s Audited Financial Statements, the tables under the following sections or headings of the Final Official Statement:

APPENDIX A, CITY PROPERTY VALUES

APPENDIX A, CITY INDEBTEDNESS

APPENDIX A, CITY TAX RATES, LEVIES AND COLLECTIONS

**SUMMARY OF PROPERTY VALUATION, TAX LEVIES,
PAYMENT PROVISIONS AND THE CASH-BASIS LAW**

Following is a summary of certain statutory and constitutional provisions relative to the mechanisms of real property valuation, tax levy procedures, tax payment and distribution procedures, and the cash-basis laws of the state. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes and articles of the State Constitution. This summary reflects changes to Kansas property tax laws following amendment of the State Constitution in 1986 and 1992 relating to reappraisal and classification of real property for the purpose of property taxation.

**Property Valuations (Chapter 79, Article 14, Kansas Statutes Annotated, and
Article 11, Kansas Constitution)**

Assessor's Estimated Fair Market Value

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

Assessed Value and Property Classification

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

Class 1

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

- | | | |
|-----|---|------|
| (1) | Real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located | 11½% |
| (2) | Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to Section 12 of Article 11 of the Constitution ... | 30% |
| (3) | Vacant lots | 12% |
| (4) | Real property which is owned and operated by a not-for-profit organization not subject to federal income taxation pursuant to Section 501 of the federal Internal Revenue Code, and which is included in this subclass by law | 12% |
| (5) | Public utility real property, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed | 33% |
| (6) | Real property used for commercial and industrial purposes and buildings and other improvements located upon land devoted to agricultural use | 25% |
| (7) | All other urban and rural real property not otherwise specifically subclassified | 30% |

Class 2

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

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

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

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

Property Tax Payments and Delinquencies (Chapter 79, Articles 18, 20, 23, 24, 28 and 29, Kansas Statutes Annotated)

The amount of ad valorem taxes to be levied against property within a taxing jurisdiction is determined by the governing body of the jurisdiction as part of the annual budget approval process and certified, along with special assessments, to the county clerk not later than August 25 of each year (or not later than October 1 of each year for jurisdictions exceeding the revenue neutral rate). The county clerk assembles the tax levies and assessments from the various jurisdictions located within the county, together with any State property tax levies, into a tax roll specifying the tax on each taxable parcel of land in the county. The county treasurer receives the certified tax roll and mails tax statements to taxpayers not later than December 15. Taxpayers have the option of paying the entire amount of taxes owed not later than December 20, or paying half at that time and the other half by the following May 10.

Property taxes not paid when and in the amounts due are considered delinquent and are subject to an interest penalty at a rate set by law. If delinquent taxes, plus accrued interest, have not been paid by July 10, the county treasurer will convey ownership of the property to the county, pursuant to statute. Delinquent taxpayers then have three years (or two years if both property taxes and special assessments are owed) to redeem their property by paying all unpaid taxes, fees, accrued interest and costs thereon. If not redeemed, the real estate will be disposed of by sheriff's sale at public auction to the highest bidder.

following judicial foreclosure proceedings. The net proceeds of the sheriff's sale are apportioned on a pro rata basis to the various taxing units having jurisdiction over the property.

Property Tax Distributions (Section 12-1678a, Kansas Statutes Annotated)

Property taxes and special assessments collected by the county treasurer on December 20 and May 10 are distributed to the various taxing units on January 20 and June 5, respectively, in the actual amount collected as of not more than 20 days prior to the distribution date. In addition, distributions of interim collections are made on March 20 and September 20, in an amount equal to 95% of the estimated amount collected but not less than the actual amount collected as of not more than 20 days prior to such distribution dates. A final distribution is made on October 31, just prior to the receipt by the treasurer of the following year's tax roll.

The Kansas Cash-Basis Law (Chapter 10, Article 11, Kansas Statutes Annotated)

All municipalities and taxing subdivisions of the State are required by law to administer their financial operations on a cash basis, except in specific instances. Simply stated, a municipality may not incur a financial obligation in an amount which exceeds the amount of funds actually on hand at the time the obligation is incurred. The most notable exceptions to the cash-basis law are bonds, notes and warrants issued in accordance with State law, contracts approved by referendum and teacher contracts.

In order to operate efficiently on a cash basis, municipalities must adhere to certain statutory budgeting and accounting requirements which segregate financial resources into various operating funds, such as the general fund and the debt service fund, and limit the expenditure of such resources to the amounts identified in the duly adopted budget for each fund. Budgeted expenditures must be balanced with budgeted revenue for each fund, and moneys cannot be transferred between funds to cover excessive spending. Likewise, surplus revenue must be carried forward and used to reduce tax levies in the following year, with allowance for reasonable reserves.

According to the Kansas Supreme Court, the purpose of the cash-basis and budget laws is to provide for "the systematical, intelligent and economical administration of the financial affairs of municipalities and other taxing subdivisions of the state, so as to avoid waste and extravagance and yet permit such units of government to function so as to supply the governmental wants and needs of the people." (State, ex rel., v. Republic County Commissioners, 148 Kan. 376, 383.) It has the collateral effect of ensuring that financial obligations legally entered into will be paid.

2023 ANNUAL FINANCIAL STATEMENTS

The City's Annual Financial Statements for fiscal year ended December 31, 2023, audited by Gordon CPA LLC, Lawrence, Kansas may be accessed on the MSRB's EMMA website, located [here](#). (The City's Annual Financial Statements for fiscal year ended December 31, 2024 are not yet available.)