

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 21, 2025

NEW ISSUE

BOOK-ENTRY ONLY

In the opinion of Gilmore & Bell, P.C., bond counsel to the Issuer, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Series 2025 Bonds [including any original issue discount properly allocable to an owner thereof] is excludable from gross income for federal income tax purposes and not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Series 2025 Bonds is exempt from income taxation by the State of Kansas, and (3) the Series 2025 Bonds are "qualified tax exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" herein. Bond Counsel notes that interest on the Series 2025 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See "TAX MATTERS" in this Official Statement.

NOT RATED

BANK QUALIFIED

\$2,205,000*

CITY OF SEDGWICK, KANSAS PUBLIC BUILDING COMMISSION REVENUE BONDS, SERIES 2025

DATED: As of the Delivery Date shown below

DUE: October 1, As shown on the inside cover

The Revenue Bonds (Fire Station Project), Series 2025 (the "Series 2025 Bonds") will be issued by the City of Sedgwick, Kansas Public Building Commission (the "Issuer" or "PBC") as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2025 Bonds. Purchases of the Series 2025 Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof (the "Authorized Denomination") and shall be numbered in such manner as the Bond Registrar shall determine. Purchasers will not receive certificates representing their interests in the Series 2025 Bonds purchased. So long as Cede & Co. is the registered owner of the Series 2025 Bonds, as nominee for DTC, references herein to the Bond owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Series 2025 Bonds. Principal will be payable upon presentation and surrender of the Series 2025 Bonds by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as paying agent and bond registrar (the "Paying Agent" and "Bond Registrar"). Interest payable on each Bond shall be paid to the persons who are the registered owners of the Series 2025 Bonds as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner, or in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Series 2025 Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Principal of the Series 2025 Bonds will be payable on each October 1, beginning in 2031, and semiannual interest will be payable on April 1 and October 1, beginning on April 1, 2026 (the "Interest Payment Dates").

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto herein or in "APPENDIX C – SUMMARY OF PRINCIPAL FINANCING DOCUMENTS."

The Series 2025 Bonds shall be special limited obligations of the Issuer payable solely from, and secured as to the payment of Debt Service Requirements on the Series 2025 Bonds by a pledge of, certain property, which consists primarily of rental payments to be received by the Issuer under a Lease Agreement between the Issuer and the City of Sedgwick, Kansas (the "City"). THE SERIES 2025 BONDS SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER, NOR SHALL THEY CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION, LIMITATION OR RESTRICTION. THE ISSUER HAS NO TAXING POWER. See "THE 2025 BONDS – Security for the Series 2025 Bonds". Additional Bonds may be issued by the Issuer on a parity with the Series 2025 Bonds.

MATURITY SCHEDULE ON INSIDE COVER PAGE*

The Series 2025 Bonds are subject to redemption and payment prior to maturity at the option of the Issuer on or after October 1, 2032. See "THE SERIES 2025 BONDS - Redemption Provisions" herein.

The Series 2025 Bonds are offered when, as, and if, issued and delivered by the Issuer, subject to the receipt of the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. It is expected that the Series 2025 Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about December 18, 2025.

SEALED BIDS WILL BE ACCEPTED ON BEHALF OF
THE CITY OF SEDGWICK, KANSAS PUBLIC BUILDING COMMISSION BY:
RANSON FINANCIAL GROUP, LLC
ON DECEMBER 3, 2025 UNTIL 11:00 A.M. C.T.
AT 200 W. DOUGLAS, SUITE 110
WICHITA, KANSAS 67202
VOICE (316) 264-3400 FAX (316) 265-5403

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

*Subject to change.

\$2,205,000 *
CITY OF SEDGWICK, KANSAS PUBLIC BUILDING COMMISSION
REVENUE BONDS, SERIES 2025

MATURITY SCHEDULE*

SERIAL BONDS

<u>Stated Maturity October 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Base:</u>
2031	\$165,000	____%	____%	
2032	170,000	____%	____%	
2033	180,000	____%	____%	
2034	185,000	____%	____%	
2035	190,000	____%	____%	
2036	195,000	____%	____%	
2037	205,000	____%	____%	
2038	215,000	____%	____%	
2039	225,000	____%	____%	
2040	230,000	____%	____%	
2041	245,000	____%	____%	

[TERM BONDS]

<u>Stated Maturity October 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Base:</u>
2041		____%	____%	]

(all plus accrued interest, if any)

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Issuer, the Borrower, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

*Subject to change.

REGARDING THIS PRELIMINARY OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Series 2025 Bonds other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Preliminary Official Statement does not constitute an offer to sell or solicitation of an offer to buy the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Preliminary Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Preliminary Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Series 2025 Bonds.

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Governing Body – City of Sedgwick, Kansas Public Building Commission

City Hall
520 N. Commercial/PO Box 131
Sedgwick, KS 67135
Phone No. (316) 772-5151

Jeremy Burkholder, Member
Bryan Chapman, Member
Brenda DeHaven, Member
Dan Hartman, Member
Josh Liby, Member
Kramer Siemens, Member

Governing Body – City of Sedgwick, Kansas

Bryan Chapman, Mayor
Brenda DeHaven, Councilmember
Dan Hartman, Councilmember
Jeremy Burkholder, Councilmember
Josh Liby, Councilmember
Kramer Siemens, Councilmember

City Staff

Kyle Nordick, City Administrator
Shelia Agee, City Clerk

Paying Agent/Bond Registrar

Office of State Treasurer
Topeka, Kansas

City Attorney

Jennifer Hill, Esq.
Wichita, Kansas

Bond Counsel

Gilmore & Bell, P.C.
Wichita, Kansas

Financial Advisor

Ranson Financial Group LLC
Wichita, Kansas

Underwriter

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2025 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2025 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SERIES 2025 BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2025 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE SERIES 2025 BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

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

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

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**APPENDIX B – CITY OF SEDGWICK, KANSAS FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’
REPORT FOR YEAR ENDED DECEMBER 31, 2024**

APPENDIX C – SUMMARY OF PRINCIPAL FINANCING DOCUMENTS

APPENDIX D – FORM OF DISCLOSURE UNDERTAKING

\$2,205,000*
CITY OF SEDGWICK, KANSAS PUBLIC BUILDING COMMISSION
REVENUE BONDS, SERIES 2025

INTRODUCTION

General Matters

The purpose of this Official Statement is to furnish information relating to the City of Sedgwick, Kansas Public Building Commission (the “Issuer” or the “PBC”), the Issuer's Revenue Bonds, Series 2025 (the “Series 2025 Bonds”), dated December 18, 2025 (the “Dated Date”), and other matters relating thereto.

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

Brief descriptions of the Series 2025 Bonds, the Issuer, the City, the Project and anticipated sources and uses of funds are included herein. Summaries of the principal financing documents relating to the authorization, issuance of and security for the Series 2025 Bonds (collectively the “Principal Financing Documents”) are described in “APPENDIX C – SUMMARY OF FINANCING DOCUMENTS.” Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and the Series 2025 Bonds are subject to the actual provisions of such documents. Copies of such documents may be examined at the principal offices of the City or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

The Issuer

The Issuer is a municipal corporation organized in 2025 by the City Council of the City pursuant to K.S.A. 12-1757 *et seq.*. The Issuer's governing body consists of six (6) members. The Issuer's principal function and responsibility is to finance the acquisition and construction of building facilities for lease to governmental entities. The current members of the governing body are set forth on the inside cover of this Preliminary Official Statement.

The City

The City is a municipal corporation organized under the laws of the State. The current members of the governing body and certain other officials of the City are set forth on the inside cover of this Preliminary Official Statement.

Definitions

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in “APPENDIX C – SUMMARY OF PRINCIPAL FINANCING DOCUMENTS.”

Continuing Disclosure

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. In connection with the issuance of the Bonds, the City will enter into a continuing disclosure undertaking (the “Disclosure Undertaking”) wherein the City covenants to annually provide certain financial information and operating data (collectively the “Annual Report”) and other information necessary to comply with the Rule, and to transmit the same to the MSRB. Pursuant to the Disclosure Undertaking, the City has agreed to file its Annual Report with the national repository (“EMMA”) not later than November 1 of each year, commencing after the year ending December 31, 2025. In the Bond Resolution, hereinafter defined, the City covenants with the Underwriter and the Beneficial Owners to apply the provisions of the Disclosure Undertaking to the Bonds. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds.

The City has previously entered into disclosure undertakings pursuant to the Rule (the “Prior Undertakings”). In certain prior years, the City has failed to file its Annual Report within the time period prescribed by the Prior Undertakings. In 2019, the City hired a third-party firm to assist the City in meeting its continuing disclosure obligations. The City’s filings for the previous five years are set forth on the table below.

<u>Fiscal Year</u> <u>Ending December 31</u>	<u>Required</u> <u>Filing Date</u>	<u>Financial Information</u> <u>Filing Date</u>	<u>Operating Data</u> <u>Filing Date</u>
	06/30/2021 ⁽¹⁾		
2020	12/31/2021 ⁽²⁾	06/03/2021	06/23/2021
	06/30/2022 ⁽¹⁾		
2021	12/31/2022 ⁽²⁾	05/09/2022	06/16/2022
	06/30/2023 ⁽¹⁾		
2022	12/31/2023 ⁽²⁾	04/06/2023	06/09/2023
	06/30/2024 ⁽¹⁾		
2023	12/31/2024 ⁽²⁾	05/13/2025 ⁽³⁾	06/27/2024
	06/30/2025 ⁽¹⁾		
2024	12/31/2025 ⁽²⁾	05/13/2025	05/13/2025

⁽¹⁾ Filing requirements for the City’s General Obligation Refunding and Improvement Bonds, Series 2010.

⁽²⁾ Filing requirements for the City’s General Obligation Refunding and Improvement Bonds, Series 2012-A; Taxable General Obligation Refunding Bonds, Series 2012-B; General Obligation Refunding Bonds, Series 2017-A; and the Bonds.

⁽³⁾ A notice of failure to file on time was not submitted.

During the past five years, the City has made filings of event notices on EMMA with respect to bond calls and defeasances, however, during said time period, the City may not have made timely filings of event notices on EMMA relating to all bond calls, defeasances, ratings changes, or incurrences of financial obligations. The City believes this information was disseminated or available through other publicly available sources.

For more information regarding the Disclosure Undertaking, see “APPENDIX D — FORM OF DISCLOSURE UNDERTAKING.”

Additional Information

All of the summaries of statutes, opinions, financial and statistical data, and other related reports and documents described in this Preliminary Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the City Hall, 520 N Commercial, Sedgwick, Kansas 67135. Additional information regarding the City or the Issuer, or the Series 2025 Bonds may be obtained from the City’s Financial Advisor, Ranson Financial Group, LLC, 200 W. Douglas, Suite 110, Wichita, Kansas 67202, Attention: Larry Kleeman, by phone ((316) 264-3400) or e-mail (larry@citycode.com).

THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be issued as fully registered Bonds in the denomination of \$5,000 each or integral multiples thereof (the “Authorized Denomination”). The Series 2025 Bonds will be dated as of the Dated Date and will mature, subject to prior redemption, as hereinafter described, and will bear interest from their dated date at the rates per annum shown on the inside cover page. The principal of and interest on the Series 2025 Bonds will be payable at such place and as is shown on the cover page.

Authority and Purpose

The Series 2025 Bonds are being issued pursuant and in full compliance with the Constitution and statutes of the State, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 12-1757 *et seq.*, and K.S.A. 10-1201 *et seq.*, as amended (collectively the “Act”) for the purpose of paying all or a portion of the costs to construct, equip, and furnish a new fire station facility in the City (the “Project”).

Security for the Series 2025 Bonds

In conjunction with the issuance of the Series 2025 Bonds, the Issuer, as lessor, will enter into a lease with the City, as Lessee (the "Lease") whereby the Issuer will lease the Project to the City and the City will agree to make rental payments sufficient to meet the Debt Service Requirements on the Series 2025 Bonds. The Series 2025 Bonds shall be special obligations of the Issuer payable solely from and secured as to the payment of principal and interest by a pledge of certain property composed primarily, but not completely, of revenues derived by the Issuer from the Lease. The Lease is an unconditional and absolute obligation of the City and the City is obligated to make payments under the Lease in amounts sufficient to pay principal and interest on the Series 2025 Bonds. Pursuant to the Act, the obligations of the City for rentals payable under the Lease for its entire term is specifically exempted from the provisions of the Kansas cash basis and budget laws and is not subject to annual appropriation, early cancellation or termination.

THE SERIES 2025 BONDS DO NOT IN ANY RESPECT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FULL FAITH AND CREDIT OF THE ISSUER OR THE CITY (EXCEPT TO THE EXTENT THAT RENTALS PAYABLE BY THE CITY UNDER THE LEASE CONSTITUTES AN UNCONDITIONAL OBLIGATION OF THE CITY THAT MAY BE MADE FROM TAX LEVIES).

Designation of Paying Agent and Bond Registrar

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

The Treasurer of the State of Kansas, Topeka, Kansas (the "Bond Registrar" and "Paying Agent") has been designated by the Issuer as paying agent for the payment of principal of and interest on the Series 2025 Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds.

Method and Place of Payment of the Series 2025 Bonds

The principal of, or Redemption Price, and interest on the Series 2025 Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

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

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

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE SERIES 2025 BONDS, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See “THE SERIES 2025 BONDS – Book-Entry Bonds; Securities Depository.”

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Bonds; Securities Depository

The Series 2025 Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Series 2025 Bonds, except in the event the Bond Registrar issues Replacement Bonds. It is anticipated that during the term of the Series 2025 Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Series 2025 Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraphs.

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

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2025 Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interest in not less than 50% of the Series 2025 Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2025 Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Series 2025 Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

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

delivery of the Series 2025 Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

Registration, Transfer and Exchange of Bonds

As long as any of the Series 2025 Bonds remain Outstanding, each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register. Bonds may be transferred and exchanged only on the Bond Register as hereinafter provided. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Series 2025 Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Nonpresentment of Bonds

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

Redemption Provisions

Optional Redemption. At the option of the Issuer, upon instructions from the City, the Series 2025 Bonds maturing October 1, 2033 and thereafter will be subject to redemption and payment prior to maturity on October 1, 2032 and thereafter, as a

whole or in part (selection of the amount of Series 2025 Bonds to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

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

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

*Final Maturity]

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

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

*Final Maturity]

Extraordinary Optional Redemption. The Series 2025 Bonds shall be subject to redemption and payment prior to the stated maturity thereof by the Issuer, at the option of the City, as a whole or in part on any date, at a redemption price of 100% of the principal amount of the Series 2025 Bonds being called for redemption, plus accrued interest thereon to the redemption date, upon the occurrence of any of the following conditions or events:

- (1) if title to, or the use for a limited period of, substantially all of the Project is condemned by any authority having the power of eminent domain;
- (2) if title to substantially all of the Project is found to be deficient or nonexistent to the extent that the efficient utilization of such Project by the City is impaired;
- (3) if substantially all of the Project is damaged or destroyed by fire or other casualty; or
- (4) if as a result of changes in the Constitution of the State, or of legislative or administrative action by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Lease shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City, or the Issuer.

Selection of Bonds to be Redeemed. The Series 2025 Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Series 2025 Bonds are to be redeemed and paid prior to their Stated Maturity, such Series 2025 Bonds shall be redeemed in such manner as the Issuer shall determine, Series 2025 Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in minimum Authorized Denomination in such equitable manner as the Bond Registrar may determine. In the case of a partial redemption of Series 2025 Bonds by lot when Series 2025 Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Series 2025 Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of a minimum Authorized Denomination of face value represented by any Series 2025 Bond is selected for redemption, then upon notice of intention to

redeem a minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Series 2025 Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of a minimum Authorized Denomination of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Series 2025 Bond or Series 2025 Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Series 2025 Bond. If the Owner of any such Series 2025 Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Series 2025 Bond shall, nevertheless, become due and payable on the redemption date to the extent of a minimum Authorized Denomination of face value called for redemption (and to that extent only).

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

All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Series 2025 Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Series 2025 Bonds or portions of Bonds that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Series 2025 Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Series 2025 Bonds, the Bond Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

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

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2025 Bonds. The Series 2025 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 bond certificate will be issued for each scheduled maturity of the Series 2025 Bonds, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers,

banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 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 Series 2025 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 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

4. 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 Series 2025 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.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 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 Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2025 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 Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant’s interest in the Series 2025 Bonds, on DTC’s records, to the Paying Agent. The requirement for physical delivery of the Series 2025 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in

the Series 2025 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

THE PROJECT

Proceeds of the Series 2025 Bonds will be applied to pay the costs and expenses incurred in connection with the Project, consisting of the construction, furnishing, and equipping of a new building for the benefit of the City's use as a fire station facility, and all improvements related thereto.

Contemporaneously with the issuance of the Bonds, the Issuer and the City will enter into a Base Lease, dated as of the Dated Date, wherein the City leases the Site to the Issuer for a term ending in December 18, 2051 (the "Base Lease"), and permits the construction and operation of the Facility. The Issuer and the City will also enter into a Lease Agreement, dated as of the Dated Date (the "Lease"), wherein the Issuer will lease the Project to the City for lease payments sufficient to provide funds to the Issuer to pay the Debt Service Requirements on the Bonds. The term of the Lease will be co-terminus with the final maturity of the Bonds. The City will operate the Project and upon retirement of the Bonds, the Base Lease and Lease will terminate and title to the Project will be in the City.

APPLICATION OF BOND PROCEEDS

The following table itemizes the sources of funds available for the Project, including the proceeds from the sale of the Series 2025 Bonds, and how such funds are expected to be used:

Sources of Funds	
Proceeds of the Series 2025 Bonds*	\$2,205,000
Grant Funds	
Total	\$
Uses of Funds	
Deposit to Project Fund	\$
Costs of issuance	
Underwriter's Discount	
Total	\$

* Subject to change.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE SERIES 2025 BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE SERIES 2025 BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2025 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2025 BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE UNDERWRITER.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Series 2025 Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City or the taxing authority of the City. Changes in laws affecting the taxing authority of the City could limit the ability of the City to collect revenue sufficient to make Rental Payments under the Lease.

Special Obligations

The Series 2025 Bonds are special limited obligations of the Issuer. Neither the Series 2025 Bonds nor the interest thereon constitute a general obligation or indebtedness of, nor is the payment thereof guaranteed by the Issuer or any governmental subdivision, agency or instrumentality.

Debt Service Source

The Series 2025 Bonds and the interest thereon shall be limited obligations of the Issuer payable solely and only from the net earnings and revenues derived by the Issuer from the Project, including but not limited to the rents, revenues and receipts under the Lease (including, in certain circumstances, Bond proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards). The Series 2025 Bonds are secured by a pledge of the Pledged Property established by the Resolution, which is comprised primarily, but not completely, of such rental payments. Under the Act, the City is authorized to enter into long term leases with the Issuer for use of facilities such as the Project. The obligation of the City to make rental payments under the Lease is not subject to annual appropriation and is exempt from the application of the Kansas cash basis and budget laws.

Title to Project

In conjunction with the issuance of the Bonds, the City is leasing certain real property constituting the Site to the Issuer pursuant to the Base Lease. Such Site, together with the Bond-financed Project improvements thereon, will be leased from the Issuer to the City pursuant to the Lease.

Other than the right of the Issuer to enforce the Lease and Base Lease, neither the Project nor the underlying Site is pledged or mortgaged to secure payment of the Bonds. If there is a default in the payment of the Bonds, the owners of the Bonds will have no right to foreclose upon or otherwise obtain use or possession of the Project, other than to enforce the Issuer's rights in the Lease and Base Lease.

Environmental Matters

Even though the City operations do not involve any unusual environmental hazards, and the City believes that it is currently in compliance with all federal, state and local regulations regarding potential contaminants, the potential for spills and other contamination of the air, soil or groundwater on the Project or in the vicinity may result in potential exposure to liability under federal and state environmental and regulatory laws which require remedial action. No environmental site assessment of the Project has been conducted. Under some circumstances, lenders and other third parties may be named as "potentially responsible parties" and be subjected to liability for payment of cleanup costs. The liability of third parties to such exposure is not well defined. It is not currently possible to assess accurately either the nature or the extent of such potential liability.

Liquidation of Security in the Event of Default

The Project consists of real property and the improvements located thereon. In the event of a forced liquidation or other reletting or disposition of the Project, there is no assurance this will produce funds sufficient to pay the principal of the Series 2025 Bonds and the interest accrued thereon.

Abandonment of Project after Event of Default

The Issuer has certain remedies under the Lease if an Event of Default under the Lease occurs and continues, including the ability to take possession of the Project and relet it, with the proceeds being available to pay principal and interest on the respective Series 2025 Bonds. The Lease gives the Issuer the option, under such circumstances, not to re-enter or take possession of the Project, thereby abandoning a part of the security for the respective Series 2025 Bonds. In the event that the

Project should become contaminated by the presence of Hazardous Substances, the Tenant is the subject of a remedial action under an Environmental Law as a result of such contamination, the Issuer would have the discretion to abandon the Project, and probably would abandon it if its market value were substantially impaired by the presence of the contamination or if re-entering or taking possession of the Project would probably expose the Issuer or the Owners to liability for costs of a remedial action under an Environmental Law.

Limitations on Remedies Available to Owners of Series 2025 Bonds

The enforceability of the rights and remedies of the owners of Series 2025 Bonds, and the obligations incurred by the City in issuing the Series 2025 Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2025 Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Taxation of Interest on the Series 2025 Bonds

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under current provisions of the Code, and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Series 2025 Bonds includable in gross income for federal income tax purposes.

The Issuer and the City have respectively covenanted in the Lease and in other documents and certificates to be delivered in connection with the issuance of the Series 2025 Bonds to comply with the provisions of the Code, including those which require the City to take or omit to take certain actions after the issuance of the Series 2025 Bonds. Because the existence and continuation of the excludability of the interest on the Series 2025 Bonds depends upon events occurring after the date of issuance of the Series 2025 Bonds, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the City with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Series 2025 Bonds in the event of noncompliance with such provisions. The failure of the Issuer or the City to comply with the provisions described above may cause the interest on the Series 2025 Bonds to become includable in gross income as of the date of issuance.

Market for the Series 2025 Bonds

Bond Rating. The Bonds are **not** rated and no application has been made for a rating.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Series 2025 Bonds. Prices of municipal Series 2025 Bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit market. From time to time it may be necessary to suspend indefinitely secondary market trading in selected issues of municipal Series 2025 Bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the City, or a material adverse change in the financial condition of the City, whether or not the subject Series 2025 Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Premium on Series 2025 Bonds

[The initial offering price of the Series 2025 Bonds that are subject to optional redemption are in excess of the respective principal amounts thereof.] Any person who purchases a Series 2025 Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Series 2025 Bonds are subject to redemption at par under the various circumstances described under "THE SERIES 2025 BONDS - Redemption Provisions."

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Bond Resolution does not provide for the payment of additional interest or penalty on the Series 2025 Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Bond Resolution does not provide for the payment of any additional interest or penalty on the Series 2025 Bonds if the interest thereon becomes includable in gross income for Kansas income tax purposes.

Suitability of Investment

The tax exempt feature of the Series 2025 Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Preliminary Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Series 2025 Bonds are an appropriate investment.

Cybersecurity Risks

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

Natural Disasters, Terrorist or Cyber Attacks

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

Potential Impacts Resulting from Epidemics or Pandemics

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

THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2025 BONDS.

Prospective purchasers of the Series 2025 Bonds should analyze carefully the information contained in this Official Statement and additional information in the form of the complete documents summarized herein, copies of which are available and may be obtained from the City or the Financial Advisor.

LEGAL MATTERS

Approval of the Series 2025 Bonds

All matters incident to the authorization and issuance of the Series 2025 Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and the City and their certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the Preliminary Official Statement but expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Preliminary Official Statement captioned "THE SERIES 2025 BONDS," "LEGAL MATTERS," "TAX MATTERS" and "**APPENDIX C – SUMMARY OF PRINCIPAL**

FINANCING DOCUMENTS.” Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Series 2025 Bonds.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series 2025 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2025 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2025 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2025 Bonds.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the issue date of the Series 2025 Bonds:

Federal Tax Exemption. The interest on the Series 2025 Bonds [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes

Alternative Minimum Tax. Interest on the Series 2025 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2025 Bonds are “qualified tax-exempt obligations” for purposes of Code § 265(b)(3).

Kansas Tax Exemption. The interest on the Series 2025 Bonds is exempt from income taxation by the State of Kansas.

No Other Opinions. Bond Counsel’s opinions are provided as of the date of the original issue of the Series 2025 Bonds, subject to the condition that the Issuer and City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer and City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2025 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2025 Bonds.

Other Tax Consequences

[Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2025 Bond over its issue price. The stated redemption price at maturity of a Series 2025 Bond is the sum of all payments on the Series 2025 Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Bond is generally the first price at which a substantial amount of the Series 2025 Bonds of that maturity have been sold to the public. Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2025 Bond during any accrual period generally equals (1) the issue price of that Series 2025 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2025 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2025 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2025 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.]

[Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2025 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2025 Bond is the sum of all

payments on the Series 2025 Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Bond is generally the first price at which a substantial amount of the Series 2025 Bonds of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Series 2025 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2025 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2025 Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.]

Sale, Exchange or Retirement of Series 2025 Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2025 Bond, an owner of the Series 2025 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2025 Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Series 2025 Bond. To the extent the Series 2025 Bonds are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2025 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Series 2025 Bonds, and to the proceeds paid on the sale of Series 2025 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2025 Bonds should be aware that ownership of the Series 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2025 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2025 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2025 Bonds, including the possible application of state, local, foreign and other tax laws. Bond Counsel notes that the interest on the Series 2025 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

EXEMPTION FROM REGISTRATION

The offering, sale and delivery of the Series 2025 Bonds, including the obligations of the City under the Lease, are being made under the assumption by the Underwriter that they do not require registration of the Series 2025 Bonds under the Securities Act of 1933, as amended, and the offering, sale and delivery of the Series 2025 Bonds do not require registration or qualification of the Resolution and the Lease under the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the necessity of registering the Series 2025 Bonds under the “blue sky” or securities laws of any state.

BOND RATING

The Issuer has **not** applied for a rating on the Series 2024 Bonds herein offered for sale.

ABSENCE OF LITIGATION

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

There is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the issuing municipality or

its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in the Transcript leading up to the issuance of the Series 2025 Bonds, or the constitutionality or validity of the indebtedness represented by the Series 2025 Bonds shown to be authorized in said Transcript, or the validity of the Series 2025 Bonds or any of the proceedings in relation to the issuance or sale thereof, or the levy and collection of a tax.

FINANCIAL ADVISOR

Ranson Financial Group LLC, Wichita, Kansas (the “Financial Advisor”) has acted as financial advisor to the Issuer in connection with the sale of the Series 2025 Bonds. The Financial Advisor has assisted the Issuer in the preparation of this Preliminary Official Statement and in other matters relating to the issuance of the Series 2025 Bonds. Ranson Financial Group LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The fees of the Financial Advisor are contingent upon the issuance of the Series 2025 Bonds.

INITIAL PURCHASE

On December 3, 2025, the Issuer received _____ () bids for the purchase of the Series 2025 Bonds. The Series 2025 Bonds were awarded by the Issuer’s Governing Body to _____, _____, (the “Underwriter”). The Underwriter submitted the lowest bid for the purchase of the Series 2025 Bonds with a true interest cost of ____%.

The Series 2025 Bonds will be offered to the public initially at the prices determined to produce the yield set forth on the inside cover page of this Preliminary Official Statement. The Underwriter may offer and sell the Series 2025 Bonds to certain dealers (including dealers depositing the Series 2025 Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Series 2025 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

ADDITIONAL INFORMATION

Additional information with respect to the City, the Issuer, and the Series 2025 Bonds may be obtained upon request to the City’s Municipal Advisor, Ranson Financial Group LLC, 200 W. Douglas, Ste. 110, Wichita, Kansas 67202.

Any statements in this Preliminary Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

This Preliminary Official Statement is submitted only in connection with the sale and delivery of the Series 2025 Bonds and may not be reproduced or used in whole or in part for any other purpose.

AUTHORIZATION OF PRELIMINARY OFFICIAL STATEMENT

The preparation of this Preliminary Official Statement and its distribution has been authorized by the governing body of the Issuer as of the date on the cover page hereof. This Preliminary Official Statement is submitted in connection with the issuance of the Series 2025 Bonds and may not be reproduced or used as a whole or in part for any other purpose. This Preliminary Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Series 2025 Bonds

CITY OF SEDGWICK, KANSAS PUBLIC BUILDING COMMISSION

By _____
President

APPENDIX A

GENERAL INFORMATION CONCERNING THE ISSUER AND THE CITY

THE CITY OF SEDGWICK, KANSAS PUBLIC BUILDING COMMISSION

The Public Building Commission of the City of Sedgwick, Kansas (the “Issuer” or “PBC”) was organized in August of 2025 pursuant to K.S.A. 12-1757 *et seq.* and Ordinance No. 917 of the City. The PBC's principal function and responsibility is to finance the acquisition and construction of building facilities for lease to governmental entities.

The Issuer consists of six (6) voting members, with the Mayor and each City Council Member each appointing one PBC member. City staff provides administrative services to the Issuer. The names and titles of the PBC members are as follows:

<u>NAME</u>	<u>TITLE</u>
Jeremy Burkholder	Member
Bryan Chapman	Member
Brenda DeHaven	Member
Dan Hartman	Member
Josh Liby	Member
Kramer Siemens	Member

GENERAL INFORMATION CONCERNING THE CITY

Size and Location

The City of Sedgwick, Kansas (the “City”) is split between Sedgwick and Harvey County, Kansas, and is located approximately 25 miles North of Wichita, Kansas (“Wichita”). The City encompasses approximately one and a half square miles and has a current estimated population of 1,582 persons.

Government and Organization of the City

The City of Sedgwick, Kansas, incorporated in 1872 is a city of the third class under the laws of the State of Kansas and has a Mayor-Council form of government. The Mayor and five Councilmembers are elected at large and serve staggered four-year terms. City Council terms are determined by charter ordinance. The City Administrator is appointed by the Council.

The principal officials and officers of the City as of the submission date of this report are as follows:

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Bryan Chapman	04/2001 to 01/2026
Council Members:	Brenda DeHaven	01/2020 to 01/2028
	Dan Hartman	01/2022 to 01/2026
	Jeremy Burkholder	04/2025 to 01/2028
	Josh Liby	01/2024 to 01/2028
	Kramer Siemens	01/2022 to 01/2026
City Administrator	Kyle Nordick	N/A
City Clerk	Shelia Agee	N/A
City Attorney	Jennifer Hill, Esq.	N/A

Management Personnel

The City Administrator is employed by the City Council and in turn employs other staff members. The Mayor appoints, confirmed by the City Council, the City Clerk. Once appointed the City Clerk is viewed as an employee of the City, per Charter Ordinance No. 32 of the City. Together these positions carry out the provisions of the City services.

Public Safety

The City has a chief of police, two full-time law enforcement employees, and one part-time law enforcement employee, all of which are sworn officers. There are currently openings for one full-time and three part-time officers. Fire protection is provided by the City, which operates with 18 volunteer firefighters. The City operates its own emergency ambulance service for the City and surrounding area. Five full-time and 25 part-time employees make up the EMS staff.

Municipal Services and Other Utilities

The City provides water, sewer, trash utility, and recycling services to residents of the City. Electricity is provided to residents by Evergy Energy. Natural gas is provided by Kansas Gas Service. Telephone, internet, and cable service is provided by AT&T Kansas Telephone Company, Cox Communications, and IdeaTek. Other various service providers offer local telephone, internet, and cable service.

Transportation Facilities

The City is located six miles west of Interstate 35 in between the City of Wichita and the City of Newton. Newton City-County Airport, primarily serving general aviation is located 17 miles Northeast of the City. Wichita Dwight D. Eisenhower National Airport is located 17 miles South of the City and provides regularly scheduled air service.

Educational Institutions and Facilities

Unified School District No. 439 operates one elementary school, and one senior high school in the City and surrounding area. The district has a full-time equivalent enrollment of approximately 508 students for the 2024/25 school year.

The following universities or colleges offering bachelor's or advanced degrees are also located in the region:

<u>Name</u>	<u>Location</u>	<u>Estimated Distance from City (in Miles)</u>	<u>Estimated Enrollment (FTE)</u>
Wichita State University	Wichita, KS	16	12,203
Wichita State University Tech	Wichita, KS	16	3,616
Friends University	Wichita, KS	17	2,024
Newman University	Wichita, KS	18	2,066
Hutchinson Community College	Hutchinson, KS	30	3,268
Butler Community College	El Dorado, KS	31	4,297

Medical and Health Facilities

Newton Medical Center is located within 15 miles of the City and provides major medical services to the City and surrounding area. Wichita Hospitals, Via Christi St. Francis, Via Christi St. Joseph, Via Christi St. Teresa, and Wesley Medical are all within 25 miles of the City. The Medical Plaza of Valley Center, a clinic associated with the Newton Medical Center, is located 9 miles south of the City and provides family medicine and specialty physicians. Diversicare of Sedgwick provides rehabilitation care, short and long-term care, hospice care and assisted living.

Recreational, Cultural and Religious Facilities

The City offers sporting events, a public swimming pool, recreation center, public parks that feature playground equipment, picnic facilities, including shelter houses, summer recreational programs, and many different clubs and other organizations.

A wide variety of cultural and entertainment options are available to residents at the Lillian Tear Library, Sedgwick Historical Museum and the Senior Center. There are 24 historical sites registered with the Kansas Historical Society located within Harvey County. Sedgwick’s downtown is listed on the historical register and one residence is located within the City limits.

The City has four churches that serve the community.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City follows a cash basis of accounting for all tax funds of the City, including the General Fund, which is designed to show compliance with the cash-basis and budget laws of the State of Kansas.

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

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

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

The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the county clerk's notices to the taxpayer will be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by governing body approval of a resolution or ordinance, and thereafter the taxing subdivisions will adopt the budget by majority vote of its governing body. The amount of tax to be levied and the adopted budget must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate. However, if a taxing subdivision does not comply with the notice and hearing requirements of the Revenue Neutral Tax Act because it did not intend to exceed its revenue neutral rate, but the final assessed valuation of such taxing subdivision

used to calculate the actual levy is less than the estimated assessed valuation used to calculate the revenue neutral rate, such taxing subdivision is permitted to levy a tax rate that generates the same amount of property tax revenue as levied the prior year or less.

The City cannot predict the impact of the Revenue Neutral Tax Act on the ratings on the 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.

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

Property Valuations

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties under the direction of state statutes. The Harvey and Sedgwick County Appraisers' offices determines the fair market value of all taxable property within Harvey and Sedgwick County and the assessed valuation thereof that is to be used as a basis for the mill levy on property located in the City.

Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Code §501, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 20%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

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

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

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

Assessed Valuation

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

HARVEY COUNTY

Levy Year	Budget Year	Real Property	Personal Property	Utilities	Motor Vehicles	Total Valuation
2025	2026	\$11,533,153 ⁽¹⁾	\$73,018 ⁽¹⁾	\$713,597 ⁽¹⁾	\$1,727,529 ⁽³⁾	\$14,047,297
2024	2025	10,840,892 ⁽²⁾	72,589 ⁽²⁾	692,804 ⁽²⁾	1,727,529	13,333,814
2023	2024	9,793,130	79,667	657,372	1,660,436	12,190,605
2022	2023	8,995,974	86,140	640,271	1,614,739	11,337,124
2021	2022	8,441,817	76,753	601,630	1,676,505	10,796,705

⁽¹⁾ Preliminary valuation figures as of July 15, 2025 for budgeting purposes.

⁽²⁾ Final valuation figures as of November 1, 2024.

⁽³⁾ Motor vehicle valuation for 2025 is not yet available. Motor vehicle valuation for 2024 was used for estimation purposes.

Source: Harvey County Clerk

SEDGWICK COUNTY

Levy Year	Budget Year	Real Property	Personal Property	Utilities	Motor Vehicles	Total Valuation
2025	2026	\$2,447,113 ⁽¹⁾	\$63,321 ⁽¹⁾	\$ 99,346 ⁽¹⁾	\$207,865 ⁽³⁾	\$2,817,645
2024	2025	2,371,979 ⁽²⁾	60,980 ⁽²⁾	95,840 ⁽²⁾	207,865	2,736,664
2023	2024	2,131,574	58,008	100,434	193,643	2,483,659
2022	2023	1,902,658	59,942	104,435	187,623	2,254,658
2021	2022	1,931,110	61,672	97,128	191,337	2,281,247

⁽¹⁾

Preliminary valuation figures as of July 15, 2025 for budgeting purposes.

⁽²⁾ Final valuation figures as of November 1, 2024.

⁽³⁾ Motor vehicle valuation for 2025 is not yet available. Motor vehicle valuation for 2024 was used for estimation purposes.

Source: Sedgwick County Clerk

TOTAL

Levy Year	Budget Year	Real Property	Personal Property	Utilities	Motor Vehicles	Total Valuation
2025	2026	\$13,980,266	\$136,339	\$812,943	\$14,929,548	\$16,864,942
2024	2025	13,212,871	133,569	788,644	1,935,394	16,070,478
2023	2024	11,924,704	137,675	757,806	1,854,079	14,674,264
2022	2023	10,898,632	146,082	744,706	1,802,362	13,591,782
2021	2022	10,372,927	138,425	698,758	1,867,842	13,077,952

Property Tax Levies and Collections

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

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

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

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

Tax Rates. The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser.

The following table shows the City's mill levies by fund (per \$1000 of assessed valuation) for each of the years indicated and the current year:

Levy Year	Budget Year	General	Bond & Interest	Employee Benefits	Library ⁽¹⁾	Total Levy ⁽²⁾	Township	Total Levy ⁽³⁾
2024	2025	32.948	13.611	24.588	4.064	75.211	0.300	75.511
2023	2024	42.878	14.670	13.712	3.723	74.983	0.299	75.282
2022	2023	34.536	20.671	15.785	3.998	74.990	0.324	75.314
2021	2022	34.648	22.782	13.547	3.998	74.975	0.316	75.291
2020	2021	32.142	25.867	13.549	3.432	74.990	0.301	75.291

⁽¹⁾ Includes levy for Library's employee's benefits.

⁽²⁾ Total levy for residents living in Sedgwick County.

⁽³⁾ Total levy for residents living in Harvey County.

Source: Harvey & Sedgwick County Clerks

Aggregate Tax Levies. The aggregate tax levies (per \$1000 assessed valuation) of the City for Harvey County residents and overlapping jurisdictions for the years indicated are included in the following table:

Tax Year	Budget Year	City	Harvey County	USD No. 439 ⁽¹⁾	State	Cemetery District	Total ⁽²⁾	Watershed District ⁽³⁾	Drainage District ⁽³⁾
2024	2025	75.511	43.622	68.232	1.500	1.256	190.121	0.269	1.345
2023	2024	75.282	43.593	67.474	1.500	1.328	189.177	0.266	1.409
2022	2023	75.314	43.604	61.678	1.500	1.440	183.536	0.265	1.506
2021	2022	75.291	42.629	45.057	1.500	1.371	165.848	0.262	1.556
2020	2021	75.291	42.649	45.172	1.500	1.408	166.020	0.260	1.583

⁽¹⁾ Includes levy for recreation commission.

⁽²⁾ Total tax levy that applies to small portion of residents that are not part of the watershed district or the joint drainage district.

⁽³⁾ Tax levies for the watershed district or joint drainage district are applicable to all other residents of the City with the majority falling within the watershed district as opposed to the joint drainage district.

Source: Harvey County Clerk

The aggregate tax levies (per \$1000 assessed valuation) of the City for Sedgwick County residents and overlapping jurisdictions for the years indicated are included in the following table:

Tax Year	Budget Year	City	Sedgwick County	USD No. 439 ⁽¹⁾	State	Cemetery District	Township	Total
2024	2025	75.211	28.701	68.232	1.500	1.256	0.835	175.735
2023	2024	74.983	28.988	67.474	1.500	1.328	0.894	175.167
2022	2023	74.990	29.368	61.678	1.500	1.440	0.797	169.773
2021	2022	74.975	29.370	45.057	1.500	1.371	0.754	153.027
2020	2021	74.990	29.376	45.172	1.500	1.408	0.909	153.355

⁽¹⁾ Includes levy for recreation commission.

Source: Sedgwick County Clerk

Tax Collection Record. The following table sets forth tax collection information (not including special assessments) for the City for the years indicated:

<u>Levy Year</u>	<u>Collection Year</u>	<u>Total Levy</u>	<u>Total Taxes Levied (\$)</u>	<u>Current Taxes Collected (\$)</u>	<u>Current Taxes Collected (%)</u>	<u>Delinquent Taxes Collected (\$)</u>	<u>Delinquent & Current Taxes Collected (%)</u>
2024	2025	75.511	\$1,062,976	\$600,709	56.51%	\$12,926	57.73%
2023	2024	75.282	959,266	938,593	97.84%	9,404	98.83%
2022	2023	75.314	866,052	872,910	98.52%	12,179	99.89%
2021	2022	75.291	843,217	818,173	97.03%	8,674	98.06%
2020	2021	75.291	807,300	794,329	98.39%	34,046	102.61%

Source: Harvey & Sedgwick County Clerks & Treasurers

Major Taxpayers. The following tables set forth the ten largest taxpayers in the City based on total assessed valuation and total taxes levied in the most recent tax collection period (2024/25):

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxpayer</u>	<u>Taxes Levied</u>
1. Kanza CO-OP Assoc.	\$679,722	1. Kanza CO-OP Assoc.	\$129,339
2. JES LLC	468,463	2. Kansas Gas Service (Div of One Gas)	44,076
3. Wilbur-Ellis Co.	271,725	3. Diversicare Sedgwick Property LLC	35,840
4. Kansas Gas Service (Div. of One Gas)	231,512	4. JES LLC	35,233
5. Evergy KS South, Inc.	207,388	5. Evergy KS South, Inc.	33,270
6. STG Group LLC	204,382	6. BNSF	28,666
7. Diversicare Sedgwick Property LLC	188,250	7. Union Pacific Railroad Co	25,707
8. Sedgwick, City of	178,585	8. Wilbur-Ellis Co.	20,436
9. Tim R. Schwab Inc.	168,560	9. Legacy Bank	17,190
10. BNSF	150,565	10. Individual	15,409

Source: Harvey & Sedgwick County Clerks

Pension and Employee Retirement Plans

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

As of June 30, 2024, KPERS serves approximately 356,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

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

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

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

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

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

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

The City's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The City's contribution is 9.71% of the employee's gross salary for calendar year 2025, and is projected to change to 9.59% of the employee's gross salary for calendar year 2026. In addition, the Issuer contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees.

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

The City has not implemented GASB 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB 27, because the City's financial statements are prepared on a regulatory basis of accounting which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. KPERS, however, has implemented GASB 67 – Financial Reporting for Pension Plans – An Amendment of GASB Statement 25, and is required annually to provide its participants the proportional share of the net pension liability of KPERS allocated to each participant as of the end of the prior fiscal year. The KPERS' Schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer (the "GASB 68 Report") provides the net pension liability allocated to each KPERS participant, including the City. The GASB 68 Report is available on the KPERS website at kpers.org/about/reports.html. Because the City has not implemented GASB 68, the net pension liability calculated by KPERS for the City is not reflected as a liability on the City's financial statements. The City has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. It is important to note that under existing State law, the City has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

History of Employment

The following table indicates the history of the City's employment for the years indicated.

<u>Year</u>	<u>Total Full-Time Employees</u>	<u>Total Part-Time Employees</u>	<u>Total Part-Seasonal Employees</u>	<u>Total</u>
2024	10	25	20	55
2023	10	23	17	50
2022	10	24	17	51
2021	9	20	15	44
2020	11	13	13	37

Source: City Clerk

Risk Management

The City is insured against the risks arising from general liability by Conrade Insurance and employee medical coverage by Blue Cross Blue Shield of Kansas. Workman's compensation insurance is provided by Kansas Municipal Insurance Trust.

CITY'S AUTHORITY TO INCUR DEBT

Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations ⁽¹⁾	\$16,864,942
Legal limitation of Bonded Debt ⁽²⁾	\$5,059,482
Outstanding general obligation debt as of December 18, 2025	\$1,444,824
Exempt Debt	\$483,821
Net Debt against Statutory Debt limit capacity	\$961,003
Additional debt capacity	\$4,098,478
Direct debt per capita	\$913
Overlapping Indebtedness	\$7,345,756
Direct and overlapping debt	\$8,790,581
Direct and overlapping debt per capita	\$5,557
Direct debt as a percentage of Assessed Valuation	8.57%
Direct and overlapping debt as a percentage of Assessed Valuation	52.12%
Statutory direct debt as a percentage of Equalized Assessed Valuation	5.70%

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

⁽²⁾ See K.S.A. 10-301 *et seq.*

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of December 18, 2025, and the percent attributable (on the basis of assessed valuation not including motor vehicle valuation) to the City:

<u>Taxing Jurisdiction</u>	<u>2024 Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness⁽¹⁾</u>	<u>Percent Applicable to The City</u>	<u>Amount Applicable to The City</u>
Sedgwick County	\$6,952,605,137	\$52,395,000	0.20%	\$ 106,522
Harvey County	401,722,610	1,225,000	3.52%	43,103
U.S.D. No. 439	26,006,826	13,240,000	54.35%	7,196,130
TOTAL				\$7,345,756

⁽¹⁾ Revenue bonds and capital leases are not considered a general obligation indebtedness under Kansas law and are not included in the total stated herein for underlying indebtedness.

Source: County Clerk

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The following tables set forth all of the outstanding obligations of the City:

GENERAL OBLIGATION BONDS (As of December 18, 2025)

<u>Description of Indebtedness</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Included in Debt Limitation</u>
General Obligation Bonds	2011	11/28/2041	\$ 195,000	\$ 135,674	\$135,674
General Obligation Bonds	2015-A	09/01/2025	225,000	25,000	25,000
General Obligation Bonds	2016	09/01/2026	215,000	44,000	15,315
General Obligation Refunding Bonds	2017-A	09/01/2030	1,325,000	980,000	457,172
General Obligation Bonds	2021-A	09/01/2036	46,000	46,000	46,000
Taxable General Obligation Bonds	2025-A	09/01/2045	370,000	370,000	370,000
TOTAL				\$1,740,674	\$1,085,534

TEMPORARY NOTES

As of December 18, 2025, the City had no temporary notes outstanding.

CERTIFICATES OF PARTICIPATION

As of December 18, 2025, the City had no certificates of participation outstanding.

REVENUE BONDS OUTSTANDING

As of December 18, 2025, the City had no revenue bonds outstanding.

CAPITAL LEASE OBLIGATIONS (As of December 18, 2025)

<u>Description</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
2021 Durangos	2021	03/01/2027	\$87,234	\$23,155

LOAN OBLIGATIONS

As of December 18, 2025, the City had no loans outstanding.

PUBLIC BUILDING COMMISSION REVENUE BONDS OUTSTANDING (As of December 18, 2025)

<u>Description of Indebtedness</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Public Building Commission Revenue Bonds ⁽¹⁾	2025	10/01/2041	\$2,205,000	\$2,205,000

⁽¹⁾ This issue and subject to change.

Debt Payment Record

The City has never been delinquent in any payments of its debt agreements.

Future Indebtedness

The City is evaluating plans to issue temporary notes as intermediary financing for a water and sewer project that will ultimately be bonded and utilize special assessments as a repayment source. The exact size and scope of these projects is still being discussed.

Periodically, the City will complete issues to: 1) finance public infrastructure needs with ongoing temporary note financing and eventually bonded indebtedness; 2) lease small equipment and such leases may or may not have a purchase option in accordance with the terms of said lease; and 3) will refinance or refund outstanding debt as needed when sufficient savings can be achieved. Other than the potential projects listed above, the City does not have any plans to issue additional debt at this time.

ECONOMIC INFORMATION CONCERNING THE CITY

Population Trends

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

<u>Year</u>	<u>Harvey County Population</u>	<u>Sedgwick County Population</u>	<u>City Population</u>
2024	33,642	536,081	1,582
2023	33,504	528,469	1,581
2022	33,801	525,525	1,598
2021	33,817	523,828	1,598
2020	34,024	523,824	1,603
2010	34,684	498,365	1,695

Source: State of Kansas – Division of Budget (2021-2024); U.S. Census Bureau (2010, 2020)

Labor Force

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

HARVEY COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2024	17,835	17,089	746	4.2%
2023	17,372	16,866	506	2.9%
2022	17,120	16,687	433	2.5%
2021	16,918	16,421	497	2.9%
2020	16,930	16,030	900	5.3%

SEDGWICK COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2024	273,618	262,880	10,738	3.9%
2023	258,378	250,765	7,613	2.9%
2022	255,813	247,806	8,007	3.1%
2021	255,086	243,391	11,695	4.6%
2020	257,217	234,769	22,448	8.7%

STATE OF KANSAS

Average For Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
2024	1,545,790	1,490,553	55,237	3.6%
2023	1,510,988	1,470,936	40,052	2.7%
2022	1,504,932	1,464,834	40,098	2.7%
2021	1,495,665	1,447,323	48,342	3.2%
2020	1,497,013	1,409,003	88,010	5.9%

Currently, the Kansas Department of Labor estimates an unemployment rate of 4.1% for Harvey County, 4.5% for Sedgwick County and 4.3% for the State of Kansas for the month of August 2025.

Source: Kansas Statistical Abstract (2020 data); Kansas Department of Labor (2021 – 2024 data and August 2025 estimate)

Retail Sales and Use Tax Collections

The following table lists State of Kansas sales tax collections (excluding local sales tax) for the years indicated for sales occurring in Harvey and Sedgwick County:

Year	Harvey County	Harvey County	Sedgwick County	Sedgwick County
	Sales and Use Tax Collections	Per Capita Sales and Use Tax	Sales and Use Tax Collections	Per Capita Sales and Use Tax
2024	\$33,877,731	\$1,025.47	\$820,206,303	\$1,534.22
2023	35,072,823	1,076.76	833,909,688	1,607.64
2022	35,547,605	1,003.28	846,942,027	1,531.27
2021	32,552,727	916.18	762,214,079	1,360.99
2020	29,298,631	837.05	666,114,395	1,271.20

Source: Kansas Statistical Abstract

Local Citywide Sales Tax

The City has imposed the following citywide retailers' sales taxes:

- (a) 0.50% special sales tax for streets, commenced November 5, 2019 and expiring after 5 years; and
- (b) 0.50% perpetual sales tax for public improvements and mill levy support, commenced January 1, 2025.

The following table provides the amount of citywide retailers' sales and compensating use taxes collected and received by the City during the years indicated.

Year	Total City Sales and Use Tax Collections
2025	\$103,942 ⁽¹⁾
2024	167,645
2023	169,109
2022	190,884
2021	183,125

⁽¹⁾ Collections as of August 2025.

Source: Kansas Department of Revenue

Oil Production

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

<u>Year</u>	<u>Harvey County Oil Production</u>	<u>Sedgwick County Oil Production</u>
2024	72,536	79,237
2023	72,654	84,961
2022	82,217	91,824
2021	84,948	94,900
2020	86,595	98,374

Source: Kansas Geological Survey

Financial and Banking Institutions

There are currently 11 banks, with 19 different branch locations, located in Harvey County. During a five-year period, bank deposits of Harvey County's banks are as follows:

HARVEY COUNTY

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2024	\$876,684
2023	916,663
2022	805,376
2021	775,297
2020	721,855

Source: FDIC

There are currently 38 banks, with 152 different branch locations, located in Sedgwick County. During a five-year period, bank deposits of Sedgwick County's banks are as follows:

SEDGWICK COUNTY

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2024	\$18,679,979
2023	19,077,135
2022	17,990,588
2021	18,605,019
2020	16,661,846

Source: FDIC

Personal Income Trends

The following table lists Harvey and Sedgwick County's personal and per capita incomes and per capita income for the State of Kansas for the years indicated:

<u>Year</u>	<u>Harvey County</u> <u>Personal Income (\$000)</u>	<u>Harvey County</u> <u>Per Capita Income</u>	<u>Sedgwick County</u> <u>Personal Income (\$000)</u>	<u>Sedgwick County</u> <u>Per Capita Income</u>	<u>State Per</u> <u>Capita Income</u>
2023	\$1,832,503	\$54,695	\$32,480,499	\$61,462	\$66,115
2022	1,716,155	50,722	31,411,750	59,722	60,424
2021	1,678,741	49,642	30,231,865	57,173	58,924
2020	1,601,329	46,698	29,400,927	56,550	56,099
2019	1,529,186	44,416	27,647,784	53,577	53,426

Source: U.S. Bureau of Economic Analysis

APPENDIX B

**CITY OF SEDGWICK, KANSAS FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR YEAR ENDED DECEMBER 31, 2024**

CITY OF SEDGWICK, KANSAS

FINANCIAL STATEMENT

December 31, 2024

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

CITY OF SEDGWICK, KANSAS
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April 15, 2025

Mayor and Council Members
City of Sedgwick, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2024, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2024, and the aggregate receipts and expenditures for they year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and KMAAG. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

CITY OF SEDGWICK, KANSAS
SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2024

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Funds							
General Fund	\$ 182,046	\$ -	\$ 1,354,408	\$ 1,425,400	\$ 111,054	\$ (13)	\$ 111,041
Special Purpose Funds							
Employee Benefits	97,656	-	232,497	203,893	126,260	-	126,260
Library	3,589	-	53,994	57,389	194	-	194
Special Street and Highway	15	-	213,137	213,152	-	1	1
Special Parks and Recreation	1,779	-	6,957	6,942	1,794	-	1,794
East Park Pond Project	5,239	-	22	2,882	2,379	-	2,379
Capital Improvement	965,160	-	503,582	509,630	959,112	-	959,112
Capital Equipment	439,296	-	234,308	324,496	349,108	-	349,108
ARPA	65,757	-	-	40,770	24,987	-	24,987
OPIOID/Drug Settlement	5,308	-	5,151	-	10,459	-	10,459
Operating Reserve	4,820	-	4,715	-	9,535	-	9,535
Chamber of Commerce	20	-	7,010	7,030	-	-	-
Asset Forfeiture	-	-	2,000	-	2,000	-	2,000
Bond and Interest	17,016	-	368,502	385,518	-	-	-
Business							
Water Operating	100,623	-	408,161	469,133	39,651	12,754	52,405
Refuse	10,620	-	123,245	124,024	9,841	-	9,841
Wastewater Treatment	66,794	-	279,945	321,350	25,389	(18)	25,371
Total Reporting Entity	\$ 1,965,738	\$ -	\$ 3,797,634	\$ 4,091,609	\$ 1,671,763	\$ 12,724	\$ 1,684,487

Composition of Cash

Checking	\$ 12,377
Money Market	5,391
Savings	1,559,742
Certificates of deposit	106,627
Petty cash	350
Total Reporting Entity	\$ 1,684,487

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2024

Note 1: Summary of Significant Accounting Policies

The City of Sedgwick, Kansas (the City) is a municipal corporation governed by an elected six-member council and mayor. The financial statement presents the City and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

Regulatory Basis Fund Types

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the financial statement in this report, the various funds are grouped into generic fund types and broad fund categories as follows:

General Fund - The general fund is the chief operating fund of the City. It is used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds - Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified purposes.

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

Business Funds - Business funds are used to account for funds financed in whole or in part by fees charged to users of the goods or services.

Basis of Accounting

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

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

Budgetary Information

The City Charter establishes the fiscal year as the twelve-month period beginning January 1. The Mayor and City Council prepare a budget of estimated expenditures and receipts for the ensuing fiscal year in accordance with State of Kansas Statutes. These statutes require that an annual operating budget be adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

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

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The City did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds:

East Park Pond Project	Capital Improvement
Capital Equipment	ARPA
OPIOID/Drug Settlement	Asset Forfeiture
Chamber of Commerce	Operating Reserve

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

Special Assessments

Projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured in full by the City and are retired from the City's bond and interest fund. Further, state statutes permit the levying of additional general ad valorem property taxes in the City's bond and interest fund to finance delinquent special assessments. Special assessment taxes are levied over a ten or fifteen-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears.

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2024

Note 2: Deposits and Investments

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

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

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when coverage is 50%. The City does not utilize "peak periods". All deposits were legally secured at December 31, 2024.

As of December 31, 2024, the City's carrying amount of the deposits was \$1,684,137 and the bank balance was \$1,763,937. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Note 3: Defined Benefit Pension Plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66503) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limited on annual increases in the employer contribution rates. The actuarially determined employee contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for fiscal year ended December 31, 2024. Contributions to the pension plan from the City were \$54,483 for the year ended December 31, 2024.

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2024

Note 3: Defined Benefit Pension Plan (Continued)

Net Pension Liability

At December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was \$457,368. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 4: Post-Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Note 5: Compensated Absences

Full-time employees are entitled to paid vacation according to the following schedule:

<u>Years of Service</u>	<u>Accrual</u>
After 1 Year	5 Days
Years 3 through 7	10 Days
After 7 Years	15 Days

Employees are allowed to carryover five days into the next year, which must be used or lost. A maximum of five days per year may be purchased in lieu of vacation. Accrued vacation time has not been recorded as a liability in the accompanying financial statement.

Full-time employees earn one day of sick leave per month, which can be accumulated to a maximum of 720 hours. Unused sick leave is not paid upon termination. On retirement from city employment, one-half (1/2) of accumulated sick leave shall be paid if the retiree has retained at least 90% (648 hours) of the maximum accumulated hours or one-third (1/3) of accumulated sick leave shall be paid if the retiree has retained at least 70% (504 hours) of the maximum accumulated hours. Unused sick leave has not been recorded in the accompanying financial statement.

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2024

Note 6: Contingencies

Risk Management

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

Grant Programs

The City participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Note 7: Interfund Transfers

Transfers for the year were as follows:

From	To	Regulatory Authority	Amount
General	Capital Improvement	K.S.A. 12-1, 117	\$ 130,000
General	Capital Equipment	K.S.A. 12-1, 117	217,276
General	Chamber of Commerce	Council Approval	1,515
Special Street and Highway	Capital Improvement	K.S.A. 12-1, 118	28,885
Water Operating	General	K.S.A. 12-825d	20,408
Water Operating	Employee Benefits	K.S.A. 12-825d	2,075
Water Operating	Capital Improvement	K.S.A. 12-825d	80,638
Water Operating	Bond and Interest	K.S.A. 12-825d	25,020
Refuse	General	K.S.A. 12-825d	6,162
Refuse	Capital Improvement	K.S.A. 12-825d	27,288
Refuse	Employee Benefits	K.S.A. 12-825d	344
Wastewater Treatment	General	K.S.A. 12-825d	13,997
Wastewater Treatment	Employee Benefits	K.S.A. 12-825d	21,307
Wastewater Treatment	Capital Improvement	K.S.A. 12-825d	87,072
			<u>\$ 661,987</u>

Note 8: Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through April 15, 2025, which is the date at which the financial statement was available to be issued.

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2024

Note 9: Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Changes	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2010	2.00 - 4.38%	7/15/2010	\$ 2,620,000	09/01/25	\$ 270,000	\$ -	\$ 130,000	\$ (130,000)	\$ 140,000	\$ 10,975
Series 2011	3.75%	11/28/2011	195,000	11/28/41	141,312	-	5,638	(5,638)	135,674	5,299
Series 2012-A	2.00 - 2.87%	10/1/2012	1,380,000	09/01/24	50,000	-	50,000	(50,000)	-	719
Series 2015-A	.45 - 2.80%	4/28/2015	255,000	09/01/25	55,000	-	30,000	(30,000)	25,000	1,480
Series 2016	1.00 - 3.20%	5/10/2016	215,000	09/01/26	66,000	-	22,000	(22,000)	44,000	1,870
Series 2017	3.00%	7/27/2017	1,325,000	09/01/30	1,070,000	-	90,000	(90,000)	980,000	32,100
Series 2021	3.50%	1/21/2021	53,981	09/01/36	49,000	-	3,000	(3,000)	46,000	1,715
Total General Obligation Bonds					<u>\$ 1,701,312</u>	<u>\$ -</u>	<u>\$ 330,638</u>	<u>\$ (330,638)</u>	<u>\$ 1,370,674</u>	<u>\$ 54,158</u>
Finance Leases										
Police vehicles	3.50%	10/6/2021	\$ 87,234	3/1/2027	\$ 59,769	\$ -	\$ 14,320	\$ (14,320)	\$ 45,449	\$ 1,700
TOTAL LONG-TERM DEBT					<u>\$ 1,761,081</u>	<u>\$ -</u>	<u>\$ 344,958</u>	<u>\$ (344,958)</u>	<u>\$ 1,416,123</u>	<u>\$ 55,858</u>

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2024

Note 9: Changes in Long-Term Debt (Continued)

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

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030 - 2034</u>	<u>2035 - 2039</u>	<u>2040 - 2043</u>	<u>Total</u>
Principal									
General Obligation Bonds									
Series 2010	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,000
Series 2011	5,849	6,069	6,296	6,532	6,777	37,895	45,554	20,702	135,674
Series 2015-A	25,000	-	-	-	-	-	-	-	25,000
Series 2016	22,000	22,000	-	-	-	-	-	-	44,000
Series 2017	100,000	160,000	170,000	180,000	185,000	185,000	-	-	980,000
Series 2021	3,000	3,000	3,000	4,000	4,000	20,000	9,000	-	46,000
Finance Leases									
Police vehicles	14,728	15,146	15,575	-	-	-	-	-	45,449
Total Principal	<u>\$ 310,577</u>	<u>\$ 206,215</u>	<u>\$ 194,871</u>	<u>\$ 190,532</u>	<u>\$ 195,777</u>	<u>\$ 242,895</u>	<u>\$ 54,554</u>	<u>\$ 20,702</u>	<u>\$ 1,416,123</u>
Interest									
General Obligation Bonds									
Series 2010	\$ 5,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,775
Series 2011	5,088	6,868	4,641	4,405	4,160	16,791	9,134	1,171	52,258
Series 2015-A	700	-	-	-	-	-	-	-	700
Series 2016	1,320	704	-	-	-	-	-	-	2,024
Series 2017	29,400	26,400	21,600	16,500	11,100	5,550	-	-	110,550
Series 2021	1,610	1,505	1,400	1,295	1,155	3,675	490	-	11,130
Finance Leases									
Police vehicles	1,292	874	444	-	-	-	-	-	2,610
Total Interest	<u>\$ 45,185</u>	<u>\$ 36,351</u>	<u>\$ 28,085</u>	<u>\$ 22,200</u>	<u>\$ 16,415</u>	<u>\$ 26,016</u>	<u>\$ 9,624</u>	<u>\$ 1,171</u>	<u>\$ 185,047</u>
Total Principal and Interest	<u>\$ 355,762</u>	<u>\$ 242,566</u>	<u>\$ 222,956</u>	<u>\$ 212,732</u>	<u>\$ 212,192</u>	<u>\$ 268,911</u>	<u>\$ 64,178</u>	<u>\$ 21,873</u>	<u>\$ 1,601,170</u>

REGULATORY-REQUIRED SUPPLEMENTAL INFORMATION

CITY OF SEDGWICK, KANSAS
SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2024

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (under)
Governmental Funds					
General	\$ 1,752,373	\$ -	\$ 1,752,373	\$ 1,425,400	\$ (326,973)
Special Purpose Funds					
Employee Benefits	341,218	-	341,218	203,893	(137,325)
Library	58,387	-	58,387	57,389	(998)
Special Street and Highway	286,198	-	286,198	213,152	(73,046)
Special Parks and Recreation	30,626	-	30,626	6,942	(23,684)
Bond and Interest	400,286	-	400,286	385,518	(14,768)
Business					
Water Operating	504,621	-	504,621	469,133	(35,488)
Refuse	127,960	-	127,960	124,024	(3,936)
Wastewater Treatment	331,420	-	331,420	321,350	(10,070)
Totals	\$ 3,833,089	\$ -	\$ 3,833,089	\$ 3,206,801	\$ (626,288)

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report.

CITY OF SEDGWICK, KANSAS
GENERAL
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
Ad valorem tax	\$ 536,401	\$ 554,253	\$ (17,852)
Delinquent taxes	13,437	3,762	9,675
Motor vehicle taxes	53,654	51,032	2,622
Recreational vehicle tax	1,134	1,076	58
16/20 tax	12	173	(161)
Local alcoholic liquor tax	5,921	6,682	(761)
Sales tax	452,214	448,869	3,345
Licenses and permits	18,583	6,195	12,388
Franchise tax	115,684	121,919	(6,235)
Ambulance services	405	-	405
Police fines and fees	19,646	60,264	(40,618)
Pool admissions and concessions	29,319	28,495	824
Reimbursements	7,810	16,477	(8,667)
Township fire protection fees	30,623	33,069	(2,446)
Intergovernmental/grants	(1,001)	-	(1,001)
Interest	27,506	15,138	12,368
Miscellaneous	2,493	9,382	(6,889)
Transfers in	40,567	40,150	417
Total Cash Receipts	<u>\$ 1,354,408</u>	<u>\$ 1,396,936</u>	<u>\$ (42,528)</u>
EXPENDITURES			
Administration	\$ 269,763	\$ 295,957	\$ (26,194)
Ambulance	248,571	200,000	48,571
Police	163,293	279,412	(116,119)
Fire	41,691	51,065	(9,374)
Legal	48,855	53,871	(5,016)
Swimming Pool	75,070	96,826	(21,756)
Community Relations	38,203	49,000	(10,797)
Parks	23,235	19,445	3,790
Cemetery	10,323	10,680	(357)
Streets	93,094	105,112	(12,018)
Maintenance	64,511	65,661	(1,150)
Transfers out	348,791	359,914	(11,123)
Cash Forward	-	165,430	(165,430)
Total Expenditures	<u>\$ 1,425,400</u>	<u>\$ 1,752,373</u>	<u>\$ (326,973)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (70,992)		
UNENCUMBERED CASH - JANUARY 1	<u>182,046</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 111,054</u>		

CITY OF SEDGWICK, KANSAS
EMPLOYEE BENEFITS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Ad valorem tax	\$ 169,908	\$ 187,740	\$ (17,832)
Delinquent taxes	5,470	-	5,470
Motor vehicle taxes	24,502	10,043	14,459
Recreational vehicle tax	518	645	(127)
16/20 tax	5	103	(98)
Interest	2	-	2
Reimbursements	8,366	-	8,366
Transfers in	23,726	60,192	(36,466)
Total Cash Receipts	<u>\$ 232,497</u>	<u>\$ 258,723</u>	<u>\$ (26,226)</u>
EXPENDITURES			
Personnel Services	\$ 1,497	\$ 305,566	\$ (304,069)
Employee Benefits	202,396	-	202,396
Cash Basis Reserve	-	35,652	(35,652)
Total Expenditures	<u>\$ 203,893</u>	<u>\$ 341,218</u>	<u>\$ (137,325)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 28,604		
UNENCUMBERED CASH - JANUARY 1	<u>97,656</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 126,260</u>		

CITY OF SEDGWICK, KANSAS
LIBRARY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Ad valorem tax	\$ 46,158	\$ 50,773	\$ (4,615)
Delinquent taxes	1,491	401	1,090
Motor vehicle taxes	6,213	5,908	305
Recreational vehicle tax	131	125	6
16/20 tax	1	20	(19)
Total Cash Receipts	<u>\$ 53,994</u>	<u>\$ 57,227</u>	<u>\$ (3,233)</u>
EXPENDITURES			
Appropriations	<u>\$ 57,389</u>	<u>\$ 58,387</u>	<u>\$ (998)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (3,395)		
UNENCUMBERED CASH - JANUARY 1	<u>3,589</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 194</u>		

CITY OF SEDGWICK, KANSAS
SPECIAL STREET AND HIGHWAY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
Intergovernmental	\$ 43,195	\$ 44,870	\$ (1,675)
Sales tax	169,942	159,378	10,564
Total Cash Receipts	<u>\$ 213,137</u>	<u>\$ 204,248</u>	<u>\$ 8,889</u>
EXPENDITURES			
Street Repair and Maintenance	\$ 172,234	\$ 195,000	\$ (22,766)
Commodities	12,033	-	12,033
Transfers out	28,885	91,198	(62,313)
Total Expenditures	<u>\$ 213,152</u>	<u>\$ 286,198</u>	<u>\$ (73,046)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (15)		
UNENCUMBERED CASH - JANUARY 1	<u>15</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ -</u>		

CITY OF SEDGWICK, KANSAS
SPECIAL PARKS AND RECREATION
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Local Alcohol Liquor Tax	\$ 5,921	\$ 6,449	\$ (528)
Intergovernmental	1,036	-	1,036
Total Cash Receipts	<u>\$ 6,957</u>	<u>\$ 6,449</u>	<u>\$ 508</u>
EXPENDITURES			
Commodities	\$ 61	\$ 24,626	\$ (24,565)
Contractual services	6,881	-	6,881
Transfers out	-	6,000	(6,000)
Total Expenditures	<u>\$ 6,942</u>	<u>\$ 30,626</u>	<u>\$ (23,684)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 15		
UNENCUMBERED CASH - JANUARY 1	<u>1,779</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 1,794</u>		

CITY OF SEDGWICK, KANSAS
EAST PARK POND PROJECT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024

CASH RECEIPTS

Interest	\$ 22
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EXPENDITURES

Miscellaneous	\$ 2,882
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RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,860)
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UNENCUMBERED CASH - JANUARY 1	5,239
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UNENCUMBERED CASH - DECEMBER 31	<u>\$ 2,379</u>
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CITY OF SEDGWICK, KANSAS
CAPITAL IMPROVEMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024

CASH RECEIPTS

Miscellaneous	\$ 617
Intergovernmental/grants	149,082
Transfers in	353,883
Total Cash Receipts	<u>\$ 503,582</u>

EXPENDITURES

Capital outlay	<u>\$ 509,630</u>
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RECEIPTS OVER (UNDER) EXPENDITURES	\$ (6,048)
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UNENCUMBERED CASH - JANUARY 1	<u>965,160</u>
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UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 959,112</u></u>
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CITY OF SEDGWICK, KANSAS
CAPITAL EQUIPMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024

CASH RECEIPTS

Intergovernmental	\$ 16,782
Miscellaneous	250
Transfers in	<u>217,276</u>
Total Cash Receipts	<u><u>\$ 234,308</u></u>

EXPENDITURES

Capital outlay	<u>\$ 324,496</u>
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RECEIPTS OVER (UNDER) EXPENDITURES	\$ (90,188)
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UNENCUMBERED CASH - JANUARY 1	<u>439,296</u>
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UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 349,108</u></u>
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CITY OF SEDGWICK, KANSAS
ARPA
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024

CASH RECEIPTS	
Miscellaneous	<u>\$ -</u>
EXPENDITURES	
Capital outlay	<u>\$ 40,770</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (40,770)</u>
UNENCUMBERED CASH - JANUARY 1	<u>65,757</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 24,987</u></u>

CITY OF SEDGWICK, KANSAS
OPIOID/DRUG SETTLEMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024

CASH RECEIPTS	
Miscellaneous	<u>\$ 5,151</u>
EXPENDITURES	
Miscellaneous	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 5,151</u>
UNENCUMBERED CASH - JANUARY 1	<u>5,308</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 10,459</u></u>

CITY OF SEDGWICK, KANSAS
OPERATING RESERVE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024

CASH RECEIPTS	
Reimbursements	<u>\$ 4,715</u>
EXPENDITURES	
Miscellaneous	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 4,715</u>
UNENCUMBERED CASH - JANUARY 1	<u>4,820</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 9,535</u></u>

CITY OF SEDGWICK, KANSAS
CHAMBER OF COMMERCE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024

CASH RECEIPTS

Miscellaneous	\$ 5,495
Transfers in	1,515
Total Cash Receipts	<u>\$ 7,010</u>

EXPENDITURES

Miscellaneous	<u>\$ 7,030</u>
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RECEIPTS OVER (UNDER) EXPENDITURES	\$ (20)
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UNENCUMBERED CASH - JANUARY 1	<u>20</u>
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UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ -</u></u>
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CITY OF SEDGWICK, KANSAS
ASSET FORFEITURE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024

CASH RECEIPTS	
Miscellaneous	<u>\$ 2,000</u>
EXPENDITURES	
Miscellaneous	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 2,000
UNENCUMBERED CASH - JANUARY 1	<u>-</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 2,000</u></u>

CITY OF SEDGWICK, KANSAS
BOND AND INTEREST
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad Valorem Tax	\$ 181,981	\$ 195,670	\$ (13,689)
Delinquent Tax	9,849	5,000	4,849
Motor Vehicle Tax	32,132	30,545	1,587
Recreational Vehicle Tax	679	645	34
16/20 Vehicle	8	103	(95)
Special Assessments	118,833	109,261	9,572
Transfers in	25,020	-	25,020
Total Cash Receipts	<u>\$ 368,502</u>	<u>\$ 341,224</u>	<u>\$ 27,278</u>
EXPENDITURES			
Principal	\$ 330,638	\$ 330,638	\$ -
Interest	54,877	54,877	-
Services and Fees	3	5,000	(4,997)
Cash Basis Reserve	-	9,771	(9,771)
Total Expenditures	<u>\$ 385,518</u>	<u>\$ 400,286</u>	<u>\$ (14,768)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (17,016)		
UNENCUMBERED CASH - JANUARY 1	<u>17,016</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ -</u>		

CITY OF SEDGWICK, KANSAS
WATER OPERATING
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Sales	\$ 396,664	\$ 388,497	\$ 8,167
Late charges	6,041	5,955	86
Water tax	4,770	4,710	60
Miscellaneous	686	7,423	(6,737)
Total Cash Receipts	<u>\$ 408,161</u>	<u>\$ 406,585</u>	<u>\$ 1,576</u>
EXPENDITURES			
Personnel services	\$ 77,098	\$ 90,504	\$ (13,406)
Contractual services	236,349	255,280	(18,931)
Commodities	27,545	36,445	(8,900)
Transfers out	128,141	122,392	5,749
Total Expenditures	<u>\$ 469,133</u>	<u>\$ 504,621</u>	<u>\$ (35,488)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (60,972)		
UNENCUMBERED CASH - JANUARY 1	<u>100,623</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 39,651</u>		

CITY OF SEDGWICK, KANSAS
REFUSE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Refuse charges	\$ 94,746	\$ 92,944	\$ 1,802
Recycle fees	28,449	28,450	(1)
Miscellaneous	50	1,819	(1,769)
Total Cash Receipts	<u>\$ 123,245</u>	<u>\$ 123,213</u>	<u>\$ 32</u>
EXPENDITURES			
Personnel services	\$ 1,016	\$ 1,056	\$ (40)
Contractual services	87,646	93,534	(5,888)
Commodities	1,568	2,000	(432)
Transfers out	33,794	31,370	2,424
Total Expenditures	<u>\$ 124,024</u>	<u>\$ 127,960</u>	<u>\$ (3,936)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (779)		
UNENCUMBERED CASH - JANUARY 1	<u>10,620</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 9,841</u>		

CITY OF SEDGWICK, KANSAS
WASTEWATER TREATMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Sewer charges	\$ 274,223	\$ 274,820	\$ (597)
Late charges	5,722	5,508	214
Miscellaneous	-	2,521	(2,521)
Total Cash Receipts	<u>\$ 279,945</u>	<u>\$ 282,849</u>	<u>\$ (2,904)</u>
EXPENDITURES			
Personnel services	\$ 68,559	\$ 74,172	\$ (5,613)
Contractual services	94,437	165,705	(71,268)
Commodities	35,978	21,903	14,075
Transfers out	122,376	69,640	52,736
Total Expenditures	<u>\$ 321,350</u>	<u>\$ 331,420</u>	<u>\$ (10,070)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (41,405)		
UNENCUMBERED CASH - JANUARY 1	<u>66,794</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 25,389</u>		

APPENDIX C

SUMMARY OF PRINCIPAL FINANCING DOCUMENTS

APPENDIX C

SUMMARY OF PRINCIPAL FINANCING DOCUMENTS

The following, in addition to the information provided elsewhere herein, summarizes certain provisions of the Base Lease, the Project Lease, and the Bond Resolution to which reference is made for the detailed provisions thereof.

DEFINITIONS

In addition to the words and terms defined elsewhere in this Official Statement, in the Base Lease, the Project Lease and the Bond Resolution, the following words and terms shall have the following meanings, unless some other meaning is plainly intended:

“Act” means K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, and K.S.A. 12-1757 *et seq.*, all as amended and supplemented from time to time.

“Additional Bonds” means any Bonds issued in addition to the Series 2025 Bonds specifically authorized pursuant to the Bond Resolution.

“Additional Rent” means all Impositions, all Maintenance Costs, all amounts required to be rebated to the United States pursuant to the Bond Resolution, all Paying Agent fees and expenses, and all other payments of whatever nature payable or to become payable pursuant to the Bond Resolution or which Tenant has agreed to pay or assume under the provisions of the Project Lease and any and all expenses (including reasonable attorney's fees) incurred by Issuer in connection with the issuance of the Bonds or the administration or enforcement of any rights under the Project Lease or the Bond Resolution.

“Authorized Tenant Representative” means the Mayor of the City, or such other person as is designated to act on behalf of the Tenant as evidenced by a written certificate furnished to PBC and the Paying Agent, containing the specimen signature of such person. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Tenant Representative.

“Base Lease” means the Base Lease dated as of the Dated Date between the City, as lessor, and the PBC, as lessee, as from time to time supplemented and amended in accordance with the provisions thereof.

“Basic Rent” means the semiannual amount which, when added to Basic Rent Credits, will be sufficient to pay, on any Bond Payment Date, all principal of, redemption premium, if any, and interest on the Bonds which is due and payable on such Bond Payment Date.

“Basic Rent Credits” means (i) all funds on deposit in the Principal and Interest Account and available for the payment of principal of, redemption premium, if any, and interest on the Bonds on any Bond Payment Date and (ii) all payments made directly to the Paying Agent for the payment of principal of, redemption premium, if any, and interest on the Bonds as permitted by the Project Lease.

“Basic Rent Payment Date” means the Business Day prior to each Bond Payment Date until the principal of, redemption premium, if any, and interest on the Bonds have been fully paid or provision made for their payment in accordance with the provisions of the Bond Resolution.

“Basic Term” with respect to the Project Lease means that term commencing as of the date of the Project Lease and ending on October 1, 2046, subject to prior termination as specified in the Project Lease, but terminating in any event when all of the principal of, redemption premium, if any, and interest on all Outstanding Bonds shall have been paid in full or provision made for their payment in accordance with the provisions of the Bond Resolution and the City has exercised its option to purchase the Project.

“Bond” or **“Bonds”** means the Series 2025 Bonds and any Additional Bonds.

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

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

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

“Bond Registrar” means the Treasurer of the State of Kansas, Topeka, Kansas, and its successors and assigns.

“Bond Resolution” means Resolution No. [_____] of the Issuer authorizing the issuance of the Series 2025 Bonds, and any Supplemental Resolutions adopted in accordance with the provisions of the Bond Resolution.

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

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 *et seq.*

“Certificate of Completion” means a written certificate signed by the Authorized Tenant Representative stating that: (a) the Project has been completed in accordance with the plans and specifications prepared or approved by Issuer or Tenant, as the case may be; (b) the Project has been completed in a good and workmanlike manner; (c) no mechanic's or materialmen's liens have been filed, nor is there any basis for the filing of such liens, with respect to the Project; (d) the Facility is located upon the Land; and (e) if required by applicable building codes, that an appropriate certificate of occupancy has been issued with respect to the Project.

“City” means City of Sedgwick, Kansas.

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

“Costs of Issuance” means all costs of issuing any series of Bonds, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel, counsel to the Purchaser and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving financial ratings on any series of Bonds, and any premiums or expenses incurred in obtaining any credit enhancement.

“Costs of Issuance Account” means that account of that name authorized and established pursuant to the Bond Resolution.

“Dated Date” means December 18, 2025.

“Default” means any event or condition the occurrence of which, with the lapse of time or the giving of notice or both, constitutes an Event of Default.

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

“Defeasance Obligations” means any of the following obligations:

- (a) Cash; or
- (b) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (c) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
 - (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
 - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, redemption premium, if any, and interest payments on such obligations;
 - (3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

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

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

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

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

“Disclosure Undertaking” means the City’s Continuing Disclosure Undertaking relating to the Bonds.

“Environmental Law” means CERCLA, SARA, and any other federal, state or local environmental statute, regulation or ordinance presently in effect or coming into effect during the term of the Project Lease.

“Event of Bankruptcy” means an event whereby the Tenant shall: (a) admit in writing its inability to pay its debts as they become due; or (b) file a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Code as now or in the future amended, or file a pleading asking for such relief; or (c) make an assignment for the benefit of creditors; or (d) consent to the appointment of a trustee or receiver for all or a major portion of its property; or (e) be finally adjudicated as bankrupt or insolvent under any federal or state law; or (f) suffer the entry of a final and nonappealable court order under any federal or state law appointing a receiver or trustee for all or a major part of its property or ordering the winding up or liquidation of its affairs, or approving a petition filed against it under the Bankruptcy Code, which order, if the Tenant has not consented thereto, shall not be vacated, denied, set aside or stayed within 60 days after the day of entry; or (g) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed, or is not released within 60 days after the final entry, or levy or after any contest is finally adjudicated or any stay is vacated or set aside.

“Event of Default” with respect to the Project Lease means any one of the following events:

- (a) Failure of Tenant to make any payment of Basic Rent at the time and in the amounts required hereunder; or
- (b) Failure of Tenant to make any payment of Additional Rent at the times and in the amounts required hereunder, or failure to observe or perform any other covenant, agreement, obligation or provision of this Project Lease on the Tenant's part to be observed or performed, and the same is not remedied within thirty (30) days after the Issuer has given the Tenant written notice specifying such failure (or such longer period as shall be reasonably required to correct such default; provided that (1) Tenant has commenced such correction within said 30-day period, and (2) Tenant diligently prosecutes such correction to completion); or
- (c) An Event of Bankruptcy; or
- (d) An Event of Default has occurred under the Bond Resolution; or
- (e) Abandonment of the Project by Tenant.

“Event of Default” with respect to the Bond Resolution means any one of the following events:

- (a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise; or
- (b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or
- (c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Resolution on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the City, or to the Issuer and the City by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding; provided, however, if any default shall be such that it cannot be corrected

within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the City within such period and diligently pursued until the default is corrected; or

(c) An Event of Default as defined in the Project Lease has occurred.

“Facility” means collectively the improvements to construct, furnish and equip a building for the benefit of the City’s use as a Fire Station to be located on the Land, to be funded in part from the proceeds of the Series 2025 Bonds.

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

“Full Insurable Value” means the full actual replacement cost less physical depreciation as determined from time to time (but not more frequently than once in every 24 months or less frequently than every five years) by an independent architect, appraiser, appraisal company or one of the insurers, selected and paid by Tenant.

“Hazardous Substances” shall mean “hazardous substances” as defined in CERCLA.

“Impositions” means all taxes and assessments, general and special, which may be lawfully taxed, charged, levied, assessed or imposed upon or against or payable for or in respect of the Project or any part thereof, or any improvements at any time thereon or Tenant's interest therein, including any new lawful taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen.

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Series 2025 Bond which shall be April 1 and October 1 of each year, commencing April 1, 2026.

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

“Land” means the real property (or interests therein) described in the Project Lease.

“Maintenance Costs” means all costs and expenses of every kind of operating and maintaining the Project during the Term of the Project Lease.

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

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

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

“Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

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

“Paying Agent” means the Treasurer of the State of Kansas, Topeka, Kansas, and any successors and assigns.

“PBC” means the City of Sedgwick, Kansas Public Building Commission.

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

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

“Pledged Property” means (a) all right, title and interest of the Issuer in and to the Project; (b) all right, title and interest, of the Issuer in, to and under the Base Lease and the Project Lease, all Basic Rent or Additional Rent derived by the Issuer pursuant to the Project Lease, subject to the provisions of the Base Lease and the Project Lease; provided that the pledge and assignment hereby made shall not impair or diminish the obligations of the Issuer under the provisions of the Base Lease and the Project Lease; and (c) all moneys and Permitted Investments from time to time held under the terms of the Bond Resolution, including, without limitation, Bond proceeds and income from the temporary investment thereof, proceeds from insurance and condemnation awards, any and all real or personal property of every kind and nature from time to time hereafter, by delivery or by right of any kind, pledged, assigned or transferred as and for additional security for the Bonds by the Issuer.

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

“Principal and Interest Account” means that account of that name authorized and established pursuant to the Bond Resolution.

“Project” means and includes the interest of the Issuer in the Land and the Facility acquired, constructed or installed with the proceeds of the Series 2025 Bonds, together with any Project Additions.

“Project Additions” means any additions to the Project acquired, constructed or installed from proceeds of any series of Additional Bonds authorized and issued pursuant to the Bond Resolution. It also includes any alterations or additions made to the Project to the extent provided in the Project Lease.

“Project Costs” means those costs incurred in connection with the Project, including:

(a) All costs and expenses necessary or incident to the acquisition of the Land and such of the Facility as are acquired, constructed or in progress at the date of such acquisition.

(b) Fees and expenses of architects, appraisers, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and items necessary to the commencement of construction, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, surveyors and engineers in relation to the construction, furnishing and equipping of the Project or the issuance of the Bonds.

(c) All costs and expenses of every nature incurred in constructing, acquiring or installing the remaining portion of the Project.

(d) Payment of interest actually incurred on any interim financing obtained from a lender unrelated to the Tenant for performance of work on the Project prior to the issuance of the Bonds.

(e) The cost of any insurance and performance and payment bonds required by the Project Lease.

(f) Interest accruing on the Bonds during the period of construction of the Facility.

(g) Costs of Issuance.

“Project Fund” means the account of that name authorized and established pursuant to the Bond Resolution.

“Project Lease” means the Project Lease dated as of the Dated Date between the Issuer and the Tenant, as from time to time amended and supplemented in accordance with the provisions thereof and of the Bond Resolution.

“Purchaser” means the original purchaser of the Series 2025 Bonds.

“Rental Payments” means the aggregate of the Basic Rent payments and Additional Rent payments provided for pursuant to the Project Lease.

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

“SARA” means the Superfund Amendments and Reauthorization Act of 1986, as now in effect and as hereafter amended.

“SEC Rule” means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

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

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

“Series 2025 Bonds” means City of Sedgwick, Kansas Public Building Commission Revenue Bonds (Fire Station Project), Series 2025, dated as of the Dated Date.

[**“Series 2025 Term Bonds”** means the Series 2025 Bonds scheduled to mature in the year ____.]

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

“State” means the state of Kansas.

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

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

“Supplemental Resolution” means any amendment or supplement to the Bond Resolution entered into as provided in the Bond Resolution.

“Tenant” means the City, its successors and assigns.

“Term” means, collectively, the Basic Term and any Additional Term of the Project Lease.

“Term Bonds” means any Bonds designated as Term Bonds in the Bond Resolution or in any supplemental resolution authorizing the issuance of Additional Bonds.

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

THE BASE LEASE

LEASE OF LAND; ISSUANCE OF BONDS

The Issuer has leased the Land from the City. The Issuer will issue the Series 2025 Bonds to provide a portion of the costs to construct the Project, subject to the City entering into the Project Lease with the Issuer under which the City will operate the Project.

TERM OF BASE LEASE

The term of the Base Lease will commence on the Dated Date and will end, subject to early termination, on December 18, 2051.

ASSIGNMENTS AND SUBLEASES

If an “Event of Default” under the Project Lease occurs, the Issuer shall have the right to possession of the Land for the remainder of the term of the Base Lease and shall have the right to sublease the Project or sell its interest in the Project and the Base Lease upon whatever terms and conditions it deems prudent and in the interest of the Owners of the Bonds.

TAXES AND ASSESSMENTS

The City covenants and agrees to pay any and all assessments of any kind or character and all taxes levied or assessed upon the Project.

TITLE AND CONSIDERATION

Title to the Land shall remain in the City during the Term of the Base Lease. The leasing of the Project to the City under the Project Lease shall be deemed the City’s entire consideration for the Base Lease.

THE PROJECT LEASE

LEASE OF PROJECT; ISSUANCE OF THE BONDS; PAYMENT OF RENT

The Issuer agrees to lease the Project to the City pursuant to the Project Lease and to issue the Series 2025 Bonds to provide funds for the payment of Project Costs. The City, pursuant to the Project Lease, agrees to make semi-annual payments of Basic Rent on the Basic Rent Payment Dates. The City has agreed also, and from time to time is required, to pay Additional Rent.

APPLICATION OF FUNDS IN THE PROJECT FUND

The moneys in the Project Fund will be disbursed for the payment of Project Costs upon a proper system of voucher certificates submitted by the City.

COMPLETION OF PROJECT

Issuer covenants and agrees to proceed diligently to complete the Project on or before the Completion Date. Upon completion of the Project, Issuer shall cause the Authorized Tenant Representative to deliver a Certificate of Completion. In the event funds remain on hand in the Project Fund on the date the Certificate of Completion is furnished or on the Completion Date, whichever shall first occur, such remaining funds shall be transferred to the Principal and Interest Account on the Completion Date and shall be applied in accordance with the provisions of the Bond Resolution.

ASSIGNMENT OF THE PROJECT LEASE BY THE CITY

The City may not assign its interest in the Project Lease without the prior written consent of the Issuer. Any such assignment must be to a governmental entity authorized to be a tenant in accordance with the Act. In the event of assignment, the City shall remain fully liable, except to the extent provided under the Project Lease. If, in connection with an assignment by the City of its interests in the Project Lease, (a) the Issuer and the Owners of ninety percent (90%) in aggregate principal amount of the Outstanding Bonds (including any Additional Bonds) shall file with the Issuer their prior

written consent to such assignment, and (b) the proposed assignee shall expressly assume and agree to perform all of the obligations of the City under the Project Lease, then the City shall be fully released from all obligations accruing under the Project Lease after the date of such assignment.

SUBLEASE BY THE CITY

The City may not sublease the Project to a single party or entity, without the prior written consent of Issuer. The City may sublease portions of the Project for use by others in the normal course of its business without Issuer's prior consent or approval. Any such subtenant must be an entity permitted to be a Tenant under the provisions of the Act. In the event of any such subleasing, City shall remain fully liable for the performance of its duties and obligations hereunder, and no such subleasing and no dealings or transactions between Issuer and any such subtenant shall relieve City of any of its duties and obligations thereunder. Any such sublease shall be subject and subordinate in all respects to the provisions of the Project Lease.

SPECIAL TAX COVENANTS

The City agrees that it will not take or permit any action to be taken which will cause the Bonds to be "arbitrage bonds" within the meaning of the Code or to cause the interest on the Bonds to become subject to federal income taxation pursuant to the provisions of the Code.

ENVIRONMENTAL MATTERS

City acknowledges that it is responsible for maintaining the Project in compliance with all applicable Environmental Laws. In the event that City does not expeditiously proceed with any compliance action with respect to the Project lawfully required by any local, state or federal authority under applicable Environmental Law, Issuer, immediately after notice to City, may elect (but may not be required) to undertake such compliance. Any moneys expended by Issuer in efforts to comply with any applicable Environmental Law (including the cost of hiring consultants, undertaking sampling and testing, performing any cleanup necessary or useful in the compliance process and attorneys' fees) shall be due and payable as Additional Rent hereunder, subject to the availability of appropriated funds, with interest thereon at the average rate of interest per annum on the Bonds, plus two (2) percentage points, from the date such cost is incurred.

To the extent permitted by law, City shall and does hereby indemnify the Issuer and the Owner and agrees to defend and hold them harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and costs associated with or incurred in the investigation, defense and settlement of claims) that they may incur, directly or indirectly, as a result of or in connection with the assertion against them or any of them of any claim relating to the presence on, escape or removal from the Project of any Hazardous Substance or other material regulated by any applicable Environmental Law, or compliance with any applicable Environmental Law, whether before, during or after the term of this Project Lease, including claims relating to personal injury or damage to property.

REPAIR AND MAINTENANCE

The City covenants and agrees that it will, during the Term of the Project Lease, keep and maintain the Project and all parts thereof in good condition and repair, including but not limited to the furnishing of all parts, mechanisms and devices required to keep the furnishings, equipment and personal property constituting a part of the Project in good mechanical and working order, and that during said period of time it will keep the Project and all parts thereof free from nuisance or conditions unreasonably increasing the danger of fire.

REMOVAL, DISPOSITION AND SUBSTITUTION OF MACHINERY AND EQUIPMENT

City shall have the right, if not in default in the payment of Basic Rent and Additional Rent, to remove and sell or otherwise dispose of any furnishings or equipment which constitutes a part of the Project and which are no longer used by City or, in the opinion of City, are no longer suitable for use by the City in its operations (whether by reason of obsolescence, depreciation or otherwise), subject, however, to certain conditions set out in the Project Lease.

REMEDIES ON DEFAULT

Whenever any Event of Default shall have happened and be continuing, the Issuer may take any one or more of the following remedial actions:

(a) By written notice to the City, the Issuer may declare the aggregate amount of all unpaid Basic Rent or Additional Rent then or thereafter required to be paid under the Project Lease to be immediately due and payable as

liquidated damages from the City, whereupon the same shall become immediately due and payable by the City; and when received the Issuer will utilize such amounts to provide for payment or redemption of the Outstanding Bonds in accordance with the Bond Resolution;

(b) Give the City written notice of its intention to terminate the Project Lease on a date specified therein, which date shall not be earlier than thirty 30 days after such notice is given and, if all Events of Default have not then been cured on the date so specified, the Tenant's rights to possession of the Project shall cease, and the Project Lease shall thereupon be terminated, and the Issuer may reenter and take possession of the Project; or

(c) Without terminating the Project Lease, conduct inspections or an Environmental Assessment of the Project, and re-enter the Project or take possession thereof pursuant to legal proceedings or any notice provided for by law and the Project Lease. The Issuer may refuse to re-enter or take possession of the Project if it has reasonable cause for such refusal. "Reasonable cause" shall include the presence on the Project of conditions which are in violation of any Environmental Law or the existence or threat of a remedial action against the Tenant under any Environmental Law resulting from conditions on the Project.

Having elected to reenter or take possession of the Project as described in subsection (c) above, the Issuer may (subject, however, to any restrictions against termination of the Project Lease in the Bond Resolution), by notice to the City given at any time thereafter while the City is in default in the making of Rental Payments or in the performance of any other obligation under the Project Lease, elect to terminate the Project Lease in accordance with subsection (b) above and thereafter proceed to sell its interest in the Project. If, in accordance with any of the foregoing provisions, the Issuer has the right to reenter and take possession of the Project, Issuer may enter and expel the City and remove the property and effects of City without being guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or preceding breach of covenant. Net proceeds of any reletting shall be deposited in the Principal and Interest Account.

SURVIVAL OF OBLIGATIONS

The City covenants and agrees that until the Bonds and the interest thereon and redemption premium, if any, are paid in full or provision made for the payment thereof, City's obligations under the Project Lease shall survive the cancellation and termination of the Project Lease for any cause and that City shall continue to make Basic Rent and Additional Rent and perform all other obligations provided for in the Project Lease, all at the time or times provided in the Project Lease.

NO REMEDY EXCLUSIVE

No remedy conferred upon or reserved to the Issuer in the Project Lease is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver thereof.

PERFORMANCE OF THE CITY'S OBLIGATIONS BY THE ISSUER

If the City fails to keep or perform any of its obligations as provided under the Project Lease, the Issuer may (but shall not be obligated to do so) upon the continuance of such failure on the City's part for ninety (90) days after notice of such failure is given the City by the Issuer, make any such payment or perform any such obligation, and all sums so paid by the Issuer and all necessary or incidental costs and expenses incurred by the Issuer in performing such obligations shall be paid to the Issuer on demand, and if not paid within ten (10) days of demand, the Issuer shall have the same rights and remedies provided in the Project Lease in the case of an Event of Default.

OPTIONS TO PURCHASE THE PROJECT

Subject to the provisions of the Project Lease, the City shall have the option to purchase the Project at any time during the Term of the Project Lease or within 120 days thereafter. The City must exercise its option by giving the Issuer written notice of the City's election to exercise its option and specifying the date, time and place of closing, which shall neither be earlier than thirty (30) days nor later than one hundred eighty (180) days after the notice is given.

If notice of election to purchase is given, the Issuer covenants and agrees to sell and convey the Project to the City free and clear of all liens and encumbrances except (a) those to which the title was subject on the date of the City's conveyance to the Issuer of the Project, or to which title became subject with the City's written consent, or which resulted from failure of the City to perform any of its covenants or obligations under the Project Lease, (b) taxes and assessments, if any, and (c) the rights of any party having condemned or who is attempting to condemn title to, or the use for a limited period of, all or any part of the Project, for the full amount which is required to provide the Issuer with funds or securities sufficient

to pay at maturity or to redeem and pay in full (A) the principal of all of the Outstanding Bonds, (B) all interest due thereon to date of maturity or redemption, whichever first occurs, and (C) all costs, expenses and premiums incident to the redemption and payment of said Bonds in full, plus \$100.00.

CLOSING OF PURCHASE

On the closing date the Issuer will deliver to the City its quitclaim deed or other instrument or instruments of conveyance conveying the Project to the City free and clear of all liens and encumbrances except as set forth in the preceding section above. However, the Issuer is not required to deliver its instrument of conveyance to the City until after all duties and obligations of the City under the Project Lease to the date of such delivery have been fully performed and satisfied. Upon the delivery to the City of the Issuer's instrument or instruments of conveyance and payment of the purchase price by the City, the Project Lease shall, *ipso facto*, terminate.

INSURANCE

The City shall be required to maintain in full force and effect general accident and public liability insurance, workers' compensation, fire and extended coverage casualty insurance, and such other insurance policies as are reasonably related to the Project as provided in the Project Lease.

AMENDMENTS, CHANGES AND MODIFICATIONS OF THE PROJECT LEASE

The Project Lease may be amended, changed or modified in the following manner:

(a) With respect to an amendment, change or modification which reduces the Basic Rent or Additional Rent, or any amendment which reduces the percentage of Owners whose consent is required for any such amendment, change or modification, by an agreement in writing executed by the Issuer and the City and consented to in writing by the Owners of one hundred percent (100%) of the aggregate principal amount of the Bonds then Outstanding;

(b) With respect to any other amendment, change or modification which will materially adversely affect the security or rights of the Owners, by an agreement in writing executed by the Issuer and the City and consented to in writing by the Owners of sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of the Bonds then Outstanding; and

(c) With respect to all other amendments changes, or modifications, by an agreement in writing executed by the Issuer and the City.

THE BOND RESOLUTION

APPLICATION OF BOND PROCEEDS

The proceeds from the sale of the Bonds will be received by the Issuer simultaneously with the original delivery of the Series 2025 Bonds, and the Issuer will deposit accrued interest and excess proceeds, if any, in the Principal and Interest Account, an amount to pay Costs of Issuance in the Costs of Issuance Account, and the balance of the proceeds in the Project Fund.

PRINCIPAL AND INTEREST ACCOUNT

Moneys paid into the Principal and Interest Payment Account will include all Rental Payments, excess amounts in the Project Fund upon completion of the Project and interest and other income from investment of the Principal and Interest Account.

Moneys in the Principal and Interest Account will be expended solely for the payment of principal of, premium, if any, and interest on the Bonds, except that any balance remaining after the Bonds have been paid in full, or provision made for payment in accordance with the Bond Resolution, will be paid to City. Payment of fees and expenses of the Paying Agent and Bond Registrar shall be subordinate to payments of principal and interest to the Owners of the Bonds.

INVESTMENT OF MONEYS IN FUNDS

Moneys held in the Project Fund, the Costs of Issuance Account, and the Principal and Interest Account shall be separately invested and reinvested in Permitted Investments which mature or are subject to redemption by the owner prior to

the date such funds will be needed; provided, however, that such moneys shall not be invested in such manner as will violate the provisions of the Bond Resolution. Any such Permitted Investments shall be deemed at all times a part of the fund or account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Permitted Investments shall be credited to and accumulated in such fund, and any loss resulting from such Permitted Investments shall be charged to such fund. In determining the balance in any fund or account, investments in such fund or account shall be valued at their fair market value. The investments shall comply with the Tax Compliance Agreement.

ADDITIONAL BONDS

Additional Bonds may be issued under and equally and ratably secured by the Bond Resolution on a parity with the Series 2025 Bonds and any other Additional Bonds Outstanding at any time and from time to time, upon compliance with the conditions hereinafter provided, for any of the following purposes:

- (a) To provide funds to pay the cost of completing the Project, the total of such costs to be evidenced by a certificate signed by an authorized representative of the City.
- (b) To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Project in the event of damage, destruction or condemnation thereto or thereof.
- (c) To provide funds to pay all or any part of the costs of acquisition, purchase or construction of such additions, improvements, extensions, alterations, expansions or modifications of the Project or any part thereof as the City may deem necessary or desirable and as will not impair the nature of the Project as a facility within the meaning and purposes of the Act.
- (d) To provide funds for refunding all or any part of the Bonds then Outstanding of any series, including the payment of any premium thereon and interest to accrue to the designated redemption date and any expenses in connection with such refunding.

Before any such Additional Bonds shall be issued, the Purchaser shall be given written notice thereof, and the Issuer shall adopt a Supplemental Resolution (i) authorizing the issuance of such Additional Bonds, fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Bonds are being issued or describing the Bonds to be refunded; and (ii) requiring the Issuer to enter into a supplemental lease with the City to provide for rental payments at least sufficient to pay the principal of, premium, if any, and interest on the Bonds then Outstanding (including the Additional Bonds to be issued) as the same become due, and for such other matters as are appropriate because of the issuance of the Additional Bonds proposed to be issued which, in the judgment of the Issuer, is not to the prejudice of the Issuer or the Owners of Bonds previously issued.

Except as provided in the Bond Resolution, the Issuer will not otherwise issue any obligations on a parity with the Series 2025 Bonds, but the Issuer may issue other obligations specifically subordinate and junior to the Series 2025 Bonds with the express written consent of the City.

LIMITATION ON EXERCISE OF REMEDIES BY OWNERS

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

RIGHT OF OWNERS TO DIRECT PROCEEDINGS

The Owners owning 25% in aggregate principal amount of Bonds then Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated to enforce the rights of such Owner or Owners against the Issuer and to require and compel duties and obligations required by the provisions of the Bond Resolution, by the Project Lease, or by the Constitution and laws of the State.

No remedy conferred by the Bond Resolution upon or reserved to the Issuer or to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power, or remedy or shall be

construed to be a waiver of any such Event of Default or acquiescence therein. No waiver of any Event of Default under the Bond Resolution shall extend to or shall affect any subsequent Event of Default thereunder or shall impair any rights or remedies consequent thereon.

WAIVERS OF EVENTS OF DEFAULT

Any Event of Default under the Bond Resolution and its consequences may be waived and shall be waived upon the written request of the Owners of at least 25% in aggregate principal amount of all Bonds then Outstanding. In case of any such waiver or rescission, or in case any proceedings taken on account of any such default shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Issuer, the City and the Owners shall be restored to their former positions, rights and obligations under the Bond Resolution.

SUPPLEMENTAL RESOLUTIONS NOT REQUIRING CONSENT OF OWNERS

The Issuer may from time to time, without the consent of or notice to any of the Owners, enter into such supplemental resolutions as shall be consistent with the terms and provisions of the Bond Resolution, for any one or more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in the Bond Resolution or to make any other change not prejudicial to the Owners;
- (b) To grant to or confer upon the Bond Registrar for the benefit of the Owners, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners;
- (c) To more precisely identify the Project or to substitute or add additional property thereto;
- (d) To subject to the Bond Resolution additional revenues, properties or collateral;
- (e) To issue Additional Bonds as described herein under the caption "THE BOND RESOLUTION - Additional Bonds;" and
- (f) To conform the provisions of the Bond Resolution to the provisions of the Code as the same now exists or may be hereafter amended.

SUPPLEMENTAL RESOLUTIONS REQUIRING CONSENT OF OWNERS

The Owners owning not less than 66-2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer of such other supplemental resolutions as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any supplemental resolution; provided, however, that nothing in the Bond Resolution shall permit: (a) an extension of the maturity of the principal of or the interest on any Bond; (b) a reduction in the principal amount of any Bond or the rate of interest thereon; (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; or (d) a reduction in the aggregate principal amount of Bonds the Owners owning which are required for consent to any such supplemental resolution.

Any provision of the Bond Resolution or the Bonds may be amended with the written consent of the Owners owning 100% in aggregate principal amount then Outstanding.

No Supplemental Resolution which affects any rights of the City shall become effective unless and until the City shall have consented in writing to the execution and delivery of such Supplemental Resolution.

DEFEASANCE

When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Resolution and the pledge of the Pledged Property and all other rights granted in the Bond Resolution shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such

date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity: (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with the Bond Resolution.

PAYMENTS DUE ON NON-BUSINESS DAYS

Payments may be made on the next succeeding Business Day that the Bond Registrar and Paying Agent is open for business if such payment is due on a Saturday, Sunday, legal holiday or day on which the Paying Agent is authorized by law to close, and no interest shall accrue for the period after the stated due date.

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APPENDIX D

FORM OF DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

DATED AS OF DECEMBER 3, 2025

BY

CITY OF SEDGWICK, KANSAS

in connection with

\$2,205,000*
CITY OF SEDGWICK, KANSAS
PUBLIC BUILDING COMMISSION, KANSAS
REVENUE BONDS (FIRE STATION PROJECT) BONDS
SERIES 2025
DATED DECEMBER 18, 2025

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of December 18, 2025 (the “Continuing Disclosure Undertaking”), is executed and delivered by **THE CITY OF SEDGWICK, KANSAS** (the “City”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the City in connection with the issuance by the City of Sedgwick, Kansas Public Building Commission (the “Issuer”) of its Revenue Bonds (Fire Station Project), Series 2025 (the “Bonds”), pursuant to a Resolution adopted by the governing body of the Issuer (the “Bond Resolution”).

2. The City is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). The City is the only “obligated person” with responsibility for continuing disclosure hereunder, and the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provide or required under this Continuing Disclosure Undertaking, and has no liability to any person, including any Beneficial Owner of the Bonds, with respect to the Rule.

The City covenants and agrees as follows:

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

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

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

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

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

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

“Financial Obligation” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not

include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on January 1 and ending on December 31 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“Material Events” means any of the events listed in *Section 3* of this Continuing Disclosure Undertaking.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Section 2. Provision of Annual Reports.

(a) The City shall, not later than November 1st immediately following the end of the City’s Fiscal Year, commencing with the year ending December 31, 2025, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

(1) The audited financial statements of the City for the prior Fiscal Year, in substantially the format contained in the Official Statement relating to the Bonds. A more detailed explanation of the accounting basis and method of preparation of the financial statements is contained in the Official Statement relating to the Bonds. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in *Exhibit A*, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the City.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an “obligated person” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under *Section 3*, and the Annual Report deadline provided above shall automatically become the first day of the eleventh month after the end of the City’s new fiscal year.

(b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than 10 Business Days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“Material Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

If the City has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the City shall send a notice to the MSRB of the failure of the City to file on a timely basis the Annual Report, which notice shall be given by the City in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The City’s obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City’s obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the City pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the City may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the City shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the City fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Bond Resolution or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the City to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Bond Resolution or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

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IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

CITY OF SEDGWICK, KANSAS

(SEAL)

Mayor

City Clerk

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The financial information and operating data contained in tables in the following sections contained in *Appendix A* of the final Official Statement relating to the Bonds:

- Assessed Valuation
- Tax Rates
- Aggregate Tax Levies
- Tax Collection Record
- Current Indebtedness of the City*

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