

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 1, 2020**

**BANK QUALIFIED  
BOOK-ENTRY ONLY**

**RATING: S&P "A+"**

*In the opinion of Triplett Woolf Garretson, LLC, Wichita, Kansas, Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds[(including any original issue discount properly allocable to an owner thereof)] is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is excluded from computation of Kansas adjusted gross income. The Bonds have been designated "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS - Opinion of Bond Counsel" herein.*

**\$4,225,000\***  
**CITY OF PAOLA, KANSAS**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2020**

**Dated: Date of Delivery**

**Due: September 1, as shown  
on inside cover page**

The General Obligation Refunding Bonds, Series 2020 (the "Bonds" or the "Series 2020 Bonds") will be issued by the City of Paola, Kansas (the "City" or the "Issuer"), as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. Principal will be payable annually on September 1 beginning on September 1, 2021 and semiannual interest will be payable on March 1 and September 1, beginning on September 1, 2020. Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as bond registrar and paying agent (the "Paying Agent" and "Bond Registrar"). Interest payable on each Bond shall be paid to the persons who are the registered owners of the 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 (the "Record Date") by check or draft of the Paying Agent mailed to such registered owner, or by wire transfer to certain registered owners as described herein.

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of Bonds will be made in book-entry form only and purchasers will not receive certificates representing their interest in the Bonds purchased. As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to Bond owners or registered owners shall mean Cede & Co., and shall not mean the Beneficial Owners (herein defined) of the Bonds. (See "BOOK ENTRY ONLY SYSTEM" herein).

The Bonds and the interest thereon will constitute general obligations of the City payable as to both principal and interest thereon from ad valorem taxes which may levied without limitation as to rate or amount upon all the taxable tangible property within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due. (See "THE BONDS – Security for the Bonds" herein).

The Bonds maturing on September 1, 2028 and thereafter will be subject to redemption prior to maturity, at the option of the Issuer, on September 1, 2027 and any date thereafter as described herein. (See "THE BONDS-Redemption Provisions" herein).

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Triplett Woolf Garretson, LLC, Wichita, Kansas, Bond Counsel. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company, New York, New York, on or about June 4, 2020.

**RAYMOND JAMES**

*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 OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. "APPENDIX C – FORM OF CONTINUING DISCLOSURE UNDERTAKING" CONTAINS DEFINITIONS USED IN THIS OFFICIAL STATEMENT.*

The date of this Official Statement is May \_\_, 2020

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**\$4,225,000\***  
**CITY OF PAOLA, KANSAS**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2020**

**Maturity Schedule**

**Dated: Date of Delivery**

**Due: September 1, as shown below**

**SERIAL BONDS**

<u>Stated Maturity September 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2021	\$165,000			
2022	335,000			
2023	340,000			
2024	360,000			
2025	380,000			
2026	395,000			
2027	410,000			
2028	430,000			
2029	450,000			
2030	470,000			
2031	490,000			

**[TERM BONDS**

<u>Stated Maturity September 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>

(All plus accrued interest, if any)

<sup>1</sup> CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a subsidiary of The McGraw-Hill Companies, Inc., and is included solely for the convenience of the Owners of the Notes. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

\* Preliminary, subject to change.

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

**THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR UNDER ANY STATE SECURITIES OR "BLUE SLY" LAWS. THE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE 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 BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**

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

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

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

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**CITY OF PAOLA, KANSAS**

City Hall  
19 East Peoria  
Paola, Kansas 66071  
Phone No. (913) 259-3600  
Fax No. (913) 259-3610

**GOVERNING BODY**

Artie Stuteville, Mayor  
Dave Small, Councilmember  
Trent Upshaw, Councilmember  
Leigh House, Councilmember  
Aaron Nickelson, Councilmember

**CITY MANAGER**

Sid Fleming

**ASSISTANT CITY MANAGER**

Randi Shannon

**CITY CLERK**

Stephanie Marler

**BOND COUNSEL**

Triplett Woolf Garretson, LLC  
Wichita, Kansas

**UNDERWRITER**

Raymond James & Associates, Inc.  
Kansas City, Missouri

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 Bonds other than those contained in this 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 Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 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 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, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this 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.

**TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTION .....	1
THE BONDS .....	2
THE DEPOSITORY TRUST COMPANY .....	4
THE REFUNDING PLAN.....	6
SOURCES AND USES OF FUNDS.....	6
RISK FACTORS AND INVESTMENT CONSIDERATIONS .....	6
BOND RATING .....	9
ABSENCE OF LITIGATION.....	9
LEGAL MATTERS .....	9
TAX MATTERS .....	9
UNDERWRITING .....	10
AUTHORIZATION OF OFFICIAL STATEMENT .....	11
APPENDIX A: INFORMATION CONCERNING THE ISSUER .....	A-1
APPENDIX B: FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS (FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018.....	B-1
APPENDIX C: FORM OF CONTINUING DISCLOSURE UNDERTAKING.....	C-1

# OFFICIAL STATEMENT

**\$4,225,000\***  
**CITY OF PAOLA, KANSAS**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2020**

## INTRODUCTION

### General Matters

The purpose of this Official Statement is to furnish information relating to the City of Paola, Kansas (the "Issuer" or the "City"), and the General Obligation Refunding Bonds, Series 2020 (the "Bonds" or the "Series 2020 Bonds"), of the Issuer, dated as of the Date of Delivery, to be issued in the principal amount of \$4,225,000\*.

The Appendices to this Official Statement are integral parts of this document and should be read in their entirety. The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Except to the extent described under the section captioned "TAX MATTERS-Opinion of Bond Counsel," Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

### Continuing Disclosure

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. In the Bond Resolution, hereinafter defined, the Issuer has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds.

In the Bond Resolution (defined herein) the City has agreed to enter into an undertaking (the "Undertaking") for the benefit of the holders of the Bonds to provide annual financial information and operating data to Municipal Securities Rulemaking Board ("MSRB"), and to provide notice to the MSRB of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (the "Rule").

In the Bond Resolution, the City covenants with the Underwriter and the Beneficial Owners to apply the provisions of the Undertaking to the Bonds. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds. A failure by the City to comply with the Undertaking will not constitute an event of default under the Bond Resolution (although Bond holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. See "APPENDIX C: FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

The City has entered into continuing disclosure undertakings required by Rule 15c2-12 in connection with bonds previously issued. During the past five years, the City has not fully complied with its obligations under such continuing disclosure undertakings. The City has established new policies and procedures that they believe will ensure full and timely compliance with all continuing disclosure obligations in the future. In certain prior years, the City has failed to provide all required information and also failed to post any failure to file notices within the time period prescribed by the prior undertakings. The City's filings for such years are set forth in the table below:

<b>Fiscal Year</b> <b>Ending December 31</b>	<b>Filing Time</b> <b>Period</b>	<b>Financial Information</b> <b>Filing Date</b>	<b>Operating Data</b> <b>Filing Date</b>
2014	September 15 <sup>th</sup>	6/25/2015	9/1/2015
2015	September 15 <sup>th</sup>	7/26/2016	8/10/2016
2016	September 15 <sup>th</sup>	6/26/2017	7/11/2017
2017	September 15 <sup>th</sup>	7/2/2018	6/29/2018
2018	September 15 <sup>th</sup>	6/7/2019	6/7/2019
2019	September 15 <sup>th</sup>	Not Yet Due	Not Yet Due

During the past five years, the City may not have separately made timely filings of event notices on EMMA relating to all bond calls, defeasances or rating changes. The City believes this information was disseminated or available through other sources.

\* Preliminary, subject to change.

## **Additional Information**

Additional information regarding the Issuer and the Bonds may be obtained from the Clerk of the Issuer at the address set forth in the preface to this Official Statement, or from the Underwriter, Raymond James & Associates, Inc., 1201 Walnut Street, 21<sup>st</sup> Floor, Kansas City, Missouri 64106 (816) 391-4120.

## **THE BONDS**

### **Authority for the Bonds**

The Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including K.S.A. 10-101 to 10-125 inclusive, K.S.A 10-427 et seq., K.S.A. 10-620 et seq., each as amended and supplemented, and an ordinance passed by the governing body of the Issuer and a resolution adopted by the governing body of the Issuer (collectively the "Bond Resolution").

### **Security for the Bonds**

The Bonds and the interest thereon will constitute general obligations of the City payable as to both principal and interest thereon from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

### **Description of the Bonds**

The Bonds shall consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof ("Authorized Denomination") and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Date of Delivery (the "Dated Date"), become due in the amounts, on the maturity dates, and be subject to redemption and payment, prior to maturity, and bear interest at the rates per annum set forth on the inside cover page of this Official Statement. The Bonds shall bear interest (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

### **Designation of Paying Agent and Bond Registrar**

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

### **Method and Place of Payment of the Bonds.**

Subject to the Book-Entry Only System, the principal of, or redemption price, and interest on the Bonds shall be payable as follows in lawful money of the United States of America. 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 fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date (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 only of an interest payment to an Owner who is a securities depository, by wire transfer to such Owner upon written notice given to the Paying Agent by such Owner not less than 15 days prior to the Record Date for such interest containing the electronic transfer instructions including the bank, address, ABA routing number and account number to which such owner wishes to have such wire directed.

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

**SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE BONDS, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See "THE BONDS – Book-Entry Only System."**

## Registration, Transfer and Exchange of Bonds

The provisions governing the registration, transfer and exchange of Bonds are set out in the Issuer/Agent Agreement (the "Agreement") between the Issuer and the Bond Registrar and are generally described as follows.

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

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

The Issuer and the Bond Registrar shall not be required 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.

## Mutilated, Lost, Stolen or Destroyed Bonds

The provisions governing the replacement of mutilated, lost, stolen or destroyed Bonds are set out in the Agreement and governed by applicable provisions of the Uniform Commercial Code generally described as follows.

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 as described in this paragraph, 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.

## Redemption Provisions

At the option of the Issuer, the Bonds or portions thereof either maturing or subject to optional redemption and payment in the years 2028 and thereafter may be called for redemption and payment prior to their maturity on September 1, 2027, and thereafter as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

[ **Mandatory Redemption.** [(a) [20\_\_] Term Bonds. ]The [20\_\_] Term Bonds shall be subject to mandatory redemption and payment prior to stated maturity pursuant to the mandatory redemption requirements hereinafter set forth at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. The payments which are to be deposited into the principal and interest account shall be sufficient to redeem, and the Issuer shall redeem on September 1 in each year, the following principal amounts of such [20\_\_] Term Bonds:

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

\*Final Maturity]



***Selection of Bonds to be Redeemed.*** Bonds shall be redeemed in the principal amount of \$5,000 or any integral multiple thereof. If less than all of the Bonds then outstanding are to be redeemed, then Bonds of less than a full maturity will be selected by lot in units of \$5,000. If one or more, but not all, of the \$5,000 units of value represented by a Bond is to be redeemed, then, upon receiving notice of such redemption, the Owner thereof (or the Owner's authorized agent) shall present the Bond to the Bond Registrar for payment of the principal of and interest on the \$5,000 units to be redeemed, and for exchange, without charge to the Owner, for a new Bond in the amount of the unredeemed portion of such Bond.

***Notice and Effect of Call for Redemption.*** Unless waived by any Owner of Bonds to be redeemed, if the Issuer calls any Bonds for redemption and payment prior to their maturity, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar. 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 to Bond Owners shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date. The failure of any Owner of the Bonds to receive notice given as here described or an immaterial defect therein shall not invalidate any redemption.

At the option of the City, a notice of optional redemption may be made conditional upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date. If such notice is conditional and moneys are not received, the notice shall be of no force and effect, the Paying Agent shall not redeem such Bonds and the Paying Agent shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

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

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

### **Book-Entry Bonds**

The Bonds are issued as book-entry only securities and will be initially registered in the name of Cede & Co., as the partnership nominee of The Depository Trust Company, acting as securities depository for the Bonds ("DTC"). According to the procedures of DTC it is expected that during the term of the Bonds DTC will make book-entry transfers among its Participants and receive and transmit payment of principal, premium, if any, and interest on the Bonds to the Participants as well as any notices of redemption for the Bonds. While the Bonds remain registered in the name of Cede & Co., references in this Official Statement to Owner or Registered Owner of a Bond shall mean Cede & Co. and not the beneficial owners of the Bonds under the Book-Entry Only System as described herein. If the book-entry only system is discontinued and a successor securities depository not appointed, the Issuer will deliver replacement Bonds to the beneficial owner of the Bonds as provided in the Bond Ordinance. The practices of DTC with respect to the book-entry only system are described herein in the section entitled "The Depository Trust Company".

## **THE DEPOSITORY TRUST COMPANY**

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the 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](http://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 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 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 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 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 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 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 Bonds, on DTC’s records, to the Paying Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 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 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 REFUNDING PLAN

Proceeds of the Bonds will be applied to currently refund and retire the following general obligation bonds (the “Refunded Bonds”) of the City:

<u>Series</u>	<u>Maturities</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2012	2021-2031	\$4,390,000	September 1, 2020	100%

### SOURCES AND USES OF FUNDS

The following table summarizes the sources and uses of funds associated with the issuance of the Bonds:

<b>Sources of Funds:</b>	
Principal Amount of the Bonds	\$4,225,000.00*
Reoffering Premium	
Total	
 <b>Uses of Funds:</b>	
Deposit to Redemption Fund	
Costs of Issuance	
Underwriter’s Discount	
Total	

### RISK FACTORS AND INVESTMENT CONSIDERATIONS

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

#### Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Bonds. There can be no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer. Changes in laws affecting the taxing authority of the Issuer could limit the ability of the Issuer to collect revenues sufficient to pay principal and interest on the Bonds.

#### Limitations on Remedies Available to Owners of Bonds

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

## **Taxation of Interest on the Bonds**

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

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

## **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 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 Bonds if the interest thereon becomes includable in gross income for Kansas income tax purposes.

## **Premium on Bonds**

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

## **Suitability of Investment**

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

## **Market for the Bonds**

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

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

## **Kansas Public Employees Retirement System**

As described in "**APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans,**" the Issuer participates in the Kansas Public Employees Retirement System ("KPERs"), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERs administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Police and Firemen's Retirement System ("KP&F") and the Public Employees Retirement

System – Local Group (the “Plan”). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability (“UAAL”). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERS’ Valuation Reports, KPERS had an aggregate UAAL of approximately \$1.501 billion in calendar year 2018 and KP&F had an UAAL of approximately \$933 million.

### **Cybersecurity Risks**

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

### **Natural Disasters, Terrorist or Cyber Attacks**

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

### **Recent Developments- COVID-19 Pandemic**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States, has been declared a Public Health Emergency of International Concern by the World Health Organization (“pandemic”). In response to the pandemic, a State of Disaster Emergency was proclaimed for the State of Kansas on March 12, 2020, and on March 13, 2020 the President of the United States declared the COVID-19 outbreak constitutes a national emergency, beginning as of March 1, 2020, pursuant to the National Emergencies Act. On March 28, 2020 Kansas Governor Laura Kelly issued Executive Order No. 20-16 establishing a statewide “stay home” order to respond to COVID-19 outbreaks in Kansas (the “Executive Order”). The Executive Order supersedes various “stay home” orders issued by some, but not all, county health officials and directs all individuals within the state of Kansas to stay in their homes or residences unless performing an “essential activity” as defined in the Executive Order. The Executive Order was extended on April 16, 2020 and is scheduled to expire at midnight on May 3, 2020. On May 4, 2020, Governor Kelly will lift the statewide “Safer at Home” order and allow Kansas communities to begin phased reopening by issuing a statewide executive order (EO) to begin Phase One of the “Ad Astra: A Plan to Reopen Kansas”. The State will set the regulatory baseline in each phase of this framework, with Kansas local governments retaining authority to impose additional restrictions that are in the best interest of the health of their respective residents. Local governments do not have to apply or submit requests to the state to institute any equal or more restrictive standards. Local governments that choose not to impose any additional restrictions are required to operate within the regulatory baseline of the Governor’s EO for each phase. The Governor will evaluate the state’s disease spread, testing rates, death rates, hospitalizations, ability of state and local public health authorities to contain outbreaks and conduct contact tracing, and availability of personal protective equipment when determining if the state should move to the next “Phase.” Regardless of phase, the State Health Officer retains the authority to impose additional public health interventions in any area that contains an emergent and significant public health risk as determined by the Officer. Specific business and activity restrictions in each phase were determined by assessing the contact intensity of the service provided, the number of contacts generally possible, and the ability to modify the risk of activities and services. Throughout all these phases, Kansans are asked to maintain social distancing, practice good hygiene, remain home when sick, follow isolation and quarantine orders issued by state or local health officers, use cloth face masks when leaving their homes, and continue to clean and disinfect surfaces.

The City’s governmental operations providing other essential public services are “essential activity” under the Executive Order. City employees continue to work, from their homes when possible. The City offices are closed to public access and the City is following social distancing procedures for employees.

The COVID-19 pandemic has affected public health, travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The Federal government passed the Families First Coronavirus Response Act, effective April 1, 2020, providing for expanded family and medical leave for employees affected by COVID-19. The Federal government also passed a \$2.2 trillion economic relief package known as Coronavirus Aid, Relief, and Economic Security Act on March 27, 2020. On April 23, 2020 the U.S. House of Representatives passed a \$484 billion aid package intended to provide additional relief from the impacts of COVID-19. The bill was signed by the President on April 24, 2020. While the potential impact on the City cannot be predicted at this time, the continued spread of COVID-19, and response efforts to slow the progress of the disease may have a material adverse effect on the City, its economy and its financial condition. At this time, the City cannot predict the impact of the global COVID-19 pandemic 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, (See “Bond Rating” herein).

## **BOND RATING**

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

## **ABSENCE OF LITIGATION**

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

## **LEGAL MATTERS**

### **Approval of Bonds.**

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

## **TAX MATTERS**

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

### **Opinion of Bond Counsel**

**Federal Tax Exemption.** In the opinion of Bond Counsel, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal tax purposes retroactive to the date of issuance of the Bonds. The Bonds have been designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

**Kansas Tax Exemption.** The interest on the Bonds is excluded from computation of Kansas adjusted gross income.

**No Other Opinions.** Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

### **Other Tax Consequences**

[ **Original Issue Premium.** If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Bond. Under Code §171, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for Federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no Federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

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

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

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

## **UNDERWRITING**

The Bonds are being purchased for reoffering by Raymond James & Associates, Inc., Kansas City, Missouri (the “Underwriter”) at a price equal to the principal amount of the Bonds, less an underwriting discount of \$ \_\_\_\_\_, plus an original issue premium of \$ \_\_\_\_\_. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Bonds will be offered to the public initially at the prices determined to produce the yields set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the 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 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

**AUTHORIZATION OF OFFICIAL STATEMENT**

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

**CITY OF PAOLA, KANSAS**

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Clerk