Gilmore & Bell, P.C.
08/17/2020

TRANSCRIPT OF PROCEEDINGS

AUTHORIZING THE ISSUANCE

OF

$2,710,000

CITY OF CANEY, KANSAS

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

DATED SEPTEMBER 1, 2020

Legal Opinion

Gilmore & Bell, P.C.
Wichita, Kansas

CITY OF CANEY, KANSAS

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

DATED SEPTEMBER 1, 2020

CLOSING LIST

The transcript of proceedings will be prepared in electronic format unless otherwise noted, for the above referenced issue (the "Bonds"), and distributed as follows:

1. City of Caney, Kansas (the "Issuer") [*Original + electronic*]

2. Paul M. Kritz, Esq., Caney, Kansas ("Issuer's Counsel")

3. Attorney General of the State of Kansas [*Original*]

4. State Treasurer, Topeka, Kansas (the "Paying Agent")

5. Country Club Bank, Prairie Village, Kansas (the "Original Purchaser")

6. Ranson Financial Group, LLC, Wichita, Kansas (the "Municipal Advisor")

7. Gilmore & Bell, P.C., Wichita, Kansas ("Bond Counsel")

Document
Number

PROCEEDINGS AUTHORIZING THE IMPROVEMENTS

1. **Swimming Pool Improvements**
   - Project Estimate
   - Excerpt of Minutes of the governing body meeting evidencing adoption of Resolution No. 1360
   - Resolution No. 1360 authorizing public building improvements

2. **Sanitary Sewer Interceptor Improvements**
   - Project Estimate
   - Excerpt of Minutes of the governing body meeting evidencing adoption of Resolution No. 1381
   - Resolution No. 1381 authorizing sewer improvements

3. **Public Water Supply System Improvements**
   - Project Estimate
   - Excerpt of Minutes of the governing body meeting evidencing adoption of Resolution No. 1380
   - Resolution No. 1380 authorizing water improvements

4. **Charter Ordinance Proceedings**
   - Excerpt of Minutes of the governing body meeting evidencing passage of Charter Ordinance No. 30
   - Charter Ordinance No. 30 amending and supplementing K.S.A. 12-617 *et seq.*
   - Affidavit of Publication of Charter Ordinance No. 30
   - Certificate of No Protest

PROCEEDINGS AUTHORIZING THE SALE
AND ISSUANCE OF THE BONDS

5. Excerpt of Minutes of the governing body meeting evidencing adoption of Resolution No. 1382

6. Resolution No. 1382 authorizing the offering for sale of the Bonds

7. Notice of Bond Sale, Preliminary Official Statement and Certificate Deeming Preliminary Official Statement Final

8. Official Statement

9. Continuing Disclosure Undertaking

10. Excerpt of Minutes of the governing body meeting evidencing opening of the bids, acceptance of the best bid of the Original Purchaser, passage of Ordinance No. 2175 and adoption of Resolution No. 1384

11. Ordinance No. 2175 authorizing the issuance of the Bonds

12. Summary of Ordinance No. 2175 and affidavit of publication thereof

13. Resolution No. 1384 prescribing the form and details of the Bonds

14. Ordinance No. 2111 and Resolution No. 1258 authorizing Refunded Bonds

15. Refunded Bonds Redemption Documents
   - Call for Redemption
   - Notice of Call for Redemption
   - Paying Agent's Certification

16. Refunded Loan Prepayment Documents – KWPCRF C20 1709 01
   - KDHE Loan Agreement KWPCRF C20 1709 01
   - Conditional Notice of Prepayment
   - KDHE Acknowledgement and Certification
   - KDHE Certification Regarding Use of Loan Prepayment Funds
   - City Certification Regarding Source of Funds for KDHE Loan Prepayment

17. Refunded Loan Prepayment Documents – KPWSLF 2491
   - KDHE Loan Agreement KPWSLF 2491

· Conditional Notice of Prepayment
· KDHE Acknowledgement and Certification
· KDHE Certification Regarding Use of Loan Prepayment Funds
· City Certification Regarding Source of Funds for KDHE Loan Prepayment

CLOSING DOCUMENTS

18. Transcript Certificate
Exhibit A – Statement of Costs
Exhibit B – Schedule of Outstanding General Obligation Indebtedness

19. Uniform Facsimile of Signature Certificate

20. Authorization of State Treasurer to use facsimile signature and seal

21. Specimen Bond and Bond Printer's Certificate

22. Agreement Between Issuer and Agent

23. DTC Blanket Letter of Representations

24. Closing Certificate

25. Federal Tax Certificate with attachments as follows:
Exhibit A – Internal Revenue Service Form 8038-G and evidence of filing
Exhibit B – Receipt for Purchase Price
Exhibit C – Receipt and Representation
Exhibit C-1 – Certificate of Municipal Advisor
Exhibit D – Description of Property Comprising the Financed Improvements and List of Reimbursement Expenditures
Exhibit E – Sample Annual Compliance Checklist
Exhibit F – Sample Final Written Allocation
Schedule 1 – Debt Service Schedule & Proof of Yield

LEGAL OPINIONS

26. Approving legal opinion of Gilmore & Bell, P.C.

27. Approval letter of Attorney General

MISCELLANEOUS DOCUMENTS

28. Closing Letter

* * * * *

7 ESTIMATED CONSTRUCTION AND NON-CONSTRUCTION COSTS

The estimated costs of the proposed project are as follows:

Mobilization	$ 100,000
Demolition	$ 50,000
Sitework/Excavation/Backfill/Site Restoration	$ 180,000
Swimming Pool/Pool Equip/Piping	$ 960,000
Deck	$ 55,000
Fence	$ 35,000
Bathhouse	$ 550,000
Site Restoration (Final Grading/Seeding/Mulching)	$ 20,000
Total Construction	$ 1,950,000
Geotechnical Investigation	$ 5,000
Topographical Survey	$ 3,000
Engineering (Design And Bidding)	$ 140,000
Construction Administration	$ 40,000
Construction Observation	$ 25,000
Materials Testing	$ 25,000
Administrative Services	$ 22,000
Total Probable Project Costs	$ 2,210,000

8 OPERATION, MAINTENANCE AND REPLACEMENT BUDGET

The projected annual costs for staffing, operations, and routine maintenances are presented below:

Seasonal (Annual) Operating Expense Projections	
Staff	$ 24,000
Water	$ 2,000
Electrical	$ 3,000
Wastewater	$ 600
Natural Gas	$ 900
Chemicals	$ 3,000
Total Annual Operating	$ 33,500
Routine Maintenance Expense Projections	
Equipment & Supplies	$ 1,000
Maintenance & Repair Fund	$ 5,000
Total Annual Routine Maintenance	$ 6,000

Gilmore & Bell, P.C.
04/10/2019

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF CANEY, KANSAS
HELD ON APRIL 15, 2019**

The governing body met in regular session at the usual meeting place in the City at 6:00 p.m., the following members being present and participating, to-wit:

THOMAS C. BURK, JR., Mayor;
Councilmembers MARIANNE RANES, RALPH ANTHONY, KENITH BUTTS,
LORI PATTERSON, DEBBIE WOOD, KEITH ROGERS and
DAN JOHNSTON (ARRIVED AT 6:20 p.m.)

Absent: AARON ELLIOTT

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

* * * * * * * * * * * * * *

(Other Proceedings)

There was presented a Resolution entitled:

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC BUILDING IN THE CITY OF CANEY, KANSAS, AND PROVIDING FOR THE PAYMENT OF THE COSTS THEREOF.

Councilmember KEITH ROGERS moved that the Resolution be adopted. The motion was seconded by Councilmember DEBBIE WOOD. The Resolution was duly read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the governing body as follows:

Yea: MARIANNE RANES, RALPH ANTHONY, KENITH BUTTS, LORI PATTERSON, DEBBIE WOOD, KEITH ROGERS.

Nay: NONE.

The Mayor declared the Resolution duly adopted and the Resolution was then numbered Resolution No. 1360 and was signed by the Mayor and attested by the City Clerk.

* * * * * * * * * * * * * *

(Other Proceedings)

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CERTIFICATE

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

(SEAL)

Debbie Morrison, City Clerk

Gilmore & Bell, P.C.
04/10/2019

RESOLUTION NO. 1360

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC BUILDING IN THE CITY OF CANEY, KANSAS, AND PROVIDING FOR THE PAYMENT OF THE COSTS THEREOF.

WHEREAS, K.S.A. 12-1736 provides, in part, that any city in the State of Kansas may erect or construct, acquire a public building or buildings and procure any necessary site therefor and may alter, repair, reconstruct, remodel, replace or make additions to, furnish and equip a public building or buildings; and

WHEREAS, K.S.A. 12-1737 provides, in part, that the governing body of any city may, for the purposes of financing the costs associated with the foregoing, issue general obligation bonds of the City; and

WHEREAS, the governing body of the City of Caney, Kansas (the "City"), hereby finds and determines it to be necessary to authorize and provide for the renovation, replacement, improvement and equipping of the City's swimming pool facility (the "Project"), an existing public building in the City, and to provide for the payment of the costs thereof, as provided by K.S.A. 12-1736 *et seq.*, as amended and supplemented from time to time (the "Act").

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

Section 1. **Project Authorization**. The renovation, replacement, improvement and equipping of the Project shall be made under the provisions of the Act in accordance with plans and specifications to be approved by the governing body of the City and placed on file with the City Clerk.

Section 2. **Bond Authorization**. The estimated costs of the Project are $2,210,000. All or a portion of the costs of the Project, interest on interim financing and associated financing costs shall be payable from the proceeds of general obligation bonds of the City issued under authority of the Act (the "Bonds"), with the balance of such costs expected to be paid by a community development block grant.

Section 3. Reimbursement. The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of this Resolution, pursuant to Treasury Regulation § 1.150-2.

Section 4. **Effective Date.** This Resolution shall take effect and be in full force from and after its adoption by the governing body of the City.

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ADOPTED by the governing body of the City on April 15, 2019.

(SEAL)

ATTEST:

Mayor

City Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Resolution of the City adopted by the governing body on April 15, 2019, as the same appears of record in my office.

DATED: April 15, 2019.

City Clerk

EXHIBIT D

USE OF LOAN PROCEEDS

This project includes repair/replacement of an interceptor sewer line in the southern portion of Caney, Kansas. A portion of the sewer will be replaced by open cut trench method, another portion will be replaced by pipe bursting, and the remainder repaired via cured–in-place pipe installation.

The loan proceeds will be utilized to pay the costs of:

1. Construction: All actual costs for construction of the public sanitary sewer improvements as described above and all miscellaneous piping, controls and appurtenances associated with the public sewer system.

2. Engineering: All actual costs for design and construction related engineering services.

3. Administrative: All reasonable costs of legal and financial administrative support directly provided for the project.

Unallowable Costs: The costs of full time employees of the municipality, purchase of land and easements, preparation of the CDBG grant application and administration of CDBG grant requirements, repairs and replacement of privately owned sewers outside of the public easement or right-of-way.

Gilmore & Bell, P.C.
07/17/2020

EXCERPT OF MINUTES OF A MEETING OF THE CITY COUNCIL OF THE CITY OF CANEY, KANSAS HELD ON JULY 20, 2020

The City Council (the "Governing Body") met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit:

MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, SHIRLEY DAVIS and KENITH BUTTS

Absent: NONE

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

* * * * * * * * * * * * * *

(Other Proceedings)

There was presented a Resolution entitled:

A RESOLUTION OF THE CITY OF CANEY, KANSAS, AUTHORIZING PAYMENT OF THE COSTS OF IMPROVEMENTS TO THE CITY SEWER SYSTEM.

Councilmember RALPH ANTHONY moved that the Resolution be adopted. The motion was seconded by Councilmember KENITH BUTTS. The Resolution was duly read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the governing body, the vote being as follows:

Aye: MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, SHIRLEY DAVIS and KENITH BUTTS.

Nay: NONE.

The Mayor declared the Resolution duly adopted by the Governing Body and the Clerk designated the same Resolution No. 1381.

* * * * * * * * * * * * * *

(Other Proceedings)

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CERTIFICATE

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

Clerk

Gilmore & Bell, P.C.
07/17/2020

RESOLUTION NO. 1381

A RESOLUTION OF THE CITY OF CANEY, KANSAS, AUTHORIZING PAYMENT OF THE COSTS OF IMPROVEMENTS TO THE CITY SEWER SYSTEM.

WHEREAS, K.S.A. 12-617 *et seq.*, as amended by Charter Ordinance No. 30 of the City of Caney, Kansas (the "City") (enacted pursuant to the provisions of Section 5(c) of Article 12 of the Constitution of the State of Kansas) and K.S.A. 12-101 *et seq.* (collectively the "Act"), provides that the City shall have the authority to build, construct, improve, repair or purchase sewer improvements, including the acquisition of land or an interest therein necessary therefor, within or without the limits of the City, to serve the City, including but not limited to the following: sewer mains, interceptor sewers, pumping stations, sewers, sewer service lines, drains, outlets, treatment and disposal works; and

WHEREAS, pursuant to the Act the City may issue its general obligation bonds to pay the costs of such improvements when authorized to do so by the adoption of a resolution by the governing body of the City describing the type of sewer improvement to be provided for and the amount of Bonds to be issued; and

WHEREAS, the governing body of the City has heretofore found and determined it necessary and advisable to upgrade and rehabilitate its sanitary sewer system (the "System"); and

WHEREAS, the City hereby finds and determines that it is necessary and advisable to provide, pursuant to the provisions of the Act, for the issuance of general obligation bonds of the City to provide for the payment of the costs of the improvements to the System.

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

Section 1. Project Authorization. It is hereby authorized, ordered and directed that the System be improved by the replacement and repair of the sanitary sewer interceptor located in the southern portion of the collection system, including the replacement or repair of sanitary sewer lines and manholes (the "Improvements").

Section 2. Project Financing. The estimated costs of the Improvements are $1,155,596. The City passed an ordinance authorizing the execution of Loan Agreement No. C20 1709 01, as amended (collectively the "Loan"), effective as of October 12, 2005, with the Kansas Department of Health and Environment to provide initial financing for the Improvements, with the final principal amount of the loan of $1,155,596.

All or a portion of the costs of the Improvements, interest on interim financing (including the Loan) and associated financing costs shall be payable from the proceeds of the Bonds issued under authority of the Act. The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of adoption of this Resolution, pursuant to Treasury Regulation §1.150-2.

Section 3. Effective Date. This Resolution shall take effect and be in full force from and after its adoption by the governing body of the City.

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ADOPTED by the City Council on July 20, 2020.

Mayor

ATTEST:

Clerk

601004 20008\PROJ AUTH-KDHE SEWER

(Signature Page to Resolution)

EXHIBIT D

USE OF LOAN PROCEEDS

The loan proceeds will be utilized to pay the costs of:

	Project Description	Approximate Cost
1.	Construction: Rehabilitate the existing chlorine contact basin into a presettling basin, re-commission an abandoned chlorine contact basin, change various chemical feed points, and reroute the water treatment plant yard piping.	$820,000.00
2.	Engineering: All actual costs of planning, design and construction engineering, construction inspection, final plan of operation, operation and maintenance manual, user charge and ordinance development, and project performance services.	$75,000.00
3.	Administration: All reasonable costs of legal and financial administrative support directly provided by the project, costs of interest during construction, emergency costs associated with the project activities during construction, and the costs associated with obtaining the necessary easements for the project.	$7,250.00
	Total	$902,250.00

Gilmore & Bell, P.C.
07/17/2020

EXCERPT OF MINUTES OF A MEETING OF THE CITY COUNCIL OF THE CITY OF CANEY, KANSAS HELD ON JULY 20, 2020

The City Council (the "Governing Body") met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit:

MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, SHIRLEY DAVIS and KENITH BUTTS

Absent: NONE

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

* * * * * * * * * * * * * *

(Other Proceedings)

There was presented a Resolution entitled:

A RESOLUTION OF THE CITY OF CANEY, KANSAS, AUTHORIZING IMPROVEMENTS TO THE CITY'S PUBLIC WATER SUPPLY SYSTEM; AND PROVIDING FOR THE PAYMENT OF THE COSTS THEREOF.

Councilmember RALPH ANTHONY moved that the Resolution be adopted. The motion was seconded by Councilmember KEITH ROGERS. The Resolution was duly read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the governing body, the vote being as follows:

Aye: MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, SHIRLEY DAVIS and KENITH BUTTS.

Nay: NONE.

The Mayor declared the Resolution duly adopted by the Governing Body and the Clerk designated the same Resolution No. 1380.

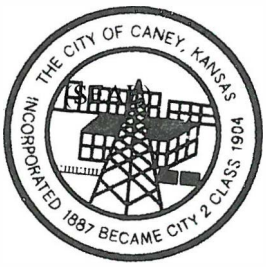
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(Other Proceedings)

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CERTIFICATE

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



Debbie Morrison
Clerk

Gilmore & Bell, P.C.
07/17/2020

RESOLUTION NO. 1380

A RESOLUTION OF THE CITY OF CANEY, KANSAS, AUTHORIZING IMPROVEMENTS TO THE CITY'S PUBLIC WATER SUPPLY SYSTEM; AND PROVIDING FOR THE PAYMENT OF THE COSTS THEREOF.

WHEREAS, K.S.A. 65-163d through 65-163u, as amended (the "Act"), authorizes any municipality to acquire, construct, reconstruct, improve, equip, rehabilitate or extend all or any part of a public water supply system and to issue general obligation bonds to pay all or part of any costs thereof; and

WHEREAS, the City of Caney, Kansas (the "City") is a municipality within the terms of the Act and operates a public water supply system, as said term is defined in the Act (the "System"); and

WHEREAS, the governing body of the City hereby finds and determines that it is necessary and advisable to improve the System and to provide for the payment of the costs thereof by the issuance of general obligation bonds.

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

Section 1. Project Authorization. It is hereby authorized, ordered and directed that the System be improved by the rehabilitation of the chlorine contact basin into a presettling basin, re-commissioning an abandoned chlorine contact basin, changing various chemical feed points, and rerouting the water treatment plant yard piping (the "Improvements").

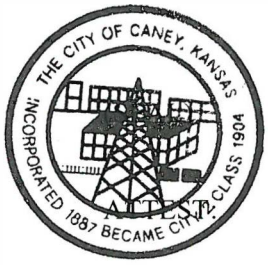
Section 2. Project Financing. The estimated costs of the Improvements are $1,344,166.58. The City passed an ordinance authorizing the execution of Loan Agreement No. 2491, as amended (collectively the "Loan"), effective as of April 20, 2007, with the Kansas Department of Health and Environment to provide initial financing for the Improvements, with the final principal amount of the loan of $1,344,166.58.

All or a portion of the costs of the Improvements, interest on interim financing (including the Loan) and associated financing costs shall be payable from the proceeds of the Bonds issued under authority of the Act. The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of adoption of this Resolution, pursuant to Treasury Regulation §1.150-2.

Section 3. Effective Date. This Resolution shall take effect and be in full force from and after its adoption by the governing body of the City.

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ADOPTED by the City Council on July 20, 2020.



Mayor

Clerk

601044.20008\PROJ AUTH-KDHE WATER

(Signature Page to Resolution)

Gilmore & Bell, P.C.
09/22/2017

EXCERPT OF MINUTES OF A MEETING OF THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS HELD ON OCTOBER 2, 2017

The governing body met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit:

TOM BURK JR., KEITH ROGERS, VALERIE HURD,
DAN JOHNSTON, DEB WOOD, KOLT WEST, ZOE WAHL and KENITH BUTTS

Absent: NONE

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

* * * * * * * * * * * * * *

(Other Proceedings)

There was presented a Charter Ordinance entitled:

A CHARTER ORDINANCE EXEMPTING THE CITY OF CANEY, KANSAS, FROM THE PROVISIONS OF K.S.A. 12-617 *ET SEQ.* AND PROVIDING SUBSTITUTE AND ADDITIONAL PROVISIONS ON THE SAME SUBJECT RELATING TO SEWER IMPROVEMENTS AND THE ISSUANCE OF BONDS FOR THE PURPOSE OF PAYING FOR SAID IMPROVEMENTS.

Councilmember KEITH ROGERS moved that the Ordinance be passed. The motion was seconded by Councilmember KOLT WEST. The Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the governing body as follows:

Yea: TOM BURK JR., KEITH ROGERS, VALERIE HURD, DAN JOHNSTON, DEB WOOD, KOLT WEST, ZOE WAHL and KENITH BUTTS.

Nay: NONE.

The Mayor declared the Charter Ordinance duly passed with more than a 2/3 vote of the governing body, and the Charter Ordinance was then duly numbered Charter Ordinance No. 30, was signed by the Mayor and attested by the Clerk and was directed to be published once a week for two consecutive weeks in the official newspaper of the City.

* * * * * * * * * * * * * *

(Other Proceedings)

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

CERTIFICATE

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

(SEAL)

Debbie Morrison
Clerk

Gilmore & Bell, P.C.
09/22/2017

(Published in the ***Montgomery County Chronicle*** on October 12, 2017, and October 19, 2017)

CHARTER ORDINANCE NO. 30

A CHARTER ORDINANCE EXEMPTING THE CITY OF CANEY, KANSAS, FROM THE PROVISIONS OF K.S.A. 12-617 *ET SEQ.* AND PROVIDING SUBSTITUTE AND ADDITIONAL PROVISIONS ON THE SAME SUBJECT RELATING TO SEWER IMPROVEMENTS AND THE ISSUANCE OF BONDS FOR THE PURPOSE OF PAYING FOR SAID IMPROVEMENTS.

WHEREAS, Article 12, Section 5 of the Constitution of the State of Kansas (the "Act"), provides that cities may exercise certain home rule powers, including passing charter ordinances which exempt such cities from non-uniform enactments of the Kansas Legislature; and

WHEREAS, the City of Caney, Kansas (the "City") is a city, as defined in the Act, duly created and organized, under the laws of the State of Kansas; and

WHEREAS, K.S.A. 12-618, K.S.A. 12-619, K.S.A. 12-621 and K.S.A. 12-624 are part of an enactment of the Kansas Legislature (K.S.A. 12-617 *et seq.*) relating to sewer improvements and the issuance of bonds for such purposes, which enactment is applicable to the City, but is not uniformly applicable to all cities within the State of Kansas; and

WHEREAS, the governing body of the City desires, by charter ordinance, to exempt the City from the provisions of K.S.A. 12-618, K.S.A. 12-619, K.S.A. 12-621 and K.S.A. 12-624, and to provide substitute and additional provisions therefor.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS:

Section 1. Exemption. The City, by virtue of the powers vested in it by the Act, hereby elects to exempt itself from and make inapplicable to it the provisions of K.S.A. 12-618, K.S.A. 12-619, K.S.A. 12-621 and K.S.A. 12-624, and shall be governed by the substitute and additional provisions contained herein.

Section 2. Authorization of Sewer Improvements; Bonds. The City shall have the authority to build, construct, improve, repair or purchase sewer improvements, including the acquisition of land or an interest therein necessary therefor, within or without the limits of the City, to serve the City, including but not limited to the following: sewer mains, interceptor sewers, pumping stations, sewers, sewer service lines, drains, outlets, treatment and disposal works. The City may issue its general obligation bonds (the "Bonds") to pay the costs of such improvements when authorized to do so by the adoption of a resolution by the governing body of the City describing the type of sewer improvement to be provided for and the amount of Bonds to be issued. The Bonds shall be issued, sold, delivered and retired in accordance with the provisions of the general bond law except as herein otherwise expressly provided.

At the sole discretion of the governing body, such resolution may (but is not required to) contain a provision that the issuance of the Bonds be subject to: (a) a provision that the resolution be published one time in the official City newspaper, and if within 30 days after the date of publication of the resolution, a petition in opposition to the issuance of the Bonds, signed by not less than 10% of the qualified electors of the City, is filed with the City Clerk, the City shall not have the authority to issue the Bonds until such question is submitted to the electors of the City at a special election called for that purpose or at the next general election and approved by a majority of the electors of the City voting at such election; or (b) approval by a majority of the electors of the City voting on such question at a special election called for that purpose or at the next general election. If the governing body provides for notice and protest as set forth in ***subsection (a)***, and no such written protest is filed pursuant to ***subsection (a)***, the City may proceed to issue the Bonds. Any election required by this section shall be conducted in the manner set forth in K.S.A. 10-120 by the election officer of the county in which the City is located.

Section 3. Severability. If any provision or section of this Charter Ordinance is deemed or ruled unconstitutional or otherwise illegal or invalid by any court of competent jurisdiction, such illegality or invalidity shall not affect any other provision of this Charter Ordinance. In such instance, this Charter Ordinance shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 4. Effective Date. This Charter Ordinance shall be published once a week for two consecutive weeks in the official City newspaper, and shall take effect sixty (60) days after final publication, unless a petition signed by a number of electors of the City equal to not less than ten percent (10%) of the number of electors who voted at the last preceding regular City election shall be filed in the office of the City Clerk demanding that this Charter Ordinance be submitted to a vote of the electors, in which event this Charter Ordinance shall take effect when approved by a majority of the electors voting at an election held for such purpose.

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PASSED with at least a two-thirds (2/3) vote of the entire governing body of the City of Caney, Kansas, on October 2, 2017 and signed by the Mayor.

(SEAL)

ATTEST:

Clerk

Mayor

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CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of the original Charter Ordinance No. 30; that was passed by the governing body on October 2, 2017; that the record of the final vote on its passage is found on page ____ of journal ____.

DATED: October 2, 2017.

Clerk

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Proof of publication:

MONTGOMERY COUNTY Chronicle

P.O. Box 186 • 202 W. Fourth • Caney, KS 67333 • (620) 879-2156
422 W. Main • Independence, KS 67301 • (620) 331-5040

AFFIDAVIT OF PUBLICATION

CITY OF CANEY
CHARTER ORDINANCE NO. 30

Andrew R. Taylor of lawful age, being duly sworn, deposes and says he or she represents the publisher of:

Montgomery County Chronicle
P.O. Box 186 • 202 W. Fourth • Caney, KS 67333

a weekly newspaper in the City of Caney, County of Montgomery, State of Kansas, and of general circulation in said county and which has been admitted to the U.S. Mail as a second class matter in said county, and which said newspaper has been continuously and uninterruptedly published in said county during the period of one year immediately prior to the first publication of the notice hereinafter mentioned.

Legal notice publication printed *two* (*2*) *weeks*,
first published on *Thursday, October 12, 2017*
and again on *Thursday, October 19, 2017*.

The affiant further says that he or she has personal knowledge of the statements above set forth and that they are true.

Andrew R. Taylor
Signature

State of Kansas, Montgomery County

Subscribed and sworn to before me
this *20th* day of *October*, *2017*.

Kathy Taylor

KATHY TAYLOR
Notary Public - State of Kansas
My Appt. Expires 05-02-2019

(Published in the Montgomery County Chronicle on Thursday, Oct. 12 and 19, 2017)

CITY OF CANEY

CHARTER ORDINANCE NO. 30

A CHARTER ORDINANCE EXEMPTING THE CITY OF CANEY, KANSAS, FROM THE PROVISIONS OF K.S.A. 12-617 ET SEQ. AND PROVIDING SUBSTITUTE AND ADDITIONAL PROVISIONS ON THE SAME SUBJECT RELATING TO SEWER IMPROVEMENTS AND THE ISSUANCE OF BONDS FOR THE PURPOSE OF PAYING FOR SAID IMPROVEMENTS

WHEREAS, Article 12, Section 5 of the Constitution of the State of Kansas (the "Act") provides that cities may exercise home rule powers, including passing charter ordinances which exempt such cities from non-uniform enactments of the Kansas Legislature; and

WHEREAS, the City of Canes (the "City" is a city, defined in the Act, duly created and organized, under the laws of the State of Kansas; and

WHEREAS, K.S.A. 12-618, K.S.A. 12-619, K.S.A. 12-621, and K.S.A. 12-624 are part of an enactment of the Kansas Legislature (K.S.A. 12=617 et seq.) relating to sewer improvements and the issuance of bonds for such purposes, which enactment is applicable to the City, but is not uniformly applicable to all cities within the State of Kansas; and

WHEREAS, the governing body of the City desires, by charter ordinance, to exempt the City from the provisions of K.S.A. 12-618, K.S.A. 12-619, K.S.A. 12-621, and K.S.A. 12-624, and to provide substitute and additional provisions therefor.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS:

Section 1. Exemption. The City, by virtue of the powers vested in it by the Act, hereby elects to exempt itself rom and make inapplicable to it the provisions of K.S.A. 12-618, K.S.A. 12-619, K.S.A. 12-621, and K.S.A. 12-624, and shall be governed by the substitute and additional provisions contained herein.

Section 2. Authorization of Sewer Improvements; Bonds. The City shall have the authority to build, construct, improve, repair or purchase sewer improvements, including the acquisition of land or an interest therein necessary therefor, within or without the limits of the City, to serve the City, including but not limited to the following: sewer mains, interceptor sewers, pumping stations, sewers, sewer service lines, drains, outlets, treatment and disposal works. The City of may issue its general obligation bonds (the "Bond) to pay the costs of such improvements when authorized to do so by the adoption of a resolution by the governing body of the City describing the type of sewer improvement to be provided for and the amount of Bonds to be issued. The Bonds shall be issued, sold, delivered and retired in accordance with the provisions of the general bond law except as herein otherwise expressly provided.

At the sole discretion of the governing body, such resolution may (but is not required to) contain a provision that the issuance of the Bonds be subject to: (a) a provision that the resolution be published one time in the official City newspaper, and if within 30 days after the date of publication of the resolution, a petition in opposition to the issuance of the Bonds, signed by not less than 10 percent of the qualified electors of the City, is filed with the City Clerk, the City shall not have the authority to issue the Bonds until such question is submitted to the electors of the City at a special election called for that purpose or at the next general election and approved by a majority of the electors of the City voting at such election; or (b) approval by a majority of the electors of the City voting on such question at a special election called for that purpose or at the next general election. If the governing body provides for notice and protest as set forth in subsection (a) and no such written protest is filed pursuant to subsection (a) the City may proceed to issue the Bonds. Any election required by this section shall be conducted in the manner set forth in K.S.A. 10-120 by the election officer of the county in which the City is located.

Section 3. Severability. If any provision or section of this Charter Ordinance is deemed or ruled unconstitutional or otherwise illegal or invalid by any court of competent jurisdiction, such illegality or invalidity shall not affect any other provision of this Charter Ordinance. In such instance, this Charter Ordinance shall be construed or enforced as if such illegal or invalid provision had not been contained herein.

Section 4. Effective date. This Charter Ordinance shall be published once a week for two consecutive weeks in the official City newspaper and shall take sixty (60) days after final publication, unless a petition signed by a number of electors of the City equal to not less than ten percent (10%) of the number of electors who voted at the last preceding regular City election shall be filed in the office of the City Clerk demanding that this Charter Ordinance be submitted to a vote of the electors, in which event this Charter Ordinance shall take effect when approved by a majority of the electors voting at an election held for such purpose.

PASSED with at least a two-thirds (2/3) vote of the entire governing body of the City of Caney, Kansas, on October 2, 2017, and signed by the Mayor.

Chad Bradford, mayor

ATTEST:
Debbie Morrison, city clerk

CERTIFICATE OF NO PROTEST

STATE OF KANSAS)
) ss:
COUNTY OF MONTGOMERY)

The undersigned, Clerk of the City of Caney, Kansas (the "City"), does hereby certify that the governing body of the City duly passed Charter Ordinance No. 30, on October 2, 2017, that said Charter Ordinance was published once a week for two consecutive weeks (October 12, 2017 and October 19, 2017) in the ***Montgomery County Chronicle,*** the official City newspaper; that more than sixty (60) days have elapsed from the date of the last said publication; and that there has been no sufficient written protest filed in my office against said Charter Ordinance, as provided in Article 12, Section 5 of the Kansas Constitution.

WITNESS my hand and official seal on December 19, 2017.

(Seal)

Debbie Morrison
Clerk

Gilmore & Bell, P.C.
07/17/2020

EXCERPT OF MINUTES OF A MEETING OF THE CITY COUNCIL OF THE CITY OF CANEY, KANSAS HELD ON JULY 20, 2020

The City Council (the "Governing Body") met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit:

MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, SHIRLEY DAVIS and KENITH BUTTS

Absent: NONE

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

* * * * * * * * * * * * * *

(Other Proceedings)

The matter of providing for the offering for sale of General Obligation Refunding and Improvement Bonds, Series 2020-D, came on for consideration and was discussed.

Councilmember RALPH ANTHONY presented and moved the adoption of a Resolution entitled:

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2020-D, OF THE CITY OF CANEY, KANSAS.

Councilmember LORI PATTERSON seconded the motion to adopt the Resolution. Thereupon, the Resolution was read and considered, and, the question being put to a roll call vote, the vote thereon was as follows:

Aye: MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, SHIRLEY DAVIS and KENITH BUTTS.

Nay: NONE.

The Mayor declared the Resolution duly adopted by the Governing Body and the Clerk designated the same Resolution No. 1382.

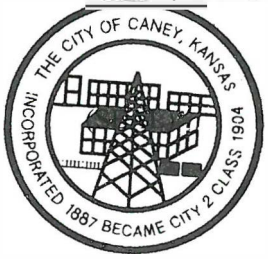
* * * * * * * * * * * * * *

(Other Proceedings)

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CERTIFICATE

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



Clerk

Gilmore & Bell, P.C.
07/17/2020

RESOLUTION NO. 1382

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2020-D, OF THE CITY OF CANEY, KANSAS.

WHEREAS, the City of Caney, Kansas (the "Issuer"), has previously authorized certain public improvements described as follows (the "Improvements"):

Project Description	Res. No.	Authority (K.S.A.)	Amount
Swimming Pool Improvements	1360	12-1736 *et seq.*	$2,300,000.00
Sanitary Sewer Interceptor Improvements	1381	12-617 *et seq.*/ Charter 30	1,155,596.00
Public Water Supply System Improvements	1380	65-163d *et seq.*	1,344,166.58
Total			***$4,799,762.58***

WHEREAS, the Issuer desires to issue its general obligation bonds in order to permanently finance the costs of such Improvements, associated financing costs, and to retire the following loan agreement of the Issuer, which was entered into in order to temporarily finance a portion of the costs of the Improvements (collectively the "Loans"):

Loan Description	Loan Number	Dated Date	Maturity Date	Final Loan Amount	Outstanding Amount	Prepayment Amount [1]
KDHE – KWPCRF	C20 1709 01	10/12/05	09/01/27	$1,155,596.00	$646,889.75 [2]	$646,889.75
KDHE – KPWSLF	2491	04/20/07	02/01/28	1,344,166.58	620,962.97 [3]	620,962.97

[1] Plus interest to prepayment date and associated fees
[2] Excludes payments to be made on 09/01/20
[3] Excludes payments to be made on 08/01/20

WHEREAS, the Issuer has previously issued and has outstanding general obligation bonds; and

WHEREAS, due to the current interest rate environment, the Issuer has the opportunity to issue its general obligation refunding bonds in order to achieve an interest cost savings on all or a portion of the debt represented by such general obligation bonds described as follows (the "Refunded Bonds"):

Description	Series	Dated Date	Years	Amount
G.O. Refunding Bonds	2011	12/20/11	2020 to 2024	$315,000

WHEREAS, the City Council of the Issuer (the "Governing Body") has selected the firm of Ranson Financial Group, LLC, Wichita, Kansas (the "Municipal Advisor"), as financial advisor for one or more series of general obligation bonds of the Issuer to be issued in order to provide funds to permanently finance the Improvements, prepay the Loans and refund the Refunded Bonds; and

WHEREAS, the Issuer desires to authorize the Municipal Advisor to proceed with the offering for sale of said general obligation bonds and related activities; and

WHEREAS, one of the duties and responsibilities of the Issuer is to prepare and distribute a preliminary official statement relating to said general obligation bonds; and

WHEREAS, the Issuer desires to authorize the Municipal Advisor and Gilmore & Bell, P.C., Wichita, Kansas, the Issuer's bond counsel ("Bond Counsel"), in conjunction with the Clerk to proceed with the preparation and distribution of a preliminary official statement and notice of bond sale and to authorize the distribution thereof and all other preliminary action necessary to sell said general obligation bonds.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CANEY, KANSAS, AS FOLLOWS:

Section 1. There is hereby authorized to be offered for sale the Issuer's General Obligation Refunding and Improvement Bonds, Series 2020-D (the "Bonds") described in the Notice of Bond Sale, which is hereby approved in substantially the form presented to the Governing Body this date (the "Notice of Bond Sale"). All proposals for the purchase of the Bonds shall be delivered to the Governing Body at its meeting to be held on the sale date referenced in the Notice of Bond Sale, at which meeting the Governing Body shall review such bids and award the sale of the Bonds or reject all proposals.

Section 2. The Mayor and Clerk in conjunction with the Municipal Advisor and Bond Counsel are hereby authorized to cause to be prepared a Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), and such officials and other representatives of the Issuer are hereby authorized to use such document in connection with the sale of the Bonds.

Section 3. The Clerk, in conjunction with the Municipal Advisor and Bond Counsel, is hereby authorized and directed to give notice of said bond sale by publishing a summary of the Notice of Bond Sale not less than 6 days before the date of the bond sale in a newspaper of general circulation in Montgomery County, Kansas, and the ***Kansas Register*** and by distributing copies of the Notice of Bond Sale and Preliminary Official Statement to prospective purchasers of the Bonds. Proposals for the purchase of the Bonds shall be submitted upon the terms and conditions set forth in the Notice of Bond Sale, and awarded or rejected in the manner set forth in the Notice of Bond Sale.

Section 4. For the purpose of enabling the purchaser of the Bonds (the "Purchaser") to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Mayor and Clerk are hereby authorized: (a) to approve the form of the Preliminary Official Statement and to execute the "Certificate Deeming Preliminary Official Statement Final" in substantially the form attached hereto as ***Exhibit A*** as approval of the Preliminary Official Statement, such official's signature thereon being conclusive evidence of such official's and the Issuer's approval thereof; (b) covenant to provide continuous secondary market disclosure by annually transmitting certain financial information and operating data and other information necessary to comply with the Rule to the Municipal Securities Rulemaking Board; and (c) take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of the Rule.

Section 5. The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds or within sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, whichever is earlier, sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of the Rule and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 6. The Mayor, Clerk and the other officers and representatives of the Issuer, the Municipal Advisor and Bond Counsel are hereby authorized and directed to take such other action as may be necessary to: (a) carry out the sale of the Bonds; (b) determine the maturities and amounts of the Refunded Bonds and provide for notice of redemption thereof; and (c) make provision for prepayment of the Loans from proceeds of the Bonds and provide for notice of prepayment thereof.

Section 7. This Resolution shall be in full force and effect from and after its adoption by the Governing Body.

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ADOPTED by the City Council on July 20, 2020.



Mayor

Clerk

Gilmore & Bell, P.C.
07/17/2020

NOTICE OF BOND SALE

$2,840,000*

CITY OF CANEY, KANSAS

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

(GENERAL OBLIGATION BONDS PAYABLE FROM UNLIMITED AD VALOREM TAXES)

Bids. Facsimile and electronic (as explained below) bids for the purchase of the above-referenced bonds (the "Bonds") of the City of Caney, Kansas (the "Issuer") herein described will be received on behalf of the undersigned Clerk of the Issuer at the address hereinafter set forth in the case of facsimile bids, and via PARITY® in the case of electronic bids, until 10:30 A.M. applicable Central Time (the "Submittal Hour"), on

AUGUST 17, 2020

(the "Sale Date"). All bids will be publicly evaluated at said time and place and the award of the Bonds to the successful bidder (the "Successful Bidder") will be acted upon by the City Council of the Issuer (the "Governing Body") at its meeting to be held at 6:00 p.m. on the Sale Date. No oral or auction bids will be considered. Capitalized terms not otherwise defined herein shall have the meanings set forth in the hereinafter referenced Preliminary Official Statement relating to the Bonds.

Terms of the Bonds. The Bonds will consist of fully registered bonds in the denomination of $5,000 or any integral multiple thereof (the "Authorized Denomination"). The Bonds will be dated September 1, 2020 (the "Dated Date"), and will become due in principal installments on December 1 in the years as follows:

Year	Principal Amount*	Year	Principal Amount*
2021	$285,000	2031	$65,000
2022	305,000	2032	65,000
2023	300,000	2033	65,000
2024	300,000	2034	65,000
2025	235,000	2035	70,000
2026	240,000	2036	70,000
2027	250,000	2037	70,000
2028	105,000	2038	75,000
2029	60,000	2039	75,000
2030	60,000	2040	80,000

The Bonds will bear interest from the Dated Date at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on June 1 and December 1 in each year, beginning on June 1, 2021 (the "Interest Payment Dates").

***Adjustment of Issue Size**. The Issuer reserves the right to increase or decrease the total principal amount of the Bonds or the schedule of principal payments described above, depending on the purchase price and interest rates bid and the offering prices specified by the Successful Bidder, but in no event will the total principal amount of the Bonds exceed $2,900,000. The Successful Bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the Bonds or the schedule of principal payments as described herein. If there is an increase or decrease in the final aggregate principal amount of the Bonds or the schedule of principal payments as described above, the Issuer will notify the Successful Bidder by means of telephone or facsimile transmission, subsequently confirmed in writing, no later than 2:00 p.m. applicable Central Time, on the Sale Date. The actual purchase price for the Bonds shall be calculated by applying the percentage of par value bid by the Successful Bidder against the final aggregate principal amount of the Bonds, as adjusted, plus accrued interest from the Dated Date to the Closing Date (as hereinafter defined).

Place of Payment. The principal of and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The principal of each Bond will be payable at maturity or earlier redemption to the owner thereof whose name is on the registration books (the "Bond Register") of the Bond Registrar (the "Registered Owner") upon presentation and surrender at the principal office of the Paying Agent. Interest on each Bond will be payable to the Registered Owner of such Bond as of the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the "Record Date") (a) mailed by the Paying Agent to the address of such Registered Owner as shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of $500,000 or more in aggregate principal amount of Bonds, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address to which such Registered Owner wishes to have such wire directed.

Bond Registration. The Bonds will be registered pursuant to a plan of registration approved by the Issuer and the Attorney General of the State of Kansas (the "State"). The Issuer will pay for the fees of the Bond Registrar for registration and transfer of the Bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, will be the responsibility of the Owners.

Book-Entry-Only System. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will initially be issued exclusively in "book entry" form and shall be initially registered in the name of Cede & Co., as the nominee of DTC and no beneficial owner will receive certificates representing their interests in the Bonds. During the term of the Bonds, so long as the book-entry-only system is continued, the Issuer will make payments of principal of, premium, if any, and interest on the Bonds to DTC or its nominee as the Registered Owner of the Bonds, DTC will make book-entry-only transfers among its participants and receive and transmit payment of principal of, premium, if any, and interest on the Bonds to its participants who shall be responsible for transmitting payments to beneficial owners of the Bonds in accordance with agreements between such participants and the beneficial owners. The Issuer will not be responsible for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that continuation of the book-entry-only form of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Issuer will discontinue the book-entry-only form of registration with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer will cause to be authenticated and delivered to the beneficial owners replacement Bonds in the form of fully registered certificates. Reference is made to

the Official Statement for further information regarding the book-entry-only system of registration of the Bonds and DTC.

Redemption of Bonds Prior to Maturity.

General. Whenever the Issuer is to select Bonds for the purpose of redemption, it will, in the case of Bonds in denominations greater than the minimum Authorized Denomination, if less than all of the Bonds then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such fully registered Bond as though it were a separate Bond in the minimum Authorized Denomination.

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

Mandatory Redemption. A bidder may elect to have all or a portion of the Bonds scheduled to mature in consecutive years issued as term bonds (the "Term Bonds") scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, subject to the following conditions: (a) not less than all Bonds of the same serial maturity shall be converted to Term Bonds with mandatory redemption requirements; and (b) a bidder shall make such an election by completing the applicable paragraph on the Official Bid Form or completing the applicable information on PARITY®.

Notice and Effect of Call for Redemption. Unless waived by any owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar, any provider of municipal bond insurance and the Successful Bidder. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the registered owners of said Bonds. Each of said written notices shall be deposited in United States first class mail not less than 30 days prior to the Redemption Date. All notices of redemption shall state the Redemption Date, the redemption price, the Bonds to be redeemed, the place of surrender of Bonds so called for redemption and a statement of the effect of the redemption. The Issuer shall also give such additional notice as may be required by State law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Bond be called for redemption and payment as aforesaid, all interest on such Bond shall cease from and after the Redemption Date, provided funds are available for its payment at the price hereinbefore specified.

Authority, Purpose and Security. The Bonds are being issued pursuant to K.S.A. 10-427 *et seq*., K.S.A. 12-617 *et seq*., as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq*., and K.S.A. 65-163d *et seq*., as amended, and an ordinance and a resolution adopted by the Governing Body (collectively the "Bond Resolution") for the purpose of paying the cost of certain public improvements (the "Improvements") and refunding certain outstanding sewer and water loans and general obligation bonds. The Bonds shall be general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

Submission of Bids. Facsimile bids must be made on forms which may be procured from the Municipal Advisor and shall be addressed to the undersigned, and marked "Proposal for General Obligation Refunding and Improvement Bonds, Series 2020-D." Facsimile bids should not be preceded by a cover sheet and should be sent only once to ***(316) 265-5403***. Confirmation of receipt of facsimile bids may be made by contacting the Municipal Advisor at the number listed below. Electronic bids via PARITY® must be submitted in accordance with its Rules of Participation, as well as the provisions of this Notice of Bond Sale. ***Any bid submitted shall include the initial offering prices to the public for each maturity of the Bonds***. If provisions of this Notice of Bond Sale conflict with those of PARITY®, this Notice of Bond Sale shall control. Bids must be received prior to the Submittal Hour on the Sale Date accompanied by the Deposit (as hereinafter defined), which may be submitted separately. The Issuer and Municipal Advisor shall not be responsible for failure of transmission of facsimile or delivery by mail or in person of any bid.

PARITY®. Information about the electronic bidding services of PARITY® may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5023.

Conditions of Bids. Proposals will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) the same rate shall apply to all Bonds of the same maturity year; (b) no interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond published by ***THE BOND BUYER***, in New York, New York, on the Monday next preceding the day on which the Bonds are sold, plus 3%; and (c) no supplemental interest payments will be considered. The difference between the highest rate specified and the lowest rate specified cannot exceed 4%. No bid for less than ***99.25%*** of the principal amount of the Bonds and accrued interest thereon to the date of delivery will be considered. Each bid shall specify the total interest cost (expressed in dollars) during the term of the Bonds on the basis of such bid, the discount, if any, the premium, if any, offered by the bidder, the net interest cost (expressed in dollars) on the basis of such bid, and an estimate of the TIC (as hereinafter defined) on the basis of such bid. Each bidder shall certify to the Issuer the correctness of the information contained on the Official Bid Form; the Issuer will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the Bonds, it will provide the certification described under the caption "Establishment of Issue Price" in this Notice.

Good Faith Deposit. A good faith deposit is **not** required.

Basis of Award. Subject to the timely receipt of the Deposit set forth above, the award of the Bonds will be made on the basis of the lowest true interest cost ("TIC"), which will be determined as follows: the TIC is the discount rate (expressed as a per annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds, from the payment dates to the Dated Date, produces an amount equal to the price bid, including any adjustments for premium or discount, if any. Present value will be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. Bidders are requested to provide a calculation of the TIC for the Bonds on the Official Bid Form, computed as specified herein on the basis of their respective bids, which shall be considered as informative only and not binding on either the Issuer or the bidder. The Issuer or its Municipal Advisor will verify the TIC based on such bids. If there is any discrepancy between the TIC specified and the bid price and interest rates specified, the specified bid price and interest rates shall govern and the TIC specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest TIC are received, the Governing Body will determine which bid, if any, will be accepted, and its determination is final.

The Issuer reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any bid received after the Submittal Hour on the Sale Date will be returned to the bidder. Any disputes arising hereunder shall be governed by the laws of the State, and any party submitting a bid

agrees to be subject to jurisdiction and venue of the federal and state courts within the State with regard to such dispute.

The Issuer's acceptance, including electronic acceptance through PARITY®, of the Successful Bidder's proposal for the purchase of the Bonds in accordance with this Notice of Bond Sale shall constitute a bond purchase agreement between the Issuer and the Successful Bidder for purposes of the laws of the State and a contract between the Issuer and the Successful Bidder for the purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and Rule G-32 of the Municipal Securities Rulemaking Board ("Rule G-32"). The method of acceptance shall be determined solely by the Governing Body.

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

Optional Bond Insurance. The Issuer has **not** applied for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance, and any bidder desires to purchase such policy, such indication and the name of the desired insurer must be set forth on the bidder's Official Bid Form. The Issuer specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the Issuer.

If the Successful Bidder elects to purchase the Bonds with municipal bond insurance, certain rating agencies will assign their ratings to the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by such bond insurer. All costs associated with the purchase and issuance of such municipal bond insurance policy and associated ratings and expenses (other than any independent rating requested by the Issuer) shall be paid by the Successful Bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the Successful Bidder to accept delivery of the Bonds.

CUSIP Numbers. CUSIP identification numbers will be assigned and printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Notice. The Municipal Advisor will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. All expenses in relation to the assignment and printing of CUSIP numbers on the Bonds will be paid by the Issuer.

Delivery and Payment. The Issuer will pay for preparation of the Bonds and will deliver the Bonds properly prepared, executed and registered without cost on or about **SEPTEMBER 1, 2020** (the "Closing Date"), to DTC for the account of the Successful Bidder. The Successful Bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Bonds shall be made in federal reserve funds, immediately available for use by the Issuer. The Issuer will deliver one Bond of each maturity registered in the nominee name of DTC.

Establishment of Issue Price.

(a) In order to provide the Issuer with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Successful Bidder will be required to assist the Issuer in establishing the "issue price" of the Bonds and complete, execute and deliver to the Issuer prior to the

Closing Date, a written certification in a form acceptable to the Successful Bidder, the Issuer and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds: (1) the interest rate; (2) the reasonably expected initial offering price to the "public" (as said term is used in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (3) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Successful Bidder has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the Issuer pursuant hereto may be taken or received by the Municipal Advisor or Bond Counsel on behalf of the Issuer.

(b) The Issuer intends that the sale of the Bonds pursuant to this Notice shall constitute a "competitive sale" as defined in the Regulation. In support thereof: (1) the Issuer shall cause this Notice to be disseminated to potential bidders in a manner reasonably designed to reach potential bidders; (2) all bidders shall have an equal opportunity to submit a bid; (3) the Issuer reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and (4) the Issuer anticipates awarding the sale of the Bonds to the bidder that provides a bid with the lowest TIC in accordance with the section hereof entitled "Basis of Award."

(c) Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Bonds as specified therein. The Successful Bidder shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its bid, the Successful Bidder confirms that it shall require any agreement among underwriters, a selling group agreement or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with provisions of the Code and the Regulation regarding the initial sale of the Bonds.

(d) If all of the requirements of a "competitive sale" are not satisfied, the Issuer shall advise the Successful Bidder of such fact at the time of award of the sale of the Bonds to the Successful Bidder and the following provisions shall apply to the Bonds. ***In such event, any bid submitted will not be subject to cancellation or withdrawal***. Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Successful Bidder shall advise the Issuer if a "substantial amount" (as defined in the Regulation (10%)) of any maturity of the Bonds has been sold to the public and the price at which such substantial amount was sold. The Issuer will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The Issuer will ***not*** require the Successful Bidder to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Successful Bidder may elect such option. If the Successful Bidder exercises such option, the Issuer will apply the initial offering price to the public provided in the bid as the issue price for such maturities. If the Successful Bidder does not exercise that option, it shall thereafter promptly provide the Issuer the prices at which a substantial amount of such maturities are sold to the public. ***Any change in the issue price of any of the Bonds after the Submittal Hour will not affect the purchase price for the Bonds submitted in the bid of the Successful Bidder***.

(e) This agreement by the Successful Bidder to provide such information will continue to apply after the Closing Time if: (a) the Issuer requests the information in connection with an audit or inquiry by the Internal Revenue Service (the "IRS") or the Securities and Exchange Commission (the "SEC") or (b) the information is required to be retained by the Issuer pursuant to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

Preliminary Official Statement and Official Statement. The Issuer has prepared a Preliminary Official Statement dated July 20, 2020, "deemed final" by the Issuer except for the omission of certain information as provided in the Rule, copies of which may be obtained from the Clerk or from the

Municipal Advisor. Upon the sale of the Bonds, the Issuer will adopt the final Official Statement and will furnish the Successful Bidder, without cost, within seven business days of the acceptance of the Successful Bidder's proposal, with a sufficient number of copies thereof, which may be in electronic format, in order for the Successful Bidder to comply with the requirements of the Rule and Rule G-32. Additional copies may be ordered by the Successful Bidder at its expense.

Continuing Disclosure. In the Bond Resolution, the Issuer has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. This covenant is for the benefit of and is enforceable by any Registered Owner of the Bonds. For further information, reference is made to the caption "CONTINUING DISCLOSURE" in the Preliminary Official Statement.

Assessed Valuation and Indebtedness. The total assessed valuation of the taxable tangible property within the Issuer for the year 2020 is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property	$ 9,224,260
Tangible Valuation of Motor Vehicles (2019)	1,346,164
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations	$10,570,424

The total general obligation indebtedness of the Issuer as of the Dated Date, including the Bonds being sold, is $7,841,000. General obligation bonds in the principal amount of $315,000 will be retired out of proceeds of the Bonds and other available funds, which will reduce the outstanding general obligation indebtedness of the Issuer to $7,526,000.

Legal Opinion. The Bonds will be sold subject to the approving legal opinion of GILMORE & BELL, P.C., WICHITA, KANSAS, Bond Counsel to the Issuer, which opinion will be furnished and paid for by the Issuer, will be printed on the Bonds, if the Bonds are printed, and will be delivered to the Successful Bidder when the Bonds are delivered. Said opinion will also include the opinion of Bond Counsel relating to the interest on the Bonds being excludable from gross income for federal income tax purposes and exempt from income taxation by the State. Reference is made to the Preliminary Official Statement for further discussion of federal and State income tax matters relating to the interest on the Bonds.

Additional Information. Additional information regarding the Bonds may be obtained from the undersigned or from the Municipal Advisor at the addresses set forth below:

DATED: July 20, 2020.

CITY OF CANEY, KANSAS
By: Debbie Morrison, Clerk

Issuer:

City Hall
100 W. 4th Avenue
Caney, Kansas 67333
Attn: Debbie Morrison, Clerk

Phone No.: (620) 879-2772
Fax No.: (620) 879-9808
Email: cityclerk@caney.kscoxmail.com

Municipal Advisor:

Ranson Financial Group, LLC
200 W. Douglas, Suite 600
Wichita, Kansas 67202
Attn: Beth Warran
Phone No.: (316) 264-3400
Fax No.: (316) 265-5403
Email: bids@ransonfinancial.com

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. 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 the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 20, 2020

NEW ISSUE **NOT RATED**
BANK QUALIFIED **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 Bonds [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Bonds is exempt from income taxation by the State of Kansas, and (3) the Bonds are "qualified tax exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" herein.

$2,840,000*
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

DATED: As of the Delivery Date shown below **DUE: December 1, As shown on the inside cover**

The General Obligation Refunding and Improvement Bonds, Series 2020-D (the "Bonds") will be issued by the City of Caney, Kansas (the "Issuer" or the "City"), as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will be made in book-entry form, in the denominations of $5,000 or any integral multiple thereof (the "Authorized Denomination"). Purchasers will not receive certificates representing their interests in the Bonds purchased. So long as Cede & Co. is the registered owner of the 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 Bonds. 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 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 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 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 on the Bonds will be payable annually on December 1, beginning December 1, 2021, and semi-annual interest will be payable on June 1 and December 1, beginning June 1, 2021 (the "Interest Payment Dates").

MATURITY SCHEDULE*
(See inside cover page)

The Bonds and the interest thereon will constitute general obligations of the Issuer, payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are 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 payment of the principal of, redemption premium, if any, and interest on the Bonds is subject to certain risk factors and investment considerations as described under the caption "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

At the option of the Issuer, Bonds maturing on December 1, 2030, and thereafter will be subject to redemption prior to maturity on December 1, 2029 or thereafter as described herein. [The Term Bonds are also subject to mandatory redemption as described herein.] See "THE BONDS - Redemption Provisions" herein.

The Bonds are offered when, as, and if, issued and delivered by the Issuer, subject to the receipt of the approving legal opinion of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the City. It is expected that the Bonds will be available for delivery on or about September 1, 2020.

SEALED BIDS WILL BE ACCEPTED ON BEHALF OF:
THE CITY OF CANEY, KANSAS
ON AUGUST 17, 2020 UNTIL 10:30 A.M. Central Time
BY RANSON FINANCIAL GROUP, LLC
200 W. DOUGLAS, SUITE 600
WICHITA, KANSAS 67202
PHONE: (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 OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. "APPENDIX C - SUMMARY OF FINANCING DOCUMENTS" CONTAINS DEFINITIONS USED IN THIS PRELIMINARY OFFICIAL STATEMENT.

* Subject to change

$2,840,000*
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

MATURITY SCHEDULE*

Stated Maturity December 1	Principal Amount*	Annual Rate of Interest	Yield	CUSIP[1] Base: 13752N
2021	$285,000	_____%	_____%	
2022	305,000	_____%	_____%	
2023	300,000	_____%	_____%	
2024	300,000	_____%	_____%	
2025	235,000	_____%	_____%	
2026	240,000	_____%	_____%	
2027	250,000	_____%	_____%	
2028	105,000	_____%	_____%	
2029	60,000	_____%	_____%	
2030	60,000	_____%	_____%	
2031	65,000	_____%	_____%	
2032	65,000	_____%	_____%	
2033	65,000	_____%	_____%	
2034	65,000	_____%	_____%	
2035	70,000	_____%	_____%	
2036	70,000	_____%	_____%	
2037	70,000	_____%	_____%	
2038	75,000	_____%	_____%	
2039	75,000	_____%	_____%	
2040	80,000			

(all plus accrued interest, if any)

[1] 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 Bonds. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

***** Subject to change

REGARDING THIS 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 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 the solicitation of an offer to buy 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 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 Bonds.

CITY OF CANEY, KANSAS

Governing Body
Thomas C. Burk Jr., Mayor
Ralph Anthony, Councilmember
Kenneth Butts, Councilmember
Marianne Carey-Ranes, Councilmember
Shirley Davis, Councilmember
Dan Johnston, Councilmember
Lori Patterson, Councilmember
Keith Rogers, Councilmember
Debbie Wood, Councilmember

City Staff
Fred Gress, City Manager
Debbie Morrison, City Clerk
Sara Shively, City Treasurer

City Attorney
Paul Kritz, Esq.
Coffeyville, Kansas

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

Paying Agent/Bond Registrar
Office of State Treasurer
Topeka, 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 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. 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 PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE ISSUER FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

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APPENDIX C – SUMMARY OF FINANCING DOCUMENTS
APPENDIX D--FORM OF DISCLOSURE UNDERTAKING

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$2,840,000*
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

INTRODUCTION

General Matters

This Preliminary Official Statement including the cover page and appendices hereto (the "Preliminary Official Statement") is provided to furnish information with respect to the City of Caney, Kansas (the "City" or "Issuer") and the issuance and delivery of its General Obligation Refunding and Improvement Bonds, Series 2020-D (the "Bonds") in the aggregate principal amount of $2,840,000*, dated September 1, 2020 (the "Dated Date").

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

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

The Bonds will be issued in denominations of $5,000 or multiples thereof (the "Authorized Denomination") with the Office of State Treasurer, Topeka, Kansas serving as Registrar and Paying Agent for the Bonds. See "THE BONDS - Registration, Transfer and Exchange of Bonds" herein for additional detail.

The Bonds are subject to optional redemption and payment prior to maturity. See "THE BONDS - Redemption Provisions" herein for additional detail.

Except for the information expressly attributed to other sources, all information has been provided by the City. The presentation of information herein, including all tables, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. 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. Ranson Financial Group LLC, Wichita, Kansas, the Financial Advisor, has assisted in the preparation of the Preliminary Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the City for the purposes of passing upon the accuracy or completeness of this Preliminary Official Statement. Bond Counsel has not assisted in the preparation nor reviewed this Official Statement, except to the extent described under the section captioned "LEGAL MATTERS," and accordingly Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Definitions

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

Continuing Disclosure

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. In connection with the issuance of the Bonds, the Issuer will adopt a Continuing Disclosure Undertaking, as may be amended and supplemented (the "Disclosure Undertaking") wherein the Issuer covenants to provide annually 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 Municipal Securities Rulemaking Board. Pursuant to the Disclosure Undertaking, the Issuer has agreed to file its Annual Report with the national repository ("EMMA") not later than the September 1st immediately following the end of the Issuer's Fiscal Year, commencing with the year ending December 31, 2020. In the Bond Resolution, hereinafter defined, the Issuer covenants with the Underwriter and the Beneficial Owners to apply the provisions of the Disclosure Undertaking to the Bonds. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds. The Issuer has not been subject to any undertakings under the Rule for the previous five years. This is the Issuer's initial undertaking under the Rule.

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

* Subject to change.

Additional Information

Additional information regarding the Issuer or the Bonds may be obtained from the City's Municipal Advisor, Ranson Financial Group LLC, 200 W. Douglas, Suite 600, Wichita, Kansas 67202, by phone (316) 264-3400, Attention: Beth Warren, or e-mail (ewarren@ransonfinancial.com).

THE BONDS

Authority and Purpose for the Bonds

The Bonds are being issued pursuant to, and in full compliance with, the Constitution and the statutes of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq*., K.S.A. 10-620 *et seq*., K.S.A. 12-617 *et seq*., as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq*., and K.S.A. 65-163d *et seq*., as amended and supplemented from time to time (collectively, the "Act"), and an ordinance and a resolution passed by the governing body of the Issuer on August 17, 2020 (collectively, the "Bond Resolution") for the purpose of renovating, replacing, improving and equipping of the City's swimming pool facility, an existing public building in the City, to pay the costs of certain public water supply system improvements and retire the Loan, as hereinafter defined, to refund the City's General Obligation Refunding Bonds, Series 2011, and to provide for the payment of the costs. See "THE PROJECTS" herein for additional detail.

Security for the Bonds

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

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

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

Description of the Bonds

The Bonds shall consist of fully registered book-entry-only bonds in an Authorized Denomination and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the cover page of this Preliminary 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 Issuer will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Bond Resolution. The Issuer reserves the right to appoint a successor paying agent or bond registrar. No resignation or removal of the paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or bond registrar. Every paying agent or bond registrar appointed by the Issuer shall at all times meet the requirements of Kansas law.

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

Method and Place of Payment of the Bonds

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

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

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

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

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Bonds; Securities Depository

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

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

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

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

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

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

Registration, Transfer and Exchange of Bonds

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

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

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Nonpresentment of Bonds

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

Redemption Provisions

Optional Redemption. At the option of the Issuer, the Bonds maturing December 1, 2030 and thereafter will be subject to redemption and payment prior to maturity on December 1, 2029 and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest 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 December 1 in each year, the following principal amounts of such [____] Term Bonds:

Principal Amount	**Year**
$	
	*

*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 December 1 in each year, the following principal amounts of such [____] Term Bonds:

Principal Amount	**Year**
$	
	*

*Final Maturity]

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

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

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

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

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

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 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.

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.

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.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the 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 effecting the taxing authority of the City could limit the ability of the City to collect revenue 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 City 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.

Debt Service Source

The Bonds are general obligations of the Issuer payable as to both principal and interest, if necessary, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation. See "APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections."

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 City 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.

Premium on Bonds

[The initial offering price 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 of Bonds."

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.

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 Public Employees Retirement System – Local Group (the "Plan"). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability ("UAAL"). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL According to KPERS' Valuation Report, the Local Group had an UAAL of approximately $1.501 billion in calendar year 2018.

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 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 Bonds are an appropriate investment.

Market for the Bonds

Lack of 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 Bonds. The absence of continuing disclosure of financial or other information pertaining to the City 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.

Cybersecurity Risks

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

Natural Disasters or Terrorist Attacks

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

Global Health Emergency

On March 11, 2020, the World Health Organization proclaimed the Coronavirus and the disease caused by it (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets.

Within the State, the Governor issued an Executive Order instituting a temporary State-wide stay-at-home order. The stay-at-home order expired on May 4, 2020, and the Governor has provided the framework for a phased reopening of the State's economy. Governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax collections that are essential to repayment of the Bonds, may deviate from historical or anticipated levels.

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

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 BONDS.

PROSPECTIVE PURCHASERS OF THE 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 CITY OR THE FINANCIAL ADVISOR.

THE PROJECT

Proceeds of the Bonds will be applied to: 1) permanently finance a portion of construction of improvements described below (collectively, the "Improvements"); 2) refinance the costs of certain water and sewer system improvements in the City, which improvements previously financed through loan agreements with the Kansas Department of Health and Environment ("KDHE"); and 3) to pay costs of issuance associated with the issuance of the Bonds

Project Description	Res. No.	Authority (K.S.A.)	Amount
Swimming Pool Improvements	1360	12-1736 *et seq.*	$2,300,000.00
Sanitary Sewer Interceptor Improvements	1381	12-617 *et seq.*/ Charter 30	1,155,596.00
Public Water Supply System Improvements	1380	65-163d *et seq.*	1,344,166.58
Total			***$4,799,762.58***

THE REFUNDING PLAN

Proceeds of the Bonds will be applied to refund the outstanding general obligation bonds of the Issuer described below (the "Refunded Bonds") on the maturity date thereof, and to retire the loans between the Issuer and Kansas Department of Health and Environment described below (the "Loans") on the redemption date set forth below.

The Refunded Bonds:

General Obligation Refunding Bonds, Series 2011, dated December 13, 2011

Principal Amount	Maturity Dates	Interest	Redemption Date	Redemption Price
$60,000	12/01/2020	3.000%	09/01/2020	100.00%
60,000	12/01/2021	3.200%	09/01/2020	100.00%
195,000	12/01/2024	3.600%	09/01/2020	100.00%

The Loans:

KDHE Loan No. 2491

Outstanding Principal Amount[(1)]	Maturity Dates	Interest	Prepayment Date	Redemption Price
$620,962.97	02/01/2021 - 02/01/2028	3.360%	09/20/2020	100%

[(1)] Excludes payments to be made on 08/01/20

KDHE Loan No. C20-1709-01

Outstanding Principal Amount[(2)]	Maturity Dates	Interest	Prepayment Date	Redemption Price
$646,889.75	03/01/2021 - 09/01/2027	2.580%	09/20/2020	100%

[(2)] Excludes payments to be made on 09/01/20

APPLICATION OF BOND PROCEEDS

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

Sources of Funds:	
Principal Amount of the Bonds*	$2,840,000.00
CDBG Grant	
Issuer Funds	
Total	***$***
Uses of Funds:	
Deposit to Improvement Fund	
Deposit to Refunded Loan Redemption Fund	
Deposit to Refunded Bonds Redemption Fund	
Underwriters Discount	
Costs of Issuance	_____
Total	$

* Subject to change.

BOND RATINGS

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

LEGAL MATTERS

Approval of Bonds

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer ("Bond Counsel"). 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 matters appearing in the sections of this Preliminary Official Statement captioned "THE BONDS," "LEGAL MATTERS," "TAX MATTERS" and "***APPENDIX C*** – SUMMARY OF FINANCING DOCUMENTS." Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds. Certain legal matters have been passed on for the Issuer by Paul Kritz, Esq., Coffeyville, Kansas.

TAX MATTERS

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

Opinion of Bond Counsel

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

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

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

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

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

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

Other Tax Consequences

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

[***Original Issue Premium***. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.]

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

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

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

ABSENCE OF LITIGATION

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

The Issuer certifies that there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the 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.

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 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 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 Bonds.

UNDERWRITING

On August 17, 2020, the Issuer received _____ (__) sealed bids for the purchase of the Bonds. The Bonds were awarded by the Issuer's Governing Body to _____, _____,_____, (the "Underwriter"). The Underwriter submitted the lowest bid for the purchase of the Bonds with a net effective interest rate of ____%.

The Bonds will be offered to the public initially at the prices determined to produce the yield to maturity set forth on the inside cover page of this Preliminary 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 Underwriters may overallot 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.

ADDITIONAL INFORMATION

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 not to be construed as a contract or agreement between the City and the Bondowners.

This Preliminary Official Statement is submitted only in connection with the sale and delivery of the 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 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 Bonds

CITY OF CANEY, KANSAS

By _____
Thomas C. Burk Jr., Mayor

ATTEST:

_____
Fred Gress, City Manager

APPENDIX A

GENERAL INFORMATION CONCERNING THE ISSUER

Size and Location

The City of Caney, Kansas (the "City") is located in north central Montgomery County, approximately 115 miles southeast of Wichita and one mile north of the Kansas-Oklahoma border. The Issuer encompasses approximately 1.35 square miles and has a current estimated population of 1,968 persons.

Government and Organization of the City

The City is a municipal corporation and a city of the second class. The City has a Mayor/Council form of government. The City Council conducts all legislative functions for the City and establishes general policies which are executed by its staff, which serves at its pleasure.

The principal officials and officers of the City are as follows:

Title	Name	Term Expires
Mayor	Thomas C. Burk Jr.	01/2022
Councilmember	Ralph Anthony	01/2021
Councilmember:	Kenneth Butts	01/2022
Councilmember	Marianne Carey-Ranes	01/2021
Councilmember	Shirley Davis	01/2021
Councilmember	Dan Johnston	01/2022
Councilmember	Lori Patterson	01/2022
Councilmember	Keith Rogers	01/2022
Councilmember	Debbie Wood	01/2021
City Manager	Fred Gress	N/A
City Clerk	Debbie Morrison	N/A
City Attorney	Paul Kritz, Esq.	N/A
City Treasurer	Sara Shively	01/2022

Management Personnel

The City Manager is appointed by the Commission and is charged with the efficient and effective administration of the City.

Public Safety

The City provides police service with six full-time police officer(s) and two part-time police officer(s). Fire protection for the City and surrounding area is provided by the City through a volunteer fire department consisting of 21 firefighters. Emergency medical services for the City and surrounding area is provided by the City consisting of four full-time and three part-time employees.

Municipal Services and Other Utilities

The City owns and operates its own water, sewer, and solid waste utility system for residents of the City. Electric service is provided by Evergy Energy. Natural gas service is provided by Atmos Energy. Telephone service is provided by Kan-Okla Networks. Other various service providers provide telephone and internet services.

Transportation Facilities

The City is served by U.S./Kansas Highways 166 and 75. The SK & O railroad runs south-north through the City. The nearest commercial air service is available at Dwight D. Eisenhower Airport in Wichita, KS, 115 miles northwest of the City. The nearest Amtrak station is located in Bartlesville, Oklahoma, 19 miles south of the City.

Educational Institutions and Facilities

The City is served by the Unified School District No. 436 (Caney Valley) which operates one elementary school, one high school and one charter school. The current estimated enrollment is 763.

Independence Community College and Coffeyville Community College are both located less than 20 miles from the City within the county. These Institutions provide two-year curriculums, vocational and technical courses of study. The following universities or colleges offering bachelor's or advanced degrees are also located in the region:

Name	Location	Estimated Distance from City (in Miles)	Estimated Enrollment (FTE)
Rogers State University	Claremore, OK	51	3,482
University of Tulsa	Tulsa, OK	60	3,702
Northeastern Oklahoma A&M College	Miami, OK	60	2,075
Cowley County Community College	Arkansas City, KS	62	3,173
Tulsa Community College	Tulsa, OK	63	12,480
Oral Roberts University	Tulsa, OK	67	3,216
Allen County Community College	Iola, KS	71	2,089

Medical and Health Facilities

The City is served by Ascension Medical Group-St. John which is located within the City. The facility provides care for short-term, long term illness, and services to help promote better family health. In addition, the Coffeyville Regional Medical Center which is located 18 miles west of the City and Ascension St. John Jane Phillips Hospital which is located 20 mile south of the City provide emergency medical services along with a plethora of other services available to the City's residents.

Recreational, Cultural and Religious Facilities

Various recreational facilities are available for the City's residents including public parks, swimming pool, and a public library. There is also a lake, gun club, golf club and a zoological park located within or around the City.

The City has eleven churches that serve the community.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City follows a statutory basis of accounting which is designed to show compliance with cash basis and budget laws of Kansas. The City has received a GAAP Waiver from the State of Kansas. More complete information regarding the City's accounting is contained in the Notes to the Financial Statements attached hereto as ***APPENDIX B***.

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 public hearing required to be held prior to August 15, with the formal budget to be adopted prior to August 25 of each year. 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.

The statutes provide that the budget if the succeeding calendar year must be prepared on or before August 1 and published on or before August 5 of each year. A public hearing is required to be held on or before August 15, with the final budget being adopted on or before August 25 of each year. Original appropriations may be modified by supplemental appropriation and transfers among budget categories. The County must approve all significant changes.

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. Beginning in 2015, the Kansas Legislature passed legislation that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the "Tax Lid," located at K.S.A. 79-2925c). The Tax Lid became effective on January 1, 2017, and provides that, subject to certain exceptions, no city or county may approve an appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the immediately prior year, as adjusted to reflect the average changes in the consumer price index for the preceding five calendar years and provided that such average shall not be less than zero, unless approved by a majority vote of electors. Among other exceptions, the Tax Lid does not require an election in a situation where the increased property tax revenues that will be spent on:

- bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and
- payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016.

Therefore, the City is permitted under the Tax Lid to levy unlimited ad valorem taxes as necessary to pay principal of and interest on the Bonds, as required by the Bond Resolution.

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Jarred, Gilmore, & Phillips, PA, Chanute Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ended December 31, 2018 is attached hereto as ***APPENDIX B***.

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 Montgomery County Appraiser's office determines the fair market value of all taxable property within Montgomery 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 Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 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 pur 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:

Levy Year	Budget Year	Real Property	Personal Property	Utilities	Motor Vehicle Valuation	Total Valuation
2020	2021	$7,558,242[(1)]	$1,011,474[(1)]	$654,544[(1)]	$1,346,164[(2)]	$10,570,424
2019	2020	7,371,484	997,825	637,860	1,346,164	10,353,333
2018	2019	9,170,432	1,015,414	612,451	1,317,770	12,116,067
2017	2018	9,116,234	1,057,222	574,461	1,399,169	12,147,086
2016	2017	9,041,125	1,075,813	546,392	1,416,003	12,079,333
2015	2016	8,953,293	1,203,829	523,285	1,396,154	12,076,561

Source: County Clerk

(1) Preliminary figures as of July 1, 2020 used for budgeting purposes.

(2) Motor Vehicle valuation for 2020 is not yet available. Motor Vehicle valuation for 2019 was used for estimating purposes.

Property Tax Levies and Collections

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

Personal taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, and after written notice, warrants are issued and placed in the hands of the Sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

In recent months, a strain of coronavirus commonly known as SARS-CoV-2 has spread globally, causing a disease known as COVID-19, negatively affecting global, state, and local economies and possibly sparking a recession. Federal, State, and local officials are taking steps to curb the spread of the virus, including providing both discretionary and mandatory guidelines and orders regarding public gatherings, and imposing mandatory closings of some businesses. The State may suffer material adverse consequences from the continued spread of COVID-19, which could affect the amount of State-shared revenues appropriated to municipalities, including the Issuer. The spread of the virus could also reduce sales tax and other collections dependent on local business activity, which is likely to be slower, although the Issuer does not currently anticipate a material effect on the extension and collection of property taxes. At this time, however, it is not possible to predict the full impact on the Issuer and its finances.

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	Other	Total Levy
2019	2020	35.194	0.000	14.198	12.859	62.251
2018	2019	29.356	0.000	11.843	10.726	51.925
2017	2018	29.529	0.000	11.889	10.772	52.190
2016	2017	30.209	0.000	11.983	10.652	52.844
2015	2016	24.110	0.000	10.322	7.423	41.855

Source: County Clerk

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

Levy Year	Budget Year	City	County	USD No. 436[(1)]	State	Comm. College	Extension District	Total
2019	2020	62.251	51.566	55.741	1.500	41.882	1.383	214.323
2018	2019	51.925	51.363	55.903	1.500	41.064	1.353	203.108
2017	2018	52.190	49.049	51.079	1.500	40.024	1.329	195.171
2016	2017	52.844	50.469	50.760	1.500	41.919	1.339	198.831
2015	2016	41.855	41.004	48.612	1.500	36.790	1.098	170.859

[(1)] Includes mill levy for recreation commission.

Source: County Clerk

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

Levy Year	Budget Year	Total Taxes Levied	Current Tax Collections	Percentage Collected
2019	2020	$558,218	$511,619	91.65%
2018	2019	556,947	527,368	94.69%
2017	2018	556,515	535,519	96.23%
2016	2017	556,769	544,380	97.77%
2015	2016	437,930	434,359	99.18%

Source: County Clerk & Treasurer

Major Taxpayers. The following table sets forth the ten largest taxpayers in the City based on total assessed valuation and total taxes levied in the most recent tax collection period (2019/20):

	Taxpayer	Assessed Valuation		Taxpayer	Taxes Levied
1.	Enbridge Pipelines (FSP) LLC	$12,749,141	1.	Enbridge Pipelines (FSP) LLC	$1,995,490
2.	Magellan Pipeline Company LLC	5,908,625	2.	Magellan Pipeline Company LLC	925,311
3.	CCPS Transportation LLC	3,868,885	3.	CCPS Transportation LLC	603,421
4.	Kansas Gas & Electric	1,733,689	4.	Kansas Gas & Electric	294,022
5.	Individual	1,350,239	5.	Individual	289,190
6.	Atmos Energy Corp	1,049,510	6.	Spears MFG Co	187,218
7.	Spears MFG Co	873,536	7.	Atmos Energy Corp	182,184
8.	Southern Star Central	661,017	8.	Southern Star Central	104,434
9.	Midway Pipeline LLC	592,450	9.	Midway Pipeline LLC	92,352
10.	Mid America Pipeline Co LLC	415,622	10.	Mid America Pipeline Co LLC	65,656

Source: County Clerk

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, 2019, KPERS serves approximately 318,000 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 September 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The Issuer's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

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 8.61% of the employee's gross salary for calendar year 2020. The City's contribution is projected to change to 8.87% of gross compensation for calendar year 2021. 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, 2018 (the "2018 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately $1.502 billion at the end of 2018. The amount of the UAAL in 2018 changed from the previous year's amount due to the factors discussed in the 2018 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 2018 Valuation Report is available on the KPERS website at kpers.org/about/reports.html. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2018 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 2018 Valuation Report sets the employer contribution rate for the period beginning January 1, 2021, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 8.87% 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 2018 Valuation Report. The statutory contribution rate of employers currently equals the 2018 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

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

Employee Relations

The City has 19 full-time and 30 part-time employees. Employee Relations ae characterized as good.

Risk Management

The City is insured against the risks arising from general liability by Employers Mutual Casualty Company and employee medical coverage by Blue Cross Blue Shield.

ISSUER'S AUTHORITY TO INCUR DEBT

Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations[1]	$10,570,424
Legal limitation of Bonded Debt[2]	$3,171,127
Outstanding general obligation debt anticipated as of September 1, 2020[3]	$7,526,000
Exempt Debt	$5,543,093
Net Debt against Statutory Debt limit capacity	$1,982,907
Additional debt capacity	$1,188,220
Direct debt per capita (population 1,968)	$3,824
Overlapping Indebtedness	$603,563
Direct and overlapping debt	$8,129,563
Direct and overlapping debt per capita	$4,130
Direct debt as a percentage of Assessed Valuation	71.20%
Direct and overlapping debt as a percentage of Assessed Valuation	76.91%
Statutory direct debt as a percentage of Equalized Assessed Valuation	18.76%

[1] The assessed value of all tangible taxable property within the City, as certified to the County Clerk on the preceding August 25. Motor vehicle valuation for 2020 is not yet available. Motor vehicle valuation for 2019 was used for estimation purposes. See K.S.A. 10-301 *et seq*.
[2] See K.S.A. 10-301 *et seq*.
[3] Includes this issue, excludes the Refunded Bonds, and subject to change.

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The following table sets forth as of the issue date of the Bonds all of the outstanding obligations of the City, including the Bonds and excluding the Refunded Bonds:

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
(As of September 1, 2020)

Description of Indebtedness	Series	Maturity Date	Original Amount	Amount Outstanding	Amount Exempt From Debt Limit	% Exempt from Debt Limit
General Obligation Refunding Bonds[1]	2011	12/01/2024	$ 745,000	$ 0	$ 0	100.00%
General Obligation Bonds	2020-A	06/24/2060	540,000	540,000	540,000	100.00%
General Obligation Bonds	2020-B	06/24/2060	2,741,000	2,741,000	2,741,000	100.00%
General Obligation Bonds	2020-C	06/24/2060	693,000	693,000	693,000	100.00%
General Obligation Refunding and Improvement Bonds[2]	2020-D	12/01/2040	2,840,000	2,840,000	1,569,093	55.25%
TOTAL				$6,814,000	$5,543,093	

[1] Issue being refunded by the Bonds.
[2] This issue and subject to change.

TEMPORARY NOTES
(As of September 1, 2020)

Description of Indebtedness	Series	Maturity Date	Original Amount	Amount Outstanding	Amount Exempt From Debt Limit	% Exempt from Debt Limit
General Obligation Temporary Notes	2020-1	03/01/2022	$1,252,000	$712,000	$0	0.00%

CERTIFICATES OF PARTICIPATION

As of September 1, 2020, the City had no certificates of participation outstanding.

REVENUE BONDS OUTSTANDING

As of September 1, 2020, the City had no revenue bonds outstanding.

CAPITAL LEASE OBLIGATIONS
(As of September 1, 2020)

Description	Year	Maturity Date	Original Amount	Amount Outstanding
City Maintenance Equipment	2016	03/01/2023	$85,900.00	$53,949
1993 Fire Truck	2016	06/01/2021	35,000.00	5,473
Sewer Maintenance Truck	2017	09/01/2024	40,000.00	21,374
TOTAL				$80,796

STATE LOAN OBLIGATIONS
(As of September 1, 2020)

Purpose	Series	Maturity Date	Original Amount	Amount Outstanding
KDHE Sewer Loan	2011	03/01/2021	$ 600,000	$19,838
KDHE Sewer Loan[(1)]	2008	09/01/2027	1,155,596	0
KDHE Water Loan[(1)]	2008	02/01/2028	1,344,166	0
TOTAL				$19,838

[(1)] Loans being prepaid by the Bonds.

Debt Payment Record

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

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of September 1, 2020, and the percent attributable (on the basis of assessed valuation not including motor vehicle valuation) to the City:

Taxing Jurisdiction	2019 Assessed Valuation	Outstanding General Obligation Indebtedness	Percent Applicable to The City	Amount Applicable to The City
Montgomery County	$328,137,574	$ 0	2.47%	$ 0
U.S.D. No. 436	54,089,294	3,625,000	16.65%	603,563
TOTAL				$603,563

Source: County Clerk

Future Indebtedness

The City is in the process of approving a new lease purchase agreement for a new ambulance in the amount of $175,000, specific financing details are not yet known. The City from time to time will lease small equipment and such leases may or may not have a purchase option in accordance with the terms of said lease. Periodically, the City reviews all its outstanding debt obligations for refunding opportunities and will complete issues as needed when sufficient savings can be achieved. Other than the projects detailed above, the City does not have plans to issue any additional debt at this time.

ECONOMIC INFORMATION CONCERNING THE CITY

Population Trends

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

Year	County Population	City Population
2019	31,829	1,968
2018	32,120	1,991
2017	32,556	2,026
2016	32,746	2,042
2015	33,316	2,080

Source: Kansas Statistical Abstract

Labor Force

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

MONTGOMERY COUNTY

Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
2019	14,801	14,196	605	4.1%
2018	14,834	14,194	640	4.3%
2017	14,987	14,203	784	5.2%
2016	15,884	14,866	1,018	6.4%
2015	16,537	15,462	1,075	6.5%

STATE OF KANSAS

Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
2019	1,486,620	1,439,563	47,057	3.2%
2018	1,482,220	1,432,387	49,833	3.4%
2017	1,478,783	1,425,216	53,567	3.6%
2016	1,484,001	1,422,122	61,879	4.2%
2015	1,489,165	1,426,764	62,401	4.2%

Currently, the Kansas Department of Labor estimates an unemployment rate of 8.9% for the County and 7.5% for the State of Kansas for the month of June 2020.

Source: Kansas Statistical Abstract (2015 – 2018 data); Kansas Department of Labor (2019 and June 2020 estimate)

Retail Sales Tax Collections

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

Year	Sales Tax Collections	Per Capita Sales Tax
2019	$24,351,320	$765.07
2018	23,877,518	734.32
2017	23,599,676	712.35
2016	23,833,003	772.20
2015	24,599,792	689.90

Source: Kansas Statistical Abstract

Effective July 1, 2015, the statewide sales and use tax was increased to 6.50%.

Local Option Sales Tax

The City has imposed the following citywide retailers' sales taxes: (1) 1% general purpose sales tax; (2) 0.75% special purpose sales tax to pay the costs of curb, gutter and street improvement projects in the City, commencing on January 1, 2018, and which expired on July 1, 2019, upon the commencement of the sales tax described in (4) below; (3) 1% general purpose sales tax to pay the costs of improvements and repairs to the water distribution system, improvements and repairs to the water treatment plant and other related improvement projects in the City, commencing on April 1, 2018, and expiring on March 31, 2028; and (4) 1% City-wide retailers' sales tax to pay the costs of improvements to the City's swimming pool, curbs, gutters and streets, including the payment of financing costs related thereto; commencing on July 1, 2019, or as soon thereafter as permitted by law, and expiring 10 years after its commencement. The following table provides the amount of local sales tax collected and received by the City during the years indicated.

Year	Receipts
2019	$413,429
2018	401,377
2017	389,822
2016	389,918
2015	404,245

Local sales tax collections for January 2020 through July are $253,449, which was an increase of 10.5% from the same period in 2019. However, as described above in (2) and (4), the City imposed sales taxes in the aggregate amount of 2.75% during the January to July 2019 time period but imposed sales taxes in the aggregate amount of 3.00% during the January to July 2020 time period.

Source: Kansas Department of Revenue

Financial and Banking Institutions

There are currently seven banks, with 17 different branch locations, located in Montgomery County. During a five-year period, bank deposits of the County's banks are as follows:

Year	Total Bank Deposits (thousands of dollars)
2018	$580,000
2017	579,000
2016	589,000
2015	593,000
2014	576,000

Source: Kansas Statistical Abstract

Personal Income Trends

The following table lists Montgomery County personal and per capita income and State of Kansas per capita income for the years indicated:

Year	Montgomery County Personal Income ($000)	Montgomery County Per Capita Income	State Per Capita Income
2018	$1,206,947	$37,576	$51,471
2017	1,145,066	35,172	48,559
2016	1,204,085	33,958	47,603
2015	1,257,650	35,012	47,161
2014	1,268,706	34,964	46,393

Source: Kansas Statistical Abstract

APPENDIX B

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CANEY, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2018

CITY OF CANEY, KANSAS
For the Year Ended December 31, 2018

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Caney, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Caney, Kansas, as of and for the year ended December 31, 2018 and the related notes to the financial statement.

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

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the City of Caney on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Caney as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Caney as of December 31, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Matters

Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Caney as of and for the year ended December 31, 2017 (not presented herein), and have issued our report theron dated June 5, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2018 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 2017 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2017, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 2, 2019
Chanute, Kansas

CITY OF CANEY, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2018
General Fund	$ 94,066.92	$ 1,185,295.52	$ 1,142,807.47	$ 136,554.97	$ 35,699.56	$ 172,254.53
Special Purpose Funds:						
Industrial	12,951.79	112.74	7,905.00	5,159.53	-	5,159.53
Library	0.03	65,929.57	65,929.57	0.03	-	0.03
Special Parks	18,123.39	9,704.79	13,559.54	14,268.64	-	14,268.64
Employee Benefits	24,259.03	137,782.26	15,390.67	146,650.62	203.07	146,853.69
Vehicle Identification	8,202.29	4,250.00	979.40	11,472.89	36.00	11,508.89
Special Highway	92,969.67	65,450.28	60,119.68	98,300.27	868.94	99,169.21
Municipal Equipment	5,734.71	25.00	5,759.71	-	-	-
Police, Fire, and Ambulance Equipment	46,513.92	56,594.51	27,248.78	75,859.65	-	75,859.65
Street Sales Tax	153,881.40	112,387.40	201,534.27	64,734.53	-	64,734.53
Capital Project Funds:						
Wastewater Improvement Project	(16,804.14)	558,000.00	112,596.58	428,599.28	24,862.22	453,461.50
Bond and Interest Funds:						
General Obligation Bond and Interest	209,419.84	144,495.65	278,006.25	75,909.24	-	75,909.24
Business Funds:						
Water Utility	72,870.44	663,241.61	569,777.44	166,334.61	39,637.85	205,972.46
Water Plant Improvement	63,855.87	90,000.00	94,354.86	59,501.01	-	59,501.01
Water Principal and Interest	20,419.38	72,000.00	68,850.00	23,569.38	-	23,569.38
Sewer Utility	61,701.82	511,840.87	511,726.96	61,815.73	9,274.05	71,089.78
Sewer Treatment Replacement	180.12	1,278.93	-	1,459.05	-	1,459.05
Sewer Principal and Interest	74,713.03	150,000.00	146,162.88	78,550.15	-	78,550.15
Solid Waste Utility	45,459.18	224,764.57	218,413.10	51,810.65	16,463.01	68,273.66
Total Primary Government (Excluding Agency Funds	$ 988,518.69	$ 4,053,153.70	$ 3,541,122.16	$ 1,500,550.23	$ 127,044.70	$ 1,627,594.93

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

CITY OF CANEY, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2018

	2018
Total Cash to be accounted for:	$ 1,627,594.93
Composition of Cash:	
Utility Cash on Hand	$ 250.00
General Petty Cash on Hand	200.00
Police Petty Cash on Hand	201.00
Checking Accounts:	
General Account	162,228.94
Money Market Account	1,466,843.23
Total Cash	1,629,723.17
Agency Funds per Schedule 3	(2,128.24)
Total Reporting Entity (Excluding Agency Funds)	$ 1,627,594.93

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity
The City of Caney, Kansas (the City) is a municipal corporation governed by a Mayor and elected eight member council. This financial statement presents the City of Caney, Kansas.

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

> Caney Public Library - The Caney Public Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate financial information can be obtained from the Library.
>
> Caney Recreation Commission - The Caney Recreation Commission oversees the City's recreation activities. The Caney Recreation Commission operates as a separate governing body but the City may appoint board members to the Recreation Commission. Separate financial information can be obtained from the Recreation Commission.

Regulatory Basis Fund Types
A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Caney, Kansas, for the year of 2018:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)
Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

Special Assessments

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

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2018 the City amended the budget for the Industrial Fund, Special Highway Fund, Special Parks Fund, Street Sales Tax Fund, Water Utility Fund, Wastewater Utility Fund and the Solid Waste Utility Fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- Municipal Equipment Fund
- Street Sales Tax Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The City was in apparent violation of K.S.A. 10-130, which requires bond payments to be remitted to the state fiscal agency at least 20 days before the redemption of such bonds and the payment of the interest thereon. In apparent violation of K.S.A. 10-130, three bond payments were received by the Office of the State Treasurer 11, 11, and 15, days prior to the redemption date.

Management is not aware of any other material statutory violations.

3. 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 branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the bank 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.

3. DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk. State statutes place no limit on the amount the Government 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. All deposits were legally secured at December 31, 2018.

Deposits: At year-end, the City's carrying amount of deposits was $1,629,072.17 and the bank balance was $1,662,564.77. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $295,764.01 was covered by FDIC insurance and $1,366,800.76 was collateralized with a repurchase agreement.

4. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order finance the purchase of a 2015 John Deere Compact Excavator. Payments are made monthly including interest at 4.30%. Final maturity of the lease is March 10, 2020. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 9,719.45
2020	2,242.95
	11,962.40
Less imputed interest	(356.64)
Net Present Value of Minimum Lease Payments	11,605.76
Less: Current Maturities	(9,378.79)
Long-Term Capital Lease Obligations	$ 2,226.97

The City has entered into a capital lease agreement in order finance the purchase of fire bunker gear. Payments are made quarterly including interest at 2.344%. Final maturity of the lease is May 8, 2020. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 10,602.76
2020	2,650.69
	13,253.45
Less imputed interest	(238.29)
Net Present Value of Minimum Lease Payments	13,015.16
Less: Current Maturities	(10,380.61)
Long-Term Capital Lease Obligations	$ 2,834.55

4. CAPITAL LEASE OBLIGATIONS (Continued)

The City has entered into a capital lease agreement in order finance the purchase of various pieces of maintenance equipment. Payments are made quarterly including interest at 1.95%. Final maturity of the lease is March 1, 2023. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 13,162.12
2020	13,162.12
2021	13,162.12
2022	13,162.12
2023	6,581.06
	59,229.54
Less imputed interest	(5,709.33)
Net Present Value of Minimum Lease Payments	53,520.21
Less: Current Maturities	(12,206.91)
Long-Term Capital Lease Obligations	$ 41,313.30

The City has entered into a capital lease agreement in order finance the purchase of a 1993 Freightliner Fire Truck. Payments are made quarterly including interest at 2.25%. Final maturity of the lease is June 8, 2021. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 7,379.28
2020	7,379.28
2021	3,689.64
	18,448.20
Less imputed interest	(4,537.08)
Net Present Value of Minimum Lease Payments	13,911.12
Less: Current Maturities	(3,537.65)
Long-Term Capital Lease Obligations	$ 10,373.47

The City has entered into a capital lease agreement in order finance the purchase of a 2004 Sewer Pumper Truck. Payments are made annually including interest at 3.50%. Final maturity of the lease is September 15, 2024. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 5,819.07
2020	5,819.07
2021	5,819.07
2022	5,819.07
2023	5,819.07
2024	5,819.07
	34,914.42
Less imputed interest	(3,907.23)
Net Present Value of Minimum Lease Payments	31,007.19
Less: Current Maturities	(4,733.82)
Long-Term Capital Lease Obligations	$ 26,273.37

5. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2018, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid by Utility Receipts:									
Series 2011 A	.75-3.60%	December 20, 2011	$ 745,000.00	December 1, 2024	$ 430,000.00	$ -	$ (55,000.00)	$ 375,000.00	$ 13,850.00
Series 2012 A	.50-1.25%	March 27, 2012	660,000.00	March 15, 2018	115,000.00	-	(115,000.00)	-	1,006.25
Temporary Notes									
Paid by Utility Receipts:									
Series 2018	4.00%	March 8, 2018	540,000.00	March 1, 2020	-	540,000.00	-	540,000.00	15,840.00
Revolving Loans									
Paid by Utility Receipts:									
KWPCRL C20-1499-01	3.07%	July 7, 1999	600,000.00	March 1, 2021	132,728.13	-	(36,489.40)	96,238.73	3,796.84
KWPCRL C20-1709-01	2.58%	July 6, 2007	1,155,596.00	September 1, 2027	889,377.45	8,188.19	(84,080.08)	813,485.56	21,797.10
KPWSLF - No. 2491	3.36%	April 20, 2007	1,344,166.58	February 1, 2028	829,030.30	-	(67,058.03)	761,972.27	27,296.83
Capital Leases									
John Deere Excavator	2.95%	March 10, 2015	40,300.00	March 10, 2020	19,208.06	-	(7,602.30)	11,605.76	621.85
Fire Bunker Gear	2.34%	August 8, 2015	50,080.00	May 8, 2020	23,147.30	-	(10,132.14)	13,015.16	470.62
Maintenance Equipment	1.95%	March 16, 2016	85,990.32	March 1, 2023	65,491.96	-	(11,971.75)	53,520.21	1,189.20
Fire Truck	2.25%	September 8, 2016	35,000.00	June 8, 2021	24,769.78	-	(10,858.66)	13,911.12	499.56
Sewage Pumper Truck	3.50%	May 27, 2017	40,000.00	September 15, 2024	35,580.93	-	(4,573.74)	31,007.19	1,245.33
Total Contractual Indebtedness					$ 2,564,333.91	$ 548,188.19	$ (402,766.10)	$ 2,709,756.00	$ 87,613.58

5. LONG-TERM DEBT

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

Issue	2019	2020	2021	2022	2023	2024-2028	Total
Principal							
General Obligation Bonds							
Series 2011A	$ 60,000.00	$ 60,000.00	$ 60,000.00	$ 65,000.00	$ 65,000.00	$ 65,000.00	$ 375,000.00
Revolving Loans							
KWPCRL C20-1499-01	37,618.22	38,781.97	19,838.54	-	-	-	96,238.73
KWPCRL C20-1709-01	83,298.88	83,296.93	85,459.85	87,678.93	89,955.63	383,795.34	813,485.56
KPWSLF - No. 2491	69,330.12	71,679.18	74,107.82	76,618.76	79,214.78	391,021.61	761,972.27
Temporary Notes							
Series 2018	-	540,000.00	-	-	-	-	540,000.00
Capital Leases							
John Deere Excavator	9,378.79	2,226.97	-	-	-	-	11,605.76
Fire Bunker Gear	10,380.61	2,634.55	-	-	-	-	13,015.16
Maintenance Equipment	12,206.91	12,444.45	12,691.14	12,940.43	3,237.28	-	53,520.21
Fire Truck	3,537.65	7,195.49	3,177.98	-	-	-	13,911.12
Sewage Pumper Truck	4,733.82	4,899.50	5,070.98	5,248.47	5,432.17	5,622.25	31,007.19
Total Principal Payments	290,485.00	823,159.04	260,346.31	247,486.59	242,839.86	845,439.20	2,709,756.00
Interest							
General Obligation Bonds							
Series 2011A	12,420.00	10,740.00	8,940.00	7,020.00	4,680.00	2,340.00	46,140.00
Revolving Loans							
KWPCRL C20-1499-01	2,668.02	1,504.27	304.58	-	-	-	4,476.87
KWPCRL C20-1709-01	20,440.40	18,304.99	16,142.07	13,922.99	11,646.29	22,612.34	103,069.08
KPWSLF - No. 2491	25,024.74	22,675.68	20,247.04	17,736.10	15,140.08	33,575.26	134,398.90
Temporary Notes							
Series 2018	21,600.00	5,400.00	-	-	-	-	27,000.00
Capital Leases							
John Deere Excavator	340.66	15.98	-	-	-	-	356.64
Fire Bunker Gear	222.15	16.14	-	-	-	-	238.29
Maintenance Equipment	955.21	717.67	470.98	221.69	3,343.78	-	5,709.33
Fire Truck	3,841.63	183.79	511.66	-	-	-	4,537.08
Sewage Pumper Truck	1,085.25	919.57	748.09	570.60	386.90	196.82	3,907.23
Total Interest Payments	88,598.06	60,478.09	47,364.42	39,471.38	35,197.05	58,724.42	329,833.42
Total Principal and Interest	$ 379,083.06	$ 883,637.13	$ 307,710.73	$ 286,957.97	$ 278,036.91	$ 904,163.62	$ 3,039,589.42

6. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate (for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from (non-school municipality) were $62,566.36 for KPERS for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was $585,475.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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 nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

7. CAPITAL PROJECTS

The following is a summary of capital project authorizations and expenditures to date:

PROJECT NAME	AUTHORIZED	EXPENDED THRU 12/31/18	ESTIMATED COMPLETION
Wastewater Improvement Project	$ 540,000.00	$ 129,400.72	2020

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits
As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2018.

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

Months Continuous Employment:	1-24	25-72	73-144	145-216	217-276	277+
Hours Granted per Year:	4	6	9	10	18	12

Accrued vacation benefits must be used within the employee's annual period (hire date to hire date).

Sick leave accrues to all full-time employees at the rate of one sick day per month to a maximum of 60 days. In the event of termination, an employee shall not be paid for any accrued sick leave.

The City has no policy regarding compensatory time, however it is accumulated.

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

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

In accordance with the above criteria, the City has accrued a liability for annual leave and compensatory time, which has been earned, but not taken, by City employees. The estimated liability at December 31, 2018, was $9,892.85 for annual leave. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

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

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

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

9. RISK MANAGEMENT

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

10. INTERFUND TRANSFERS

Operating and residual transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
General Obligation Bond & Interest	Water Plant Improvement	K.S.A. 12-197	$ 90,000.00
General Obligation Bond & Interest	Water Principal and Interest	K.S.A. 12-197	72,000.00
Sewer Utility	Sewer Principal and Interest	K.S.A. 12-825d	150,000.00
Sewer Utility	Wastewater Improvement Project	K.S.A. 12-825d	18,000.00

11. SUBSEQUENT EVENTS

There were no subsequent events requiring recognition in the financial statement. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF CANEY, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2018

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	$ 1,206,235.00	$ -	$ 1,206,235.00	$ 1,142,807.47	$ (63,427.53)
Special Purpose Funds:					
Industrial	11,500.00	-	11,500.00	7,905.00	(3,595.00)
Library	69,175.00	-	69,175.00	65,929.57	(3,245.43)
Special Parks	24,000.00	-	24,000.00	13,559.54	(10,440.46)
Employee Benefits	158,740.00	-	158,740.00	15,390.67	(143,349.33)
Vehicle Identification	7,150.00	-	7,150.00	979.40	(6,170.60)
Special Highway	95,975.00	-	95,975.00	60,119.68	(35,855.32)
Police, Fire, and Ambulance Equipment	76,549.00	-	76,549.00	27,248.78	(49,300.22)
Street Sales Tax	201,535.00	-	201,535.00	201,534.27	(0.73)
Bond and Interest Fund:					
General Obligation Bond and Interest	279,211.00	-	279,211.00	278,006.25	(1,204.75)
Business Funds:					
Water Utility	687,340.00	-	687,340.00	569,777.44	(117,562.56)
Sewer Utility	515,102.00	-	515,102.00	511,726.96	(3,375.04)
Solid Waste Utility	240,058.00	-	240,058.00	218,413.10	(21,644.90)

CITY OF CANEY, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ 291,472.90	$ 288,887.36	$ 317,372.00	$ (28,484.64)
Delinquent Tax	9,133.26	14,836.08	8,000.00	6,836.08
Motor Vehicle Tax	26,654.82	31,692.51	30,296.00	1,396.51
Recreational Vehicle Tax	336.46	415.70	366.00	49.70
16/20M Truck Tax	257.87	501.74	324.00	177.74
Commercial Vehicle Tax	384.82	440.69	539.00	(98.31)
Watercraft Tax	78.14	82.85	92.00	(9.15)
Franchise Taxes	235,740.37	249,772.72	230,000.00	19,772.72
Local Alcoholic Liquor Tax	1,218.17	1,329.95	2,250.00	(920.05)
County Alcoholic Liquor Tax	1,135.55	-	-	-
Compensating Use Tax	107,934.55	96,082.68	118,000.00	(21,917.32)
Local Sales Tax	140,335.96	144,495.64	140,000.00	4,495.64
Intergovernmental				
Federal Grants	2,133.63	1,698.44	-	1,698.44
State and Local Grants	3,000.00	6,855.00	-	6,855.00
Licenses and Permits				
Licenses, Permits & Fees	6,283.00	4,431.00	3,200.00	1,231.00
Charges for Services				
Swimming Pool	13,142.98	13,359.96	14,500.00	(1,140.04)
Dog Tags	-	-	-	-
Cemetery Lots & Settings	12,942.00	10,846.00	7,500.00	3,346.00
Ambulance Fees	73,178.33	94,718.53	95,000.00	(281.47)
County Ambulance Assistance	57,137.49	56,411.67	53,000.00	3,411.67
Fines, Forfeitures and Penalties			40,000.00	
Fines	51,456.85	57,135.54	-	57,135.54
Use of Money and Property				
Interest Income	970.88	6,593.98	300.00	6,293.98
Sale of Assets	4,200.00	1,551.92	-	1,551.92
Loan Repayments	-	308.16	308.00	0.16
Other Receipts				
Insurance Proceeds	-	75,000.00	-	75,000.00
Miscellaneous	35,289.61	27,847.40	12,000.00	15,847.40
Total Receipts	1,074,417.64	1,185,295.52	$ 1,073,047.00	$ 152,248.52
Expenditures				
City Administrator Department				
Personal Services	52,211.03	61,692.91	$ 64,000.00	$ (2,307.09)
Contractual Services	171,439.18	176,069.28	219,810.00	(43,740.72)
Commodities	10,926.86	18,115.57	-	18,115.57
Capital Outlay	-	3,321.93	1,500.00	1,821.93

CITY OF CANEY, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Street Department				
Personal Services	$ 23,543.91	$ 34,148.88	$ -	$ 34,148.88
Contractual Services	29,786.89	19,184.04	50,450.00	(31,265.96)
Commodities	18,419.59	26,042.31	-	26,042.31
Capital Outlay	-	1,318.79	2,500.00	(1,181.21)
Parks Department				
Contractual Services	11,625.73	8,663.79	11,000.00	(2,336.21)
Capital Outlay	-	-	20,000.00	(20,000.00)
Pool Department				
Personal Services	21,316.72	27,234.44	22,000.00	5,234.44
Contractual Services	6,860.04	10,649.90	-	10,649.90
Commodities	5,196.04	8,289.36	16,825.00	(8,535.64)
Police Department				
Personal Services	293,876.79	333,588.49	315,000.00	18,588.49
Contractual Services	59,358.05	46,046.16	74,000.00	(27,953.84)
Commodities	17,476.54	11,625.78	-	11,625.78
Capital Outlay	7,062.79	191.77	15,000.00	(14,808.23)
Fire Department				
Personal Services	14,151.38	10,147.47	13,500.00	(3,352.53)
Contractual Services	40,924.58	37,895.43	36,650.00	1,245.43
Commodities	9,421.91	8,062.89	-	8,062.89
Capital Outlay	-	804.00	1,500.00	(696.00)
Ambulance Department				
Personal Services	155,478.22	198,790.15	175,000.00	23,790.15
Contractual Services	42,062.31	32,847.95	85,000.00	(52,152.05)
Commodities	12,683.88	8,246.34	-	8,246.34
Cemetery Department				
Personal Services	8,015.26	9,225.26	10,500.00	(1,274.74)
Contractual Services	44,745.64	47,330.22	52,000.00	(4,669.78)
Commodities	-	2,375.43	-	2,375.43
Capital Outlay	-	-	20,000.00	(20,000.00)
Debt Service				
Capital Lease	-	898.93	-	898.93
Total Expenditures	1,056,583.34	1,142,807.47	$ 1,206,235.00	$ (63,427.53)
Receipts Over(Under) Expenditures	17,834.30	42,488.05		
Unencumbered Cash, Beginning	76,232.62	94,066.92		
Unencumbered Cash, Ending	$ 94,066.92	$ 136,554.97		

CITY OF CANEY, KANSAS
INDUSTRIAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ (4.22)	$ (0.46)	$ -	$ (0.46)
Delinquent Tax	77.70	75.51	250.00	(174.49)
Motor Vehicle Tax	174.32	28.74	-	28.74
Recreational Vehicle Tax	2.49	0.51	-	0.51
16/20M Truck Tax	3.99	2.44	-	2.44
Commercial Vehicle Tax	1.90	-	-	-
Watercraft Tax	0.37	-	-	-
Other Receipts				
Miscellaneous	-	6.00	-	6.00
Total Receipts	256.55	112.74	$ 250.00	$ (137.26)
Expenditures				
General Government				
Contractual Services	4,400.00	4,455.00	$ 9,900.00	$ (5,445.00)
Commodities	625.00	3,450.00	1,600.00	1,850.00
Total Expenditures	5,025.00	7,905.00	$ 11,500.00	$ (3,595.00)
Receipts Over(Under) Expenditures	(4,768.45)	(7,792.26)		
Unencumbered Cash, Beginning	17,720.24	12,951.79		
Unencumbered Cash, Ending	$ 12,951.79	$ 5,159.53		

CITY OF CANEY, KANSAS
LIBRARY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ 54,795.30	$ 56,607.18	$ 61,731.00	$ (5,123.82)
Delinquent Tax	2,027.20	3,061.31	1,600.00	1,461.31
Motor Vehicle Tax	5,780.79	5,982.00	5,600.00	382.00
Recreational Vehicle Tax	74.88	79.03	68.00	11.03
16/20M Truck Tax	70.90	103.30	60.00	43.30
Commercial Vehicle Tax	79.47	81.44	99.00	(17.56)
Watercraft Tax	16.08	15.31	17.00	(1.69)
Other Receipts				
Donations	1,311.78	-	-	-
Total Receipts	64,156.40	65,929.57	$ 69,175.00	$ (3,245.43)
Expenditures				
Culture and Recreation				
Library Board	64,156.40	65,929.57	$ 69,175.00	$ (3,245.43)
Total Expenditures	64,156.40	65,929.57	$ 69,175.00	$ (3,245.43)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	0.03	0.03		
Unencumbered Cash, Ending	$ 0.03	$ 0.03		

CITY OF CANEY, KANSAS
SPECIAL PARKS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	$ 1,218.18	$ 1,329.97	$ 1,450.00	$ (120.03)
County Alcoholic Liquor Tax	946.68	1,020.28	-	1,020.28
Other Receipts				
Insurance Proceeds	-	7,354.54	7,355.00	(0.46)
Total Receipts	2,164.86	9,704.79	$ 8,805.00	$ 899.79
Expenditures				
Culture and Recreation				
Contractual Services	80.82	-	$ 13,660.00	$ (13,660.00)
Commodities	4,053.00	13,559.54	10,340.00	3,219.54
Total Expenditures	4,133.82	13,559.54	$ 24,000.00	$ (10,440.46)
Receipts Over(Under) Expenditures	(1,968.96)	(3,854.75)		
Unencumbered Cash, Beginning	20,092.35	18,123.39		
Unencumbered Cash, Ending	$ 18,123.39	$ 14,268.64		

CITY OF CANEY, KANSAS
EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ 117,562.59	$ 117,180.71	$ 127,779.00	$ (10,598.29)
Delinquent Tax	5,051.13	7,253.17	5,000.00	2,253.17
Motor Vehicle Tax	13,114.94	12,757.74	12,018.00	739.74
Recreational Vehicle Tax	176.61	168.17	146.00	22.17
16/20M Truck Tax	213.95	214.81	129.00	85.81
Commercial Vehicle Tax	166.16	174.80	213.00	(38.20)
Watercraft Tax	33.46	32.86	37.00	(4.14)
Other Receipts				
Miscellaneous	16.62	-	-	-
Total Receipts	136,335.46	137,782.26	$ 145,322.00	$ (7,539.74)
Expenditures				
General Government				
Personal Services	141,879.42	15,390.67	$ 158,740.00	$ (143,349.33)
Total Expenditures	141,879.42	15,390.67	$ 158,740.00	$ (143,349.33)
Receipts Over(Under) Expenditures	(5,543.96)	122,391.59		
Unencumbered Cash, Beginning	29,802.99	24,259.03		
Unencumbered Cash, Ending	$ 24,259.03	$ 146,650.62		

CITY OF CANEY, KANSAS
VEHICLE IDENTIFICATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
VIN Inspections	$ 4,100.00	$ 4,220.00	$ 4,000.00	$ 220.00
Other Receipts				
Miscellaneous	5.00	30.00	50.00	(20.00)
Total Receipts	4,105.00	4,250.00	$ 4,050.00	$ 200.00
Expenditures				
General Government				
Contractual Services	751.83	979.40	$ 1,150.00	$ (170.60)
Commodities	1,612.14	-	6,000.00	(6,000.00)
Total Expenditures	2,363.97	979.40	$ 7,150.00	$ (6,170.60)
Receipts Over(Under) Expenditures	1,741.03	3,270.60		
Unencumbered Cash, Beginning	6,461.26	8,202.29		
Unencumbered Cash, Ending	$ 8,202.29	$ 11,472.89		

CITY OF CANEY, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Motor Fuel Tax	$ 54,939.19	$ 55,336.02	$ 53,618.00	$ 1,718.02
County Gas Tax	9,891.51	10,114.26	9,850.00	264.26
Total Receipts	64,830.70	65,450.28	$ 63,468.00	$ 1,982.28
Expenditures				
General Government				
Personal Services	21,496.32	29,585.95	$ 29,550.00	$ 35.95
Contractual Services	-	-	5,000.00	(5,000.00)
Commodities	39,093.24	5,709.45	16,000.00	(10,290.55)
Capital Outlay	-	11,663.33	45,425.00	(33,761.67)
Debt Service				
Capital Lease	13,160.56	13,160.95	-	13,160.95
Total Expenditures	73,750.12	60,119.68	$ 95,975.00	$ (35,855.32)
Receipts Over(Under) Expenditures	(8,919.42)	5,330.60		
Unencumbered Cash, Beginning	101,889.09	92,969.67		
Unencumbered Cash, Ending	$ 92,969.67	$ 98,300.27		

CITY OF CANEY, KANSAS
MUNICIPAL EQUIPMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	$ -	$ 25.00
Total Receipts	-	25.00
Expenditures		
General Government		
Commodities	1,560.95	1,131.19
Debt Service		
Capital Lease	8,971.80	4,628.52
Total Expenditures	10,532.75	5,759.71
Receipts Over(Under) Expenditures	(10,532.75)	(5,734.71)
Unencumbered Cash, Beginning	16,267.46	5,734.71
Unencumbered Cash, Ending	$ 5,734.71	$ -

CITY OF CANEY, KANSAS
POLICE, FIRE, AND AMBULANCE EQUIPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ 49,806.20	$ 49,575.12	$ 54,050.00	$ (4,474.88)
Delinquent Tax	864.97	1,920.95	400.00	1,520.95
Motor Vehicle Tax	2,473.14	4,899.45	5,084.00	(184.55)
Recreational Vehicle Tax	30.46	62.40	62.00	0.40
16/20M Truck Tax	18.00	48.74	54.00	(5.26)
Commercial Vehicle Tax	37.28	73.94	90.00	(16.06)
Watercraft Tax	7.60	13.91	16.00	(2.09)
Intergovernmental				
State Grants	10,053.00	-	-	-
Total Receipts	63,290.65	56,594.51	$ 59,756.00	$ (3,161.49)
Expenditures				
General Government				
Commodities	-	-	$ 12,000.00	$ (12,000.00)
Capital Outlay	2,765.80	5,287.80	64,549.00	(59,261.20)
Debt Service				
Capital Lease	17,982.04	21,960.98	-	21,960.98
Total Expenditures	20,747.84	27,248.78	$ 76,549.00	$ (49,300.22)
Receipts Over(Under) Expenditures	42,542.81	29,345.73		
Unencumbered Cash, Beginning	3,971.11	46,513.92		
Unencumbered Cash, Ending	$ 46,513.92	$ 75,859.65		

CITY OF CANEY, KANSAS
STREET SALES TAX FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Sales Tax	$ 109,150.12	$ 112,385.40	$ 108,500.00	$ 3,885.40
Other Receipts				
Miscellaneous	-	2.00	-	2.00
Total Receipts	109,150.12	112,387.40	$ 108,500.00	$ 3,887.40
Expenditures				
General Government				
Capital Outlay	168,522.78	201,534.27	$ 201,535.00	$ (0.73)
Total Expenditures	168,522.78	201,534.27	$ 201,535.00	$ (0.73)
Receipts Over(Under) Expenditures	(59,372.66)	(89,146.87)		
Unencumbered Cash, Beginning	213,254.06	153,881.40		
Unencumbered Cash, Ending	$ 153,881.40	$ 64,734.53		

CITY OF CANEY, KANSAS
NEW LIBRARY BUILDING FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	$ -	$ -
Total Receipts	-	-
Expenditures		
Other Expenses		
Miscellaneous	1,311.78	-
Total Expenditures	1,311.78	-
Receipts Over(Under) Expenditures	(1,311.78)	-
Unencumbered Cash, Beginning	1,311.78	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CANEY, KANSAS
NORTHEND INTERCEPTOR CAPITAL PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	$ 780,061.81	$ -
Total Receipts	780,061.81	-
Expenditures		
Capital Improvements		
Capital Outlay	771,663.83	-
Total Expenditures	771,663.83	-
Receipts Over(Under) Expenditures	8,397.98	-
Unencumbered Cash, Beginning	(8,397.98)	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CANEY, KANSAS
WASTEWATER IMPROVEMENT PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	$ -	$ 540,000.00
Operating Transfer from		
Sewer Utility Fund	-	18,000.00
Total Receipts	-	558,000.00
Expenditures		
Capital Improvements		
Contractual Services	16,804.14	96,756.58
Debt Service		
Interest	-	15,840.00
Total Expenditures	16,804.14	112,596.58
Receipts Over(Under) Expenditures	(16,804.14)	445,403.42
Unencumbered Cash, Beginning	-	(16,804.14)
Unencumbered Cash, Ending	$ (16,804.14)	$ 428,599.28

CITY OF CANEY, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Sales Tax	$ 140,335.91	$ 144,495.65	$ 135,000.00	$ 9,495.65
Total Receipts	140,335.91	144,495.65	$ 135,000.00	$ 9,495.65
Expenditures				
Debt Service				
Principal	110,000.00	115,000.00	$ 278,205.00	$ (163,205.00)
Interest	2,837.50	1,006.25	1,006.00	0.25
Operating Transfers to:				
Water Plant Improvement Fund	34,000.00	90,000.00	-	90,000.00
Water Principal and Interest Fund	24,000.00	72,000.00	-	72,000.00
Total Expenditures	170,837.50	278,006.25	$ 279,211.00	$ (1,204.75)
Receipts Over(Under) Expenditures	(30,501.59)	(133,510.60)		
Unencumbered Cash, Beginning	239,921.43	209,419.84		
Unencumbered Cash, Ending	$ 209,419.84	$ 75,909.24		

CITY OF CANEY, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Water Charges	$ 646,743.14	$ 653,091.51	$ 630,000.00	$ 23,091.51
Connection Fee	10,082.50	10,150.00	11,800.00	(1,650.00)
Other Receipts				
Miscellaneous	1,738.39	0.10	5,500.00	(5,499.90)
Total Receipts	658,564.03	663,241.61	$ 647,300.00	$ 15,941.61
Expenditures				
Administration, Production, and Distribution				
Personal Services	176,391.53	226,798.39	$ 260,005.00	$ (33,206.61)
Contractual Services	176,526.94	219,787.92	163,580.00	56,207.92
Commodities	138,518.85	109,730.61	150,550.00	(40,819.39)
Capital Outlay	3,237.90	12,561.62	113,205.00	(100,643.38)
Debt Service				
Capital Lease	-	898.90	-	898.90
Operating Transfers to:				
Water Principal and Interest Fund	48,500.00	-	-	-
Water Plant Improvement Fund	68,000.00	-	-	-
Total Expenditures	611,175.22	569,777.44	$ 687,340.00	$ (117,562.56)
Receipts Over(Under) Expenditures	47,388.81	93,464.17		
Unencumbered Cash, Beginning	25,481.63	72,870.44		
Unencumbered Cash, Ending	$ 72,870.44	$ 166,334.61		

CITY OF CANEY, KANSAS
WATER PLANT IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from		
Water Utility Fund	$ 68,000.00	$ -
General Obligation Bond and Interest Fund	34,000.00	90,000.00
Total Receipts	102,000.00	90,000.00
Expenditures		
Debt Services		
Principal	64,860.41	67,058.03
Interest	26,422.11	24,453.41
Commission and Postage	3,072.34	2,843.42
Total Expenditures	94,354.86	94,354.86
Receipts Over(Under) Expenditures	7,645.14	(4,354.86)
Unencumbered Cash, Beginning	56,210.73	63,855.87
Unencumbered Cash, Ending	$ 63,855.87	$ 59,501.01

CITY OF CANEY, KANSAS
WATER PRINCIPAL AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from		
Water Utility Fund	$ 48,500.00	$ -
General Obligation Bond and Interest Fund	24,000.00	72,000.00
Total Receipts	72,500.00	72,000.00
Expenditures		
Debt Service		
Principal	55,000.00	55,000.00
Interest	15,170.00	13,850.00
Total Expenditures	70,170.00	68,850.00
Receipts Over(Under) Expenditures	2,330.00	3,150.00
Unencumbered Cash, Beginning	18,089.38	20,419.38
Unencumbered Cash, Ending	$ 20,419.38	$ 23,569.38

CITY OF CANEY, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Wastewater Charges	$ 505,797.92	$ 500,447.68	$ 505,975.00	$ (5,527.32)
Use of Money and Property				
Revolving Loan Proceeds	-	8,188.19	-	8,188.19
Other Receipts				
Miscellaneous	57,895.33	3,205.00	11,500.00	(8,295.00)
Total Receipts	563,693.25	511,840.87	$ 517,475.00	$ (5,634.13)
Expenditures				
Collection and Treatment				
Personal Services	157,005.73	187,808.79	$ 196,200.00	$ (8,391.21)
Contractual Services	209,726.70	108,703.92	63,350.00	45,353.92
Commodities	4,629.58	6,486.77	82,550.00	(76,063.23)
Capital Outlay	4,863.56	34,009.51	173,002.00	(138,992.49)
Debt Service				
Capital Lease	5,819.07	6,717.97	-	6,717.97
Operating Transfers to:				
Wastewater Improvement Project Fund	-	18,000.00	-	18,000.00
Sewer Principal and Interest Fund	150,000.00	150,000.00	-	150,000.00
Total Expenditures	532,044.64	511,726.96	$ 515,102.00	$ (3,375.04)
Receipts Over(Under) Expenditures	31,648.61	113.91		
Unencumbered Cash, Beginning	30,053.21	61,701.82		
Unencumbered Cash, Ending	$ 61,701.82	$ 61,815.73		

CITY OF CANEY, KANSAS
SEWER SYSTEM OPERATING REPLACEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	$ 5,806.30	$ -
Total Receipts	5,806.30	-
Expenditures		
General Government		
Contractual Services	4,356.58	-
Total Expenditures	4,356.58	-
Receipts Over(Under) Expenditures	1,449.72	-
Unencumbered Cash, Beginning	(1,449.72)	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CANEY, KANSAS
SEWER TREATMENT REPLACEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Wastewater Charges	$ -	$ 1,278.93
Total Receipts	-	1,278.93
Expenditures		
General Government		
Commodities	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	1,278.93
Unencumbered Cash, Beginning	180.12	180.12
Unencumbered Cash, Ending	$ 180.12	$ 1,459.05

CITY OF CANEY, KANSAS
SEWER PRINCIPAL AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from		
Sewer Utility Fund	$ 150,000.00	$ 150,000.00
Total Receipts	150,000.00	150,000.00
Expenditures		
Debt Service		
Principal	129,707.63	120,569.48
Interest	16,455.25	25,593.40
Total Expenditures	146,162.88	146,162.88
Receipts Over(Under) Expenditures	3,837.12	3,837.12
Unencumbered Cash, Beginning	70,875.91	74,713.03
Unencumbered Cash, Ending	$ 74,713.03	$ 78,550.15

CITY OF CANEY, KANSAS
SOLID WASTE UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Collections	$ 225,729.40	$ 224,764.57	$ 219,800.00	$ 4,964.57
Total Receipts	225,729.40	224,764.57	$ 219,800.00	$ 4,964.57
Expenditures				
Generation and Distribution				
Personal Services	21,029.50	24,932.37	$ 31,108.00	$ (6,175.63)
Contractual Services	187,643.20	190,342.87	192,000.00	(1,657.13)
Commodities	2,390.00	2,238.96	16,950.00	(14,711.04)
Debt Service				
Capital Lease	-	898.90	-	898.90
Total Expenditures	211,062.70	218,413.10	$ 240,058.00	$ (21,644.90)
Receipts Over(Under) Expenditures	14,666.70	6,351.47		
Unencumbered Cash, Beginning	30,792.48	45,459.18		
Unencumbered Cash, Ending	$ 45,459.18	$ 51,810.65		

CITY OF CANEY, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2018

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Special Law Enforcement	$ 2,128.24	$ -	$ -	$ 2,128.24
Fire Insurance Trust	-	-	-	-
	$ 2,128.24	$ -	$ -	$ 2,128.24

Jarred Gilmore Phillips

Honorable Mayor and City Council
City of Caney, Kansas

In planning and performing our audit of the financial statement of City of Caney, Kansas as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered City of Caney's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Caney's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Caney's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in City of Caney, Kansas' internal control to be material weaknesses:

Preparation of Financial Statement

Accounting standards states the client must be able to accept responsibility and be able to identify a material misstatement when reviewing the financial statement, including footnotes and supplemental information. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the City staff does not have the ability to process and prepare the required financial statement, including footnotes. The potential effects of this material weakness could be unrecognized errors on the financial statement. While we recognize that this condition is not unusual for a City your size, it is important that you be aware of this condition for financial reporting purposes. Management and the City Council should continually be aware of the financial reporting of the City and changes in reporting requirements.

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statements. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as performing billings, receipting cash, making deposits, reconciling the bank accounts, and having access to all books and records of the City. Due to small staff size, it is not possible for reviews of daily work to take place, potentially resulting in errors in financial records and reports.

This communication is intended solely for the information and use of management, City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
May 2, 2019

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

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

THE BOND RESOLUTION

DEFINITIONS

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

"Act" means the Constitution and statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq*., K.S.A. 10-620 *et seq*., K.S.A. 12-617 *et seq*., as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq*., and K.S.A. 65-163d *et seq*., as amended and supplemented.

"Authorized Denomination" means $5,000 or any integral multiples thereof.

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

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

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

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

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

"Bond Registrar" means the State Treasurer, and its successors and assigns.

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

"Bonds" means the General Obligation Refunding and Improvement Bonds, Series 2020-D, authorized and issued by the Issuer pursuant to the Bond Resolution.

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

"Cede & Co." means Cede & Co., as nominee of DTC and any successor nominee of DTC with respect to the Bonds.

"City" means the City of Caney, Kansas.

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

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

"Compliance Account" means the account by that name created by the Bond Resolution.

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

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

"Costs of Issuance Account" means the account by that name created by the Bond Resolution.

"Dated Date" means September 1, 2020.

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

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

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

"Defeasance Obligations" means any of the following obligations:

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

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

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

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

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

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

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

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

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

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

"DTC" means The Depository Trust Company, New York, New York.

"Event of Default" means each of the following occurrences or events:

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

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

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

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

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

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

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

"Improvement Fund" means the fund by that name created in the Bond Resolution.

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

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

"Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which shall be June 1 and December 1 of each year, commencing June 1, 2021.

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

"Issuer" means the City and any successors or assigns.

"KDHE" means the Kansas Department of Health and Environment.

"Loans" means collectively the following loans with KDHE: (a) loan for KWPCRF Project No. C20 1709 01 between the Issuer and KDHE, dated October 12, 2005, maturing September 1, 2027, in the aggregate outstanding principal amount of $646,889.75; and (b) loan for KPWSLF Project No. 2491 between the Issuer and KDHE, dated April 20, 2007, maturing February 1, 2028, in the aggregate outstanding principal amount of $620,962.97.

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

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

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform

the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

"Official Statement" means the Issuer's Official Statement relating to the Bonds.

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

(a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Bonds deemed to be paid in accordance with the provisions of the Bond Resolution; and

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

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

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

"Paying Agent" means the State Treasurer and any successors and assigns.

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

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

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

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

"Rebate Fund" means the fund by that name created by the Bond Resolution.

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

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

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

"Refunded Bonds" means the Series 2011 Bonds maturing in the years 2020 to 2024, inclusive, in the aggregate principal amount of $315,000.

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

"Refunded Bonds Redemption Date" means September 1, 2020.

"Refunded Bonds Redemption Fund" means the fund by that name created in the Bond Resolution.

"Refunded Bonds Resolution" means the ordinance and resolution which authorized the Refunded Bonds.

"Refunded Loan" means the outstanding principal amount of the Loans.

"Refunded Loan Paying Agent" means KDHE.

"Refunded Loan Redemption Date" means September 20, 2020.

"Refunded Loan Redemption Fund" means the fund by that name created in the Bond Resolution.

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

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

"Securities Depository" means, initially, DTC, and its successors and assigns.

"Series 2011 Bonds" means the Issuer's General Obligation Bonds, Series 2011, dated December 20, 2011.

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

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

"State" means the state of Kansas.

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

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

"Substitute Improvements" means the substitute or additional improvements of the Issuer described in the Bond Resolution.

[**"Term Bonds"** means the Bonds scheduled to mature in the year 2040.]

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

[**"2040 Term Bonds"** means the Bonds scheduled to mature in the year 2040.]

[**"Term Bonds"** means collectively, the ____ Term Bonds and the 2040 Term Bonds.]

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

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

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

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

(a) Improvement Fund.
(b) Refunded Bonds Redemption Fund.
(c) Refunded Loan Redemption Fund.
(d) Debt Service Account (within the Bond and Interest Fund).
(e) Rebate Fund.
(f) Costs of Issuance Account.
(g) Compliance Account.

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

Deposit of Bond Proceeds and Other Funds. The net proceeds received from the sale of the Bonds and certain other funds shall be deposited simultaneously with the delivery of the Bonds as follows:

(a) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.

(b) An amount necessary, together with funds described in (e), to refund the Refunded Bonds shall be deposited into the Refunded Bonds Redemption Fund.

(c) An amount necessary, together with funds described in (e), to refund the Refunded Loan shall be deposited into the Refunded Loan Redemption Fund.

(d) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Improvement Fund.

(e) In addition to proceeds of the Bonds, the Issuer will deposit: (1) into the Improvement Fund proceeds of a Community Development Block Grant and other available funds to pay a portion of the costs of the Improvements; (2) into the Refunded Bonds Redemption Fund available funds to pay a portion of the costs of refunding the Refunded Bonds; and (3) into the Refunded Loan Redemption Fund available funds to pay a portion of the costs of prepaying the Refunded Loan.

Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements; (b) paying interest on the Bonds during construction of the Improvements; (c) paying Costs of Issuance to the extent necessary; and (d) transferring any amounts to the Rebate Fund. Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Consulting Engineer stating that such payment is being made for a purpose within the scope of the Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Clerk (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

Substitution of Improvements; Reallocation of Proceeds. The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Bonds provided the following conditions are met: (a) the Substitute Improvement and the issuance of general obligation bonds to pay the cost of the Substitute Improvement has been duly authorized by the governing body of the Issuer in accordance with the laws of the State; (b) a resolution authorizing the use of the proceeds of the Bonds to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the governing body of the Issuer pursuant to this Section, (c) the Attorney General of the State has approved the amendment

made by such resolution to the transcript of proceedings for the Bonds to include the Substitute Improvements; and (d) the use of the proceeds of the Bonds to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax status of the Bonds under State or federal law.

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

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

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

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

Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be transferred to the Improvement Fund until completion of the Improvements and thereafter to the Compliance Account or Debt Service Account.

Application of Moneys in the Refunded Bonds Redemption Fund. Moneys in the Refunded Bonds Redemption Fund shall be transferred to the Refunded Bonds Paying Agent and utilized to retire the Refunded Bonds on the Refunded Bonds Redemption Date. Any moneys remaining in the Refunded Bonds Redemption Fund not needed to retire the Refunded Bonds shall be transferred to the Debt Service Account.

Application of Moneys in the Refunded Loan Redemption Fund. Moneys in the Refunded Loan Redemption Fund shall be transferred to the Refunded Loan Paying Agent and utilized to retire the Refunded Loan on the Refunded Loan Redemption Date. Any moneys remaining in the Refunded Loan Redemption Fund not needed to retire the Refunded Loan shall be transferred to the Debt Service Account.

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

DEPOSIT AND INVESTMENT OF MONEYS

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

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

DEFAULT AND REMEDIES

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

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

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

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

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

Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon.

DEFEASANCE

When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Resolution and all other rights granted thereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until: (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption.

TAX COVENANTS

General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Issuer will take such actions as may be necessary

to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

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

CONTINUING DISCLOSURE REQUIREMENTS

Disclosure Requirements. The Issuer covenants in the Bond Resolution with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Undertaking and to make the provisions of the Disclosure Undertaking applicable to the Bonds. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

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

MISCELLANEOUS PROVISIONS

Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such annual audit, a copy thereof shall be filed in the office of the Clerk. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent. If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall: (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond; (c) permit preference or priority of any Bond over any other Bond; or (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution.

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more

precisely identify the Improvements, to reallocate proceeds of the Bonds among Improvements, to provide for Substitute Improvements, to conform the Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Bond Resolution shall be in writing, and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent. All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

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

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

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

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APPENDIX D

FORM OF DISCLOSURE UNDERTAKING

Gilmore & Bell, P.C.
07/28/2020

CONTINUING DISCLOSURE UNDERTAKING

DATED AS OF SEPTEMBER 1, 2020

BY

CITY OF CANEY, KANSAS

$2,840,000*
CITY OF CANEY, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of September 1, 2020 (the "Continuing Disclosure Undertaking"), is executed and delivered by **CITY OF CANEY, KANSAS** (the "Issuer").

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2020-D (the "Bonds"), pursuant to an Ordinance and Resolution adopted by the governing body of the Issuer (collectively the "Bond Resolution").

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

The Issuer covenants and agrees as follows:

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

"Annual Report" means any Annual Report provided by the Issuer pursuant to, and as described in, ***Section 2*** of this Continuing Disclosure Undertaking, which may include the Issuer's CAFR, so long as the CAFR contains the financial information and operating data described in ***Section 2(a)(1)*** and ***(2)***.

"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.

"CAFR" means the Issuer's Comprehensive Annual Financial Report, if any.

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

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

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

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

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

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

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

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

Section 2. Provision of Annual Reports.

(a) The Issuer shall, not later than the September 1st immediately following the end of the Issuer's Fiscal Year, commencing with the year ending December 31, 2020, file with the MSRB, through EMMA, the following financial information and operating data (the "Annual Report"):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF CANEY, KANSAS

(SEAL)

_____
Mayor

_____
Clerk

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA
TO BE INCLUDED IN ANNUAL REPORT

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

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

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

EXHIBIT A

CERTIFICATE DEEMING
PRELIMINARY OFFICIAL STATEMENT FINAL

July 20, 2020

Re: City of Caney, Kansas, General Obligation Refunding and Improvement Bonds, Series 2020-D

The undersigned are the duly acting Mayor and Clerk of the City of Caney, Kansas (the "Issuer"), and are authorized to deliver this Certificate to the purchaser (the "Purchaser") of the above-referenced bonds (the "Bonds") on behalf of the Issuer. The Issuer has previously caused to be delivered to the Purchaser copies of the Preliminary Official Statement (the "Preliminary Official Statement") relating to the Bonds.

For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission (the "Rule"), the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be final as of its date, except for the omission of such information as is permitted by the Rule, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings, identity of the underwriters and other terms of the Bonds depending on such matters.

CITY OF CANEY, KANSAS

By: _____
Title: Mayor

By: _____
Title: Clerk

OFFICIAL STATEMENT

NEW ISSUE **NOT RATED**
BANK QUALIFIED **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 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Bonds is exempt from income taxation by the State of Kansas, and (3) the Bonds are "qualified tax exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" herein.

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

DATED: As of the Delivery Date shown below **DUE: December 1, As shown on the inside cover**

The General Obligation Refunding and Improvement Bonds, Series 2020-D (the "Bonds") will be issued by the City of Caney, Kansas (the "Issuer" or the "City"), as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will be made in book-entry form, in the denominations of $5,000 or any integral multiple thereof (the "Authorized Denomination"). Purchasers will not receive certificates representing their interests in the Bonds purchased. So long as Cede & Co. is the registered owner of the 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 Bonds. 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 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 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 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 on the Bonds will be payable annually on December 1, beginning December 1, 2021, and semi-annual interest will be payable on June 1 and December 1, beginning June 1, 2021 (the "Interest Payment Dates").

MATURITY SCHEDULE
(See inside cover page)

The Bonds and the interest thereon will constitute general obligations of the Issuer, payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are 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 payment of the principal of, redemption premium, if any, and interest on the Bonds is subject to certain risk factors and investment considerations as described under the caption "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

At the option of the Issuer, Bonds maturing on December 1, 2030, and thereafter will be subject to redemption prior to maturity on December 1, 2029 or thereafter as described herein. The Term Bonds are also subject to mandatory redemption as described herein. See "THE BONDS - Redemption Provisions" herein.

The Bonds are offered when, as, and if, issued and delivered by the Issuer, subject to the receipt of the approving legal opinion of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the City. It is expected that the Bonds will be available for delivery on or about September 1, 2020.

Country Club Bank®
Capital Markets Group

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 - SUMMARY OF FINANCING DOCUMENTS" CONTAINS DEFINITIONS USED IN THIS OFFICIAL STATEMENT.

This Official Statement is dated August 17, 2020.

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

MATURITY SCHEDULE

SERIAL BONDS

Stated Maturity December 1	Principal Amount	Annual Rate of Interest	Yield	CUSIP[1] Base: 13752N
2021	$260,000	2.000%	0.300%	BR 2
2022	280,000	2.000%	0.350%	BS 0
2023	290,000	2.000%	0.400%	BT 8
2024	290,000	2.000%	0.450%	BU 5
2025	225,000	2.000%	0.500%	BV 3
2026	240,000	2.000%	0.600%	BW 1
2027	240,000	2.000%	0.700%	BX 9
2028	100,000	2.000%	0.800%	BY 7

TERM BONDS

Stated Maturity December 1	Principal Amount	Annual Rate of Interest	Yield	CUSIP[1] Base: 13752N
2031	$180,000	1.100%	1.100%	CB 6
2034	195,000	1.350%	1.350%	CE 0
2037	200,000	2.000%	1.600%	CH 3
2040	210,000	2.000%	1.800%	CL 4

(all plus accrued interest, if any)

[1] 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 Bonds. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

REGARDING THIS 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 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 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 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 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 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 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 CANEY, KANSAS

Governing Body
Thomas C. Burk Jr., Mayor
Ralph Anthony, Councilmember
Kenneth Butts, Councilmember
Marianne Carey-Ranes, Councilmember
Shirley Davis, Councilmember
Dan Johnston, Councilmember
Lori Patterson, Councilmember
Keith Rogers, Councilmember
Debbie Wood, Councilmember

City Staff
Fred Gress, City Manager
Debbie Morrison, City Clerk
Sara Shively, City Treasurer

City Attorney
Paul Kritz, Esq.
Coffeyville, Kansas

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

Paying Agent/Bond Registrar
Office of State Treasurer
Topeka, Kansas

Financial Advisor
Ranson Financial Group, LLC
Wichita, Kansas

Underwriter
Country Club Bank
Prairie Village, KS

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. 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.

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APPENDIX C – SUMMARY OF FINANCING DOCUMENTS
APPENDIX D--FORM OF DISCLOSURE UNDERTAKING

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$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

INTRODUCTION

General Matters

This Official Statement including the cover page and appendices hereto (the "Official Statement") is provided to furnish information with respect to the City of Caney, Kansas (the "City" or "Issuer") and the issuance and delivery of its General Obligation Refunding and Improvement Bonds, Series 2020-D (the "Bonds") in the aggregate principal amount of $2,710,000, dated September 1, 2020 (the "Dated Date").

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

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

The Bonds will be issued in denominations of $5,000 or multiples thereof (the "Authorized Denomination") with the Office of State Treasurer, Topeka, Kansas serving as Registrar and Paying Agent for the Bonds. See "THE BONDS - Registration, Transfer and Exchange of Bonds" herein for additional detail.

The Bonds are subject to optional redemption and payment prior to maturity. See "THE BONDS - Redemption Provisions" herein for additional detail.

Except for the information expressly attributed to other sources, all information has been provided by the City. The presentation of information herein, including all tables, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. 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. Ranson Financial Group LLC, Wichita, Kansas, the Financial Advisor, has assisted in the preparation of the Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the City for the purposes of passing upon the accuracy or completeness of this Official Statement. Bond Counsel has not assisted in the preparation nor reviewed this Official Statement, except to the extent described under the section captioned "LEGAL MATTERS," and accordingly Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Definitions

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

Continuing Disclosure

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. In connection with the issuance of the Bonds, the Issuer will adopt a Continuing Disclosure Undertaking, as may be amended and supplemented (the "Disclosure Undertaking") wherein the Issuer covenants to provide annually 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 Municipal Securities Rulemaking Board. Pursuant to the Disclosure Undertaking, the Issuer has agreed to file its Annual Report with the national repository ("EMMA") not later than the September 1st immediately following the end of the Issuer's Fiscal Year, commencing with the year ending December 31, 2020. In the Bond Resolution, hereinafter defined, the Issuer covenants with the Underwriter and the Beneficial Owners to apply the provisions of the Disclosure Undertaking to the Bonds. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds. The Issuer has not been subject to any undertakings under the Rule for the previous five years. This is the Issuer's initial undertaking under the Rule.

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

Additional Information

Additional information regarding the Issuer or the Bonds may be obtained from the City's Municipal Advisor, Ranson Financial Group LLC, 200 W. Douglas, Suite 600, Wichita, Kansas 67202, by phone (316) 264-3400, Attention: Beth Warren, or e-mail (ewarren@ransonfinancial.com).

THE BONDS

Authority and Purpose for the Bonds

The Bonds are being issued pursuant to, and in full compliance with, the Constitution and the statutes of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq*., K.S.A. 10-620 *et seq*., K.S.A. 12-617 *et seq*., as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq*., and K.S.A. 65-163d *et seq*., as amended and supplemented from time to time (collectively, the "Act"), and an ordinance and a resolution passed by the governing body of the Issuer on August 17, 2020 (collectively, the "Bond Resolution") for the purpose of renovating, replacing, improving and equipping of the City's swimming pool facility, an existing public building in the City, to pay the costs of certain public water supply system improvements and retire the Loan, as hereinafter defined, to refund the City's General Obligation Refunding Bonds, Series 2011, and to provide for the payment of the costs. See "THE PROJECTS" herein for additional detail.

Security for the Bonds

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

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

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

Description of the Bonds

The Bonds shall consist of fully registered book-entry-only bonds in an Authorized Denomination and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the 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 Issuer will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Bond Resolution. The Issuer reserves the right to appoint a successor paying agent or bond registrar. No resignation or removal of the paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or bond registrar. Every paying agent or bond registrar appointed by the Issuer shall at all times meet the requirements of Kansas law.

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

Method and Place of Payment of the Bonds

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

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

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

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

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Bonds; Securities Depository

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

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

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

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

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

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

Registration, Transfer and Exchange of Bonds

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

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

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Nonpresentment of Bonds

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

Redemption Provisions

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

Mandatory Redemption. (a) *2031 Term Bonds*. The 2031 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on December 1 in each year, the following principal amounts of such 2031 Term Bonds:

Principal Amount	**Year**
$60,000	2029
60,000	2030
60,000	2031*

*Final Maturity

(b) *2034 Term Bonds*. The 2034 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on December 1 in each year, the following principal amounts of such 2034 Term Bonds:

Principal Amount	**Year**
$65,000	2032
65,000	2033
65,000	2034*

*Final Maturity

(c) *2037 Term Bonds*. The 2037 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on December 1 in each year, the following principal amounts of such 2037 Term Bonds:

Principal Amount	**Year**
$65,000	2035
65,000	2036
70,000	2037*

*Final Maturity

(d) *2040 Term Bonds*. The 2040 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on December 1 in each year, the following principal amounts of such 2040 Term Bonds:

Principal Amount	**Year**
$70,000	2038
70,000	2039
70,000	2040*

*Final Maturity

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

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

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

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

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

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 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.

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.

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.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the 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.

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 City 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.

Debt Service Source

The Bonds are general obligations of the Issuer payable as to both principal and interest, if necessary, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation. See "APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections."

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 City 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.

Premium on Bonds

The initial offering price 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 of Bonds."

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.

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 Public Employees Retirement System – Local Group (the "Plan"). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability ("UAAL"). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL According to KPERS' Valuation Report, the Local Group had an UAAL of approximately $1.501 billion in calendar year 2018.

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

Lack of 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 Bonds. 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.

Cybersecurity Risks

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

Natural Disasters or Terrorist Attacks

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

Global Health Emergency

On March 11, 2020, the World Health Organization proclaimed the Coronavirus and the disease caused by it (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets.

Within the State, the Governor issued an Executive Order instituting a temporary State-wide stay-at-home order. The stay-at-home order expired on May 4, 2020, and the Governor has provided the framework for a phased reopening of the State's economy. Governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax collections that are essential to repayment of the Bonds, may deviate from historical or anticipated levels.

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

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 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 CITY OR THE FINANCIAL ADVISOR.

THE PROJECT

Proceeds of the Bonds will be applied to: 1) permanently finance a portion of construction of improvements described below (collectively, the "Improvements"); 2) refinance the costs of certain water and sewer system improvements in the City, which improvements previously financed through loan agreements with the Kansas Department of Health and Environment ("KDHE"); and 3) to pay costs of issuance associated with the issuance of the Bonds

Project Description	Res. No.	Authority (K.S.A.)	Amount
Swimming Pool Improvements	1360	12-1736 *et seq.*	$2,300,000.00
		12-617 *et seq.*/	
Sanitary Sewer Interceptor Improvements	1381	Charter 30	1,155,596.00
Public Water Supply System Improvements	1380	65-163d *et seq.*	1,344,166.58
Total			***$4,799,762.58***

THE REFUNDING PLAN

Proceeds of the Bonds will be applied to refund the outstanding general obligation bonds of the Issuer described below (the "Refunded Bonds") on the maturity date thereof, and to retire the loans between the Issuer and Kansas Department of Health and Environment described below (the "Loans") on the redemption date set forth below.

The Refunded Bonds:

General Obligation Refunding Bonds, Series 2011, dated December 13, 2011

Principal Amount	Maturity Dates	Interest	Redemption Date	Redemption Price
$60,000	12/01/2020	3.000%	09/01/2020	100.00%
60,000	12/01/2021	3.200%	09/01/2020	100.00%
195,000	12/01/2024	3.600%	09/01/2020	100.00%

The Loans:

KDHE Loan No. 2491

Outstanding Principal Amount[(1)]	Maturity Dates	Interest	Prepayment Date	Redemption Price
$620,962.97	02/01/2021 - 02/01/2028	3.360%	09/20/2020	100%

[(1)] Excludes payments to be made on 08/01/20

KDHE Loan No. C20-1709-01

Outstanding Principal Amount[(2)]	Maturity Dates	Interest	Prepayment Date	Redemption Price
$646,889.75	03/01/2021 - 09/01/2027	2.580%	09/20/2020	100%

[(2)] Excludes payments to be made on 09/01/20

APPLICATION OF BOND PROCEEDS

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

Sources of Funds:	
Principal Amount of the Bonds	$2,710,000.00
CBDG Grant	1,000,000.00
Reoffering Premium	129,745.80
Issuer Cash	172,159.56
Total	***$4,011,905.36***
Uses of Funds:	
Deposit to Improvement Fund	$2,300,000.00
Deposit to Refunded Loan Redemption Fund	1,322,374.39
Deposit to Refunded Bonds Redemption Fund	317,685.00
Costs of Issuance	52,469.47
Underwriter's Discount	19,376.50
Total	***$4,011,905.36***

BOND RATINGS

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

LEGAL MATTERS

Approval of Bonds

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer ("Bond Counsel"). 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 matters appearing in the sections of this Official Statement captioned "THE BONDS," "LEGAL MATTERS," "TAX MATTERS" and "***APPENDIX C*** – SUMMARY OF FINANCING DOCUMENTS." Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds. Certain legal matters have been passed on for the Issuer by Paul Kritz, Esq., Coffeyville, Kansas.

TAX MATTERS

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are

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

Opinion of Bond Counsel

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

Federal Tax Exemption. The interest on the Bonds is excludable from gross income for federal income tax purposes.

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

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

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

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

Other Tax Consequences

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

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

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

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement

benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

ABSENCE OF LITIGATION

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

The Issuer certifies that there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the 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.

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 Bonds. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the 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 Bonds.

UNDERWRITING

On August 17, 2020, the Issuer received five (5) sealed bids for the purchase of the Bonds. The Bonds were awarded by the Issuer's Governing Body to Country Club Bank, Prairie Village, Kansas (the "Underwriter"). The Underwriter submitted the lowest bid for the purchase of the Bonds with a true interest cost of 1.243902%.

The Bonds will be offered to the public initially at the prices determined to produce the yield to maturity 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 Underwriters may overallot 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.

ADDITIONAL INFORMATION

Any statements in this 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 Official Statement is not to be construed as a contract or agreement between the City and the Bondowners.

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

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 CANEY, KANSAS

By _____
Thomas C. Burk Jr., Mayor

ATTEST:

_____
Fred Gress, City Manager

APPENDIX A

GENERAL INFORMATION CONCERNING THE ISSUER

Size and Location

The City of Caney, Kansas (the "City") is located in north central Montgomery County, approximately 115 miles southeast of Wichita and one mile north of the Kansas-Oklahoma border. The Issuer encompasses approximately 1.35 square miles and has a current estimated population of 1,968 persons.

Government and Organization of the City

The City is a municipal corporation and a city of the second class. The City has a Mayor/Council form of government. The City Council conducts all legislative functions for the City and establishes general policies which are executed by its staff, which serves at its pleasure.

The principal officials and officers of the City are as follows:

Title	Name	Term Expires
Mayor	Thomas C. Burk Jr.	01/2022
Councilmember	Ralph Anthony	01/2021
Councilmember:	Kenneth Butts	01/2022
Councilmember	Marianne Carey-Ranes	01/2021
Councilmember	Shirley Davis	01/2021
Councilmember	Dan Johnston	01/2022
Councilmember	Lori Patterson	01/2022
Councilmember	Keith Rogers	01/2022
Councilmember	Debbie Wood	01/2021
City Manager	Fred Gress	N/A
City Clerk	Debbie Morrison	N/A
City Attorney	Paul Kritz, Esq.	N/A
City Treasurer	Sara Shively	01/2022

Management Personnel

The City Manager is appointed by the Commission and is charged with the efficient and effective administration of the City.

Public Safety

The City provides police service with six full-time police officer(s) and two part-time police officer(s). Fire protection for the City and surrounding area is provided by the City through a volunteer fire department consisting of 21 firefighters. Emergency medical services for the City and surrounding area is provided by the City consisting of four full-time and three part-time employees.

Municipal Services and Other Utilities

The City owns and operates its own water, sewer, and solid waste utility system for residents of the City. Electric service is provided by Evergy Energy. Natural gas service is provided by Atmos Energy. Telephone service is provided by Kan-Okla Networks. Other various service providers provide telephone and internet services.

Transportation Facilities

The City is served by U.S./Kansas Highways 166 and 75. The SK & O railroad runs south-north through the City. The nearest commercial air service is available at Dwight D. Eisenhower Airport in Wichita, KS, 115 miles northwest of the City. The nearest Amtrak station is located in Bartlesville, Oklahoma, 19 miles south of the City.

Educational Institutions and Facilities

The City is served by the Unified School District No. 436 (Caney Valley) which operates one elementary school, one high school and one charter school. The current estimated enrollment is 763.

Independence Community College and Coffeyville Community College are both located less than 20 miles from the City within the county. These Institutions provide two-year curriculums, vocational and technical courses of study. The following universities or colleges offering bachelor's or advanced degrees are also located in the region:

Name	Location	Estimated Distance from City (in Miles)	Estimated Enrollment (FTE)
Rogers State University	Claremore, OK	51	3,482
University of Tulsa	Tulsa, OK	60	3,702
Northeastern Oklahoma A&M College	Miami, OK	60	2,075
Cowley County Community College	Arkansas City, KS	62	3,173
Tulsa Community College	Tulsa, OK	63	12,480
Oral Roberts University	Tulsa, OK	67	3,216
Allen County Community College	Iola, KS	71	2,089

Medical and Health Facilities

The City is served by Ascension Medical Group-St. John which is located within the City. The facility provides care for short-term, long term illness, and services to help promote better family health. In addition, the Coffeyville Regional Medical Center which is located 18 miles west of the City and Ascension St. John Jane Phillips Hospital which is located 20 mile south of the City provide emergency medical services along with a plethora of other services available to the City's residents.

Recreational, Cultural and Religious Facilities

Various recreational facilities are available for the City's residents including public parks, swimming pool, and a public library. There is also a lake, gun club, golf club and a zoological park located within or around the City.

The City has eleven churches that serve the community.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City follows a statutory basis of accounting which is designed to show compliance with cash basis and budget laws of Kansas. The City has received a GAAP Waiver from the State of Kansas. More complete information regarding the City's accounting is contained in the Notes to the Financial Statements attached hereto as ***APPENDIX B***.

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 public hearing required to be held prior to August 15, with the formal budget to be adopted prior to August 25 of each year. 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.

The statutes provide that the budget if the succeeding calendar year must be prepared on or before August 1 and published on or before August 5 of each year. A public hearing is required to be held on or before August 15, with the final budget being adopted on or before August 25 of each year. Original appropriations may be modified by supplemental appropriation and transfers among budget categories. The County must approve all significant changes.

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. Beginning in 2015, the Kansas Legislature passed legislation that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the "Tax Lid," located at K.S.A. 79-2925c). The Tax Lid became effective on January 1, 2017, and provides that, subject to certain exceptions, no city or county may approve an appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the immediately prior year, as adjusted to reflect the average changes in the consumer price index for the preceding five calendar years and provided that such average shall not be less than zero, unless approved by a majority vote of electors. Among other exceptions, the Tax Lid does not require an election in a situation where the increased property tax revenues that will be spent on:

- bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and
- payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016.

Therefore, the City is permitted under the Tax Lid to levy unlimited ad valorem taxes as necessary to pay principal of and interest on the Bonds, as required by the Bond Resolution.

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Jarred, Gilmore, & Phillips, PA, Chanute Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ended December 31, 2018 is attached hereto as ***APPENDIX B***.

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 Montgomery County Appraiser's office determines the fair market value of all taxable property within Montgomery 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 Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 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 pur 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:

Levy Year	Budget Year	Real Property	Personal Property	Utilities	Motor Vehicle Valuation	Total Valuation
2020	2021	$7,558,242[(1)]	$1,011,474[(1)]	$654,544[(1)]	$1,346,164[(2)]	$10,570,424
2019	2020	7,371,484	997,825	637,860	1,346,164	10,353,333
2018	2019	9,170,432	1,015,414	612,451	1,317,770	12,116,067
2017	2018	9,116,234	1,057,222	574,461	1,399,169	12,147,086
2016	2017	9,041,125	1,075,813	546,392	1,416,003	12,079,333
2015	2016	8,953,293	1,203,829	523,285	1,396,154	12,076,561

Source: County Clerk

(1) Preliminary figures as of July 1, 2020 used for budgeting purposes.

(2) Motor Vehicle valuation for 2020 is not yet available. Motor Vehicle valuation for 2019 was used for estimating purposes.

Property Tax Levies and Collections

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

Personal taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, and after written notice, warrants are issued and placed in the hands of the Sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

In recent months, a strain of coronavirus commonly known as SARS-CoV-2 has spread globally, causing a disease known as COVID-19, negatively affecting global, state, and local economies and possibly sparking a recession. Federal, State, and local officials are taking steps to curb the spread of the virus, including providing both discretionary and mandatory guidelines and orders regarding public gatherings, and imposing mandatory closings of some businesses. The State may suffer material adverse consequences from the continued spread of COVID-19, which could affect the amount of State-shared revenues appropriated to municipalities, including the Issuer. The spread of the virus could also reduce sales tax and other collections dependent on local business activity, which is likely to be slower, although the Issuer does not currently anticipate a material effect on the extension and collection of property taxes. At this time, however, it is not possible to predict the full impact on the Issuer and its finances.

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	Other	Total Levy
2019	2020	35.194	0.000	14.198	12.859	62.251
2018	2019	29.356	0.000	11.843	10.726	51.925
2017	2018	29.529	0.000	11.889	10.772	52.190
2016	2017	30.209	0.000	11.983	10.652	52.844
2015	2016	24.110	0.000	10.322	7.423	41.855

Source: County Clerk

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

Levy Year	Budget Year	City	County	USD No. 436[(1)]	State	Comm. College	Extension District	Total
2019	2020	62.251	51.566	55.741	1.500	41.882	1.383	214.323
2018	2019	51.925	51.363	55.903	1.500	41.064	1.353	203.108
2017	2018	52.190	49.049	51.079	1.500	40.024	1.329	195.171
2016	2017	52.844	50.469	50.760	1.500	41.919	1.339	198.831
2015	2016	41.855	41.004	48.612	1.500	36.790	1.098	170.859

[(1)] Includes mill levy for recreation commission.

Source: County Clerk

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

Levy Year	Budget Year	Total Taxes Levied	Current Tax Collections	Percentage Collected
2019	2020	$558,218	$511,619	91.65%
2018	2019	556,947	527,368	94.69%
2017	2018	556,515	535,519	96.23%
2016	2017	556,769	544,380	97.77%
2015	2016	437,930	434,359	99.18%

Source: County Clerk & Treasurer

Major Taxpayers. The following table sets forth the ten largest taxpayers in the City based on total assessed valuation and total taxes levied in the most recent tax collection period (2019/20):

	Taxpayer	Assessed Valuation		Taxpayer	Taxes Levied
1.	Enbridge Pipelines (FSP) LLC	$12,749,141	1.	Enbridge Pipelines (FSP) LLC	$1,995,490
2.	Magellan Pipeline Company LLC	5,908,625	2.	Magellan Pipeline Company LLC	925,311
3.	CCPS Transportation LLC	3,868,885	3.	CCPS Transportation LLC	603,421
4.	Kansas Gas & Electric	1,733,689	4.	Kansas Gas & Electric	294,022
5.	Individual	1,350,239	5.	Individual	289,190
6.	Atmos Energy Corp	1,049,510	6.	Spears MFG Co	187,218
7.	Spears MFG Co	873,536	7.	Atmos Energy Corp	182,184
8.	Southern Star Central	661,017	8.	Southern Star Central	104,434
9.	Midway Pipeline LLC	592,450	9.	Midway Pipeline LLC	92,352
10.	Mid America Pipeline Co LLC	415,622	10.	Mid America Pipeline Co LLC	65,656

Source: County Clerk

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, 2019, KPERS serves approximately 318,000 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 September 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The Issuer's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

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 8.61% of the employee's gross salary for calendar year 2020. The City's contribution is projected to change to 8.87% of gross compensation for calendar year 2021. 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, 2018 (the "2018 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately $1.502 billion at the end of 2018. The amount of the UAAL in 2018 changed from the previous year's amount due to the factors discussed in the 2018 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 2018 Valuation Report is available on the KPERS website at kpers.org/about/reports.html. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2018 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 2018 Valuation Report sets the employer contribution rate for the period beginning January 1, 2021, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 8.87% 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 2018 Valuation Report. The statutory contribution rate of employers currently equals the 2018 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

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

Employee Relations

The City has 19 full-time and 30 part-time employees. Employee Relations ae characterized as good.

Risk Management

The City is insured against the risks arising from general liability by Employers Mutual Casualty Company and employee medical coverage by Blue Cross Blue Shield.

ISSUER'S AUTHORITY TO INCUR DEBT

Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations[1]	$10,570,424
Legal limitation of Bonded Debt[2]	$3,171,127
Outstanding general obligation debt anticipated as of September 1, 2020[3]	$7,396,000
Exempt Debt	$5,471,268
Net Debt against Statutory Debt limit capacity	$1,924,732
Additional debt capacity	$1,246,395
Direct debt per capita (population 1,968)	$3,758
Overlapping Indebtedness	$603,563
Direct and overlapping debt	$7,999,563
Direct and overlapping debt per capita	$4,065
Direct debt as a percentage of Assessed Valuation	69.97%
Direct and overlapping debt as a percentage of Assessed Valuation	75.68%
Statutory direct debt as a percentage of Equalized Assessed Valuation	18.21%

[1] The assessed value of all tangible taxable property within the City, as certified to the County Clerk on the preceding August 25. Motor vehicle valuation for 2020 is not yet available. Motor vehicle valuation for 2019 was used for estimation purposes. See K.S.A. 10-301 *et seq*.
[2] See K.S.A. 10-301 *et seq*.
[3] Includes this issue and excludes the Refunded Bonds.

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The following table sets forth as of the issue date of the Bonds all of the outstanding obligations of the City, including the Bonds and excluding the Refunded Bonds:

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
(As of September 1, 2020)

Description of Indebtedness	Series	Maturity Date	Original Amount	Amount Outstanding	Amount Exempt From Debt Limit	% Exempt from Debt Limit
General Obligation Refunding Bonds[1]	2011	12/01/2024	$ 745,000	$ 0	$ 0	100.00%
General Obligation Bonds	2020-A	06/24/2060	540,000	540,000	540,000	100.00%
General Obligation Bonds	2020-B	06/24/2060	2,741,000	2,741,000	2,741,000	100.00%
General Obligation Bonds	2020-C	06/24/2060	693,000	693,000	693,000	100.00%
General Obligation Refunding and Improvement Bonds[2]	2020-D	12/01/2040	2,710,000	2,710,000	1,497,268	55.25%
TOTAL				$6,684,000	$5,471,268	

[1] Issue being refunded by the Bonds.
[2] This issue.

TEMPORARY NOTES
(As of September 1, 2020)

Description of Indebtedness	Series	Maturity Date	Original Amount	Amount Outstanding	Amount Exempt From Debt Limit	% Exempt from Debt Limit
General Obligation Temporary Notes	2020-1	03/01/2022	$1,252,000	$712,000	$0	0.00%

CERTIFICATES OF PARTICIPATION

As of September 1, 2020, the City had no certificates of participation outstanding.

REVENUE BONDS OUTSTANDING

As of September 1, 2020, the City had no revenue bonds outstanding.

CAPITAL LEASE OBLIGATIONS
(As of September 1, 2020)

Description	Year	Maturity Date	Original Amount	Amount Outstanding
City Maintenance Equipment	2016	03/01/2023	$85,900.00	$53,949
1993 Fire Truck	2016	06/01/2021	35,000.00	5,473
Sewer Maintenance Truck	2017	09/01/2024	40,000.00	21,374
TOTAL				$80,796

STATE LOAN OBLIGATIONS
(As of September 1, 2020)

Purpose	Series	Maturity Date	Original Amount	Amount Outstanding
KDHE Sewer Loan	2011	03/01/2021	$ 600,000	$19,838
KDHE Sewer Loan[(1)]	2008	09/01/2027	1,155,596	0
KDHE Water Loan[(1)]	2008	02/01/2028	1,344,166	0
TOTAL				$19,838

[(1)] Loans being prepaid by the Bonds.

Debt Payment Record

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

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of September 1, 2020, and the percent attributable (on the basis of assessed valuation not including motor vehicle valuation) to the City:

Taxing Jurisdiction	2019 Assessed Valuation	Outstanding General Obligation Indebtedness	Percent Applicable to The City	Amount Applicable to The City
Montgomery County	$328,137,574	$ 0	2.47%	$ 0
U.S.D. No. 436	54,089,294	3,625,000	16.65%	603,563
TOTAL				$603,563

Source: County Clerk

Future Indebtedness

The City is in the process of approving a new lease purchase agreement for a new ambulance in the amount of $175,000, specific financing details are not yet known. The City from time to time will lease small equipment and such leases may or may not have a purchase option in accordance with the terms of said lease. Periodically, the City reviews all its outstanding debt obligations for refunding opportunities and will complete issues as needed when sufficient savings can be achieved. Other than the projects detailed above, the City does not have plans to issue any additional debt at this time.

ECONOMIC INFORMATION CONCERNING THE CITY

Population Trends

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

Year	County Population	City Population
2019	31,829	1,968
2018	32,120	1,991
2017	32,556	2,026
2016	32,746	2,042
2015	33,316	2,080

Source: Kansas Statistical Abstract

Labor Force

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

MONTGOMERY COUNTY

Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
2019	14,801	14,196	605	4.1%
2018	14,834	14,194	640	4.3%
2017	14,987	14,203	784	5.2%
2016	15,884	14,866	1,018	6.4%
2015	16,537	15,462	1,075	6.5%

STATE OF KANSAS

Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
2019	1,486,620	1,439,563	47,057	3.2%
2018	1,482,220	1,432,387	49,833	3.4%
2017	1,478,783	1,425,216	53,567	3.6%
2016	1,484,001	1,422,122	61,879	4.2%
2015	1,489,165	1,426,764	62,401	4.2%

Currently, the Kansas Department of Labor estimates an unemployment rate of 8.9% for the County and 7.5% for the State of Kansas for the month of June 2020.

Source: Kansas Statistical Abstract (2015 – 2018 data); Kansas Department of Labor (2019 and June 2020 estimate)

Retail Sales Tax Collections

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

Year	Sales Tax Collections	Per Capita Sales Tax
2019	$24,351,320	$765.07
2018	23,877,518	734.32
2017	23,599,676	712.35
2016	23,833,003	772.20
2015	24,599,792	689.90

Source: Kansas Statistical Abstract (2015 – 2018 data); Kansas Department of Revenue (2019 estimate)

Effective July 1, 2015, the statewide sales and use tax was increased to 6.50%.

Local Option Sales Tax

The City has imposed the following citywide retailers' sales taxes: (1) 1% general purpose sales tax; (2) 0.75% special purpose sales tax to pay the costs of curb, gutter and street improvement projects in the City, commencing on January 1, 2018, and which expired on July 1, 2019, upon the commencement of the sales tax described in (4) below; (3) 1% general purpose sales tax to pay the costs of improvements and repairs to the water distribution system, improvements and repairs to the water treatment plant and other related improvement projects in the City, commencing on April 1, 2018, and expiring on March 31, 2028; and (4) 1% City-wide retailers' sales tax to pay the costs of improvements to the City's swimming pool, curbs, gutters and streets, including the payment of financing costs related thereto; commencing on July 1, 2019, or as soon thereafter as permitted by law, and expiring 10 years after its commencement. The following table provides the amount of local sales tax collected and received by the City during the years indicated.

Year	Receipts
2019	$413,429
2018	401,377
2017	389,822
2016	389,918
2015	404,245

Local sales tax collections for January 2020 through July are $253,449, which was an increase of 10.5% from the same period in 2019. However, as described above in (2) and (4), the City imposed sales taxes in the aggregate amount of 2.75% during the January to July 2019 time period but imposed sales taxes in the aggregate amount of 3.00% during the January to July 2020 time period.

Source: Kansas Department of Revenue

Financial and Banking Institutions

There are currently seven banks, with 17 different branch locations, located in Montgomery County. During a five-year period, bank deposits of the County's banks are as follows:

Year	Total Bank Deposits (thousands of dollars)
2019	$604,000
2018	580,000
2017	579,000
2016	589,000
2015	593,000

Source: Kansas Statistical Abstract (2015-2018); FDIC (2019)

Personal Income Trends

The following table lists Montgomery County personal and per capita income and State of Kansas per capita income for the years indicated:

Year	Montgomery County Personal Income ($000)	Montgomery County Per Capita Income	State Per Capita Income
2018	$1,206,947	$37,576	$51,471
2017	1,145,066	35,172	48,559
2016	1,204,085	33,958	47,603
2015	1,257,650	35,012	47,161
2014	1,268,706	34,964	46,393

Source: Kansas Statistical Abstract

APPENDIX B

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CANEY, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2018

CITY OF CANEY, KANSAS
For the Year Ended December 31, 2018

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Caney, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Caney, Kansas, as of and for the year ended December 31, 2018 and the related notes to the financial statement.

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

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the City of Caney on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Caney as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Caney as of December 31, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Matters

Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Caney as of and for the year ended December 31, 2017 (not presented herein), and have issued our report theron dated June 5, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2018 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 2017 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2017, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 2, 2019
Chanute, Kansas

CITY OF CANEY, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2018
General Fund	$ 94,066.92	$ 1,185,295.52	$ 1,142,807.47	$ 136,554.97	$ 35,699.56	$ 172,254.53
Special Purpose Funds:						
Industrial	12,951.79	112.74	7,905.00	5,159.53	-	5,159.53
Library	0.03	65,929.57	65,929.57	0.03	-	0.03
Special Parks	18,123.39	9,704.79	13,559.54	14,268.64	-	14,268.64
Employee Benefits	24,259.03	137,782.26	15,390.67	146,650.62	203.07	146,853.69
Vehicle Identification	8,202.29	4,250.00	979.40	11,472.89	36.00	11,508.89
Special Highway	92,969.67	65,450.28	60,119.68	98,300.27	868.94	99,169.21
Municipal Equipment	5,734.71	25.00	5,759.71	-	-	-
Police, Fire, and Ambulance Equipment	46,513.92	56,594.51	27,248.78	75,859.65	-	75,859.65
Street Sales Tax	153,881.40	112,387.40	201,534.27	64,734.53	-	64,734.53
Capital Project Funds:						
Wastewater Improvement Project	(16,804.14)	558,000.00	112,596.58	428,599.28	24,862.22	453,461.50
Bond and Interest Funds:						
General Obligation Bond and Interest	209,419.84	144,495.65	278,006.25	75,909.24	-	75,909.24
Business Funds:						
Water Utility	72,870.44	663,241.61	569,777.44	166,334.61	39,637.85	205,972.46
Water Plant Improvement	63,855.87	90,000.00	94,354.86	59,501.01	-	59,501.01
Water Principal and Interest	20,419.38	72,000.00	68,850.00	23,569.38	-	23,569.38
Sewer Utility	61,701.82	511,840.87	511,726.96	61,815.73	9,274.05	71,089.78
Sewer Treatment Replacement	180.12	1,278.93	-	1,459.05	-	1,459.05
Sewer Principal and Interest	74,713.03	150,000.00	146,162.88	78,550.15	-	78,550.15
Solid Waste Utility	45,459.18	224,764.57	218,413.10	51,810.65	16,463.01	68,273.66
Total Primary Government (Excluding Agency Funds	$ 988,518.69	$ 4,053,153.70	$ 3,541,122.16	$ 1,500,550.23	$ 127,044.70	$ 1,627,594.93

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

CITY OF CANEY, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2018

	2018
Total Cash to be accounted for:	$ 1,627,594.93
Composition of Cash:	
Utility Cash on Hand	$ 250.00
General Petty Cash on Hand	200.00
Police Petty Cash on Hand	201.00
Checking Accounts:	
General Account	162,228.94
Money Market Account	1,466,843.23
Total Cash	1,629,723.17
Agency Funds per Schedule 3	(2,128.24)
Total Reporting Entity (Excluding Agency Funds)	$ 1,627,594.93

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity
The City of Caney, Kansas (the City) is a municipal corporation governed by a Mayor and elected eight member council. This financial statement presents the City of Caney, Kansas.

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

> Caney Public Library - The Caney Public Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate financial information can be obtained from the Library.
>
> Caney Recreation Commission - The Caney Recreation Commission oversees the City's recreation activities. The Caney Recreation Commission operates as a separate governing body but the City may appoint board members to the Recreation Commission. Separate financial information can be obtained from the Recreation Commission.

Regulatory Basis Fund Types
A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Caney, Kansas, for the year of 2018:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)
Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

Special Assessments

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

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2018 the City amended the budget for the Industrial Fund, Special Highway Fund, Special Parks Fund, Street Sales Tax Fund, Water Utility Fund, Wastewater Utility Fund and the Solid Waste Utility Fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- Municipal Equipment Fund
- Street Sales Tax Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The City was in apparent violation of K.S.A. 10-130, which requires bond payments to be remitted to the state fiscal agency at least 20 days before the redemption of such bonds and the payment of the interest thereon. In apparent violation of K.S.A. 10-130, three bond payments were received by the Office of the State Treasurer 11, 11, and 15, days prior to the redemption date.

Management is not aware of any other material statutory violations.

3. 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 branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the bank 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.

3. DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk. State statutes place no limit on the amount the Government 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. All deposits were legally secured at December 31, 2018.

Deposits: At year-end, the City's carrying amount of deposits was $1,629,072.17 and the bank balance was $1,662,564.77. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $295,764.01 was covered by FDIC insurance and $1,366,800.76 was collateralized with a repurchase agreement.

4. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order finance the purchase of a 2015 John Deere Compact Excavator. Payments are made monthly including interest at 4.30%. Final maturity of the lease is March 10, 2020. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 9,719.45
2020	2,242.95
	11,962.40
Less imputed interest	(356.64)
Net Present Value of Minimum Lease Payments	11,605.76
Less: Current Maturities	(9,378.79)
Long-Term Capital Lease Obligations	$ 2,226.97

The City has entered into a capital lease agreement in order finance the purchase of fire bunker gear. Payments are made quarterly including interest at 2.344%. Final maturity of the lease is May 8, 2020. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 10,602.76
2020	2,650.69
	13,253.45
Less imputed interest	(238.29)
Net Present Value of Minimum Lease Payments	13,015.16
Less: Current Maturities	(10,380.61)
Long-Term Capital Lease Obligations	$ 2,834.55

4. CAPITAL LEASE OBLIGATIONS (Continued)

The City has entered into a capital lease agreement in order finance the purchase of various pieces of maintenance equipment. Payments are made quarterly including interest at 1.95%. Final maturity of the lease is March 1, 2023. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 13,162.12
2020	13,162.12
2021	13,162.12
2022	13,162.12
2023	6,581.06
	59,229.54
Less imputed interest	(5,709.33)
Net Present Value of Minimum Lease Payments	53,520.21
Less: Current Maturities	(12,206.91)
Long-Term Capital Lease Obligations	$ 41,313.30

The City has entered into a capital lease agreement in order finance the purchase of a 1993 Freightliner Fire Truck. Payments are made quarterly including interest at 2.25%. Final maturity of the lease is June 8, 2021. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 7,379.28
2020	7,379.28
2021	3,689.64
	18,448.20
Less imputed interest	(4,537.08)
Net Present Value of Minimum Lease Payments	13,911.12
Less: Current Maturities	(3,537.65)
Long-Term Capital Lease Obligations	$ 10,373.47

The City has entered into a capital lease agreement in order finance the purchase of a 2004 Sewer Pumper Truck. Payments are made annually including interest at 3.50%. Final maturity of the lease is September 15, 2024. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2019	$ 5,819.07
2020	5,819.07
2021	5,819.07
2022	5,819.07
2023	5,819.07
2024	5,819.07
	34,914.42
Less imputed interest	(3,907.23)
Net Present Value of Minimum Lease Payments	31,007.19
Less: Current Maturities	(4,733.82)
Long-Term Capital Lease Obligations	$ 26,273.37

5. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2018, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid by Utility Receipts:									
Series 2011 A	.75-3.60%	December 20, 2011	$ 745,000.00	December 1, 2024	$ 430,000.00	$ -	$ (55,000.00)	$ 375,000.00	$ 13,850.00
Series 2012 A	.50-1.25%	March 27, 2012	660,000.00	March 15, 2018	115,000.00	-	(115,000.00)	-	1,006.25
Temporary Notes									
Paid by Utility Receipts:									
Series 2018	4.00%	March 8, 2018	540,000.00	March 1, 2020	-	540,000.00	-	540,000.00	15,840.00
Revolving Loans									
Paid by Utility Receipts:									
KWPCRL C20-1499-01	3.07%	July 7, 1999	600,000.00	March 1, 2021	132,728.13	-	(36,489.40)	96,238.73	3,796.84
KWPCRL C20-1709-01	2.58%	July 6, 2007	1,155,596.00	September 1, 2027	889,377.45	8,188.19	(84,080.08)	813,485.56	21,797.10
KPWSLF - No. 2491	3.36%	April 20, 2007	1,344,166.58	February 1, 2028	829,030.30	-	(67,058.03)	761,972.27	27,296.83
Capital Leases									
John Deere Excavator	2.95%	March 10, 2015	40,300.00	March 10, 2020	19,208.06	-	(7,602.30)	11,605.76	621.85
Fire Bunker Gear	2.34%	August 8, 2015	50,080.00	May 8, 2020	23,147.30	-	(10,132.14)	13,015.16	470.62
Maintenance Equipment	1.95%	March 16, 2016	85,990.32	March 1, 2023	65,491.96	-	(11,971.75)	53,520.21	1,189.20
Fire Truck	2.25%	September 8, 2016	35,000.00	June 8, 2021	24,769.78	-	(10,858.66)	13,911.12	499.56
Sewage Pumper Truck	3.50%	May 27, 2017	40,000.00	September 15, 2024	35,580.93	-	(4,573.74)	31,007.19	1,245.33
Total Contractual Indebtedness					$ 2,564,333.91	$ 548,188.19	$ (402,766.10)	$ 2,709,756.00	$ 87,613.58

5. LONG-TERM DEBT

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

Issue	2019	2020	2021	2022	2023	2024-2028	Total
Principal							
General Obligation Bonds							
Series 2011A	$ 60,000.00	$ 60,000.00	$ 60,000.00	$ 65,000.00	$ 65,000.00	$ 65,000.00	$ 375,000.00
Revolving Loans							
KWPCRL C20-1499-01	37,618.22	38,781.97	19,838.54	-	-	-	96,238.73
KWPCRL C20-1709-01	83,298.88	83,296.93	85,459.85	87,678.93	89,955.63	383,795.34	813,485.56
KPWSLF - No. 2491	69,330.12	71,679.18	74,107.82	76,618.76	79,214.78	391,021.61	761,972.27
Temporary Notes							
Series 2018	-	540,000.00	-	-	-	-	540,000.00
Capital Leases							
John Deere Excavator	9,378.79	2,226.97	-	-	-	-	11,605.76
Fire Bunker Gear	10,380.61	2,634.55	-	-	-	-	13,015.16
Maintenance Equipment	12,206.91	12,444.45	12,691.14	12,940.43	3,237.28	-	53,520.21
Fire Truck	3,537.65	7,195.49	3,177.98	-	-	-	13,911.12
Sewage Pumper Truck	4,733.82	4,899.50	5,070.98	5,248.47	5,432.17	5,622.25	31,007.19
Total Principal Payments	290,485.00	823,159.04	260,346.31	247,486.59	242,839.86	845,439.20	2,709,756.00
Interest							
General Obligation Bonds							
Series 2011A	12,420.00	10,740.00	8,940.00	7,020.00	4,680.00	2,340.00	46,140.00
Revolving Loans							
KWPCRL C20-1499-01	2,668.02	1,504.27	304.58	-	-	-	4,476.87
KWPCRL C20-1709-01	20,440.40	18,304.99	16,142.07	13,922.99	11,646.29	22,612.34	103,069.08
KPWSLF - No. 2491	25,024.74	22,675.68	20,247.04	17,736.10	15,140.08	33,575.26	134,398.90
Temporary Notes							
Series 2018	21,600.00	5,400.00	-	-	-	-	27,000.00
Capital Leases							
John Deere Excavator	340.66	15.98	-	-	-	-	356.64
Fire Bunker Gear	222.15	16.14	-	-	-	-	238.29
Maintenance Equipment	955.21	717.67	470.98	221.69	3,343.78	-	5,709.33
Fire Truck	3,841.63	183.79	511.66	-	-	-	4,537.08
Sewage Pumper Truck	1,085.25	919.57	748.09	570.60	386.90	196.82	3,907.23
Total Interest Payments	88,598.06	60,478.09	47,364.42	39,471.38	35,197.05	58,724.42	329,833.42
Total Principal and Interest	$ 379,083.06	$ 883,637.13	$ 307,710.73	$ 286,957.97	$ 278,036.91	$ 904,163.62	$ 3,039,589.42

6. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate (for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from (non-school municipality) were $62,566.36 for KPERS for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was $585,475.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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 nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

7. CAPITAL PROJECTS

The following is a summary of capital project authorizations and expenditures to date:

PROJECT NAME	AUTHORIZED	EXPENDED THRU 12/31/18	ESTIMATED COMPLETION
Wastewater Improvement Project	$ 540,000.00	$ 129,400.72	2020

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits
As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2018.

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

Months Continuous Employment:	1-24	25-72	73-144	145-216	217-276	277+
Hours Granted per Year:	4	6	9	10	18	12

Accrued vacation benefits must be used within the employee's annual period (hire date to hire date).

Sick leave accrues to all full-time employees at the rate of one sick day per month to a maximum of 60 days. In the event of termination, an employee shall not be paid for any accrued sick leave.

The City has no policy regarding compensatory time, however it is accumulated.

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

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

In accordance with the above criteria, the City has accrued a liability for annual leave and compensatory time, which has been earned, but not taken, by City employees. The estimated liability at December 31, 2018, was $9,892.85 for annual leave. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

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

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

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

9. RISK MANAGEMENT

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

10. INTERFUND TRANSFERS

Operating and residual transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
General Obligation Bond & Interest	Water Plant Improvement	K.S.A. 12-197	$ 90,000.00
General Obligation Bond & Interest	Water Principal and Interest	K.S.A. 12-197	72,000.00
Sewer Utility	Sewer Principal and Interest	K.S.A. 12-825d	150,000.00
Sewer Utility	Wastewater Improvement Project	K.S.A. 12-825d	18,000.00

11. SUBSEQUENT EVENTS

There were no subsequent events requiring recognition in the financial statement. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF CANEY, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2018

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	$ 1,206,235.00	$ -	$ 1,206,235.00	$ 1,142,807.47	$ (63,427.53)
Special Purpose Funds:					
Industrial	11,500.00	-	11,500.00	7,905.00	(3,595.00)
Library	69,175.00	-	69,175.00	65,929.57	(3,245.43)
Special Parks	24,000.00	-	24,000.00	13,559.54	(10,440.46)
Employee Benefits	158,740.00	-	158,740.00	15,390.67	(143,349.33)
Vehicle Identification	7,150.00	-	7,150.00	979.40	(6,170.60)
Special Highway	95,975.00	-	95,975.00	60,119.68	(35,855.32)
Police, Fire, and Ambulance Equipment	76,549.00	-	76,549.00	27,248.78	(49,300.22)
Street Sales Tax	201,535.00	-	201,535.00	201,534.27	(0.73)
Bond and Interest Fund:					
General Obligation Bond and Interest	279,211.00	-	279,211.00	278,006.25	(1,204.75)
Business Funds:					
Water Utility	687,340.00	-	687,340.00	569,777.44	(117,562.56)
Sewer Utility	515,102.00	-	515,102.00	511,726.96	(3,375.04)
Solid Waste Utility	240,058.00	-	240,058.00	218,413.10	(21,644.90)

CITY OF CANEY, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ 291,472.90	$ 288,887.36	$ 317,372.00	$ (28,484.64)
Delinquent Tax	9,133.26	14,836.08	8,000.00	6,836.08
Motor Vehicle Tax	26,654.82	31,692.51	30,296.00	1,396.51
Recreational Vehicle Tax	336.46	415.70	366.00	49.70
16/20M Truck Tax	257.87	501.74	324.00	177.74
Commercial Vehicle Tax	384.82	440.69	539.00	(98.31)
Watercraft Tax	78.14	82.85	92.00	(9.15)
Franchise Taxes	235,740.37	249,772.72	230,000.00	19,772.72
Local Alcoholic Liquor Tax	1,218.17	1,329.95	2,250.00	(920.05)
County Alcoholic Liquor Tax	1,135.55	-	-	-
Compensating Use Tax	107,934.55	96,082.68	118,000.00	(21,917.32)
Local Sales Tax	140,335.96	144,495.64	140,000.00	4,495.64
Intergovernmental				
Federal Grants	2,133.63	1,698.44	-	1,698.44
State and Local Grants	3,000.00	6,855.00	-	6,855.00
Licenses and Permits				
Licenses, Permits & Fees	6,283.00	4,431.00	3,200.00	1,231.00
Charges for Services				
Swimming Pool	13,142.98	13,359.96	14,500.00	(1,140.04)
Dog Tags	-	-	-	-
Cemetery Lots & Settings	12,942.00	10,846.00	7,500.00	3,346.00
Ambulance Fees	73,178.33	94,718.53	95,000.00	(281.47)
County Ambulance Assistance	57,137.49	56,411.67	53,000.00	3,411.67
Fines, Forfeitures and Penalties			40,000.00	
Fines	51,456.85	57,135.54	-	57,135.54
Use of Money and Property				
Interest Income	970.88	6,593.98	300.00	6,293.98
Sale of Assets	4,200.00	1,551.92	-	1,551.92
Loan Repayments	-	308.16	308.00	0.16
Other Receipts				
Insurance Proceeds	-	75,000.00	-	75,000.00
Miscellaneous	35,289.61	27,847.40	12,000.00	15,847.40
Total Receipts	1,074,417.64	1,185,295.52	$ 1,073,047.00	$ 152,248.52
Expenditures				
City Administrator Department				
Personal Services	52,211.03	61,692.91	$ 64,000.00	$ (2,307.09)
Contractual Services	171,439.18	176,069.28	219,810.00	(43,740.72)
Commodities	10,926.86	18,115.57	-	18,115.57
Capital Outlay	-	3,321.93	1,500.00	1,821.93

CITY OF CANEY, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Street Department				
Personal Services	$ 23,543.91	$ 34,148.88	$ -	$ 34,148.88
Contractual Services	29,786.89	19,184.04	50,450.00	(31,265.96)
Commodities	18,419.59	26,042.31	-	26,042.31
Capital Outlay	-	1,318.79	2,500.00	(1,181.21)
Parks Department				
Contractual Services	11,625.73	8,663.79	11,000.00	(2,336.21)
Capital Outlay	-	-	20,000.00	(20,000.00)
Pool Department				
Personal Services	21,316.72	27,234.44	22,000.00	5,234.44
Contractual Services	6,860.04	10,649.90	-	10,649.90
Commodities	5,196.04	8,289.36	16,825.00	(8,535.64)
Police Department				
Personal Services	293,876.79	333,588.49	315,000.00	18,588.49
Contractual Services	59,358.05	46,046.16	74,000.00	(27,953.84)
Commodities	17,476.54	11,625.78	-	11,625.78
Capital Outlay	7,062.79	191.77	15,000.00	(14,808.23)
Fire Department				
Personal Services	14,151.38	10,147.47	13,500.00	(3,352.53)
Contractual Services	40,924.58	37,895.43	36,650.00	1,245.43
Commodities	9,421.91	8,062.89	-	8,062.89
Capital Outlay	-	804.00	1,500.00	(696.00)
Ambulance Department				
Personal Services	155,478.22	198,790.15	175,000.00	23,790.15
Contractual Services	42,062.31	32,847.95	85,000.00	(52,152.05)
Commodities	12,683.88	8,246.34	-	8,246.34
Cemetery Department				
Personal Services	8,015.26	9,225.26	10,500.00	(1,274.74)
Contractual Services	44,745.64	47,330.22	52,000.00	(4,669.78)
Commodities	-	2,375.43	-	2,375.43
Capital Outlay	-	-	20,000.00	(20,000.00)
Debt Service				
Capital Lease	-	898.93	-	898.93
Total Expenditures	1,056,583.34	1,142,807.47	$ 1,206,235.00	$ (63,427.53)
Receipts Over(Under) Expenditures	17,834.30	42,488.05		
Unencumbered Cash, Beginning	76,232.62	94,066.92		
Unencumbered Cash, Ending	$ 94,066.92	$ 136,554.97		

CITY OF CANEY, KANSAS
INDUSTRIAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ (4.22)	$ (0.46)	$ -	$ (0.46)
Delinquent Tax	77.70	75.51	250.00	(174.49)
Motor Vehicle Tax	174.32	28.74	-	28.74
Recreational Vehicle Tax	2.49	0.51	-	0.51
16/20M Truck Tax	3.99	2.44	-	2.44
Commercial Vehicle Tax	1.90	-	-	-
Watercraft Tax	0.37	-	-	-
Other Receipts				
Miscellaneous	-	6.00	-	6.00
Total Receipts	256.55	112.74	$ 250.00	$ (137.26)
Expenditures				
General Government				
Contractual Services	4,400.00	4,455.00	$ 9,900.00	$ (5,445.00)
Commodities	625.00	3,450.00	1,600.00	1,850.00
Total Expenditures	5,025.00	7,905.00	$ 11,500.00	$ (3,595.00)
Receipts Over(Under) Expenditures	(4,768.45)	(7,792.26)		
Unencumbered Cash, Beginning	17,720.24	12,951.79		
Unencumbered Cash, Ending	$ 12,951.79	$ 5,159.53		

CITY OF CANEY, KANSAS
LIBRARY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ 54,795.30	$ 56,607.18	$ 61,731.00	$ (5,123.82)
Delinquent Tax	2,027.20	3,061.31	1,600.00	1,461.31
Motor Vehicle Tax	5,780.79	5,982.00	5,600.00	382.00
Recreational Vehicle Tax	74.88	79.03	68.00	11.03
16/20M Truck Tax	70.90	103.30	60.00	43.30
Commercial Vehicle Tax	79.47	81.44	99.00	(17.56)
Watercraft Tax	16.08	15.31	17.00	(1.69)
Other Receipts				
Donations	1,311.78	-	-	-
Total Receipts	64,156.40	65,929.57	$ 69,175.00	$ (3,245.43)
Expenditures				
Culture and Recreation				
Library Board	64,156.40	65,929.57	$ 69,175.00	$ (3,245.43)
Total Expenditures	64,156.40	65,929.57	$ 69,175.00	$ (3,245.43)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	0.03	0.03		
Unencumbered Cash, Ending	$ 0.03	$ 0.03		

CITY OF CANEY, KANSAS
SPECIAL PARKS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	$ 1,218.18	$ 1,329.97	$ 1,450.00	$ (120.03)
County Alcoholic Liquor Tax	946.68	1,020.28	-	1,020.28
Other Receipts				
Insurance Proceeds	-	7,354.54	7,355.00	(0.46)
Total Receipts	2,164.86	9,704.79	$ 8,805.00	$ 899.79
Expenditures				
Culture and Recreation				
Contractual Services	80.82	-	$ 13,660.00	$ (13,660.00)
Commodities	4,053.00	13,559.54	10,340.00	3,219.54
Total Expenditures	4,133.82	13,559.54	$ 24,000.00	$ (10,440.46)
Receipts Over(Under) Expenditures	(1,968.96)	(3,854.75)		
Unencumbered Cash, Beginning	20,092.35	18,123.39		
Unencumbered Cash, Ending	$ 18,123.39	$ 14,268.64		

CITY OF CANEY, KANSAS
EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ 117,562.59	$ 117,180.71	$ 127,779.00	$ (10,598.29)
Delinquent Tax	5,051.13	7,253.17	5,000.00	2,253.17
Motor Vehicle Tax	13,114.94	12,757.74	12,018.00	739.74
Recreational Vehicle Tax	176.61	168.17	146.00	22.17
16/20M Truck Tax	213.95	214.81	129.00	85.81
Commercial Vehicle Tax	166.16	174.80	213.00	(38.20)
Watercraft Tax	33.46	32.86	37.00	(4.14)
Other Receipts				
Miscellaneous	16.62	-	-	-
Total Receipts	136,335.46	137,782.26	$ 145,322.00	$ (7,539.74)
Expenditures				
General Government				
Personal Services	141,879.42	15,390.67	$ 158,740.00	$ (143,349.33)
Total Expenditures	141,879.42	15,390.67	$ 158,740.00	$ (143,349.33)
Receipts Over(Under) Expenditures	(5,543.96)	122,391.59		
Unencumbered Cash, Beginning	29,802.99	24,259.03		
Unencumbered Cash, Ending	$ 24,259.03	$ 146,650.62		

CITY OF CANEY, KANSAS
VEHICLE IDENTIFICATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
VIN Inspections	$ 4,100.00	$ 4,220.00	$ 4,000.00	$ 220.00
Other Receipts				
Miscellaneous	5.00	30.00	50.00	(20.00)
Total Receipts	4,105.00	4,250.00	$ 4,050.00	$ 200.00
Expenditures				
General Government				
Contractual Services	751.83	979.40	$ 1,150.00	$ (170.60)
Commodities	1,612.14	-	6,000.00	(6,000.00)
Total Expenditures	2,363.97	979.40	$ 7,150.00	$ (6,170.60)
Receipts Over(Under) Expenditures	1,741.03	3,270.60		
Unencumbered Cash, Beginning	6,461.26	8,202.29		
Unencumbered Cash, Ending	$ 8,202.29	$ 11,472.89		

CITY OF CANEY, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Motor Fuel Tax	$ 54,939.19	$ 55,336.02	$ 53,618.00	$ 1,718.02
County Gas Tax	9,891.51	10,114.26	9,850.00	264.26
Total Receipts	64,830.70	65,450.28	$ 63,468.00	$ 1,982.28
Expenditures				
General Government				
Personal Services	21,496.32	29,585.95	$ 29,550.00	$ 35.95
Contractual Services	-	-	5,000.00	(5,000.00)
Commodities	39,093.24	5,709.45	16,000.00	(10,290.55)
Capital Outlay	-	11,663.33	45,425.00	(33,761.67)
Debt Service				
Capital Lease	13,160.56	13,160.95	-	13,160.95
Total Expenditures	73,750.12	60,119.68	$ 95,975.00	$ (35,855.32)
Receipts Over(Under) Expenditures	(8,919.42)	5,330.60		
Unencumbered Cash, Beginning	101,889.09	92,969.67		
Unencumbered Cash, Ending	$ 92,969.67	$ 98,300.27		

CITY OF CANEY, KANSAS
MUNICIPAL EQUIPMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	$ -	$ 25.00
Total Receipts	-	25.00
Expenditures		
General Government		
Commodities	1,560.95	1,131.19
Debt Service		
Capital Lease	8,971.80	4,628.52
Total Expenditures	10,532.75	5,759.71
Receipts Over(Under) Expenditures	(10,532.75)	(5,734.71)
Unencumbered Cash, Beginning	16,267.46	5,734.71
Unencumbered Cash, Ending	$ 5,734.71	$ -

CITY OF CANEY, KANSAS
POLICE, FIRE, AND AMBULANCE EQUIPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	$ 49,806.20	$ 49,575.12	$ 54,050.00	$ (4,474.88)
Delinquent Tax	864.97	1,920.95	400.00	1,520.95
Motor Vehicle Tax	2,473.14	4,899.45	5,084.00	(184.55)
Recreational Vehicle Tax	30.46	62.40	62.00	0.40
16/20M Truck Tax	18.00	48.74	54.00	(5.26)
Commercial Vehicle Tax	37.28	73.94	90.00	(16.06)
Watercraft Tax	7.60	13.91	16.00	(2.09)
Intergovernmental				
State Grants	10,053.00	-	-	-
Total Receipts	63,290.65	56,594.51	$ 59,756.00	$ (3,161.49)
Expenditures				
General Government				
Commodities	-	-	$ 12,000.00	$ (12,000.00)
Capital Outlay	2,765.80	5,287.80	64,549.00	(59,261.20)
Debt Service				
Capital Lease	17,982.04	21,960.98	-	21,960.98
Total Expenditures	20,747.84	27,248.78	$ 76,549.00	$ (49,300.22)
Receipts Over(Under) Expenditures	42,542.81	29,345.73		
Unencumbered Cash, Beginning	3,971.11	46,513.92		
Unencumbered Cash, Ending	$ 46,513.92	$ 75,859.65		

CITY OF CANEY, KANSAS
STREET SALES TAX FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Sales Tax	$ 109,150.12	$ 112,385.40	$ 108,500.00	$ 3,885.40
Other Receipts				
Miscellaneous	-	2.00	-	2.00
Total Receipts	109,150.12	112,387.40	$ 108,500.00	$ 3,887.40
Expenditures				
General Government				
Capital Outlay	168,522.78	201,534.27	$ 201,535.00	$ (0.73)
Total Expenditures	168,522.78	201,534.27	$ 201,535.00	$ (0.73)
Receipts Over(Under) Expenditures	(59,372.66)	(89,146.87)		
Unencumbered Cash, Beginning	213,254.06	153,881.40		
Unencumbered Cash, Ending	$ 153,881.40	$ 64,734.53		

CITY OF CANEY, KANSAS
NEW LIBRARY BUILDING FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	$ -	$ -
Total Receipts	-	-
Expenditures		
Other Expenses		
Miscellaneous	1,311.78	-
Total Expenditures	1,311.78	-
Receipts Over(Under) Expenditures	(1,311.78)	-
Unencumbered Cash, Beginning	1,311.78	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CANEY, KANSAS
NORTHEND INTERCEPTOR CAPITAL PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	$ 780,061.81	$ -
Total Receipts	780,061.81	-
Expenditures		
Capital Improvements		
Capital Outlay	771,663.83	-
Total Expenditures	771,663.83	-
Receipts Over(Under) Expenditures	8,397.98	-
Unencumbered Cash, Beginning	(8,397.98)	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CANEY, KANSAS
WASTEWATER IMPROVEMENT PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	$ -	$ 540,000.00
Operating Transfer from		
Sewer Utility Fund	-	18,000.00
Total Receipts	-	558,000.00
Expenditures		
Capital Improvements		
Contractual Services	16,804.14	96,756.58
Debt Service		
Interest	-	15,840.00
Total Expenditures	16,804.14	112,596.58
Receipts Over(Under) Expenditures	(16,804.14)	445,403.42
Unencumbered Cash, Beginning	-	(16,804.14)
Unencumbered Cash, Ending	$ (16,804.14)	$ 428,599.28

CITY OF CANEY, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Sales Tax	$ 140,335.91	$ 144,495.65	$ 135,000.00	$ 9,495.65
Total Receipts	140,335.91	144,495.65	$ 135,000.00	$ 9,495.65
Expenditures				
Debt Service				
Principal	110,000.00	115,000.00	$ 278,205.00	$ (163,205.00)
Interest	2,837.50	1,006.25	1,006.00	0.25
Operating Transfers to:				
Water Plant Improvement Fund	34,000.00	90,000.00	-	90,000.00
Water Principal and Interest Fund	24,000.00	72,000.00	-	72,000.00
Total Expenditures	170,837.50	278,006.25	$ 279,211.00	$ (1,204.75)
Receipts Over(Under) Expenditures	(30,501.59)	(133,510.60)		
Unencumbered Cash, Beginning	239,921.43	209,419.84		
Unencumbered Cash, Ending	$ 209,419.84	$ 75,909.24		

CITY OF CANEY, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Water Charges	$ 646,743.14	$ 653,091.51	$ 630,000.00	$ 23,091.51
Connection Fee	10,082.50	10,150.00	11,800.00	(1,650.00)
Other Receipts				
Miscellaneous	1,738.39	0.10	5,500.00	(5,499.90)
Total Receipts	658,564.03	663,241.61	$ 647,300.00	$ 15,941.61
Expenditures				
Administration, Production, and Distribution				
Personal Services	176,391.53	226,798.39	$ 260,005.00	$ (33,206.61)
Contractual Services	176,526.94	219,787.92	163,580.00	56,207.92
Commodities	138,518.85	109,730.61	150,550.00	(40,819.39)
Capital Outlay	3,237.90	12,561.62	113,205.00	(100,643.38)
Debt Service				
Capital Lease	-	898.90	-	898.90
Operating Transfers to:				
Water Principal and Interest Fund	48,500.00	-	-	-
Water Plant Improvement Fund	68,000.00	-	-	-
Total Expenditures	611,175.22	569,777.44	$ 687,340.00	$ (117,562.56)
Receipts Over(Under) Expenditures	47,388.81	93,464.17		
Unencumbered Cash, Beginning	25,481.63	72,870.44		
Unencumbered Cash, Ending	$ 72,870.44	$ 166,334.61		

CITY OF CANEY, KANSAS
WATER PLANT IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from		
Water Utility Fund	$ 68,000.00	$ -
General Obligation Bond and Interest Fund	34,000.00	90,000.00
Total Receipts	102,000.00	90,000.00
Expenditures		
Debt Services		
Principal	64,860.41	67,058.03
Interest	26,422.11	24,453.41
Commission and Postage	3,072.34	2,843.42
Total Expenditures	94,354.86	94,354.86
Receipts Over(Under) Expenditures	7,645.14	(4,354.86)
Unencumbered Cash, Beginning	56,210.73	63,855.87
Unencumbered Cash, Ending	$ 63,855.87	$ 59,501.01

CITY OF CANEY, KANSAS
WATER PRINCIPAL AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from		
Water Utility Fund	$ 48,500.00	$ -
General Obligation Bond and Interest Fund	24,000.00	72,000.00
Total Receipts	72,500.00	72,000.00
Expenditures		
Debt Service		
Principal	55,000.00	55,000.00
Interest	15,170.00	13,850.00
Total Expenditures	70,170.00	68,850.00
Receipts Over(Under) Expenditures	2,330.00	3,150.00
Unencumbered Cash, Beginning	18,089.38	20,419.38
Unencumbered Cash, Ending	$ 20,419.38	$ 23,569.38

CITY OF CANEY, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Wastewater Charges	$ 505,797.92	$ 500,447.68	$ 505,975.00	$ (5,527.32)
Use of Money and Property				
Revolving Loan Proceeds	-	8,188.19	-	8,188.19
Other Receipts				
Miscellaneous	57,895.33	3,205.00	11,500.00	(8,295.00)
Total Receipts	563,693.25	511,840.87	$ 517,475.00	$ (5,634.13)
Expenditures				
Collection and Treatment				
Personal Services	157,005.73	187,808.79	$ 196,200.00	$ (8,391.21)
Contractual Services	209,726.70	108,703.92	63,350.00	45,353.92
Commodities	4,629.58	6,486.77	82,550.00	(76,063.23)
Capital Outlay	4,863.56	34,009.51	173,002.00	(138,992.49)
Debt Service				
Capital Lease	5,819.07	6,717.97	-	6,717.97
Operating Transfers to:				
Wastewater Improvement Project Fund	-	18,000.00	-	18,000.00
Sewer Principal and Interest Fund	150,000.00	150,000.00	-	150,000.00
Total Expenditures	532,044.64	511,726.96	$ 515,102.00	$ (3,375.04)
Receipts Over(Under) Expenditures	31,648.61	113.91		
Unencumbered Cash, Beginning	30,053.21	61,701.82		
Unencumbered Cash, Ending	$ 61,701.82	$ 61,815.73		

CITY OF CANEY, KANSAS
SEWER SYSTEM OPERATING REPLACEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	$ 5,806.30	$ -
Total Receipts	5,806.30	-
Expenditures		
General Government		
Contractual Services	4,356.58	-
Total Expenditures	4,356.58	-
Receipts Over(Under) Expenditures	1,449.72	-
Unencumbered Cash, Beginning	(1,449.72)	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CANEY, KANSAS
SEWER TREATMENT REPLACEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Wastewater Charges	$ -	$ 1,278.93
Total Receipts	-	1,278.93
Expenditures		
General Government		
Commodities	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	1,278.93
Unencumbered Cash, Beginning	180.12	180.12
Unencumbered Cash, Ending	$ 180.12	$ 1,459.05

CITY OF CANEY, KANSAS
SEWER PRINCIPAL AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from		
Sewer Utility Fund	$ 150,000.00	$ 150,000.00
Total Receipts	150,000.00	150,000.00
Expenditures		
Debt Service		
Principal	129,707.63	120,569.48
Interest	16,455.25	25,593.40
Total Expenditures	146,162.88	146,162.88
Receipts Over(Under) Expenditures	3,837.12	3,837.12
Unencumbered Cash, Beginning	70,875.91	74,713.03
Unencumbered Cash, Ending	$ 74,713.03	$ 78,550.15

CITY OF CANEY, KANSAS
SOLID WASTE UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Collections	$ 225,729.40	$ 224,764.57	$ 219,800.00	$ 4,964.57
Total Receipts	225,729.40	224,764.57	$ 219,800.00	$ 4,964.57
Expenditures				
Generation and Distribution				
Personal Services	21,029.50	24,932.37	$ 31,108.00	$ (6,175.63)
Contractual Services	187,643.20	190,342.87	192,000.00	(1,657.13)
Commodities	2,390.00	2,238.96	16,950.00	(14,711.04)
Debt Service				
Capital Lease	-	898.90	-	898.90
Total Expenditures	211,062.70	218,413.10	$ 240,058.00	$ (21,644.90)
Receipts Over(Under) Expenditures	14,666.70	6,351.47		
Unencumbered Cash, Beginning	30,792.48	45,459.18		
Unencumbered Cash, Ending	$ 45,459.18	$ 51,810.65		

CITY OF CANEY, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2018

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Special Law Enforcement	$ 2,128.24	$ -	$ -	$ 2,128.24
Fire Insurance Trust	-	-	-	-
	$ 2,128.24	$ -	$ -	$ 2,128.24

Jarred Gilmore Phillips

Honorable Mayor and City Council
City of Caney, Kansas

In planning and performing our audit of the financial statement of City of Caney, Kansas as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered City of Caney's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Caney's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Caney's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in City of Caney, Kansas' internal control to be material weaknesses:

Preparation of Financial Statement

Accounting standards states the client must be able to accept responsibility and be able to identify a material misstatement when reviewing the financial statement, including footnotes and supplemental information. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the City staff does not have the ability to process and prepare the required financial statement, including footnotes. The potential effects of this material weakness could be unrecognized errors on the financial statement. While we recognize that this condition is not unusual for a City your size, it is important that you be aware of this condition for financial reporting purposes. Management and the City Council should continually be aware of the financial reporting of the City and changes in reporting requirements.

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statements. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as performing billings, receipting cash, making deposits, reconciling the bank accounts, and having access to all books and records of the City. Due to small staff size, it is not possible for reviews of daily work to take place, potentially resulting in errors in financial records and reports.

This communication is intended solely for the information and use of management, City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
May 2, 2019

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

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

THE BOND RESOLUTION

DEFINITIONS

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

"Act" means the Constitution and statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq*., K.S.A. 10-620 *et seq*., K.S.A. 12-617 *et seq*., as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq*., and K.S.A. 65-163d *et seq*., as amended and supplemented.

"Authorized Denomination" means $5,000 or any integral multiples thereof.

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

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

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

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

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

"Bond Registrar" means the State Treasurer, and its successors and assigns.

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

"Bonds" means the General Obligation Refunding and Improvement Bonds, Series 2020-D, authorized and issued by the Issuer pursuant to the Bond Resolution.

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

"Cede & Co." means Cede & Co., as nominee of DTC and any successor nominee of DTC with respect to the Bonds.

"City" means the City of Caney, Kansas.

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

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

"Compliance Account" means the account by that name created by the Bond Resolution.

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

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

"Costs of Issuance Account" means the account by that name created by the Bond Resolution.

"Dated Date" means September 1, 2020.

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

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

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

"Defeasance Obligations" means any of the following obligations:

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

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

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

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

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

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

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

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

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

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

"DTC" means The Depository Trust Company, New York, New York.

"Event of Default" means each of the following occurrences or events:

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

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

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

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

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

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

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

"Improvement Fund" means the fund by that name created in the Bond Resolution.

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

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

"Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which shall be June 1 and December 1 of each year, commencing June 1, 2021.

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

"Issuer" means the City and any successors or assigns.

"KDHE" means the Kansas Department of Health and Environment.

"Loans" means collectively the following loans with KDHE: (a) loan for KWPCRF Project No. C20 1709 01 between the Issuer and KDHE, dated October 12, 2005, maturing September 1, 2027, in the aggregate outstanding principal amount of $646,889.75; and (b) loan for KPWSLF Project No. 2491 between the Issuer and KDHE, dated April 20, 2007, maturing February 1, 2028, in the aggregate outstanding principal amount of $620,962.97.

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

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

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform

the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

"Official Statement" means the Issuer's Official Statement relating to the Bonds.

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

(a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Bonds deemed to be paid in accordance with the provisions of the Bond Resolution; and

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

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

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

"Paying Agent" means the State Treasurer and any successors and assigns.

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

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

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

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

"Rebate Fund" means the fund by that name created by the Bond Resolution.

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

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

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

"Refunded Bonds" means the Series 2011 Bonds maturing in the years 2020 to 2024, inclusive, in the aggregate principal amount of $315,000.

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

"Refunded Bonds Redemption Date" means September 1, 2020.

"Refunded Bonds Redemption Fund" means the fund by that name created in the Bond Resolution.

"Refunded Bonds Resolution" means the ordinance and resolution which authorized the Refunded Bonds.

"Refunded Loan" means the outstanding principal amount of the Loans.

"Refunded Loan Paying Agent" means KDHE.

"Refunded Loan Redemption Date" means September 20, 2020.

"Refunded Loan Redemption Fund" means the fund by that name created in the Bond Resolution.

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

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

"Securities Depository" means, initially, DTC, and its successors and assigns.

"Series 2011 Bonds" means the Issuer's General Obligation Bonds, Series 2011, dated December 20, 2011.

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

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

"State" means the state of Kansas.

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

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

"Substitute Improvements" means the substitute or additional improvements of the Issuer described in the Bond Resolution.

"Term Bonds" means collectively the 2031 Term Bonds, the 2034 Term Bonds, the 2037 Term Bonds and the 2040 Term Bonds.

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

"United States Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such

obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

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

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

(a) Improvement Fund.
(b) Refunded Bonds Redemption Fund.
(c) Refunded Loan Redemption Fund.
(d) Debt Service Account (within the Bond and Interest Fund).
(e) Rebate Fund.
(f) Costs of Issuance Account.
(g) Compliance Account.

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

Deposit of Bond Proceeds and Other Funds. The net proceeds received from the sale of the Bonds and certain other funds shall be deposited simultaneously with the delivery of the Bonds as follows:

(a) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.

(b) An amount necessary, together with funds described in (e), to refund the Refunded Bonds shall be deposited into the Refunded Bonds Redemption Fund.

(c) An amount necessary, together with funds described in (e), to refund the Refunded Loan shall be deposited into the Refunded Loan Redemption Fund.

(d) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Improvement Fund.

(e) In addition to proceeds of the Bonds, the Issuer will deposit: (1) into the Improvement Fund proceeds of a Community Development Block Grant and other available funds to pay a portion of the costs of the Improvements; (2) into the Refunded Bonds Redemption Fund available funds to pay a portion of the costs of refunding the Refunded Bonds; and (3) into the Refunded Loan Redemption Fund available funds to pay a portion of the costs of prepaying the Refunded Loan.

Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements; (b) paying interest on the Bonds during construction of the Improvements; (c) paying Costs of Issuance to the extent necessary; and (d) transferring any amounts to the Rebate Fund. Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Consulting Engineer stating that such payment is being made for a purpose within the scope of the Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Clerk (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

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

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

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

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

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

Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be transferred to the Improvement Fund until completion of the Improvements and thereafter to the Compliance Account or Debt Service Account.

Application of Moneys in the Refunded Bonds Redemption Fund. Moneys in the Refunded Bonds Redemption Fund shall be transferred to the Refunded Bonds Paying Agent and utilized to retire the Refunded Bonds on the Refunded Bonds Redemption Date. Any moneys remaining in the Refunded Bonds Redemption Fund not needed to retire the Refunded Bonds shall be transferred to the Debt Service Account.

Application of Moneys in the Refunded Loan Redemption Fund. Moneys in the Refunded Loan Redemption Fund shall be transferred to the Refunded Loan Paying Agent and utilized to retire the Refunded Loan on the Refunded Loan Redemption Date. Any moneys remaining in the Refunded Loan Redemption Fund not needed to retire the Refunded Loan shall be transferred to the Debt Service Account.

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

DEPOSIT AND INVESTMENT OF MONEYS

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

Investments. Moneys held in any Fund or Account other than the redemption funds may be invested in accordance with the Bond Resolution and the Federal Tax Certificate, in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the

purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account; provided that, during the period of construction of the Improvements, earnings on the investment of such funds may, at the discretion of the Issuer, be credited to the Debt Service Account.

DEFAULT AND REMEDIES

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

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

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

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

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

Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon.

DEFEASANCE

When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Resolution and all other rights granted thereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until: (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption.

TAX COVENANTS

General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Issuer will take such actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

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

CONTINUING DISCLOSURE REQUIREMENTS

Disclosure Requirements. The Issuer covenants in the Bond Resolution with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Undertaking and to make the provisions of the Disclosure Undertaking applicable to the Bonds. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

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

MISCELLANEOUS PROVISIONS

Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such annual audit, a copy thereof shall be filed in the office of the Clerk. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent. If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall: (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond; (c) permit preference or priority of any Bond over any other Bond; or (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution.

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

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

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Bond Resolution shall be in writing, and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent. All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

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

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

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

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APPENDIX D

FORM OF DISCLOSURE UNDERTAKING

Gilmore & Bell, P.C.
08/17/2020

CONTINUING DISCLOSURE UNDERTAKING

DATED AS OF SEPTEMBER 1, 2020

BY

CITY OF CANEY, KANSAS

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of September 1, 2020 (the "Continuing Disclosure Undertaking"), is executed and delivered by **CITY OF CANEY, KANSAS** (the "Issuer").

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2020-D (the "Bonds"), pursuant to an Ordinance and Resolution adopted by the governing body of the Issuer (collectively the "Bond Resolution").

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

The Issuer covenants and agrees as follows:

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

"Annual Report" means any Annual Report provided by the Issuer pursuant to, and as described in, ***Section 2*** of this Continuing Disclosure Undertaking, which may include the Issuer's CAFR, so long as the CAFR contains the financial information and operating data described in ***Section 2(a)(1)*** and ***(2)***.

"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.

"CAFR" means the Issuer's Comprehensive Annual Financial Report, if any.

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

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

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

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

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

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

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

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

Section 2. Provision of Annual Reports.

(a) The Issuer shall, not later than the September 1st immediately following the end of the Issuer's Fiscal Year, commencing with the year ending December 31, 2020, file with the MSRB, through EMMA, the following financial information and operating data (the "Annual Report"):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF CANEY, KANSAS

(SEAL)

_____
Mayor

_____
Clerk

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA
TO BE INCLUDED IN ANNUAL REPORT

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

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

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

Gilmore & Bell, P.C.
08/17/2020

CONTINUING DISCLOSURE UNDERTAKING

DATED AS OF SEPTEMBER 1, 2020

BY

CITY OF CANEY, KANSAS

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of September 1, 2020 (the "Continuing Disclosure Undertaking"), is executed and delivered by **CITY OF CANEY, KANSAS** (the "Issuer").

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2020-D (the "Bonds"), pursuant to an Ordinance and Resolution adopted by the governing body of the Issuer (collectively the "Bond Resolution").

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

The Issuer covenants and agrees as follows:

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

"Annual Report" means any Annual Report provided by the Issuer pursuant to, and as described in, ***Section 2*** of this Continuing Disclosure Undertaking, which may include the Issuer's CAFR, so long as the CAFR contains the financial information and operating data described in ***Section 2(a)(1)*** and ***(2)***.

"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.

"CAFR" means the Issuer's Comprehensive Annual Financial Report, if any.

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

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

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

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

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

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

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

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

Section 2. Provision of Annual Reports.

(a) The Issuer shall, not later than the September 1st immediately following the end of the Issuer's Fiscal Year, commencing with the year ending December 31, 2020, file with the MSRB, through EMMA, the following financial information and operating data (the "Annual Report"):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF CANEY, KANSAS

Mayor

Clerk

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

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

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

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

Gilmore & Bell, P.C.
08/17/2020

**EXCERPT OF MINUTES OF A MEETING
OF THE CITY COUNCIL OF
THE CITY OF CANEY, KANSAS
HELD ON AUGUST 17, 2020**

The City Council (the "Governing Body") met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit:

MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, KENITH BUTTS and SHIRLEY DAVIS

Absent: NONE

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

* * * * * * * * * * * * * *

(Other Proceedings)

The Clerk reported that pursuant to the Notice of Bond Sale heretofore duly given, bids for the purchase of General Obligation Refunding and Improvement Bonds, Series 2020-D, dated September 1, 2020, of the City had been received. A tabulation of said bids is set forth as ***EXHIBIT A*** hereto.

The Governing Body reviewed and considered the bids and it was found and determined that the bid of COUNTRY CLUB BANK, PRAIRIE VILLAGE, KANSAS, was the best bid for the Bonds, a copy of which is attached hereto as ***EXHIBIT B***.

Councilmember KEITH ROGERS moved that the bid be accepted and that the Mayor and Clerk be authorized and directed to execute the bid form selling the Bonds to the best bidder on the basis of the bid and the terms specified in the Notice of Bond Sale. The motion was seconded by Councilmember RALPH ANTHONY. The motion was carried by a vote of the Governing Body as follows:

Yea: MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, KENITH BUTTS and SHIRLEY DAVIS.

Nay: NONE.

There was presented an Ordinance entitled:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2020-D, OF THE CITY OF CANEY, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

Councilmember RALPH ANTHONY moved that the Ordinance be passed. The motion was seconded by Councilmember DEBBIE WOOD. The Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the Governing Body as follows:

Yea: MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, KENITH BUTTS and SHIRLEY DAVIS.

Nay: NONE.

The Mayor declared the Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. 2175, was signed and approved by the Mayor and attested by the Clerk and the Ordinance or a summary thereof was directed to be published one time in the official newspaper of the City.

There was presented a Resolution entitled:

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2020-D, OF THE CITY OF CANEY, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

Councilmember DAN JOHNSTON moved that the Resolution be adopted. The motion was seconded by Councilmember DEBBIE WOOD. The Resolution was duly read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the Governing Body as follows:

Yea: MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD, RALPH ANTHONY, KEITH ROGERS, KENITH BUTTS and SHIRLEY DAVIS.

Nay: NONE.

The Mayor declared the Resolution duly adopted and the Resolution was then duly numbered Resolution No. 1384, and was signed by the Mayor and attested by the Clerk.

* * * * * * * * * * * * * *

(Other Proceedings)

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

CERTIFICATE

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

Clerk

601004.20008\BASICDOCS

(Signature Page to Excerpt of Minutes)

EXHIBIT A
BID TABULATION

CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS

Dated: September 1, 2020
Series 2020-D

Sale Date: August 17, 2020
10:30 a.m., Central Time
Max Interest Rate: 3.567%

	Bidders:	Country Club Bank	Commerce Bank	D.A. Davidson & Co.	First Bankers' Banc Securities, Inc	Commercial Bank
		Bid 1 [1]	Bid 2	Bid 3	Bid 4	Bid 5
Maturity Date	$2,840,000 Principal	Interest Rate	Interest Rate	Interest Rate	Interest Rate	Interest Rate
1-Dec-21	285,000.00	**2.000%**	3.000%	2.000%	2.000%	0.560%
1-Dec-22	305,000.00	**2.000%**	3.000%	2.000%	2.000%	0.690%
1-Dec-23	300,000.00	**2.000%**	3.000%	2.000%	2.000%	0.550%
1-Dec-24	300,000.00	**2.000%**	3.000%	2.000%	2.000%	0.840%
1-Dec-25	235,000.00	**2.000%**	3.000%	2.000%	2.000%	0.700%
1-Dec-26	240,000.00	**2.000%**	3.000%	2.000%	2.000%	1.120%
1-Dec-27	250,000.00	**2.000%**	3.000%	2.000%	2.000%	1
1-Dec-28	105,000.00	**2.000%**	3.000%	2.000%	2.000%	
1-Dec-29	60,000.00	**1.100%**	2.000%	2.000%	2.000%	
1-Dec-30	60,000.00	**1.100%**	2.000%	2.000%	2.000%	
1-Dec-31	65,000.00	**1.100%**	2.000%	2.000%	2.000%	
1-Dec-32	65,000.00	**1.350%**	2.000%	2.000%	2.000%	
1-Dec-33	65,000.00	**1.350%**	2.000%	2.000%	2.000%	
1-Dec-34	65,000.00	**1.350%**	2.000%	2.000%	2.000%	2.500%
1-Dec-35	70,000.00	**2.000%**	2.000%	2.000%	2.000%	3.000%
1-Dec-36	70,000.00	**2.000%**	2.000%	2.000%	2.000%	3.000%
1-Dec-37	70,000.00	**2.000%**	2.000%	2.000%	2.000%	3.000%
1-Dec-38	75,000.00	**2.000%**	2.000%	2.000%	2.250%	3.000%
1-Dec-39	75,000.00	**2.000%**	2.000%	2.000%	2.250%	3.000%
1-Dec-40	80,000.00	**2.000%**	2.000%	2.000%	2.250%	3.000%
Total Interest Cost:		**386,794.38**	507,750.00	420,700.00	431,781.25	411,598.63
Less Premium:		**114,914.00**	198,643.40	73,479.90	60,710.85	0.00
Plus Discount:		**0.00**	0.00	0.00	0.00	0.00
Net Interest Cost:		**271,880.38**	309,106.60	347,220.10	371,070.40	411,598.63
Average Net Interest Rate:		**1.2925%**	1.4695%	1.6507%	1.7641%	1.9567%
TIC		**1.2512%**	1.4058%	1.6159%	1.7298%	1.9054%

[1] Bid in association with Community National Bank & Trust in Caney

EXHIBIT B

(BID OF PURCHASER)

Country Club Bank - Prairie Village , KS's Bid
Caney
$2,710,000 General Obligation Refunding and Improvement Bonds 2020-D

For the aggregate principal amount of $2,710,000.00, we will pay you $2,820,369.30, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s).

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price	Bond Insurance
12/01/2021	260M	2.0000	0.3000	102.119	
12/01/2022	280M	2.0000	0.3500	103.694	
12/01/2023	290M	2.0000	0.4000	105.160	
12/01/2024	290M	2.0000	0.4500	106.517	
12/01/2025	225M	2.0000	0.5000	107.762	
12/01/2026	240M	2.0000	0.6000	108.574	
12/01/2027	240M	2.0000	0.7000	109.173	
12/01/2028	100M	2.0000	0.8000	109.551	
12/01/2029					
12/01/2030					
12/01/2031	180M	1.1000	1.1000	100.000	
12/01/2032					
12/01/2033					
12/01/2034	195M	1.3500	1.3500	100.000	
12/01/2035					
12/01/2036					
12/01/2037	200M	2.0000	1.6000	103.425	
12/01/2038					
12/01/2039					
12/01/2040	210M	2.0000	1.8000	101.696	

Total Interest Cost:	$368,650.63
Premium:	$110,369.30
Net Interest Cost:	$258,281.33
TIC:	1.243902%
Total Insurance Premium:	$0.00

Time Last Bid Received On 08/17/2020 10:25:31 CDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Country Club Bank, Prairie Village , KS
Contact: Lisa Roberts
Title: Sr VP
Telephone: 816-751-1420
Fax: 913-385-0105

Issuer Name:	Caney	Company Name:	Country Club Bank, Prairie Village, KS
Accepted By:	Homer L. Derkey, Mayor	Accepted By	Lisa E. Roberts
Date:	August 17 2020	Date:	August 17, 2020

Gilmore & Bell, P.C.
08/17/2020

ORDINANCE NO. 2175

OF

THE CITY OF CANEY, KANSAS

PASSED

AUGUST 17, 2020

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

ORDINANCE NO. 2175

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2020-D, OF THE CITY OF CANEY, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

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

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

Project Description	Res. No.	Authority (K.S.A.)	Amount
Swimming Pool Improvements	1360	12-1736 *et seq.*	$2,300,000.00
Sanitary Sewer Interceptor Improvements	1381	12-617 *et seq.*/ Charter 30	1,155,596.00
Public Water Supply System Improvements	1380	65-163d *et seq.*	1,344,166.58
Total			***$4,799,762.58***

WHEREAS, the City desires to issue its general obligation bonds in order to permanently finance the costs of such Improvements, associated financing costs, and to retire the following loan agreement of the Issuer, which was entered into in order to temporarily finance a portion of the costs of the Improvements (collectively the "Loans"):

Loan Description	Loan Number	Dated Date	Maturity Date	Final Loan Amount	Outstanding Amount	Prepayment Amount [1]
KDHE – KWPCRF	C20 1709 01	10/12/05	09/01/27	$1,155,596.00	$646,889.75 [2]	$646,889.75
KDHE – KPWSLF	2491	04/20/07	02/01/28	1,344,166.58	620,962.97 [3]	620,962.97

[1] Plus interest to prepayment date and associated fees
[2] Excludes payments to be made on 09/01/20
[3] Excludes payments to be made on 08/01/20

WHEREAS, the City heretofore issued and has outstanding the Refunded Bonds and is authorized by K.S.A. 10-427 *et seq.* to issue general obligation refunding bonds of the City for the purpose of refunding the Refunded Bonds; and

WHEREAS, in order to achieve interest cost savings through early redemption of the Refunded Bonds, reduce debt service requirements of the City for certain years, restructure the debt payments on the Refunded Bonds and provide an orderly plan of finance for the City, it has become desirable and in the best interest of the City and its inhabitants to refund the Refunded Bonds; and

WHEREAS, none of such general obligation bonds heretofore authorized have been issued and the City proposes to issue $2,710,000 of its general obligation bonds, together with bid premium thereon, to pay the costs of the Improvements, prepay the Loan, and refund the Refunded Bonds; and

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

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

Section 1. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms in this Ordinance shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

"Act" means the Constitution and statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq*., K.S.A. 10-620 *et seq*., K.S.A. 12-617 *et seq*., as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq*., and K.S.A. 65-163d *et seq*., as amended and supplemented.

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

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

"Bonds" means the City's General Obligation Refunding and Improvement Bonds, Series 2020-D, dated September 1, 2020, authorized by this Ordinance.

"City" means the City of Caney, Kansas.

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

"Governing Body" means the City Council of the City.

"KDHE" means the Kansas Department of Health and Environment.

"Loans" means collectively the following loans with KDHE: (a) loan for KWPCRF Project No. C20 1709 01 between the Issuer and KDHE, dated October 12, 2005, maturing September 1, 2027, in the aggregate outstanding principal amount of $646,889.75; and (b) loan for KPWSLF Project No. 2491 between the Issuer and KDHE, dated April 20, 2007, maturing February 1, 2028, in the aggregate outstanding principal amount of $620,962.97.

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

"Ordinance" means this Ordinance authorizing the issuance of the Bonds.

"Refunded Bonds" means the Series 2011 Bonds maturing in the years 2020 to 2024, inclusive, in the aggregate principal amount of $315,000.

"Refunded Loan" means the outstanding principal amount of the Loans.

"Series 2011 Bonds" means the Issuer's General Obligation Bonds, Series 2011, dated December 20, 2011.

"State" means the State of Kansas.

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

Section 2. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Refunding and Improvement Bonds, Series 2020-D, of the City in the principal amount of $2,710,000, for the purpose of providing funds to: (a) pay the costs of the Improvements; (b) pay costs of issuance of the Bonds; (c) prepay the Refunded Loan; and (d) refund the Refunded Bonds.

Section 3. Security for the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

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

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

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

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

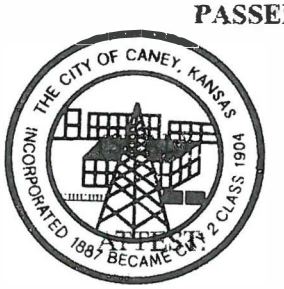
Section 6. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes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

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

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

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PASSED by the City Council on August 17, 2020 and **APPROVED AND SIGNED** by the Mayor.



Mayor

Clerk

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CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of the original ordinance; that said Ordinance was passed on August 17, 2020; that the record of the final vote on its passage is found on page ____ of journal ____; and that the Ordinance or a summary thereof was published in the ***Montgomery County Chronicle*** on August 20, 2020.

DATED: August 20, 2020.

Debbie Morrison
Clerk

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(PUBLISHED IN THE ***MONTGOMERY COUNTY CHRONICLE*** ON AUGUST 20, 2020)

SUMMARY OF ORDINANCE NO. 2175

On August 17, 2020, the governing body of the City of Caney, Kansas passed an ordinance entitled:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2020-D, OF THE CITY OF CANEY, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

The Bonds approved by the Ordinance are being issued in the principal amount of $2,710,000, to finance the costs of certain public improvements and to refund previously issued general obligation bonds and KDHE loans of the City. The Bonds constitute general obligations of the City payable as to both principal and interest, to the extent necessary, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. A complete text of the Ordinance may be obtained or viewed free of charge at the office of the City Clerk, City Hall, 100 W. 4th Avenue, Caney, Kansas 67333. A reproduction of the Ordinance is available for not less than 7 days following the publication date of this Summary at http://www.caneyks.com/.

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

DATED: August 17, 2020.

City Attorney

(Published the Montgomery County Chronicle on Thursday, Aug. 20, 2020)

SUMMARY OF ORDINANCE No. 2175
CITY OF CANEY

On August 17, 2020, the governing body of the City of Caney, Kansas, passed an ordinance entitled

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2020-D, OF THE CITY OF CANEY, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

The Bonds approved by the Ordinance are being issued in the principal amount of $2,710,000, to finance the costs of certain public improvements and to refund previously issued general obligation bonds and KDHE loans of the City. The Bonds constitute general obligations of the City payable as to both principal and interest, to the extent necessary, from ad valorem taxes with any Abe levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. A complete text of the Ordinance may be obtained or viewed free of charge at the office of the City Clerk, City Hall, 100 W. 4th Ave., Caney, KS 67333. A reproduction of the ordinance is available for not less than 7 days following the publication date of this Summary at http://www.caneyks.com.

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

DATED: August 17, 2020

Paul Kritz, city attorney

Proof of publication:

MONTGOMERY COUNTY Chronicle

P.O. Box 186 • 202 W. Fourth • Caney, KS 67333 • (620) 879-2156
422 W. Main • Independence, KS 67301 • (620) 331-5040

AFFIDAVIT OF PUBLICATION

City of Caney
Ordinance No. 2175

Andrew R. Taylor of lawful age, being duly sworn, deposes and says he or she represents the publisher of:

Montgomery County Chronicle
P.O. Box 186 • 202 W. Fourth • Caney, KS 67333

a weekly newspaper in the City of Caney, County of Montgomery, State of Kansas, and of general circulation in said county and which has been admitted to the U.S. Mail as a second class matter in said county, and which said newspaper has been continuously and uninterruptedly published in said county during the period of one year immediately prior to the first publication of the notice hereinafter mentioned.

Legal notice publication printed *one* (*1*) *week*
first published on *Thursday, Aug. 20, 2020*
and again on ----

The affiant further says that he or she has personal knowledge of the statements above set forth and that they ore true.

Signature

State of Kansas, Montgomery County

Subscribed and sworn to before me
this *20th* day of *August* *2020*.

KATHY TAYLOR
Notary Public - State of Kansas
My Appt Expires 5-4-2023

Kathy Taylor

Gilmore & Bell, P.C.
08/17/2020

RESOLUTION NO. 1384

OF

THE CITY OF CANEY, KANSAS

ADOPTED

AUGUST 17, 2020

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

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RESOLUTION NO. 1384

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2020-D, OF THE CITY OF CANEY, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 2175 OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

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

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

WHEREAS, the Governing Body hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Bonds in the principal amount of $2,710,000 to pay the costs of the Improvements and refund the Refunded Bonds.

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

ARTICLE I

DEFINITIONS

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

"Act" means the Constitution and statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq.*, K.S.A. 10-620 *et seq.*, K.S.A. 12-617 *et seq.*, as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq.*, and K.S.A. 65-163d *et seq.*, as amended and supplemented.

"Authorized Denomination" means $5,000 or any integral multiples thereof.

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

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

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

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

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

"Bond Registrar" means the State Treasurer and any successors and assigns.

"Bond Resolution" means this resolution relating to the Bonds.

"Bonds" or **"Bond"** means the General Obligation Refunding and Improvement Bonds, Series 2020-D, authorized and issued by the Issuer pursuant to the Ordinance and this Bond Resolution.

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

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

"City" means the City of Caney, Kansas.

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

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

"Compliance Account" means the Compliance Account created pursuant to ***Section 501*** hereof.

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

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

"Costs of Issuance Account" means the Costs of Issuance Account for General Obligation Refunding and Improvement Bonds, Series 2020-D created pursuant to ***Section 501*** hereof.

"Dated Date" means September 1, 2020.

"Debt Service Account" means the Debt Service Account for General Obligation Refunding and Improvement Bonds, Series 2020-D created within the Bond and Interest Fund pursuant to ***Section 501*** hereof.

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

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

"Defeasance Obligations" means any of the following obligations:

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

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

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

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

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

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

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

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

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

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

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

"Event of Default" means each of the following occurrences or events:

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

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

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

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

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

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

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

"Governing Body" means the City Council of the Issuer.

"Improvement Fund" means the Improvement Fund for General Obligation Refunding and Improvement Bonds, Series 2020-D created pursuant to ***Section 501*** hereof.

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

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

"Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which shall be June 1 and December 1 of each year, commencing June 1, 2021.

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

"Issuer" means the City and any successors or assigns.

"KDHE" means the Kansas Department of Health and Environment.

"Loans" means collectively the following loans with KDHE: (a) loan for KWPCRF Project No. C20 1709 01 between the Issuer and KDHE, dated October 12, 2005, maturing September 1, 2027, in the aggregate outstanding principal amount of $646,889.75; and (b) loan for KPWSLF Project No. 2491 between the Issuer and KDHE, dated April 20, 2007, maturing February 1, 2028, in the aggregate outstanding principal amount of $620,962.97.

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

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

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

"Notice Address" means with respect to the following entities:

(a) To the Issuer at:

City Hall
100 W. 4th Avenue
Caney, Kansas 67333
Fax: (620) 879-9808

(b) To the Paying Agent at:

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

(c) To the Purchaser:

Country Club Bank
9400 Mission Road
Prairie Village, Kansas 66206
Fax: (816) 753-8402

(d) To the Rating Agency(ies):

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

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

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

"Notice Representative" means:

(a) With respect to the Issuer, the Clerk.

(b) With respect to the Bond Registrar and Paying Agent, the Director of Fiscal Services.

(c) With respect to any Purchaser, the manager of its Municipal Bond Department.

(d) With respect to any Rating Agency, any Vice President thereof.

"Official Statement" means Issuer's Official Statement relating to the Bonds.

"Ordinance" means Ordinance No. 2175 of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

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

(a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Bonds deemed to be paid in accordance with the provisions of ***Article VII*** hereof; and

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

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

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

"Paying Agent" means the State Treasurer and any successors and assigns.

"Permitted Investments" shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and

amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f) all as may be further restricted or modified by amendments to applicable State law.

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

"Purchase Price" means the principal amount of the Bonds plus accrued interest to the date of delivery, plus a premium of $110,369.30.

"Purchaser" means Country Club Bank, Prairie Village, Kansas, the original purchaser of the Bonds, and any successor and assigns.

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

"Rebate Fund" means the Rebate Fund for General Obligation Refunding and Improvement Bonds, Series 2020-D created pursuant to ***Section 501*** hereof.

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

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

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

"Refunded Bonds" means the Series 2011 Bonds maturing in the years 2020 to 2024, inclusive, in the aggregate principal amount of $315,000.

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

"Refunded Bonds Redemption Date" means September 1, 2020.

"Refunded Bonds Redemption Fund" means the fund by that name created pursuant to ***Section 501*** hereof.

"Refunded Bonds Resolution" means the ordinance and resolution which authorized the Refunded Bonds.

"Refunded Loan" means the outstanding principal amount of the Loans.

"Refunded Loan Paying Agent" means KDHE.

"Refunded Loan Redemption Date" means September 20, 2020.

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

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

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

"Securities Depository" means, initially, DTC, and its successors and assigns.

"Series 2011 Bonds" means the Issuer's General Obligation Bonds, Series 2011, dated December 20, 2011.

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

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

"State" means the state of Kansas.

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

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

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

"Term Bonds" means collectively the 2031 Term Bonds, the 2034 Term Bonds, the 2037 Term Bonds and the 2040 Term Bonds.

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

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

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of the Bonds. The Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of $2,710,000, for the purpose of providing funds to: (a) pay the costs of the Improvements; (b) pay costs of issuance of the Bonds; (c) prepay the Refunded Loan; and (d) refund the Refunded Bonds.

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

SERIAL BONDS

Stated Maturity December 1	Principal Amount	Annual Rate of Interest	Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2021	$260,000	2.00%	2025	$225,000	2.00%
2022	280,000	2.00%	2026	240,000	2.00%
2023	290,000	2.00%	2027	240,000	2.00%
2024	290,000	2.00%	2028	100,000	2.00%

TERM BONDS

Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2031	$180,000	1.10%
2034	195,000	1.35%
2037	200,000	2.00%
2040	210,000	2.00%

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

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

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

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

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

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

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

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

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect

of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

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

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

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

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal office of the Bond Registrar the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

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

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

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

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

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

Section 207. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Clerk, and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Clerk, which registration shall be evidenced by the manual or facsimile signature of the Clerk with the seal of the Issuer affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

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

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

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

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

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

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

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

Section 210. Book-Entry Bonds; Securities Depository. The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

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

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

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

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

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

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

Section 212. Preliminary and Final Official Statement. The Preliminary Official Statement dated July 20, 2020, is hereby ratified and approved. The Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor and Clerk are hereby authorized to execute the Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

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

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

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption by Issuer.

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

Mandatory Redemption. (a) *2031 Term Bonds*. The 2031 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in ***Article IV*** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on December 1 in each year, the following principal amounts of such 2031 Term Bonds:

Principal Amount	Year
$60,000	2029
60,000	2030
60,000	2031*

*Final Maturity

(b) *2034 Term Bonds*. The 2034 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in ***Article IV*** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on December 1 in each year, the following principal amounts of such 2034 Term Bonds:

Principal Amount	Year
$65,000	2032
65,000	2033
65,000	2034*

*Final Maturity

(c) *2037 Term Bonds*. The 2037 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in ***Article IV*** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on December 1 in each year, the following principal amounts of such 2037 Term Bonds:

Principal Amount	Year
$65,000	2035
65,000	2036
70,000	2037*

*Final Maturity

(d) *2040 Term Bonds*. The 2040 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in ***Article IV*** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on December 1 in each year, the following principal amounts of such 2040 Term Bonds:

Principal Amount	Year
$70,000	2038
70,000	2039
70,000	2040*

*Final Maturity

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

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

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

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

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

(a) the Redemption Date;

(b) the Redemption Price;

(c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;

(d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and

(e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent.

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

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

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

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

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

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

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

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

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

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for the Bonds. The Bonds shall be general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

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

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

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

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

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

(a) Improvement Fund for General Obligation Refunding and Improvement Bonds, Series 2020-D.

(b) Redemption Fund for Refunded Bonds.

(c) Redemption Fund for Refunded Loan.

(d) Debt Service Account for General Obligation Refunding and Improvement Bonds, Series 2020-D (within the Bond and Interest Fund).

(e) Rebate Fund for General Obligation Refunding and Improvement Bonds, Series 2020-D.

(f) Costs of Issuance Account for General Obligation Refunding and Improvement Bonds, Series 2020-D.

(g) Compliance Account.

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

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

(a) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.

(b) An amount necessary, together with funds described in (e), to refund the Refunded Bonds shall be deposited into the Refunded Bonds Redemption Fund.

(c) An amount necessary, together with funds described in (e), to refund the Refunded Loan shall be deposited into the Refunded Loan Redemption Fund.

(d) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Improvement Fund.

(e) In addition to proceeds of the Bonds, the Issuer will deposit: (1) into the Improvement Fund proceeds of a Community Development Block Grant and other available funds to pay a portion of the costs of the Improvements; (2) into the Refunded Bonds Redemption Fund available funds to pay a portion of the costs of refunding the Refunded Bonds; and (3) into the Refunded Loan Redemption Fund available funds to pay a portion of the costs of prepaying the Refunded Loan.

Section 503. Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements, in accordance with the plans and specifications therefor prepared by the Consulting Engineer heretofore approved by the Governing Body and on file in the office of the Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consulting Engineer and approved by the Governing Body; (b) paying interest on the Bonds during construction of the Improvements; (c) Costs of Issuance to the extent necessary; and (d) transferring any amounts to the Rebate Fund required by this ***Article V***.

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

Section 504. Substitution of Improvements; Reallocation of Proceeds.

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

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

Section 505. Application of Moneys in the Refunded Bonds Redemption Fund. Moneys in the Refunded Bonds Redemption Fund shall be paid and transferred to the Refunded Bonds Paying Agent, with irrevocable instructions to apply such amount to the payment of the Refunded Bonds on the Refunded Bonds Redemption Date. Any moneys remaining in the Refunded Bonds Redemption Fund not needed to retire the Refunded Bonds shall be transferred to the Debt Service Account.

Section 506. Application of Moneys in the Refunded Loan Redemption Fund. Moneys in the Refunded Loan Redemption Fund shall be paid and transferred to the Refunded Loan Paying Agent, with irrevocable instructions to apply such amount to the payment of the Refunded Loan on the Refunded Loan Redemption Date. Any moneys remaining in the Refunded Loan Redemption Fund not needed to retire the Refunded Loan shall be transferred to the Debt Service Account.

Section 507. Application of Moneys in Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Bond Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys.

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

Section 508. Application of Moneys in the Rebate Fund.

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

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

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

Section 509. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the Issuer or (b) if no such entity has a main or branch office located in the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositaries shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

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

Section 510. Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be transferred to Debt Service Account.

Section 511. Application of Moneys in the Compliance Account. Moneys in the Compliance Account shall be used by the Issuer to pay fees and expenses relating to compliance with federal arbitrage law and state or federal securities laws. Any funds remaining in the Compliance Account on the sixth anniversary of the Issue Date shall be transferred to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

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

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

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

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

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

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

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date,

or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with ***Article III*** hereof. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Bond Resolution.

ARTICLE VIII

TAX COVENANTS

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

Section 802. Survival of Covenants. The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to ***Article VII*** hereof or any other provision of this Bond Resolution until such time as is set forth in the Federal Tax Certificate.

ARTICLE IX

CONTINUING DISCLOSURE REQUIREMENTS

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

Section 902. Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its covenants contained in the preceding section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or

equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. Notwithstanding any other provision of this Bond Resolution, failure of the Issuer to comply with its covenants contained in the preceding section shall not be considered an Event of Default under this Bond Resolution.

ARTICLE X

MISCELLANEOUS PROVISIONS

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

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

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

(b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond;

(c) permit preference or priority of any Bond over any other Bond; or

(d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Bond Resolution.

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

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

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

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

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

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

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

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

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

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

the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

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

Section 1005. Electronic Transactions. The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

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

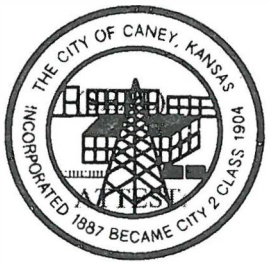
Section 1007. Severability. If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

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

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

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ADOPTED by the City Council on August 17, 2020.



Mayor

Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Bond Resolution of the Issuer adopted by the Governing Body on August 17, 2020, as the same appears of record in my office.

DATED: August 17, 2020.

Clerk

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EXHIBIT A
(FORM OF BONDS)

REGISTERED NUMBER __ **REGISTERED $**

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

UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF MONTGOMERY
CITY OF CANEY
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND
SERIES 2020-D

Interest Rate:	Maturity Date:	Dated Date: September 1, 2020	CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Caney, in the County of Montgomery, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2021 (the "Interest Payment Dates"), until the Principal Amount has been paid.

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

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

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

ADDITIONAL PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

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

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

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

CITY OF CANEY, KANSAS

(Facsimile Seal)

By: _____ (facsimile)
Mayor

ATTEST:

By: _____ (facsimile)
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of General Obligation Refunding and Improvement Bonds, Series 2020-D, of the City of Caney, Kansas, described in the within-mentioned Bond Resolution.

Registration Date: _____

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

By _____

Registration Number: 0117-063-090120-016

(FORM OF REVERSE SIDE OF BOND)

ADDITIONAL PROVISIONS

Authorization of Bonds. This Bond is one of an authorized series of Bonds of the Issuer designated "General Obligation Refunding and Improvement Bonds, Series 2020-D," aggregating the principal amount of $2,710,000 (the "Bonds") issued for the purposes set forth in the Ordinance of the Issuer authorizing the issuance of the Bonds and the Resolution of the Issuer prescribing the form and details of the Bonds (collectively the "Bond Resolution"). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq.*, K.S.A. 10-620 *et seq.*, K.S.A. 12-617 *et seq.*, as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq.*, and K.S.A. 65-163d *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

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

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

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Resolution. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules

and procedures established by the Securities Depository and its participants. The Issuer and the Bond Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Bond Registrar and the Securities Depository.

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

LEGAL OPINION

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

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

(PRINTED LEGAL OPINION)

BOND ASSIGNMENT

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

_____
(Name and Address)

_____
(Social Security or Taxpayer Identification No.)

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

Dated _____

_____
Name

_____
Social Security or
Taxpayer Identification No.

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

Signature guarantee:

By _____

CERTIFICATE OF CLERK

STATE OF KANSAS)
) SS.
COUNTY OF MONTGOMERY)

The undersigned, Clerk of the City of Caney, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of September 1, 2020.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____(facsimile)_____
Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

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

WITNESS my hand and official seal.

(Facsimile Seal)

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

(Published in the *Montgomery County Chronicle* on December ____, 2011)

ORDINANCE NO. 2111

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF $745,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011, OF THE CITY OF CANEY, KANSAS, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND ALL OF THE CITY'S OUTSTANDING GENERAL OBLIGATION WATER AND SEWAGE UTILITY SYSTEM REFUNDING BONDS, SERIES 2002, DATED DECEMBER 1, 2002; AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO.

WHEREAS, the City of Caney, Kansas (the "Issuer" or "City"), is a municipal subdivision, body corporate and politic duly created, organized and existing under the laws of the State of Kansas; and

WHEREAS, the City is authorized under the provisions of the Act, to issue and sell general obligation refunding bonds for the purpose of paying all or part of the costs of refunding its outstanding General Obligation Water and Sewage Utility System Refunding Bonds, Series 2002, dated December 1, 2002; and

WHEREAS, the City hereby finds and determines that it is desirable and in the best interests of the City to authorize the issuance of the Bonds for the purpose of refunding the City's General Obligation Water and Sewage Utility System Refunding Bonds, Series 2002, dated December 1, 2002, (the "Existing Bonds"); and

WHEREAS, the total cost to the City on the Bonds amounts to less than the remaining interest cost to the City on the outstanding Series 2002 Bonds being refunded; and the anticipated revenues from the City's Water and Sewage Utility System, along with other lawfully available funds of the City, are expected to be sufficient to retire the Bonds; and

WHEREAS, the Bonds do not exceed the aggregate amount of the principal amount of the Series 2002 Bonds or interest being refunded, the amount of any interest which has accrued or will accrue to the date of payment of the Series 2002 Bonds being refunded or redemption premium, and expenses for issuance; and

WHEREAS, the Act authorizes the issuance of refunding bonds the proceeds of which may be used to refund the Existing Bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS, AS FOLLOWS:

Section 1. Definitions of Words and Terms. In addition to the words and terms defined elsewhere in this Authorizing Ordinance and in the Resolution, the following words and terms as used in this Authorizing Ordinance shall have the following meanings:

"Act" shall mean the constitution and statutes of the State of Kansas, including K.S.A. 10-427 and 10-427a, and K.S.A. 10-620 *et seq.*, as amended and supplemented.

"Authorizing Ordinance" means this Ordinance No. 2111.

"Bonds" means the City's General Obligation Refunding Bonds, Series 2011, dated December 20, 2011, in the aggregate principal amount of $745,000 authorized and issued pursuant to this Ordinance.

"City Clerk" means the City Clerk of the City of Caney, Kansas.

"Code" means the Internal Revenue Code of 1986, as amended, together with any regulations applicable thereto or promulgated thereunder by the United States Department of the Treasury.

"Existing Bonds" means the City's outstanding Series 2002 Bonds.

"Issuer" or "City" means the City of Caney, Kansas.

"Mayor" shall mean the duly elected Mayor or, in the Mayor's absence, the duly appointed Deputy Mayor of the City.

"Resolution" means the resolution to be adopted by the governing body of the City prescribing the terms and details of the Bonds and making covenants with respect thereto.

"Series 2002 Bonds" means the Issuer's General Obligation Water and Sewage Utility System Refunding Bonds, Series 2002, dated December 1, 2002, in the outstanding principal amount of $705,000.

Section 2. Authorization of the Bonds. There shall be issued and are hereby authorized and directed to be issued the General Obligation Refunding Bonds, Series 2011, of the City in the principal amount of $745,000 for the purpose of providing funds to refund the Existing Bonds, in accordance with the Act.

Section 3. Security for the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

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

Section 5. Tax Covenants. The City covenants and agrees that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code. The City covenants and agrees that it will use the proceeds of the Bonds as soon as practicable and with all reasonable dispatch for the purpose for which the Bonds are issued as hereinbefore set forth, and that it will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City, or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code. To that end, the City will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on the investment of any moneys held by the City under the Resolution, the City shall take such action as may be necessary.

Section 6. Further Authority. The Mayor, City Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to issue the Bonds, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein authorized which they may approve.

Section 7. Qualified Tax-Exempt Obligations. The Bonds are designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

ADOPTED by the governing body of the City on December 5, 2011.

(SEAL)

Dale McBride, Mayor

ATTEST:

Carole Coker, City Clerk

RESOLUTION NO. 1258

OF

THE CITY OF CANEY, KANSAS

ADOPTED DECEMBER 5, 2011

$745,000

GENERAL OBLIGATION REFUNDING BONDS

SERIES 2011

Cosgrove, Webb & Oman

RESOLUTION NO. 1258

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING THE DELIVERY OF $745,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011, OF THE CITY OF CANEY, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 2111 OF THE CITY; PROVIDING FOR THE REFUNDING OF THE CITY'S OUTSTANDING GENERAL OBLIGATION WATER AND SEWAGE UTILITY SYSTEM REFUNDING BONDS, SERIES 2002, DATED DECEMBER 1, 2002; AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO.

WHEREAS, the City has heretofore adopted the Ordinance authorizing the issuance of the Bonds (the "Authorizing Ordinance"); and

WHEREAS, the Ordinance authorized the governing body of the City to adopt a resolution prescribing certain details and conditions and to make certain covenants with respect to the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to the words and terms defined elsewhere in the Authorizing Ordinance and this Resolution, the following words and terms as used in this Resolution shall have the following meanings:

"Act" means the constitution and statutes of the State of Kansas including K.S.A. 10-427 and 10-427a, and K.S.A. 10-620 *et seq.*, as amended.

"Arbitrage Instructions" means the Arbitrage Instructions (if required) (dated as of the date of issuance of the Bonds) attached to the City's Final Certificate to be delivered at the time of issuance and delivery of the Bonds relating to certain matters within the scope of Section 148 of the Code, as the same may be amended and supplemented in accordance with its terms.

"Authorized Investments" means: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) direct obligations of the United States Government or any agency thereof; (c) interest-bearing time deposits in commercial banks or trust companies located in the County or Counties in which the City is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (b) above; (d) obligations of the federal national mortgage association, federal home loan banks or the federal home loan mortgage corporation; (e) repurchase agreements collateralized by securities described in (b) or (d) above; (f) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the two highest rating categories by Moody's Investors Service, Inc. or Standard & Poor's Corporation; (g) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (b) or (d) above; (h) receipts evidencing ownership interests in securities or portions thereof described in (b) or (d) above; (i) municipal bonds or other obligations issued by any municipality of the State of Kansas as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (j) bonds of any municipality of the State of Kansas 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 (b) or (d) above.

"Authorizing Ordinance" means Ordinance No. 2111 authorizing the issuance of the Bonds.

"Bond Counsel" means the firm of Cosgrove, Webb & Oman 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 recognized and acceptable to the City.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the City and the Original Purchaser.

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

"Bondowner" means the same as the term Owner.

"Bonds" means the City's General Obligation Refunding Bonds, Series 2011, dated December 20, 2011, in the aggregate principal amount of $745,000 authorized and issued pursuant to the Authorizing Ordinance and this Resolution.

"City Clerk" means the duly appointed and acting City Clerk of the City or, in the City Clerk's absence, the duly appointed Deputy City Clerk or acting City Clerk of the City.

"Code" means the Internal Revenue Code of 1986, as amended, together with any regulations applicable thereto or promulgated thereunder by the United States Department of the Treasury.

"Costs of Issuance" shall mean all costs of issuing the Bonds, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with determination of yield or amounts to be deposited in the Rebate Account, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

"Costs of Issuance Account" means the Costs of Issuance Account for the City of Caney, Kansas, General Obligation Refunding Bonds, Series 2011, created by this Resolution.

"Dated Date" shall mean December 20, 2011.

"Defaulted Interest" means any interest on the Bonds which is payable but is not punctually paid on any Interest Payment Date.

"Event of Default" means each of the following occurrences or events:

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

(b) Payment of any installment of interest on any of the Bonds shall not be made within thirty (30) days after the same shall become due and payable; or

(c) The City shall for any reason be rendered incapable of fulfilling its obligations hereunder.

"Existing Bonds" means the City's outstanding Series 2002 Bonds.

"Gross Proceeds" shall have the meaning ascribed thereto in the Arbitrage Instructions.

"Interest Payment Dates" shall mean semi-annually, June 1 and December 1, beginning on June 1, 2012, and ending on the final maturity date of the Bonds, or such other time as the Bonds are paid or provision is made for the payment thereof.

"Issuer" or "City" means the City of Caney, Kansas.

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

"Mayor" shall mean the duly appointed and acting Mayor or, in the Mayor's absence, the duly appointed Deputy Mayor or Acting Mayor of the City.

"Nonpurpose Investment" means any "Investment Property" as such term is defined in the Arbitrage Instructions.

"Original Purchaser" means Cooper Malone McClain, Inc., Wichita, Kansas.

"Outstanding" shall mean, as of a particular date, all bonds heretofore issued, authenticated and delivered under the provisions of this Resolution, except:

(a) bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation pursuant to this Resolution;

(b) bonds for the payment or redemption of which monies or investments have been deposited in accordance with Article IX of this Resolution; and

(c) bonds in exchange for or in lieu of which other bonds have been authenticated and delivered pursuant to this Resolution.

"Owner" or "Registered Owner" when used with respect to any Bond means the person in whose name such Bond is registered on the Bond Register.

"Paying Agent" means the Treasurer of the State of Kansas, Topeka, Kansas, and its successors and assigns.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Principal and Interest Account" means the Principal and Interest Account for General Obligation Refunding Bonds, Series 2011, created by this Resolution.

"Principal Payment Dates" shall mean December 1 in every year, beginning December 1, 2012, until such time as the aggregate principal amount of the Bonds has been paid or provision is made for the payment thereof, whether at Stated Maturity or Redemption Date.

"Project" means the refunding and payment of the Existing Bonds from the sale proceeds of the Bonds.

"Project Account" means General Obligation Refunding Bonds, Series 2011 Project Account, created herein.

"Purchase Price" shall mean par value of the Bonds plus accrued interest to the date of delivery.

"Rebate Account" means the Rebate Account for General Obligation Refunding Bonds, Series 2011, created by this Resolution.

"Record Date" means the fifteenth day of each month (whether or not a business day) next preceding each Interest Payment Date of each year the Bonds are Outstanding.

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

"Redemption Price" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to the terms of this Resolution, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"Resolution" means this Resolution No. 1258 of the City which prescribes the form and details of the Bonds.

"Series 2002 Bonds" means the Issuer's General Obligation Water and Sewage Utility System Refunding Bonds, Series 2002, dated December 1, 2002.

"Series 2002 Ordinance" means the Issuer's Ordinance No. 2024, which authorized the Series 2002 Bonds.

"Special Record Date" means a date fixed by the Bond Registrar for the payment of any Defaulted Interest.

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

ARTICLE II

AUTHORIZATION OF THE BONDS

Section 201. **Authorization of the Bonds.** The Bonds have been hereto authorized and directed to be issued pursuant to the Authorizing Ordinance in the principal amount of $745,000, for the purpose of refunding the City's Existing Bonds.

Section 202. **Security for the Bonds.** The Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 203. **Description of the Bonds.** The Bonds shall consist of fully registered bonds in the denomination of $5,000 or any integral multiple thereof, and shall be numbered in such manner as the Bond Registrar shall determine. The Bonds shall be dated December 20, 2011, shall become due on the Principal Payment Dates and shall bear interest at the rates per annum as follows:

SERIAL BONDS

MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE
12/01/12	$ 50,000	_.___%
12/01/13	$ 50,000	_.___%
12/01/14	$ 50,000	_.___%
12/01/15	$ 55,000	_.___%
12/01/16	$ 55,000	_.___%
12/01/17	$ 55,000	_.___%
12/01/18	$ 55,000	_.___%
12/01/19	$ 60,000	_.___%
12/01/20	$ 60,000	_.___%
12/01/21	$ 60,000	_.___%

TERM BONDS

MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE
12/01/24	$195,000	_.___%

Interest on the Bonds at the rate aforesaid (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid or duly provided for, shall be payable on the Interest Payment Dates, to the owners thereof whose names appear on the books maintained by the Bond Registrar at the close of business on the Record Dates.

Section 204. Designation of Paying Agent and Bond Registrar. The Treasurer of the State of Kansas, Topeka, Kansas, is hereby designated as the City's Paying Agent and Bond Registrar. The Mayor and City Clerk are hereby authorized and empowered to execute on behalf of the City an agreement with the Paying Agent and Bond Registrar for the Bonds.

Section 205. Method and Place of Paying of the Bonds. The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of debts due the United States of America.

The principal of and any premium on the Bonds shall be paid to the Registered Owner of each Bond upon presentation of the Bond at the maturity or redemption date to the Paying Agent for cancellation. The interest payable on the Bonds on any Interest Payment Date shall be paid by check or draft mailed by the Paying Agent to the Registered Owner of each Bond at the Registered Owner's address as it appears on the registration books of the City maintained by the Bond Registrar as herein provided or at such other address provided in writing by such Registered Owner to the Bond Registrar on the Record Dates. Alternate method of transferring of funds for payment may be as requested by the Owner, provided such method is: (a) approved by the Paying Agent; (b) written required is provided by the Owner specifying such method and route for transferring funds; and (c) the Owner provides for payment to the Paying Agent of all expenses incurred in such alternate fund transfer.

Notwithstanding any of the foregoing provisions of this Section to the contrary, any Defaulted Interest shall be payable to the Owners as of the close of business on the Special Record Date. The Special Record Date shall be fixed in the following manner: (1) the City shall notify the Bond Registrar in writing of the amount of Defaulted Interest proposed to be paid on the Bonds and the date of the proposed payment, which proposed payment date shall be at least thirty (30) days after receipt by the Bond Registrar of such notice from the City; (2) at the same time the City shall deposit with the Paying Agent an amount of money equal to the aggregate amount to be paid in

respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment; and (3) thereupon, the Bond Registrar shall fix a Special Record Date for the payment of such Defaulted Interest which shall not be more than fifteen (15) days nor less than ten (10) days prior to the date of the proposed payment.

The Paying Agent shall keep in its offices a record of payment of principal of, premium, if any, and interest on all Bonds.

The City, Bond Registrar and Paying Agent may deem and treat the person in whose name any Bond is registered as the absolute Owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, and interest on the Bond and for all other purposes, and all such payment so made to any such Owner or upon the Owner's order shall be valid and effectual to the extent of the sum or sums so paid, and either the City, Bond Registrar and Paying Agent shall be affected by any notice to the contrary. Said Bonds shall be registered under a system administered through DTC and shall not exceed the maximum amount authorized by this Resolution. The Bonds may be registered under a book-entry system only through DTC.

Section 206. Method of Execution and Authentication of the Bonds. The Bonds shall be executed for and on behalf of the City by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the City Clerk and the seal of the City shall be affixed thereto or imprinted thereon. The Bonds shall be registered in the office of the City Clerk, which registration shall be evidenced by the manual or facsimile signature of the City Clerk with the seal of the City affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In the event that any of the aforementioned officers shall cease to hold such offices before the Bonds are issued and delivered, the Bonds may be issued and transferred to other owners as though said officers had not ceased to hold office, and such signatures appearing on the Bonds shall be valid and sufficient for all purposes as if they had remained in office until such issuance or transfer.

The Bonds shall not be valid obligations under the provisions of the Ordinance until authenticated by the Bond Registrar or a duly authorized representative of the Bond Registrar by execution of the Certificate of Authentication appearing on each Bond. It shall not be necessary that the same representative of the Bond Registrar execute the Certificate of Authentication on all of the Bonds.

Section 207. Registration, Transfer and Exchange of Bonds. As long as the Bonds remain Outstanding, the City shall cause the books for the registration and transfer of the Bonds as provided in the Resolution to be kept by the Bond Registrar.

Upon presentation of the necessary documents as hereinafter described, the Bond Registrar shall transfer or exchange any Bond(s) for new Bond(s) in an authorized denomination of the same maturity and for the same aggregate principal amount as the Bond(s) which was presented for transfer or exchange.

All 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 Registered Owner thereof or by the Registered Owner's duly authorized agent. In addition, all Bonds presented for transfer or exchange shall be surrendered to the Bond Registrar for cancellation.

Prior to delivery of the new Bond(s) to the transferee, the Bond Registrar shall register the same in the registration books kept by the Bond Registrar for such purpose and shall authenticate each Bond.

The City shall pay out of the proceeds of the Bonds the fees of the Bond Registrar for registration and transfer of the Bonds and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the owners.

The City and the Bond Registrar shall not be required to issue, register, transfer or exchange any Bonds during a period beginning on the day following the Record Date preceding any Interest Payment Date and ending at the close of business on the Interest Payment Date, from and after the establishing of any Special Record Date and the date of payment of any Defaulted Interest, or within thirty (30) days of a date on which Bonds are redeemed after notice of such redemption has been given in accordance with Article III of this Resolution.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, shall be secured by the Ordinance and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The City, Bond Registrar and Paying Agent may deem and treat the person in whose name any Bond is registered as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, and interest on said Bond and for all other purposes, and all such payment so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effectual to the extent of the sum or sums so paid, and neither the City, Bond Registrar and Paying Agent shall be affected by any notice to the contrary.

Section 208. Surrender and Cancellation of Bonds. Whenever any Outstanding Bonds shall be delivered to the Bond Registrar for cancellation pursuant to the Resolution, upon payment

of the principal amount thereof and interest thereon or replacement pursuant to the Resolution, such Bond shall be canceled by the Bond Registrar and the canceled Bond shall be returned to the City Clerk.

Section 209. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the City may execute and the Bond Registrar may authenticate a new Bond of like date, maturity, denomination and interest rate, as that mutilated, lost, stolen or destroyed; provided, that in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the City or the Bond Registrar, and, in the case of any lost, stolen or destroyed Bond there shall first be furnished to the Bond Registrar and the City evidence of such loss, theft or destruction satisfactory to them, together with an indemnity satisfactory to the City and the Bond Registrar. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the City and Bond Registrar may pay the same without surrender thereof. The City and Bond Registrar may charge to the Registered Owner of such Bond their reasonable fees and expenses in connection with replacing any Bond or Bonds mutilated, stolen, lost or destroyed.

Section 210. Temporary Bonds. Until definitive Bonds are prepared, the City may execute, in the same manner as is provided in the Resolution and upon the request of the City, the Bond Registrar shall authenticate and deliver, in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized herein, authorized by the City and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The City at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and upon the cancellation of such surrendered temporary Bonds, the Bond Registrar shall authenticate and, without charge to the owner thereof, deliver in exchange therefor definitive Bonds of the same aggregate principal amount and maturity as the temporary Bonds surrendered.

If the City shall authorize the issuance of temporary Bonds in more than one denomination, the Registered Owner of any temporary Bond or Bonds may, at such Registered Owner's option, surrender the same to the Bond Registrar in exchange for another temporary Bond or Bonds of like aggregate principal amount and maturity of any other authorized denomination or denominations, and thereupon the City shall execute and the Bond Registrar shall authenticate and, upon payment of any applicable taxes, fees and charges, shall deliver a temporary Bond or Bonds of like aggregate principal amount and maturity in such other authorized denomination or denominations as shall be requested by such owner.

All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Bond Registrar.

Section 211. Execution and Delivery of the Bonds. The Mayor and City Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner hereinbefore specified, and

to cause the Bonds to be registered in the offices of the City Clerk and the State Treasurer as provided by law, and, when duly executed and registered, to deliver the Bonds to the Original Purchaser, upon receipt by the City of the Purchase Price.

ARTICLE III

REDEMPTION OF THE BONDS

Section 301. Optional Redemption. The Bonds maturing in the years 2012 through 2018, inclusive, shall become due on their maturity date without the option of prior payment. At the option of the City and upon written instructions from the City, the Bonds maturing December 1, 2019 and thereafter, may be called for redemption and payment prior to their respective maturities, in whole at any time or in part as determined by the City on any interest payment date in inverse order of maturity and by lot within a single maturity on or after December 1, 2018, at a redemption price equal to the principal amount thereof, plus accrued interest to the date established for such redemption and payment, without premium.

Section 302. Mandatory Redemption. The Bonds maturing on December 1, 2024, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on December 1, 2022, and thereafter pursuant to the redemption schedules hereafter set out, at the principal amount thereof, plus accrued interest thereon to date fixed for redemption and payment, without premium, leaving $65,000 to mature December 1, 2024.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Bonds maturing December 1, 2024, the City hereby agrees to redeem the following principal amounts of the Bonds maturing in each year as follows:

REDEMPTION DATE	AMOUNT
12/01/2022	$65,000
12/01/2023	$65,000

(leaving $65,000 to mature December 1, 2024)

The Bonds maturing on December 1, 2024, to be redeemed and paid pursuant to the operation of the Sinking Fund shall be selected by the Bond Registrar and Paying Agent in such equitable manner as it may designate. The Paying Agent shall each year in which the Bonds are to be redeemed pursuant to the terms of said Sinking Fund make timely selection of Bonds to be so redeemed and shall give notice thereof as provided in this Resolution. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds received the notice. Interest on any Bond so called for redemption and payment will cease from

and after the date for which such call is made, provided funds are available for payment thereof and on deposit with the Paying Agent therefor.

Section 303. Selection of Bonds to be Redeemed.

(a) Bonds shall be redeemed only in the principal amount of $5,000 or integral multiples thereof. When less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, the particular Bonds or portions thereof to be redeemed will be redeemed in inverse order of maturity, and by lot within maturities, with Bonds of less than a full maturity to be selected by the Fiscal Agent in $5,000 units of face value in such equitable manner as it may determine.

(b) In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than $5,000 are then Outstanding, then for all purposes in connection with such redemption each $5,000 of face value shall be treated as though it were a separate Bond of the denomination of $5,000. If it is determined that one or more, but not all, of the $5,000 units of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such $5,000 unit or units, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Fiscal Agent: (i) for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the $5,000 unit or units of face value called for redemption; and (ii) for exchange, without charge to the Owner thereof, for a new Bond(s) of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any Bond of a denomination greater than $5,000 shall fail to present such Bond as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the amount called for redemption.

Section 304. Paying Agent and Bond Registrar's Duty to Redeem Bonds. The Paying Agent and Bond Registrar shall call the Bonds for redemption and payment as herein provided and shall give notice of redemption as provided in the following Section 305 hereof upon receipt by the Paying Agent and Bond Registrar at least forty-five (45) days prior to the redemption date of the written request of the City pursuant to the provisions of this Resolution, such request to specify the principal amount and the respective maturities of the Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Resolution pursuant to which such Bonds are to be called for redemption.

Section 305. Notice of Redemption. The Paying Agent and Bond Registrar shall give written notice of any call for redemption of the Bonds to the Owners of such Bonds by United States first class mail at least thirty (30) days prior to the date fixed for redemption; provided, however, that failure to give such notice by mailing as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. Any notice of redemption shall state the date of redemption, the place or places at which the Bonds subject to the call shall be presented for payment, the maturities

and numbers of the Bonds or portions of the Bonds to be redeemed (and in the case of the redemption of a portion of any bond, the principal amount thereof subject to the call) and the redemption price, and shall also state that interest on the Bonds described in such notice will cease to accrue from and after redemption date.

Section 306. Effect of Call for Redemption. On or before the date established for redemption and payment of any Bonds, funds or Government Securities, as defined herein, shall be deposited with the Paying Agent in an amount sufficient to provide for the payment of the redemption price of the Bonds called for redemption on the date established for redemption. Upon the deposit of such funds or Government Securities, and notice having been given as provided in Section 305 above, the Bonds or portions thereof thus called for redemption shall cease to bear interest on the specified redemption date and shall no longer be entitled to the protection, benefit or security of this Resolution and shall not be deemed to be Outstanding under the provisions hereof.

ARTICLE IV

FORM OF THE BONDS

Section 401. Form of the Bonds. The Bonds shall be printed in accordance with the format required by the Attorney General of the State of Kansas and shall contain information substantially in the form submitted to the governing body concurrently with the passage of the Resolution and in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 to 10-632, inclusive.

ARTICLE V

APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 501. Disposition of Proceeds. That all accrued interest and premium, if any, received by the City from the sale of the Bonds shall be credited to and deposited in the Bond and Interest Fund held by the City Treasurer for the retirement of general obligation bonds of the City.

The balance of the proceeds derived from the sale of the Bonds shall be deposited in the City Treasury and shall be used solely for the purpose of providing funds to pay the cost of the Project.

Section 502. Disposition of Bond Proceeds. The proceeds of the Bonds upon issuance and delivery thereof, shall be deposited as follows:

(a) In the Principal and Interest Account a sum equal to the accrued interest and any premium paid on the Bonds.

(b) In the Project Account the sum of $706,918.15.

(c) In the Costs of Issuance Account the sum of $38,081.85.

Section 503. Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account after payment of all Costs of Issuance shall be transferred not later than thirty (30) days prior to the first Principal Payment Date to the Principal and Interest Account to pay a portion of the first principal due on the Bonds.

Section 504. Application of Moneys in the Project Account. Moneys in the Project Account shall be used for the sole purpose of paying the costs of the Project, the redemption and payment of the Series 2002 Bonds.

ARTICLE VI

DEPOSIT AND INVESTMENT OF MONEYS

Section 601. Deposits. Cash moneys in each of the funds and accounts created by and referred to in this Resolution shall be deposited in a bank or banks or federal or state chartered savings and loan association(s), which are members of the Federal Deposit Insurance Corporation, and all such deposits shall be adequately secured by the bank or banks or savings and loan associations holding such deposits in accordance with Kansas law.

Section 602. Investments. Moneys held in the funds and accounts herein created or established in conjunction with the issuance of the Bonds may be invested by the City in Authorized Investments, or in other investments allowed by Kansas law in accordance with the Arbitrage Instructions in such amounts and maturing at such times as shall reasonably provide for moneys to be available when required in said accounts or funds. Interest or earnings on any Authorized Investment held in any fund or account shall (except amounts required to be deposited into the Rebate Account in accordance with the Arbitrage Instructions) accrue to and become a part of such fund or account. In determining the amount held in any fund or account under any of the provisions of this Resolution, obligations shall be valued at the market value thereof. Such valuation shall be made as of the final Principal Payment Date of any year that the Bonds remain Outstanding. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of this Resolution, the City shall direct that such excess be paid and credited to the Revenue Fund.

Section 603. Deposits into and Application of Moneys in the Rebate Account.

(a) There shall be created a General Obligation Refunding Bond, Series 2011 Rebate Account. There shall be deposited in the Rebate Account such amounts as are required to be deposited therein pursuant to the Arbitrage Instructions. Subject to the transfer provisions provided in subsection (d) below, all money at any time deposited in the Rebate Account shall be held in trust, to the extent required to pay rebatable arbitrage to the federal government of the United States of America, and neither the City nor the owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Account shall be governed by this Section, by the preceding Section and by the Arbitrage Instructions (which is incorporated herein by reference).

(b) Pursuant to the Arbitrage Instructions, an amount shall be deposited to the Rebate Account from moneys contributed by the City or from available investment earnings on amounts held in the Principal and Interest Account, if and to the extent required, so that the balance of the rebatable arbitrage due on each Installment Computation Date and the Final Computation Date (as such terms are defined in the Arbitrage Instructions). Computations of the rebatable arbitrage shall be performed by or on behalf of the City in accordance with the Arbitrage Instructions.

(c) Pursuant to the Arbitrage Instructions, the City shall remit rebate installments and the final rebate payments to the United States. Any moneys remaining in the Rebate Account after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage, or provision made therefor, shall be withdrawn and released to the City.

(d) Notwithstanding any other provision of the Resolution, including in particular this Article, the obligation to remit rebatable arbitrage to the United States and to comply with all other requirements of this Section, the preceding Section and the Arbitrage Instructions shall survive the defeasance or payment in full of the Bonds.

ARTICLE VII

PARTICULAR COVENANTS OF THE CITY

Section 701. Levy and Collection of Annual Tax. The governing body of the City shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same becomes due by levying and collecting the necessary taxes upon all of the taxable tangible property of the City in the manner provided by law. If at any time those taxes are not collected in time to pay the principal of, or interest on, the Bonds when due, the Treasurer is hereby

authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse those general funds for money so expended when the aforementioned taxes are collected.

Section 702. Private Business Use Limitation. That the City covenants that (i) not in excess of ten percent (10%) of the Net Proceeds of the Bonds is used for Private Business Use if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of five percent (5%) of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of five percent (5%) of the principal or five percent (5%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said five percent (5%) of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of a portion of the Improvements and shall not exceed the proceeds used for the governmental use of the portion of the Improvements to which such Private Business Use is related.

Section 703. Private Loan Limitation. That the City covenants that not in excess of the lesser of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments or assessments) to persons other than state or local government units.

Section 704. No Arbitrage. That the City shall not take, or permit or suffer to be taken, any action with respect to the Gross Proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder.

Section 705. Qualified Tax-Exempt Obligations. That the Bonds are designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

Section 706. Approval of Official Statement. That the Preliminary Official Statement, dated December 15, 2011, is deemed to be in its final form except as otherwise stated therein, and the Official Statement concerning the public offering of the Bonds, all in the form presented at the meeting at which this Resolution is adopted, are hereby approved, ratified and confirmed, and the

execution, circulation and distribution thereof are hereby approved, ratified and confirmed for and on behalf of the City, in substantially the form presented at this meeting.

Section 707. Severability. That if any portion or provision of this Resolution or the Bonds shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such portion or provisions shall not effect any of the remaining provisions of this Ordinance or the Bonds but this Ordinance and said Bond shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 708. Approval of Previous Action, Authorization and Execution. That all previous actions heretofore taken by the officers and representatives of the City relating to the issuance of the Bonds contemplated by this Resolution are hereby approved in all respects. The Mayor of the City and the City Clerk and any other proper official of the City be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 801. Contract with Owners. The provisions of this Resolution, including the covenants and agreements herein contained, shall constitute a contract between the City and the owners of the Bonds.

Section 802. Remedies. If an Event of Default shall occur and be continuing, the Owner or Owners of any of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

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

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

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

Whenever moneys are to be applied by the City Clerk pursuant to the provisions of this Section, such moneys shall be applied by the City Clerk at such times, and from time to time, as the City in her sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agent in trust for the proper purpose shall constitute proper application by the City; and the City shall incur no liability whatsoever to any owner or to any other persons for any delay in applying any such moneys, so long as the City acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the City Clerk. Whenever the City Clerk shall exercise such discretion in applying such moneys, she shall fix the date (which shall be an Interest Payment Date unless the City Clerk shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The City Clerk shall give such notice as she may deem appropriate of the fixing of any such date, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be surrendered to the Paying Agent for appropriate endorsement, or for cancellation if fully paid.

In case any proceeding taken by any owner on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the City and the owners shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the owners shall continue as though no such proceedings had been taken.

Section 803. Limitation on Remedies. The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection and security of the owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Resolution. No one or more Bondowners 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.

Section 804. Remedies Cumulative. No remedy herein conferred on the owners is intended to be exclusive of any other remedy or remedies, and each and every remedy conferred shall be cumulative and shall be in addition to every other remedy given hereunder and under the Act or now or hereafter existing at law or in equity or by statute.

No delay or omission of any owner to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and

remedy given by this Article to the owners may be exercised from time to time and as often as may be deemed expedient. In case any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such Bondowner. then, and in every such case. the City and the owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE IX

DEFEASANCE

Section 901. Defeasance. When all of the Bonds shall have been paid and discharged, then the requirements contained in this Resolution and the pledge of revenues made hereunder and all other rights granted hereby shall terminate. Bonds shall be deemed to have been paid and discharged within the meaning of this Resolution if there shall have been deposited with the Paying Agent or a bank located in the State of Kansas and having full trust powers, at or prior to the maturity or redemption date of said Bonds, in trust for and irrevocably appropriated thereto, moneys and/or direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America which, together with the interest to be earned on any such obligations, will be sufficient for the payment of the principal of said Bonds, the redemption premium thereon, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds shall be redeemed prior to the maturity thereof, the City shall have elected to redeem such Bonds and notice of such redemption shall have been given. Any moneys and obligations which at any time shall be deposited with said Paying Agent or other bank by or on behalf of the City, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank in trust for the respective owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge hereof. All moneys deposited with the Paying Agent or other bank shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Resolution.

ARTICLE X

AMENDMENTS

Section 1001. Amendments. Except as set forth herein, the provisions of the Bonds authorized by this Resolution and the provisions of this Resolution may be modified or amended at any time by the City with the written consent of the owners of not less than sixty-six and two-thirds

percent (66 2/3%) in aggregate principal amount of the Bonds herein authorized at the time outstanding; provided, however, that no such modification or amendment shall permit or be construed as permitting: (a) the extension of the maturity of the principal of any of the Bonds issued hereunder, or the extension of the maturity of any interest on the Bonds issued hereunder, or (b) a reduction in the principal amount of the Bonds or the rate of interest thereon, or (c) a reduction in the aggregate principal amount of the Bonds; the consent of 100% of the owners of which is required for any such amendment or modification.

The City may from time to time, without the consent of or notice to any of the owners, provide for amendment to the Bonds or the Resolution, for anyone or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Resolution or to make any other change not prejudicial to the owners;

(b) To grant to or confer upon the owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners;

(c) To conform such Resolution to the Code or future applicable federal law concerning tax-exempt obligations.

Section 1002. Written Evidence of Amendments. Every amendment or modification of a provision of the Bonds or of this Resolution to which the written consent of the owners is given as above provided shall be expressed in an ordinance of the City amending or supplementing the provisions of this Resolution and shall be deemed to be a part of this Resolution. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification, if any. Prior to the passage of such ordinance, the City shall receive an opinion from Bond Counsel to the effect that the proposed amendment is in compliance with the requirements of the preceding Section and that the adoption of the ordinance authorizing such amendment will not adversely affect the tax-exempt status of the interest on the Bonds. A certified copy of every such amendatory or supplemental ordinance, if any, and a certified copy of this Resolution shall always be kept on file in the Office of the City Clerk and shall be made available for inspection by the owners of any Bond or prospective purchaser or owners of any Bond authorized by this Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental ordinance or of this Resolution will be sent by the City Clerk to any such owner or prospective owner.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 1101. Bond Purchase Agreement. The Mayor and the City Clerk are hereby authorized to enter into the Bond Purchase Agreement between the City and the Original Purchaser in substantially the form submitted to the governing body concurrently with the passage of the Resolution, under which the City agrees to sell the Bonds to the Original Purchaser at the Purchase Price, upon the terms and conditions set forth therein, with such changes therein as shall be approved by the Mayor and the City Clerk, which officers are hereby authorized to execute such document for and on behalf of the City, such officers' signatures thereon being conclusive evidence of their approval thereof.

Section 1102. Notices, Consents and Other Instruments by Bondowners. Any notice, consent, request, direction, approval, objection or other instrument required by this Resolution to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Resolution, and shall be conclusive in favor of the City, the Bond Registrar and Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be approved by the registration books of the City maintained by the Bond Registrar.

Section 1103. Rebate Covenants. The City agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds and all bonds, notes and other obligations being refunded with any proceeds of the Bonds from time to time. This covenant shall survive payment in full or defeasance of the Bonds. The City specifically covenants to payor cause to be paid to the United States, at the times and in the amounts determined under this Resolution, the Rebate Amounts as described in the Arbitrage Instructions.

Section 1104. Further Authority. The officers of the City, including the Mayor and City Clerk, shall be, and they hereby are, authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Resolution to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may

approve and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 1105. **Governing Law.** This Resolution shall be governed exclusively by and constructed in accordance with the applicable laws of the State of Kansas.

Section 1106. **Effective Date.** This Resolution shall take effect and be in full force from and after its adoption by the governing body.

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ADOPTED by the governing body of the City of Caney, Kansas, on December 5, 2011.

(SEAL)

Dale McBride, Mayor

ATTEST:

Carole Coker, City Clerk

EXHIBIT "A"

(Form of Bonds)

REGISTERED
NUMBER R-___

REGISTERED
$_____

UNITED STATES OF AMERICA
STATE OF KANSAS
CITY OF CANEY
GENERAL OBLIGATION REFUNDING BOND
SERIES 2011

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

Rate of Interest:	Maturity Date:	Dated Date:	CUSIP
__.___%	_____, 20___	**December 20, 2011**	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Caney, in the County of Montgomery, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semi-annually on June 1 and

December 1 of each year, commencing June 1, 2012 (the "Interest Payment Dates"), until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The interest payable on this Bond on any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. Such interest shall be payable by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner. The principal or redemption price of and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

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

ADDITIONAL PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

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

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

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

CITY OF CANEY, KANSAS

(Facsimile Seal)

_____ (facsimile)
Mayor

ATTEST:

_____ (facsimile)
City Clerk

****

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of General Obligation Refunding Bonds, Series 2011, of the City of Caney, Kansas, described in the within-mentioned Bond Resolution.

Registration Date: _____

OFFICE OF THE STATE TREASURER
Topeka, Kansas,
as Bond Registrar and Paying Agent

By _____

Registration Number 0117-063-122011-184

****

(FORM OF REVERSE SIDE OF BOND)

ADDITIONAL PROVISIONS

Authorization of Bonds. This Bond is one of an authorized series of Bonds of the Issuer designated "General Obligation Refunding Bonds, Series 2011", aggregating the principal amount of $745,000 (the "Bonds") issued for the purposes set forth in Ordinance No. 2111 of the Issuer authorizing the issuance of the Bonds and Resolution No. 1258 of the Issuer prescribing the

form and details of the Bonds (jointly the "Bond Resolution"). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of Resolution No. 1258 and Ordinance No. 2111 of the City of Caney, Kansas, the Constitution and laws of the State of Kansas, including K.S.A. 10-101 *et seq.*, K.S.A. 10-427 and 10-427a, and K.S.A. 10-620 *et seq.*, all as amended and supplemented, the Bond Resolution and all other provisions of the laws of the State of Kansas applicable thereto.

General Obligations. The Bonds constitute general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby pledged for the payment of the principal of and interest on this Bond and the issue of which it is a part as the same respectively become due.

Redemption Prior to Maturity. The Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. The Bonds maturing in the years 2012 through 2018, inclusive, shall become due on their maturity date without the option of prior payment. At the option of the City and upon written instructions from the City, the Bonds maturing December 1, 2019 and thereafter, may be called for redemption and payment prior to their respective maturities, in whole at any time or in part as determined by the City on any interest payment date in inverse order of maturity and by lot within a single maturity on or after December 1, 2018, at a redemption price equal to the principal amount thereof, plus accrued interest to the date established for such redemption and payment, without premium.

Mandatory Redemption. The Bonds maturing on December 1, 2024, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on December 1, 2022, and thereafter pursuant to the redemption schedules hereafter set out, at the principal amount thereof, plus accrued interest thereon to date fixed for redemption and payment, without premium, leaving $65,000 to mature December 1, 2024.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Bonds maturing December 1, 2024, the City hereby agrees to redeem the following principal amounts of the Bonds maturing in each year as follows:

REDEMPTION DATE	AMOUNT
12/01/2022	$65,000
12/01/2023	$65,000

(leaving $65,000 to mature December 1, 2024)

The Bonds maturing on December 1, 2024, to be redeemed and paid pursuant to the operation of the Sinking Fund shall be selected by the Bond Registrar and Paying Agent in such equitable manner as it may designate. The Paying Agent shall each year in which the Bonds are to be redeemed pursuant to the terms of said Sinking Fund make timely selection of Bonds to be so redeemed and shall give notice thereof as provided in this Resolution. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds received the notice. Interest on any Bond so called for redemption and payment will cease from and after the date for which such call is made, provided funds are available for payment thereof and on deposit with the Paying Agent therefor.

Selection of Bonds to be Redeemed.

(a) Bonds shall be redeemed only in the principal amount of $5,000 or integral multiples thereof. When less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, the particular Bonds or portions thereof to be redeemed will be redeemed in inverse order of maturity, and by lot within maturities, with Bonds of less than a full maturity to be selected by the Fiscal Agent in $5,000 units of face value in such equitable manner as it may determine.

(b) In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than $5,000 are then Outstanding, then for all purposes in connection with such redemption each $5,000 of face value shall be treated as though it were a separate Bond of the denomination of $5,000. If it is determined that one or more, but not all, of the $5,000 units of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such $5,000 unit or units, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Fiscal Agent: (i) for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the $5,000 unit or units of face value called for redemption; and (ii) for exchange, without charge to the Owner thereof, for a new Bond(s) of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any Bond of a denomination greater than $5,000 shall fail to present such Bond as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the amount called for redemption.

Paying Agent and Bond Registrar's Duty to Redeem Bonds. The Paying Agent and Bond Registrar shall call the Bonds for redemption and payment as herein provided and shall give notice of redemption as provided in the following Section 305 hereof upon receipt by the Paying Agent and Bond Registrar at least forty-five (45) days prior to the redemption date of the written request of the City pursuant to the provisions of this Resolution, such request to specify the principal amount

and the respective maturities of the Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Resolution pursuant to which such Bonds are to be called for redemption.

Notice of Redemption. The Paying Agent and Bond Registrar shall give written notice of any call for redemption of the Bonds to the Owners of such Bonds by United States first class mail at least thirty (30) days prior to the date fixed for redemption; provided, however, that failure to give such notice by mailing as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. Any notice of redemption shall state the date of redemption, the place or places at which the Bonds subject to the call shall be presented for payment, the maturities and numbers of the Bonds or portions of the Bonds to be redeemed (and in the case of the redemption of a portion of any bond, the principal amount thereof subject to the call) and the redemption price, and shall also state that interest on the Bonds described in such notice will cease to accrue from and after redemption date.

****

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Cosgrove, Webb & Oman, Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Bonds:

COSGROVE, WEBB & OMAN
Attorneys at Law
534 S. Kansas Avenue, Suite 1100
Topeka, Kansas 66603

(PRINTED LEGAL OPINION)

****

BOND ASSIGNMENT

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

_____

(Name and Address)

(Social Security or Taxpayer Identifying No.)

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

Dated _____

_____
Name

_____
Social Security or Taxpayer Identifying No.

_____
Signature (Sign Here Exactly as Name(s) Appear on Face of Certificate)

Signature guaranty:

By _____

****

CERTIFICATE OF CITY CLERK

STATE OF KANSAS)
) SS.
COUNTY OF MONTGOMERY)

The undersigned, City Clerk of Caney, Montgomery County, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of December 20, 2011.

WITNESS my hand and official seal.

(facsimile)
City Clerk

(Facsimile Seal)

****

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

RON ESTES, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in the office of the State Treasurer, and that this Bond was registered in such office according to law on _____, 2011.

WITNESS my hand and official seal.

RON ESTES
TREASURER OF THE STATE OF KANSAS

(Facsimile Seal)

By (facsimile)
State Treasurer

****

Treasurer of the State of Kansas
Landon State Office Bldg.
900 Southwest Jackson, Suite 201
Topeka, Kansas 66612-1235

[CERTIFIED MAIL]

Cooper Malone McClain, Inc.
7701 E. Kellogg, Suite 700
P.O. Box 781684
Wichita, Kansas 67278-1684

RE:

CALL FOR REDEMPTION

CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011, DATED DECEMBER 20, 2011

Notice is hereby given pursuant to K.S.A. 10-129, as amended, and pursuant to the provisions of Article III of Resolution No. 1258 (the "Bond Resolution") of the City of Caney, Kansas (the "Issuer"), that the above mentioned bonds described in the attached Notice of Call for Redemption (the "Called Bonds"), have been called for redemption and payment on September 1, 2020, subject to the availability of funds therefor from the proceeds of refunding bonds to be issued by the Issuer.

The Paying Agent is hereby requested to disseminate the attached Notice of Call for Redemption in accordance with K.S.A. 10-129 and the Bond Resolution. After redemption of the Called Bonds the Paying Agent is requested to complete the attached Paying Agent's Certification and forward a copy of same to the undersigned.

CITY OF CANEY, KANSAS

By: Debbie M Morrison
Clerk

7014 0510 0000 0111 6025

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

601004.20008 Caney

OFFICIAL USE

Postage	$ .50
Certified Fee	3.55
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 4.05

DOWNTOWN STATION 67202 WICHITA, KS JUL 28 2020 Postmark Here USPS

Sent To: Treasurer of the State of Kansas

Street, Apt. No.; or PO Box No.: 900 SW Jacskon Suite 201

City, State, ZIP+4: Topeka Kansas 66612

PS Form 3800, August 2006 — See Reverse for Instructions

NOTICE OF CALL FOR REDEMPTION

CITY OF CANEY, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011, DATED DECEMBER 20, 2011

Notice is hereby given to the registered owners of the above-captioned bonds (the "Bonds") that pursuant to the provisions of Article III of Resolution No. 1258 (the "Bond Resolution") of the City of Caney, Kansas (the "Issuer") that the above mentioned bonds described below (the "Called Bonds"), have been called for redemption and payment on September 1, 2020 (the "Redemption Date"), at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent").

SERIAL BONDS

Maturity Date (December 1)	Original Principal Amount	Redemption Principal Amount	Interest Rate	CUSIP No. (Base: 13752N)
2020	$60,000	$60,000	3.00%	BG 6
2021	60,000	60,000	3.20%	BH 4

TERM BOND

Maturity Date (December 1)	Original Principal Amount	Redemption Principal Amount	Interest Rate	CUSIP No. (Base: 13752N)
2024	$195,000	$195,000	3.60%	BJ 0

On the Redemption Date there shall become due and payable, upon the presentation and surrender of each such Called Bond, the redemption price thereof equal to 100% of the principal amount thereof together with interest accrued to the Redemption Date. Interest shall cease to accrue on the Called Bonds so called for redemption from and after the Redemption Date provided such funds for redemption are on deposit with the Paying Agent, subject to the availability of funds therefor from the proceeds of refunding bonds to be issued by the Issuer.

Neither the Issuer nor the Paying Agent shall be responsible for the selection or use of the CUSIP identification numbers shown above or printed on any of the Called Bonds. Said CUSIP identification numbers are included solely for the convenience of the owners of the Bonds.

Under the provisions of Section 3406(a)(1) of the Internal Revenue Code of 1986, as amended, paying agents making payments of principal on municipal securities may be obligated to withhold a 28% tax on the payment of principal to registered owners who have failed to provide the paying agent with a valid taxpayer identification number. Registered Owners of the Bonds who wish to avoid the imposition of the tax should provide a certified taxpayer identification number to the Paying Agent when presenting the Bonds for payment.

CITY OF CANEY, KANSAS

By: _____
Treasurer of the State of Kansas,
Topeka, Kansas, as Paying Agent

****

This Notice of Redemption shall be mailed by certified mail to the Treasurer of the State of Kansas, Topeka, Kansas, not less than 45 days prior to the Redemption Date and to Cooper Malone McClain, Inc., the original purchaser of the Called Bonds, not less than 30 days prior to the Redemption Date. The Paying Agent shall notify the registered owners of the Called Bonds as provided in K.S.A. 10-129 as amended, and the Bond Resolution.

PAYING AGENT'S CERTIFICATION

CITY OF CANEY, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011, DATED DECEMBER 20, 2011

The State Treasurer, in its capacity as Paying Agent for the above-captioned Bonds, does hereby certify as follows:

1. Capitalized terms not defined herein, shall have the meanings ascribed thereto in the attached Notice of Call for Redemption or the Bond Resolution defined therein.

2. The Called Bonds have been called for redemption and payment on September 1, 2020 (the "Redemption Date").

3. The full redemption price of the Called Bonds as determined pursuant to the Bond Resolution is calculated as follows:

Principal Amount of Called Bonds	$315,000.00
Accrued Interest to Redemption Date	2,685.00
Total	***$317,685.00***

4. There was deposited with the Paying Agent the sum set forth above, which has been irrevocably pledged for the payment of the principal of, redemption premium, if any, and interest on the Called Bonds to the Redemption Date. In addition, sufficient funds have been deposited to provide for additional costs associated with such redemption.

5. The Notice of Call for Redemption, a copy of which is attached hereto, was disseminated in accordance with K.S.A. 10-129, as amended, and the Bond Resolution.

DATED as of September 1, 2020.

TREASURER OF THE STATE OF KANSAS,
TOPEKA, KANSAS

By: Shawna Wake
Director of Fiscal Services

LOAN AGREEMENT

Between

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS

AND

CANEY, KANSAS
KWPCRF PROJECT NO. C20 1709 01

EFFECTIVE AS OF OCTOBER 12, 2005

The interest of the Kansas Department of Health and Environment ("KDHE") in the Loan Repayments to be made by the Municipality and certain other revenues (the "Revenues") under this Loan Agreement have been pledged and assigned to the Kansas Development Finance Authority (the "Authority") pursuant to a Pledge Agreement, between KDHE and the Authority. The interest of the Authority in the Revenues has been pledged as security for the payment of the principal of, redemption premium, if any, and interest on the Authority's Kansas Water Pollution Control Revolving Fund Revenue Bonds, pursuant to a Master Bond Resolution adopted by the Authority.

LOAN AGREEMENT

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KANSAS WATER POLLUTION CONTROL REVOLVING FUND
LOAN AGREEMENT

THIS LOAN AGREEMENT, effective as of October 12, 2005 by and between the KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT ("KDHE"), acting on behalf of THE STATE OF KANSAS (the "State"), and CANEY, KANSAS, a "Municipality" according to K.S.A. 65-3321 hereinafter referenced as the "Municipality";

WITNESSETH:

WHEREAS, the Federal Water Quality Act of 1987 (the "Federal Act") established a state revolving fund program as a means to phase-out the Environmental Protection Agency (EPA) construction grants program and replace it with a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Water Pollution Control Revolving Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary (the "Secretary") of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Secretary, the Kansas Department of Administration, Division of Accounts and Reports ("the DOA"), and the Kansas Development Finance Authority (the "Authority") have entered into an Inter-Agency Agreement effective March 1, 1999, (the "Inter-Agency Agreement"), to define the cooperative relationship between KDHE, DOA, and the Authority, to jointly administer certain provisions of the Loan Act; and

WHEREAS, the Authority and KDHE have supplemented the Inter-Agency Agreement by entering into a Combined Master Pledge Agreement, dated as of November 1, 1992, as the same has been amended and may be further amended and supplemented from time to time, (jointly the "Pledge Agreement"), pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities (as defined in the Loan Act) for Wastewater Treatment Projects (the "Projects") and to pledge the Loan Repayments received pursuant to such Loan Agreements and certain other revenues to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act);

WHEREAS, the Municipality has made timely application to KDHE for a Loan to finance all or a portion of the Project Costs; and

WHEREAS, KDHE has approved the Municipality's application for a Loan, subject to the receipt of capitalization grants from the EPA pursuant to the Federal Act and proceeds of the Bonds when issued by the Authority; and

NOW, THEREFORE, for and in consideration of the award of the Loan by KDHE, the Municipality agrees to complete its Project and to perform under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and attached hereto as a part hereof, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

"Act" means the Constitution and laws of the State, including particularly the Loan Act and K.S.A. 74-8905(a), as amended and supplemented.

"Additional Payments" means the payments described in ***Section 2.06*** hereof.

"Additional Revenue Obligations" means any obligation for the payment of money undertaken by the Municipality which is payable from or secured by a pledge of, or lien upon, the System Revenues incurred after the date of execution and delivery of this Loan Agreement, and all Existing Revenue Obligations.

"Authority" means the Kansas Development Finance Authority, a public body politic and corporate and an instrumentality of the State, and its successors and assigns.

"Authorized Municipality Representative" means any person authorized pursuant to a resolution of the governing body of the Municipality to perform any act or execute any document relating to the Loan, or this Loan Agreement.

"Bonds" means the Kansas Development Finance Authority, Water Pollution Control Revolving Loan Fund Revenue Bonds, issued in one or more series, pursuant to Master Bond Resolution No. 37, and supplements thereto.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder promulgated by the Department of the Treasury.

"Dedicated Source of Revenue" shall have the meaning ascribed thereto in ***Exhibit B*** attached hereto.

"EPA" means the Environmental Protection Agency of the United States, its successors and assigns.

"Event of Default" means any occurrence of the following events:

(a) failure by the Municipality to pay, or cause to be paid, any Loan Repayment required to be paid hereunder when due;

(b) failure by the Municipality to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a) of this Section, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Municipality by KDHE, unless KDHE shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period KDHE may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by the Municipality within the applicable period and diligently pursued until the Event of Default is corrected;

(c) failure by the KDHE to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Agreement which shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to KDHE by the Municipality, unless the Municipality shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Municipality may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by KDHE within the applicable period and diligently pursued until the Event of Default is corrected;

(d) any representation made by or on behalf of the Municipality contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is intentionally false or misleading in any material respect;

(e) any representation made by or on behalf of KDHE contained in this Agreement, or in any instrument furnished in compliance with or with reference to this Agreement, is intentionally false or misleading in any material respect;

(f) a petition is filed by or against the Municipality under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Municipality, such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal;

(g) the Municipality shall generally fail to pay its debts as such debts become due;

(h) failure of KDHE to promptly pay any Project Costs when reasonably requested to do so by the Municipality pursuant to ***Section 2.03*** hereof.

"Existing Revenue Obligation" means any obligation for the payment of money undertaken by the Municipality which is payable from or secured by a pledge of, or lien upon, the System Revenues existing or outstanding at the time of execution and delivery of this Loan Agreement by the Municipality.

"Federal Act" means the Federal Water Quality Act of 1987, as amended.

"GAAP" means generally accepted accounting principles as applicable to municipal utility systems.

"Indebtedness" means any financial obligation of the Municipality evidenced by an instrument executed by the Municipality, including this Loan, Existing Revenue Obligations, Additional Revenue Obligations , general obligation bonds or notes, lease or lease-purchase agreement or similar financial transactions.

"KDHE" means the Kansas Department of Health and Environment or its successors in interest.

"Loan Act" means the Constitution and laws of the State of Kansas, including particularly K.S.A. 65-3321 through 65-3329, inclusive, as amended and supplemented.

"Loan Agreement" means this Loan Agreement, including the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

"Loan Repayments" means the payments payable by the Municipality pursuant to ***Section 2.05*** of this Loan Agreement.

"Loan Terms" means the terms of this Loan Agreement provided in ***Article II*** hereof.

"Municipality" means Caney, Kansas, its successors and assigns.

"Project" means the acquisition, construction, improvement, repair, rehabilitation or extension of the System described in ***Exhibit A*** hereto, which constitutes a project pursuant to the Loan Act for which KDHE is making a Loan to the Municipality pursuant to this Loan Agreement.

"Project Costs" means all costs or expenses which are necessary or incident to the Project and which are directly attributable thereto, including, but not limited to: (a) costs of any Loan reserves; (b) interest on the Loan during the construction of the Project; (c) principal of and interest on any temporary financing obligations issued by the Municipality to pay Project Costs; and (d) financing and administrative costs associated with the Loan Agreement.

"Regulations" means Kansas Administrative Regulations (K.A.R.) 28-16-110 to 28-16-138, and any amendments thereto promulgated by KDHE pursuant to the Loan Act.

"Revolving Fund" means the Kansas Water Pollution Control Revolving Fund established by the Loan Act.

"SEC Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time or such other similar rule regarding disclosure of information in securities transactions.

"Secretary" means the Secretary of KDHE

"State" means the State of Kansas, acting, unless otherwise specifically indicated, by and through KDHE, and its successors and assigns.

"System" means the sanitary sewage collection and treatment system of the Municipality, as the same may be modified or enlarged from time to time, including the Project described in **Exhibit A**, for which the Municipality is making the borrowing under this Loan Agreement, which constitutes or includes a Wastewater Treatment System.

"System Revenues" means all revenues derived by the Municipality from the ownership and operation of the System.

"Wastewater Treatment System" means any Wastewater Treatment Works, as defined in the Federal Act, that is publicly owned, and as further described in the Regulations.

Section 1.02. Rules of Interpretation.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(c) All references in this Loan Agreement to designated "Articles," "Sections" and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this Loan Agreement as originally executed. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

(d) The Table of Contents and the Article and Section headings of this Loan Agreement shall not be treated as a part of this Loan Agreement or as affecting the true meaning of the provisions hereof.

ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds and proceeds of Bonds, KDHE will loan an amount not to exceed Two Hundred Ten Thousand Dollars [$210,000] to the Municipality to pay all or a portion of Project Costs described in ***Exhibit A*** hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (***Exhibit B*** hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in addition to the amount of the Loan. Any amendment to ***Exhibit B*** shall be effected by written amendment to the Loan Agreement executed by all parties.

Section 2.02. Interest Rate. The interest rate on the loan shall be [Gross Loan Rate] 2.58% per annum, which shall be assessed on the unpaid principal balance to be paid as set out in the Loan Repayment Schedule, ***Exhibit B*** hereto. This interest rate consists of a net loan interest rate, and a service fee, as described in ***Exhibit B***. Any subsequent revision to the amount of the Loan or ***Exhibit B*** hereto shall not change the gross interest rate on the Loan.

Section 2.03. Disbursement of Loan Proceeds.

(a) Subject to the conditions described in this Section, KDHE agrees to disburse the proceeds of the Loan during the progress of the Project for Project Costs. Requests for disbursement may be submitted by the Municipality (in substantially the form attached hereto as ***Exhibit E***), not more than once per month, in accordance with the procedures set forth by

KDHE. Any request for disbursement must be supported by proper invoices and a certificate of the Authorized Municipality Representative to the effect that all representations made in this Loan Agreement remain true as of the date of the request and, based upon that information then available to such person, no adverse developments affecting the financial condition of the Municipality or its ability to complete the Project or to repay the Loan have occurred.

The Municipality may request disbursement for the following Project Costs:

(1) any eligible planning/design costs incurred prior to execution of this Loan Agreement;

(2) disbursement for eligible Project Costs if such Project Costs have been incurred and are due and payable to Project contractors (actual payment of such Project Costs by the Municipality is not required as a condition of the payment request); or

(3) interest becoming due on the Loan prior to the initial scheduled payment of principal; and

(4) the principal of and interest on any temporary financing obligations issued by the Municipality to pay Project Costs.

(b) KDHE shall not be under any obligation to disburse any Loan proceeds to the Municipality under this Loan Agreement unless:

(1) there are moneys available in the Revolving Fund to fund the Loan, as determined solely by KDHE;

(2) the Municipality shall certify to KDHE that it has executed a Project contract or contracts and has funds available to pay for that portion of the Project Costs not eligible (pursuant to the Loan Act or the Federal Act) to be funded under this Loan Agreement, if any;

(3) no Event of Default by the Municipality shall have occurred and be continuing; and

(4) the Municipality continues to maintain reasonable progress towards completion of the Project.

Section 2.04. Schedule of Compliance; Completion of Project.

(a) The Municipality agrees to complete the Project in accordance with the Conditions Applicable to Construction of the Project set forth in ***Exhibit C*** attached hereto.

(b) The completion of the construction of the Project shall be evidenced to KDHE by a certificate signed by the Authorized Municipality Representative stating: (1) that the construction of the Project has been completed in accordance with the plans and specifications therefor; and (2) that all Project Costs have been paid, except Project Costs the payment of which is not yet due or is being retained or contested in good faith by the Municipality. Such certificate shall be given not later than the date established by KDHE, which shall be approximately the date that the Project is capable of being placed into operation by the Municipality. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 2.05. Repayment of the Loan.

(a) *Loan Repayments.* The Municipality shall pay to KDHE, on or before the due dates, installments of principal and interest on the Loan in accordance with *Exhibit B* attached hereto, until the Loan has been paid in full. Installments of principal and interest on the Loan shall be computed and paid in accordance with the Loan Repayment Schedule on *Exhibit B* as in effect at any time under this Loan Agreement. Notwithstanding any other provision of this Loan Agreement, the first payment of principal and interest due on the Loan shall be made the earlier of two years after receipt by the Municipality of the first disbursement under the Loan or one year after Project completion. The final installment of principal under the Loan shall be fully repaid not later than 20 years after Project completion.

(b) *Prepayment of the Loan.* The Municipality may prepay the outstanding principal of the Loan, in whole, or in part, at any time, without penalty, upon giving 60 days written notice to KDHE of its intent to so prepay; provided, however, a partial prepayment may be made only if the prepayment amount is the greater of 10% of the original principal amount of the Loan or $50,000. A new *Exhibit B* will be prepared by KDHE following receipt of any acceptable partial prepayment, reamortizing the remaining principal amount over the remaining term of the Loan.

Section 2.06. Additional Payments. The Municipality shall pay as Additional Payments the following amounts:

(a) Any amounts required to be paid by the Authority to the United States of America as arbitrage rebate, arising due to the Municipality's failure to expend proceeds of the Loan at the times certified to KDHE by the Municipality, that result in arbitrage rebate liability for the Authority, but only to the extent that the funds in the Rebate Fund established by the Master Resolution are insufficient to make such payments; and.

(b) All other payments of whatever nature which the Municipality has agreed to pay or assume hereunder.

ARTICLE III

REPRESENTATIONS AND COVENANTS OF MUNICIPALITY

Section 3.01. Representations of the Municipality. The Municipality makes the following representations:

(a) ***Organization and Authority.***

(1) The Municipality is a municipal corporation duly created and validly existing under and pursuant to the constitution and statutes of the State.

(2) The Municipality has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain its System, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to undertake and complete the Project, and to carry out and consummate all transactions contemplated by this Loan Agreement.

(3) The Ordinance (adopted substantially in the form attached hereto as ***Exhibit F***) and other proceedings of the Municipality's governing body approving this Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Municipality, and authorizing the Municipality to undertake and complete the Project have been duly and lawfully adopted.

(4) This Loan Agreement has been duly authorized, executed and delivered on behalf of the Municipality, and, constitutes the legal, valid and binding obligation of the Municipality enforceable in accordance with its terms.

(b) ***Full Disclosure***. To the best knowledge of the Municipality, there is no fact that the Municipality has not disclosed to KDHE in writing on the Municipality's application for the Loan or otherwise that materially adversely affects or that will materially adversely affect the properties, activities, or its System, or the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreement under this Loan Agreement.

(c) ***Non-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: (1) the legal organization of the Municipality; (2) its boundaries; (3) the right or title of any of its officers to their respective offices; (4) the legality of any official act taken in connection with obtaining the Loan; (5) the constitutionality or validity of the indebtedness represented by the Loan Agreement; (6) any of the proceedings had in relation to the authorization or execution of this Loan Agreement; (7) the collection of revenues of the System; (8) the levy and collection of unlimited *ad valorem* taxes to pay the principal of and interest on the Loan; or (9) the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(d) ***Compliance with Existing Laws and Agreements***. To the best knowledge of the Municipality, the authorization, execution and delivery of this Loan Agreement by the Municipality, and the performance by the Municipality of its duties, covenants, obligations and agreements thereunder will not result in any breach of any existing law or agreement to which the Municipality is a party.

(e) ***No Defaults***. No event has occurred and no condition exists that would constitute an Event of Default. The Municipality is not presently aware of any violation of any agreement which would materially adversely affect the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(f) ***Compliance with Law***. The Municipality has, to the best of the Authorized Municipality's Representative's knowledge:

(1) complied with all laws, ordinances, governmental rules and regulations to which it is subject, including, without limitation, any public hearing or public notice requirements or environmental review requirements contained in the Loan Act, the Regulations and the Federal Act, the failure to comply with which would materially adversely affect the ability of the Municipality to conduct its activities, enter into this Loan Agreement or undertake or complete the Project; and

(2) obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property which, if not obtained, would materially adversely affect the ability of the Municipality to complete the Project or operate the Project.

(g) ***Use of Loan Proceeds***. The Municipality will apply the proceeds of the Loan as described in ***Exhibit D***: (1) to finance or refinance a portion of the Project Cost; and (2) where applicable, to reimburse the Municipality for a portion of the Project Costs, which portion was paid or incurred in anticipation of reimbursement by KDHE and is eligible for such reimbursement pursuant to the Regulations and the Code.

(h) ***Project Costs***. The Municipality certifies that the Project Costs, as listed in ***Exhibit D***, is a reasonable and accurate estimation and, upon direction of KDHE, will supply the same with a certificate from its engineer stating that such Costs are reasonable and accurate estimations, taking into account investment income to be realized during the course of construction of the Project, if any, and other lawfully available money that would, absent the Loan, have been used to pay the Project Costs.

Section 3.02. Particular Covenants of the Municipality.

(a) ***Dedicated Source of Revenue for Repayment of the Loan.*** The Municipality hereby establishes the Dedicated Source of Revenue described on *Exhibit B* attached hereto, which Dedicated Source of Revenue is hereby pledged to the Loan Repayments, Additional Payments and all other obligations of the Municipality under this Loan Agreement.

(b) ***Performance Under Loan Agreement***. The Municipality covenants and agrees in the performance of its obligations under this Loan Agreement:

(1) to comply with all applicable State and federal laws, rules and regulations (including, but not limited to the conditions set forth in ***Exhibit C*** hereto) as are applicable to this Loan Agreement; and

(2) to cooperate with KDHE in the observance and performance of the respective duties, covenants, obligations and agreements of the Municipality and KDHE under this Loan Agreement (including, without limitation the requirements contained in ***Exhibit C*** hereto).

(c) ***Completion of Project and Provision of Moneys Therefore***. The Municipality covenants and agrees:

(1) to exercise its best efforts in accordance with prudent utility practice to complete the Project and to so accomplish such completion on or before the estimated Project completion date set forth in ***Exhibit C*** hereto; and

(2) to provide, from its own financial resources, all moneys, in excess of the total amount of proceeds it receives under the Loan, required to complete the Project.

(d) ***Delivery of Documents and Payment of Fees***. Concurrently with the delivery of this Loan Agreement and the closing of the Loan, the Municipality will cause to be delivered to KDHE:

(1) fully executed counterparts of this Loan Agreement;

(2) copies of the ordinance of the governing body of the Municipality authorizing the execution and delivery of this Loan Agreement, certified by an Authorized Municipality Representative, which shall be in substantially the form attached hereto as ***Exhibit F*** together with an affidavit of publication thereof in the official newspaper of the Municipality;

(3) an opinion of the Municipality's counsel substantially in the form set forth in ***Exhibit G*** attached hereto;

(4) such other certificates, documents, opinions and information as KDHE may reasonably require.

(e) ***Operation and Maintenance of System***. The Municipality covenants and agrees that it shall, in accordance with prudent wastewater treatment utility practice:

(1) at all times operate the properties of its System in an efficient manner in accordance with applicable laws and regulations;

(2) maintain its System, making all necessary and proper repairs, renewals, replacements, additions, betterments and improvements necessary to maintain its System in good repair, working order and operating condition;

(3) implement any modification of the rates fees and charges for use of the System that comprise the Dedicated Source of Revenues as the Secretary may require to ensure repayment of the Loan in accordance with the provisions of the Loan Act; and

(4) take such other action as the Secretary may require in accordance with powers granted to the Secretary under the Loan Act and the Regulations.

(f) ***Disposition of System.*** The Municipality shall not sell, lease or otherwise transfer ownership of all or substantially all of its System without the consent of the Secretary. In no event shall the Municipality sell, abandon or otherwise transfer ownership of the System to any person or entity other than a city, county, township, sewer district, improvement district, or other political subdivision of the State, or any combination thereof, that has legal responsibility to treat wastewater. The Municipality shall provide the Secretary with ninety (90) days' prior written notice to KDHE of such sale, lease or transfer. No such sale, lease or transfer shall be effective unless compliance is with the provisions of *Section 4.02* hereof, assuming such sale, lease or transfer is deemed to be an assignment for the purposes of such Section. The provisions of this paragraph shall not be construed to prohibit the lease of portions of the System by the Municipality in connection with a lease-purchase transaction to finance improvements to the System; provided that a termination or an event of default by the Municipality under such arrangement shall not have a material adverse effect on the Municipality's Dedicated Source of Revenues.

(g) **Records and Accounts**

(1) The Municipality shall keep accurate records and accounts for its System (the "System Records"), separate and distinct from its other records and accounts (the "General Accounts"). Such System Records shall be audited annually in accordance with generally accepted auditing standards if the total Disbursement of Loan Proceeds exceed $25,000 for the Municipalities fiscal year. This audit shall be completed by an independent certified public accountant or firm of independent certified public accountants, or by an independent registered municipal accountant, and may be part of the single agency audit made on the Municipality's General Accounts in accordance with the Federal Single Audit Act of 1984, OMB Circular No. A-133, **Audits of States, Local Governments, and Non-Profit Organizations** as amended in 1996 and 2003 and as may be further amended and revised. Such System Records and General Accounts shall be made available for inspection by KDHE at any reasonable time, and a copy of the Municipality's annual audit, including all written comments and recommendations of such accountant, shall be furnished to KDHE within 270 days of the close of the Municipal Fiscal Year being so audited.

(2) The Municipality shall maintain Project accounts in accordance with generally accepted government accounting standards defined in the Government Accounting, Auditing, and Financial Reporting Manual (1994 Ed.), or any revised edition, issued by the Government Finance Officers Association.

(h) ***Inspections***. The Municipality shall permit the EPA, KDHE and any party designated by KDHE to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, including the System Records and General Accounts, and shall supply such reports and information as the EPA and KDHE may reasonably require in connection therewith.

(i) ***Financial Information.*** The Municipality specifically agrees to provide to KDHE a reasonable number of copies of such financial information and operating data of the Municipality and the System to the extent necessary for KDHE to comply with its continuing disclosure obligations set forth in the SEC Rule and the Pledge Agreement. Such financial information shall be accompanied by an audit report prepared in accordance with the provisions of *subsection (g)(2)* hereof, unless such subsection exempts the Municipality from such audit report requirement. The financial information shall be prepared in accordance with GAAP, unless the Municipality has received a waiver from such requirement as permitted by State Law. Any such requested financial information and operating data shall be supplied to KDHE within 270 days after the end of the Municipal Fiscal Year. Such requirement may be satisfied by submitting the Municipality's comprehensive annual financial report (CAFR) and/or annual report of its System, unless KDHE notifies the Municipality of the need for additional information. If an audit report is required to be prepared, but is not available within 270 days of the end of the Municipal Fiscal Year, unaudited financial information shall be provided to KDHE pending receipt of the audit report. In addition, the Municipality shall provide KDHE with prompt notification of the occurrence of certain material events. For purposes of this paragraph, "material event" shall mean: (a) principal and interest payment delinquencies on any Indebtedness; (b) non-payment related defaults in agreements authorizing any Indebtedness; (c) rating changes on any Indebtedness; (d) adverse tax opinions or events affecting the tax-exempt status of any Indebtedness; or (e) unscheduled draws on debt service reserves or credit enhancements on any Indebtedness reflecting financial difficulties.

(j) ***Insurance***. The Municipality will carry and maintain such reasonable amount of all-risk insurance on all properties and all operations of its System as would be carried by similar municipal operators of Systems, insofar as the properties are of an insurable nature. The Municipality also will carry general liability insurance in amounts not less than the maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Kansas Tort Claims Act, K.S.A. 75-6101 *et seq.*, or other similar future law (currently $500,000 per occurrence).

(k) ***Notice of Material Adverse Change***. The Municipality shall promptly notify KDHE of any material adverse change in the activities, prospects or condition (financial or otherwise) of the System, or in the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(l) ***Additional Covenants and Requirements***. The parties hereto acknowledge that this Loan Agreement may be assigned or pledged to secure financings of the Authority. Should it be necessary to modify any covenants or obtain or enhance the security of the financings, the parties agree to take all reasonable actions and make reasonable covenants and agreements necessary to accomplish such purpose to the extent permitted by applicable laws.

ARTICLE IV

ASSIGNMENT

Section 4.01. Assignment and Transfer by KDHE. The Municipality hereby approves and consents to any assignment or transfer of this Loan Agreement that KDHE deems necessary in connection with the operation and administration of the Revolving Fund. The Municipality hereby specifically approves the assignment and pledging of the Loan Repayments and Additional Payments to the Authority, and the Authority's pledging of all or a portion of the same to the Bonds.

Section 4.02. Assignment by the Municipality. This Loan Agreement may not be assigned by the Municipality for any reason, unless the following conditions shall be satisfied:

(a) KDHE and the Authority shall have approved said assignment in writing;

(b) the assignee is a city, county, township, sewer district, improvement district or other political subdivision of the State or any combination thereof that has legal responsibility to treat wastewater;

(c) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Municipality's duties, covenants, and obligations under this Loan Agreement; provided, however, such assignment shall not relieve the Municipality of its duties, covenants, and obligations under this Loan Agreement;

(d) the assignment will not adversely impact KDHE's ability to meet its duties, covenants and obligations to the Authority under the Pledge Agreement, nor may the sale endanger the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and

(e) the Municipality shall, at its expense, provide KDHE and the Authority with an opinion of a qualified attorney that each of the conditions set forth in *subparagraphs (b), (c)*, and *(d)* hereof have been met.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Notice of Default. If an Event of Default shall occur, the non-defaulting party shall give the party in default and the Authority prompt telephonic notice of the occurrence of such Event of Default, provided the non-defaulting party has knowledge of such Event of Default. Such telephonic notice shall be immediately followed by written notice of such Event of Default given in the manner set forth in ***Section 6.01*** hereof.

Section 5.02. Remedies on Default.

(a) Whenever an Event of Default shall have occurred and be continuing, KDHE or the Municipality shall have the right to take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and to become due or to enforce the performance and observance of any obligation or agreement of KDHE or the Municipality (including, without limitation, withholding remaining Loan disbursements, cancellation of the Loan Agreement and acceleration of the remaining scheduled principal payments set forth on ***Exhibit B***, or such other remedies provided to the Secretary in the Loan Act and the Regulations.

(b) Upon the occurrence of an Event of Default on the part of KDHE, and to the extent permitted by law and availability of appropriated funds by the Kansas Legislature, KDHE shall, on demand, pay to the Municipality the reasonable fees and expenses incurred by the Municipality in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of KDHE contained herein. Prior to incurring any such expenses, the Municipality shall provide written notice to KDHE that it intends to incur such expenses; provided, however, a failure by the Municipality to give such notice shall not affect the Municipality's right to receive payment for such expenses. Upon request by KDHE, the Municipality shall provide copies of statements evidencing the fees and expenses for which the Municipality is requesting payment.

Section 5.03. Expenses. Upon the occurrence of an Event of Default on the part of the Municipality, and to the extent permitted by law, the Municipality shall, on demand, pay to KDHE the reasonable fees and expenses incurred by KDHE in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of the Municipality contained herein. Prior to incurring any such expenses, KDHE shall provide written notice

to the Municipality that it intends to incur such expenses; provided, however, a failure by KDHE to give such notice shall not affect KDHE's right to receive payment for such expenses. Upon request by the Municipality, KDHE shall provide copies of statements evidencing the fees and expenses for which KDHE is requesting payment.

Section 5.04. Application of Moneys. Any moneys collected by KDHE pursuant to ***Section 5.02*** hereof shall be applied: (a) first, to pay interest on the Loan as the same becomes due and payable; (b) second, to pay principal due and payable on the Loan; (c) third, to pay expenses owed by the Municipality pursuant to ***Section 5.03*** hereof; and (d) fourth, to pay any other amounts due and payable hereunder as such amounts become due and payable.

Section 5.05. No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Parties hereto is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. The parties hereto, in good faith, shall exercise such remedies with due diligence in a timely manner, however, no delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the parties hereto to exercise any remedy reserved to them in this ***Article V***, it shall not be necessary to give any notice, other than such notice as may be required in this ***Article V.***

Section 5.06. Retention of Rights. Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof, or anything else to the contrary contained herein, the parties hereto shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the defaulting party at law or in equity, as such party may, in its discretion, deem necessary to enforce the obligations of the defaulting party pursuant to this Loan Agreement.

Section 5.07. Financial and Management. Upon failure of the Municipality to pay one or more installments of the Loan Repayments in a timely manner, or in the event that the Secretary deems it advisable or necessary, the Secretary, after consultation with the governing body of the Municipality, may require the Municipality to undergo a financial and management operations review. The governing body shall correct any deficiencies noted during such review and adopt charges or surcharges as may be required by the Secretary during the term of this Loan Agreement.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when: (a) hand delivered; (b) mailed by registered or certified United States mail, postage prepaid; or (c) via telefax, with confirmation in the manner set forth in *subsection (b)*, to the parties hereinafter set forth at the following addresses:

(1) to KDHE:

Department of Health and
Environment
1000 SW Jackson Street, Suite 420
Topeka, Kansas 66612-1367
Attention: Bureau of Water

with a copy to its General Counsel

(2) to the Authority:

Kansas Development Finance
Authority
555 South Kansas Avenue, Suite 202
Topeka, Kansas 66603
Attention: President,

with a copy to its General Counsel

(3) to the Municipality:

at the address set forth on ***Exhibit H***.

All notices given by telefax as aforesaid shall be deemed given as of the date of evidence of receipt thereof by the recipient. All notices given by registered or certified mail as aforesaid shall be deemed duly given as of the date they are so deposited in the United States Postal Service, if postage is prepaid. Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

Section 6.02. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon KDHE and the Municipality and their respective successors and assigns.

Section 6.03. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 6.04. Amendments, Supplements and Modifications. This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Authority.

Section 6.05. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 6.06. Governing Law and Regulations. This Loan Agreement shall be governed by and construed in accordance with the laws of the State, including the Loan Act and the Regulations which Regulations are, by this reference thereto, incorporated herein as a part of this Loan Agreement.

Section 6.07. Consents and Approvals. Whenever the written consent or approval of the State shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Secretary.

Section 6.08. Further Assurances. The Municipality shall, at the request of KDHE, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be reasonably necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement.

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IN WITNESS WHEREOF, KDHE and the Municipality have caused this Loan Agreement to be executed, sealed and delivered, effective as of the date above first written.

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By: Roderick Bremby
Secretary

"KDHE"

Date: May 29, 2002

CANEY, KANSAS

(Seal)

By:
Title: Mayor

"Municipality"

Date: June 14, 2007

ATTEST:

By:
Title: Clerk

EXHIBIT A

DESCRIPTION OF THE PROJECT

This project involves replacement and repair of an existing sanitary sewer interceptor located in the southern portion of the collection system. The interceptor sewer line improvements will include replacement of approximately 3,000 feet of 15 inch sanitary sewer line, cured-in-place pipe repair of approximately 600 feet of 15 inch sanitary sewer line, pipe burst replacement of approximately 1,000 feet of 15 inch sanitary sewer line, and replacement or repair of approximately 9 manholes.

EXHIBIT B

DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE

Dedicated Source of Revenue.

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

The Municipality and KDHE have agreed that interest becoming due semiannually on the Loan during the construction period for the Project may be capitalized and repaid as a part of the Loan. In this regard, KDHE shall give the Municipality written notice of each semiannual installment of interest becoming due during the construction period. At its option, the Municipality may elect to pay such amounts, and if so elected, must pay such amounts within 30 days of receipt of the notice of their becoming due. If the Municipality does not elect to pay such amounts within 30 days of receipt of such notice, the amount then due and owing as semiannual interest on the Loan shall be capitalized and added to the principal amount of the Loan and shall bear interest at the rate of interest set forth in ***Section 2.02*** hereof.

KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND

Estimated Draws - Actual Interest Rate
Amortization of Loan Costs
Prepared for:

City of Caney, Project No. C20 1709-01

10/12/2005

Project Principal:	207,750.22
Interest During Const.:	2,031.78
Service Fee During Const.:	218.00
Gross Loan Costs:	210,000.00

Gross Rate:	2.58%
Service Fee Rate:	0.25%
Loan Interest Rate:	2.33%

1st Payment Date:	3/1/2007
Number of Payments:	40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	3/1/2007	210,000.00	2,446.50	4,044.53	262.50	6,753.53	205,955.47
2	9/1/2007	205,955.47	2,399.38	4,096.70	257.44	6,753.53	201,858.77
3	3/1/2008	201,858.77	2,351.65	4,149.55	252.32	6,753.53	197,709.22
4	9/1/2008	197,709.22	2,303.31	4,203.08	247.14	6,753.53	193,506.14
5	3/1/2009	193,506.14	2,254.35	4,257.30	241.88	6,753.53	189,248.84
6	9/1/2009	189,248.84	2,204.75	4,312.22	236.56	6,753.53	184,936.62
7	3/1/2010	184,936.62	2,154.51	4,367.85	231.17	6,753.53	180,568.78
8	9/1/2010	180,568.78	2,103.63	4,424.19	225.71	6,753.53	176,144.59
9	3/1/2011	176,144.59	2,052.08	4,481.26	220.18	6,753.53	171,663.32
10	9/1/2011	171,663.32	1,999.88	4,539.07	214.58	6,753.53	167,124.25
11	3/1/2012	167,124.25	1,947.00	4,597.63	208.91	6,753.53	162,526.62
12	9/1/2012	162,526.62	1,893.44	4,656.93	203.16	6,753.53	157,869.69
13	3/1/2013	157,869.69	1,839.18	4,717.01	197.34	6,753.53	153,152.68
14	9/1/2013	153,152.68	1,784.23	4,777.86	191.44	6,753.53	148,374.82
15	3/1/2014	148,374.82	1,728.57	4,839.49	185.47	6,753.53	143,535.33
16	9/1/2014	143,535.33	1,672.19	4,901.92	179.42	6,753.53	138,633.41
17	3/1/2015	138,633.41	1,615.08	4,965.16	173.29	6,753.53	133,668.25
18	9/1/2015	133,668.25	1,557.24	5,029.21	167.09	6,753.53	128,639.04
19	3/1/2016	128,639.04	1,498.64	5,094.08	160.80	6,753.53	123,544.96
20	9/1/2016	123,544.96	1,439.30	5,159.80	154.43	6,753.53	118,385.16
21	3/1/2017	118,385.16	1,379.19	5,226.36	147.98	6,753.53	113,158.80
22	9/1/2017	113,158.80	1,318.30	5,293.78	141.45	6,753.53	107,865.02
23	3/1/2018	107,865.02	1,256.63	5,362.07	134.83	6,753.53	102,502.95
24	9/1/2018	102,502.95	1,194.16	5,431.24	128.13	6,753.53	97,071.71
25	3/1/2019	97,071.71	1,130.89	5,501.30	121.34	6,753.53	91,570.41
26	9/1/2019	91,570.41	1,066.80	5,572.27	114.46	6,753.53	85,998.14
27	3/1/2020	85,998.14	1,001.88	5,644.15	107.50	6,753.53	80,353.98
28	9/1/2020	80,353.98	936.12	5,716.96	100.44	6,753.53	74,637.02
29	3/1/2021	74,637.02	869.52	5,790.71	93.30	6,753.53	68,846.31
30	9/1/2021	68,846.31	802.06	5,865.41	86.06	6,753.53	62,980.90
31	3/1/2022	62,980.90	733.73	5,941.07	78.73	6,753.53	57,039.82
32	9/1/2022	57,039.82	664.51	6,017.71	71.30	6,753.53	51,022.11
33	3/1/2023	51,022.11	594.41	6,095.34	63.78	6,753.53	44,926.77
34	9/1/2023	44,926.77	523.40	6,173.97	56.16	6,753.53	38,752.79
35	3/1/2024	38,752.79	451.47	6,253.62	48.44	6,753.53	32,499.18
36	9/1/2024	32,499.18	378.62	6,334.29	40.62	6,753.53	26,164.89
37	3/1/2025	26,164.89	304.82	6,416.00	32.71	6,753.53	19,748.89
38	9/1/2025	19,748.89	230.07	6,498.77	24.69	6,753.53	13,250.12
39	3/1/2026	13,250.12	154.36	6,582.60	16.56	6,753.53	6,667.52
40	9/1/2026	6,667.52	77.68	6,667.52	8.33	6,753.53	0.00
41	3/1/2027	0.00	0.00	0.00	0.00	0.00	0.00
		Totals	54,313.50	210,000.00	5,827.63	270,141.13	

EXHIBIT C

CONDITIONS APPLICABLE TO CONSTRUCTION OF THE PROJECT

1. Municipality agrees to expeditiously initiate and complete the Project in accordance with the following schedule:

   a. Advertising for bids within 30 days of authorization to advertise.
   b. Bid opening within 45 days of advertisement for bids.
   c. Contract award within 60 days of bid opening.
   d. Issuance of notice to proceed within 30 days of contract award.
   e. Initiation of operation within 150 days of notice to proceed or no later than December 1, 2006.
   f. Finalization of construction within 180 days of notice to proceed.
   g. Project Performance Certification 365 days following Initiation of Operation.

   No change may be implemented by the Municipality which will delay or accelerate this schedule without prior approval of KDHE. KDHE must be promptly notified of any proposed changes.

2. The Municipality must certify by June 1, 2006 that all easements and rights-of-way necessary to allow construction of the Project have been obtained (i.e., all real property has been acquired, bonafide options have been taken or formal condemnation proceedings have been initiated for necessary real property).

   The Municipality must submit an "Applicant Assurance with Respect to Acquisition of Real Property Including Easements" KDHE (2-98) KWPCRLF, and a "Certificate as to Title to Project Site" KDHE (2-98) KWPCRLF stating the property necessary to allow construction of the project has been obtained. The Municipality must submit these prior to permission to award a construction contract.

3. A final plan of operation and draft operation and maintenance manual shall be submitted by the Municipality for approval by KDHE at or prior to 50 percent construction completion. The plan of operation must include, but is not limited to, an assessment of the employee skills necessary to carry out the operation and maintenance function and a training plan designed to provide employees with the necessary skills. Details on the skills assessment must be submitted along with the final plan of operation. Necessary training as indicated by the skills assessment must be provided in accordance with the approved training plan.

4. The rates and ordinances enacting the approved user charge system and sewer use requirements as approved by KDHE shall be enacted prior to initiation of operation.

5. The Municipality agrees to make prompt payment to its contractor(s) of sums due for construction and to retain only such amounts as may be justified by specific circumstances and provisions of this Loan Agreement or the construction contract.

6. The Municipality will obtain a signed Certificate of Non-Segregated Facilities from the prime contractor prior to the award of a construction contract if the contract exceeds $10,000 and is not exempt from the provisions of the equal opportunity clause. The Municipality will assure that the prime contractor obtains a signed copy of Certificate of Non-Segregated Facilities from each subcontractor prior to the award of any subcontract exceeding $10,000, which is not exempt from the provisions of the equal opportunity clause. The certificate signed by the prime contractor is to be kept on file with the Municipality; and certificates signed by subcontractors are to be kept on file with the prime contractor.

7. The Municipality agrees that all bid solicitations will include the following statement in the "Advertisement for Bids" for this project:

Nondiscrimination in Employment

Bidders on this work will be required to comply with the President's Executive Order No. 11246 as amended. Requirements for bidders and contractors under this order are explained in the specifications.

8. a. The Municipality agrees to comply with the Kansas Act Against Discrimination, K.S.A. 44-1001, et. seq. and the Kansas Age Discrimination in Employment Act, K.S.A. 44-1111, et. seq. as provided by law and to include those provisions in every contract or purchase order so that they are binding upon such subcontractors or vendors.

b. The Municipality agrees that all bid solicitations will include the following statement in the "Information to Bidders" for this project:

"Bidders on this work, including subcontractors or vendors, will be required to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 et. seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et. seq.)".

Currently there is no reporting procedure associated with this requirement.

9. a. The Municipality hereby agrees to take affirmative steps set out in 40 CFR - 31.36(e), as required by K.A.R. 28-16-133, to contract with minority and women owned disadvantaged businesses; and ensure that its consultant(s)/ contractor(s) take affirmative steps to contract with Disadvantaged Business

Enterprises during all phases of work funded under this Loan Agreement. Accordingly, the Municipality should include the following prescribed information in solicitation documents: EPA Region VII Procedures for Implementation of 40 CFR 31.36(e), the KDHE Disadvantaged Business Enterprise Information Sheet, and the Minority and Women's Enterprise Utilization Worksheet.

b. The Municipality agrees to submit to KDHE a completed EPA Form 5700-52A within 15 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements to a minority or women's disadvantaged business for building and building-related services and supplies.

10. The Municipality agrees and is required to utilize the following affirmative steps in accordance with Section 129 of Public Law 100-590, Small Business Administration Reauthorization and Amendment Act of 1988, when awarding any contracts under this loan.

a. Placing Small Businesses in Rural Areas (SBRA) on solicitation lists;

b. Making sure that SBRAs are solicited whenever they are potential sources;

c. Dividing total requirements, when economically feasible, into small tasks or quantities to permit maximum participation by SBRAs;

d. Establishing delivering schedules, where the requirements of work will permit, which would encourage participation by SBRAs;

e. Using the services of Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce, as appropriate; and

f. Requiring the contractor to take the affirmative steps in subparagraphs a. through e. of this part if subcontracts are awarded.

11. The Municipality hereby assures that the engineering firm principally responsible for supervising construction and for providing engineering services during construction will continue its relationship with the Municipality for a period of up to one year after initiation of operation of the Project. During this period, the engineering firm shall direct the operation of the Project, train operating personnel and prepare curricula and training material for operating personnel. The following specific requirements apply:

a. The Municipality agrees the performance standards applicable to the Project are:

(1) The sanitary sewer lines and manholes installed on this project shall comply with the specified quality control test standards, i.e., the applicable tests such as low pressure test, vacuum test, and deflection test.

(2) All construction deficiencies have been resolved.

b. The final plan of operation (50 percent payment) submitted in accordance with Exhibit C, Condition No. 3 must include a draft proposal for these extended start-up services, based on the complexity of the Project, size and experience of the Municipality's operating staff, effluent characteristics, discharge requirements and other pertinent factors.

c. One year after completion of construction and initiation of operation of the Project, the Municipality shall certify to KDHE whether or not such Project meets the design specifications and effluent limitations contained in subparagraph a. of this condition. Any statement of non-compliance must be accompanied by a corrective action report containing: an analysis of the cause of the Project's inability to meet performance standards; actions necessary to bring it into compliance, and a reasonably scheduled date for positive certification of the Project. Timely corrective action will be executed by the Municipality.

d. Municipality agrees to furnish KDHE with an annual report describing actions taken to date to achieve positive certification, planned future activities, the Project's status and potential for positive certifications.

12. The Municipality agrees that all bid solicitations will include the following statement:

> "The prospective participants must certify by submittal of EPA Form 5700-49 "Certification Regarding Debarment, Suspension and Other Responsibility Matters" that, to the best of its knowledge and belief, it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal department or agency."

The Municipality acknowledges that doing business with any party appearing in the "List of Parties Excluded from Federal Procurement or Non Procurement Programs" may result in disallowance of federal funds under this Loan Agreement and may also result in suspension or debarment under this Part.

13. The Municipality shall follow applicable state procurement laws and regulations, and procedures established by the Secretary of KDHE as presented in Water Quality Policy Memorandum No. 98-1 dated February 2003 - Final. KDHE approval is required prior to procurement.

14. This Project is consistent with the Kansas Water Quality Management Plan, subject to the provisions of Section 208(d) and 208(e) of the Federal Water Pollution Control Act, as amended. Service by the Project will not be denied or conditioned on the basis of factors or issues unrelated to wastewater management.

15. The Environmental Clearance Document "Finding of No Significant Impact" (FONSI) will be placed on 30 day public notice for comment. The Municipality agrees and consents to KDHE's authority to monitor and enforce compliance with any mitigative measures identified as a result of the environmental clearance process. Any such mitigative measures will be presented within an Amendment to this Loan Agreement.

16. The municipality hereby agrees to implement measures to mitigate all known adverse environmental effects of this project. The following mitigative actions are required: Subject to environmental clearance.

EXHIBIT D

USE OF LOAN PROCEEDS

This project includes repair/replacement of an interceptor sewer line in the southern portion of Caney, Kansas. A portion of the sewer will be replaced by open cut trench method, another portion will be replaced by pipe bursting, and the remainder repaired via cured–in-place pipe installation.

The loan proceeds will be utilized to pay the costs of:

1. Construction: All actual costs for construction of the public sanitary sewer improvements as described above and all miscellaneous piping, controls and appurtenances associated with the public sewer system.

2. Engineering: All actual costs for design and construction related engineering services.

3. Administrative: All reasonable costs of legal and financial administrative support directly provided for the project.

Unallowable Costs: The costs of full time employees of the municipality, purchase of land and easements, preparation of the CDBG grant application and administration of CDBG grant requirements, repairs and replacement of privately owned sewers outside of the public easement or right-of-way.

EXHIBIT E

INSTRUCTIONS FOR REQUESTING DISBURSEMENTS

1. All payment requests must be filed on the Outlay Report and Request for Disbursement Form and represent the actual completion level of the project at the date the request is prepared.

2. All cost entries must be based upon allowable work in place which is due and payable. This means that you may **not** request payment for:

   a. Any work or services which have not been explicitly approved by the KDHE in the Loan Agreement or subsequent amendments.

   b. Any work performed under a change order unless written approval of the change order has been given by the State.

   c. Any ineligible project costs.

   d. Any retainage which you are withholding from the construction contractor, engineer, etc.

   e. Expenditures relating to site acquisition, easements, rights-of way, EXCEPT: (1) additional work required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act such as appraisal and certification services; (2) when the site itself is allowable in accordance with Federal SRF regulations and guidance; and (3) costs incurred in eminent domain proceedings.

   f. Costs associated with the approval, preparation, issuance and sale of Bonds, and other costs incidental to normal operating overhead of a Municipality, whether performed by Municipal employees, the engineer, or the attorney.

It is essential that you understand the cost basis of the approved Loan amount. It is, therefore, necessary that you read the Loan Agreement (including all conditions) and its transmittal letter, any Loan amendments and Project correspondence, and that you maintain current and accurate files on all approved change orders. Failure to follow these procedures may result in your requesting and subsequently receiving overpayment of loan funds which later may, in turn, result in substantial inconvenience to you and the Municipality. This could include repayment or crediting to KDHE the interest earned on overpaid funds, and any penalties that can result from this action.

3. **INSTRUCTIONS** - Please type or print legibly. Items 4, 5, 6, and 8.o. are self-explanatory; specific instructions for other items are as follows:

Item	Entry
2.	This space is reserved for the assigned KDHE project number. Enter complete project identification number e.g., C20 0681 02.
3	Mark the appropriate box. If the request is final, the amounts billed should represent the final cost of the project.
7.	The employer identification number assigned by the U.S. Internal Revenue Service **MUST** be entered to assist in processing of your Disbursement Request.
8.	Use only columns (a), (b), and (c).
8a	Enter amounts expended for such items as travel, legal fees, rental of vehicles and any other administrative expenses. Include the amount of interest expense when authorized by program legislation. Also show the amount of interest expense on a separate sheet.
8b	Enter amounts pertaining to the work of location and designing, making surveys and maps, sinking test holes, and all other work required prior to actual construction.
8c	Enter all amounts directly associated with the acquisition of land, existing structures and related right-of-way.
8d	Enter basic fees for services of architectural engineers.
8e	Enter other architectural engineering services. Do not include any amounts shown on line d.
8f	Enter inspection and audit fees of construction and related programs.
8g	Enter those amounts associated with the actual construction of, addition to, or restoration of a facility.
8h	Enter amounts for all equipment, both fixed and movable, exclusive of equipment used for construction. For example, permanently attached laboratory tables, built-in audio visual systems, movable desks, chairs, and laboratory equipment.
8i	Enter the amounts for all items not specifically mentioned above.
8j	Enter the total cumulative amount to date which should be the sum of lines a through i.
8k	Enter the total amount of program income applied to the loan agreement. Identify on a separate sheet of paper the sources and types of the income.
8l	Enter the net cumulative amount to date which should be the amount shown on line j minus the amount on line k.
8m	Enter the amount of reimbursements paid to date.

8n Enter the amount now being requested for reimbursement. This amount should be the difference between the amounts shown on lines l and m. If different, explain on a separate sheet.

9a To be completed and signed by the duly authorized recipient official. The date should be the actual date the form is submitted to the funding agency.

9b Leave blank, this is to be completed by the funding agency official representative who is certifying to the percent of project completion as provided for in the terms of the loan agreement.

4. **NOTE: TWO ORIGINAL SIGNATURE DISBURSEMENT REQUESTS AND ONE SET OF SUPPORTING DOCUMENTATION MUST BE SUBMITTED. Submit disbursement requests directly to:**

Kansas Department of Health & Environment
Bureau of Water
Municipal Programs
1000 SW Jackson Street, Suite 420
Topeka, Kansas 66612-1367

You should retain one copy for your records.

5. The Authorized Municipality Representative identified in the Loan Agreement remains the principal contact for all project matters.

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EXHIBIT E

KWPCRLF OUTLAY REPORT AND REQUEST FOR DISBURSEMENT (See Instructions)

1. AGENCY TO WHICH THIS REPORT IS SUBMITTED: KDHE - BUREAU OF WATER - MUNICIPAL PROGRAMS SECTION

2. PROJECT NUMBER ASSIGNED BY KDHE:
C20 _____ _____

3. TYPE OF REQUEST:
FINAL _____ PARTIAL _____

4. PAYMENT REQUEST NO.: _____

5. PERIOD COVERED BY THIS REPORT
FROM (Month, day, year) TO (Month, day, year)
___ ___ ___ ___ ___ ___

6. RECIPIENT ORGANIZATION
IDENTIFYING NUMBER.:
NAME:
NO. & STREET:
CITY,
STATE AND
ZIP CODE:

7. RECIPIENT ACCOUNT OR OTHER
_____

8. TO: THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, ACTING ON BEHALF OF THE STATE OF KANSAS UNDER THE LOAN AGREEMENT EFFECTIVE AS OF _____, _____, BETWEEN KDHE AND _____, KANSAS.
The undersigned hereby requests that the following amounts be paid to the following payees for the following Project Costs as defined in said Agreement:

CLASSIFICATION	(a) Total Amount Requested	(b) Payee	(c) Description	TOTAL APPROVED (KDHE USE ONLY)
a. Administrative expense				
b. Preliminary expense (Planning and Design)				
c. Land, structures, right-of-way (Not allowable)				
d. Architectural engineering basic fees				
e. Other architectural engineering fees				
f. Project inspection fees				
g. Construction and project improvement cost				
h. Equipment (By Separate Contract)				
i. Miscellaneous cost				
j. Total cumulative to date (sum of lines a thru i)				
k. Deductions for program income				
l. Net cumulative to date (Line j minus line k)				
m. Disbursements Paid to Date				
n. Amount due this Request (Line l minus Line m)	$			$
o. Percentage of physical completion of project	%			%

9. CERTIFICATION: I hereby state and certify that: (i) the amounts requested are or were necessary and appropriate in connection with the purchase, construction and installation of the Project, have been properly incurred and are a proper disbursement of the proceeds of the Loan and that an inspection has been performed and all work is in accordance with the terms of the Loan; have been paid or are justly due to the persons whose names and addresses are stated above; and have not been the basis of any previous requisition from the proceeds of the Loan; (ii) as of this date, except for the amounts specified above, there are no outstanding statements which are due and payable for labor, wages, materials, supplies or services in connection with the acquisition, purchase, construction, improvement, repair, rehabilitation or extension of the Wastewater Treatment Works; (iii) all representations made in the Agreement remain true as of the date of this request; and (iv) no adverse developments affecting the financial condition of the Recipient or its ability to complete the Project or to repay the Loan have occurred.

a. RECIPIENT:		b. KDHE Representative Certifying to line 8.n.	
Signature of Authorized Certifying Official		Signature of Authorized Certifying Official	
Typed or Printed Name and Title		Typed or Printed Name and Title	
Date Submitted	Telephone (Area Code, number & ext.)	Date Approved	Telephone (Area Code, number, & ext.

EXHIBIT F

FORM OF MUNICIPALITY ORDINANCE

****

EXCERPT OF MINUTES OF A MEETING OF THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS HELD ON FEBRUARY 19, 2007

The Governing Body of the City met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit: Munday, Coy, Taylor, Moore and Bradford. Carey arrived at 8:10 p.m.

Absent: Wade and McBride.

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

(Other Proceedings)

Thereupon, there was presented an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

Thereupon, Council member Moore moved that said Ordinance be passed. The motion was seconded by Council member Munday. Said Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the Governing Body, the vote being as follows:

Yes: Munday, Coy, Taylor, Moore and Bradford.

No: None.

Thereupon, the Mayor declared said Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. 2058 and was signed and approved by the Mayor and attested by the Clerk. The Clerk was directed to publish the Ordinance one time in the official newspaper of the City.

(Other Proceedings)

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

(SEAL)

Clerk

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ORDINANCE NO. 2058

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Federal Water Quality Act of 1987 (the "Federal Act") established revolving fund program for public wastewater treatment systems to assist in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the "Loan Act"), the State of Kansas (the AState@) has established the Kansas Water Pollution Control Revolving Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public wastewater treatment projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, Caney, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act which operates a sanitary sewer collection system (the "System"); and

WHEREAS, the System is a public Wastewater Treatment Works, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

This project involves replacement and repair of an existing sanitary sewer interceptor located in the southern portion of the collection system. The interceptor sewer line improvements will include replacement of approximately 3,000 feet of 15 inch sanitary sewer line, cured-in-place pipe repair of approximately 600 feet of 15 inch sanitary sewer line, pipe burst replacement of approximately 1,000 feet of 15 inch sanitary sewer line, and replacement or repair of approximately 9 manholes (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-16-110 to 28-16-138 (the "Regulations") applicable thereto necessary to qualify for the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed Two Hundred Ten Thousand Dollars [$210,000] (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Loan and to enter into a loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS:

Section 1. Authorization of Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of October 12, 2005, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the City Attorney, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

PASSED by the governing body of the City on Feb. 19, 2007 and signed and **APPROVED** by the Mayor.

(SEAL)

Mayor

ATTEST:

Clerk

[APPROVED AS TO FORM ONLY.]

[City Attorney]

HALL LEVY
DEVORE BELL OTT & KRITZ P.A.

ATTORNEYS AT LAW
815 UNION
P O BOX 9
COFFEYVILLE, KANSAS 67337
(620) 251-1300
FAX (620) 251-9411

M. DOUG BELL
DOUGLAS G. OTT
PAUL M. KRITZ

JOE L. LEVY
RETIRED

CLEMENT H. HALL
(1910-2002)
THOMAS A. DEVORE
(1951-1994)

April 26, 2007

Kansas Development Finance Authority
Topeka, Kansas

The Kansas Department of Health and
Environment, acting on behalf of
The State of Kansas
Topeka, Kansas

Re: Loan Agreement effective as of October 12, 2005, between the Kansas Department of Health and Environment ("KDHE"), acting on behalf of the State of Kansas (the "State"), and Caney, Kansas (the "Municipality")

Ladies and Gentlemen:

I have acted as counsel to the Municipality in connection with the authorization, execution and delivery of the above referenced Loan Agreement (the "Loan Agreement"). In my capacity as counsel to the Municipality, I have examined copies of the minutes, ordinances of the Municipality and other documents relating to the authorization of the Project and I am familiar with the proceedings of the Municipality taken and adopted in connection with the authorization, execution and delivery of the Loan Agreement, and the establishment of the Dedicated Source of Revenue (as defined in the Loan Agreement) for repayment of the Loan evidenced by the Loan Agreement.

In this connection, I have reviewed such documents and have made such investigations of law, as deemed relevant and necessary as the basis for the opinions hereinafter expressed.

Based on the foregoing, it is my opinion, as of the date hereof, that:

1. The Municipality is a municipal corporation duly created, organized and existing under the laws of the State.

2. The Municipality operates a public Wastewater Treatment Works, as said term is defined in the Loan Act.

3. The project that is the subject of the loan financing has been duly authorized by the Municipality.

4. The Municipality has all requisite legal power and authority to, and has been duly authorized under the terms and provisions of Ordinance No. 2058 to, execute and deliver, and perform its obligations under, the Loan Agreement.

5. When executed, the Loan Agreement will constitute a valid and binding agreement of the Municipality enforceable in accordance with its terms, subject as to enforcement of remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted, and subject further to the exercise of judicial discretion in accordance with general principles of equity. In rendering this opinion I have assumed due authorization, execution and delivery of the Loan Agreement by the State, acting by and through KDHE.

6. The Municipality has duly authorized the Dedicated Source of Revenue for repayment of the Loan to be made pursuant to the Loan Agreement.

7. To the best of my knowledge, the execution and delivery of the Loan Agreement by the Municipality will not conflict with or result in a breach of any of the terms of, or constitute a default under, any ordinance, indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Municipality is a party or by which it or any of its property is bound or any of the rules or regulations applicable to the Municipality or its property or of any court or other governmental body.

Very truly yours,

Paul M. Kritz

PMK:ms

EXHIBIT H

MUNICIPALITY'S NOTICE ADDRESS

The Honorable Jeff Atzenhofer, Mayor
211 West 5th Street
Caney, Kansas 67333

ORDINANCE 2020
Loan AGreement - City - State of KS - KS Water Pollution Control Revolving Fund

MONTGOMERY COUNTY Chronicle

P.O. Box 186 • 202 W. Fourth • Caney, KS 67333 • (620) 879-2156
P.O. Box 156 • 115 N. Labette • Cherryvale, KS 67335 • (620) 336-2100

AFFIDAVIT OF PUBLICATION

Andrew R. Taylor of lawful age, being duly sworn, deposes and says he or she represents the publisher of:

Montgomery County Chronicle
P.O. Box 186 • 202 W. Fourth • Caney, KS 67333

a weekly newspaper in the City of Caney, County of Montgomery, State of Kansas, and of general circulation in said county and which has been admitted to the U.S. Mail as a second class matter in said county, and which said newspaper has been continuously and uninterruptedly published in said county during the period of one year immediately prior to the first publication of the notice hereinafter mentioned.

Legal notice publication printed one (1) week,
first published on March 1, 2007
and again on —.

The affiant further says that he or she has personal knowledge of the statements above set forth and that they are true.

Signature

State of Kansas, Montgomery County

Subscribed and sworn to before me
this 2nd day of March, 2007.

DANNY L. SCOTT
Notary Public
Montgomery County, Ks.
My Appointment Expires
7-29-09

Danny L Scott
Notary Public

(Published in the Montgomery County Chronicle on Thursday, March 1, 2007)

ORDINANCE No. 2058

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Federal Water Quality Act of 1987 (the "Federal Act") established revolving fund program for public wastewater treatment systems to assist in financing the costs of infrastructure needed to achieve or

FIRST AMENDMENT TO THE
LOAN AGREEMENT

By and Between

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS

AND

THE CITY OF CANEY, KANSAS
KWPCRF PROJECT NO. C20 1709 01

ORIGINAL LOAN AGREEMENT
EFFECTIVE AS OF OCTOBER 12, 2005

AMENDMENT NO. 1
EFFECTIVE AS OF MARCH 10, 2008

First Amendment to
the Loan Agreement by and between the
Kansas Department of Health and Environment
Acting on Behalf of the State of Kansas
and the City of Caney, Kansas
Effective As of March 10, 2008

WHEREAS, the City of Caney, Kansas (the Municipality) has entered into a Loan Agreement with the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, effective as of October 12, 2005 (the "Loan Agreement"); and

WHEREAS, said Loan Agreement was entered into for the benefit of the Municipality, KWPCRF Project No. C20 1709 01; and

WHEREAS, the Municipality and KDHE hereby determines that it is necessary to amend certain exhibits to the Loan Agreement, and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, this First Amendment to the Loan Agreement has been duly authorized and approved by the Kansas Development Finance Authority (attached hereto as Exhibit 1).

WHEREAS, this First Amendment to the Loan Agreement is entered into and effective as of March 10, 2008;

THEREFORE, the Loan Agreement is amended as follows:

SECTION 1. Article II, Loan Terms, Section 2.01, Amount of Loan and Exhibits B, C, F, and G of the LOAN AGREEMENT BY AND BETWEEN THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT AND THE CITY OF CANEY, KANSAS are hereby amended to read as set forth on the pages attached hereto.

SECTION 2. Except as herein specifically set out, the Loan Agreement is confirmed and ratified.

IN WITNESS WHEREOF, KDHE and the Municipality have caused this First Amendment to the Loan Agreement for the Municipality to be executed, sealed and delivered, effective as of March 10, 2008.

The KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By Rodrick Bunk /SO
Secretary

"KDHE"

Date: March 20, 2008

CANEY, KANSAS

By Dave McLean
Title: Mayor

(Seal)

ATTEST:

By [illegible]
Title: City Clerk

The "Municipality"

Date: March 26, 2008

CONSENT OF THE KANSAS DEVELOPMENT FINANCE AUTHORITY
FOR EXECUTION OF THE FIRST AMENDMENT TO THE LOAN AGREEMENT
BY AND BETWEEN
THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
AND THE CITY OF CANEY, KANSAS

WHEREAS, pursuant to the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 et seq. (the "Act"), the State of Kansas has established the Kansas Water Pollution Control Revolving Fund for the purposes of the Federal Water Quality Act of 1987 to be administered and managed by the Secretary of the Kansas Department of Health and Environment ("KDHE"); and

WHEREAS, the Kansas Development Finance Authority (the "Authority"), the Kansas Department of Administration, and the Secretary of KDHE have entered into an Inter-Agency Agreement dated as of March 1, 1999, and a Pledge Agreement as amended, pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for Wastewater Treatment Projects and to pledge the interest portion of the Loan Repayments received pursuant to such Loan Agreements and certain other revenues to the Authority and the Authority, in turn, pledges its rights to the Revenues under the Agreement to the payment of the principal of, premium, if any, and interest on the Bonds issued for the purpose of loaning the proceeds thereof to the participating municipalities; and

WHEREAS, based on said Pledge Agreement, KDHE has entered into a Loan Agreement effective October 12, 2005 with the City of Caney, Kansas (the Municipality) for the benefit of KWPCRF Project No. C20 1709 01; and

WHEREAS, KDHE has expressed the need and intent to amend certain provisions and exhibits of said Loan Agreement with the Municipality in the form as set forth in a First Amendment to the Loan Agreement as attached hereto; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Authority must consent, in writing, to any amendment, supplement or modifications to the Loan Agreement.

WITNESSETH, the Kansas Development Finance Authority hereby agrees as follows:

(1) The Authority acknowledges receipt of the First Amendment to the Loan Agreement between the Kansas Department of Health and Environment and the City of Caney, Kansas effective as of March 10, 2008;

(2) The Authority consents to the execution of the Second Amendment to the Loan Agreement by KDHE and the Municipality.

KANSAS DEVELOPMENT FINANCE AUTHORITY

By _____
Executive Vice-President

ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds, KDHE will loan an amount not to exceed ~~Two Hundred Ten Thousand Dollars [$210,000]~~ Three Hundred Sixty Thousand Dollars [$360,000] to the Municipality to pay the costs of the Project described in Exhibit A hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (Exhibit B hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in addition to the amount of the Loan. An amendment to Exhibit B must be accomplished by an Amendment to the Loan Agreement executed by all parties.

EXHIBIT B

LOAN REPAYMENT SCHEDULE
(See Page 6)

DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE

Dedicated Source of Revenue.

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

The Municipality and KDHE have agreed that interest becoming due semiannually on the Loan during the construction period for the Project may be capitalized and repaid as a part of the Loan. In this regard, KDHE shall give the Municipality written notice of each semiannual installment of interest becoming due during the construction period. At its option, the Municipality may elect to pay such amounts, and if so elected, must pay such amounts within 30 days of receipt of the notice of their becoming due. If the Municipality does not elect to pay such amounts within 30 days of receipt of such notice, the amount then due and owing as semiannual interest on the Loan shall be capitalized and added to the principal amount of the Loan and shall bear interest at the rate of interest set forth in Section 2.02 hereof.

KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND

Estimated Draws - Actual Interest Rate
Amortization of Loan Costs - AMENDED

Project Principal:	360,000.00
Interest During Const.:	0.00
Service Fee During Const.:	0.00
Gross Loan Costs:	360,000.00

Prepared for:
City of Caney, Project No. C20 1709-01

		Gross Rate:	2.58%		
		Service Fee Rate:	0.25%	1st Payment Date:	3/1/2008
	3/10/2008	Loan Interest Rate:	2.33%	Number of Payments:	40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	3/1/2008	360,000.00	185.41	6,548.23	19.89	6,753.53	353,451.77
2	9/1/2008	353,451.77	4,117.71	2,194.00	441.82	6,753.53	351,257.77
3	3/1/2009	351,257.77	4,092.15	7,220.71	439.07	11,751.93	344,037.06
4	9/1/2009	344,037.06	4,008.03	7,313.85	430.05	11,751.93	336,723.21
5	3/1/2010	336,723.21	3,922.83	7,408.20	420.90	11,751.93	329,315.01
6	9/1/2010	329,315.01	3,836.52	7,503.76	411.65	11,751.93	321,811.25
7	3/1/2011	321,811.25	3,749.10	7,600.56	402.27	11,751.93	314,210.69
8	9/1/2011	314,210.69	3,660.55	7,698.61	392.77	11,751.93	306,512.08
9	3/1/2012	306,512.08	3,570.87	7,797.92	383.14	11,751.93	298,714.16
10	9/1/2012	298,714.16	3,480.02	7,898.51	373.40	11,751.93	290,815.65
11	3/1/2013	290,815.65	3,388.00	8,000.40	363.53	11,751.93	282,815.25
12	9/1/2013	282,815.25	3,294.80	8,103.61	353.52	11,751.93	274,711.64
13	3/1/2014	274,711.64	3,200.39	8,208.15	343.39	11,751.93	266,503.49
14	9/1/2014	266,503.49	3,104.77	8,314.03	333.13	11,751.93	258,189.46
15	3/1/2015	258,189.46	3,007.91	8,421.28	322.74	11,751.93	249,768.18
16	9/1/2015	249,768.18	2,909.80	8,529.92	312.21	11,751.93	241,238.26
17	3/1/2016	241,238.26	2,810.43	8,639.95	301.55	11,751.93	232,598.31
18	9/1/2016	232,598.31	2,709.77	8,751.41	290.75	11,751.93	223,846.90
19	3/1/2017	223,846.90	2,607.82	8,864.30	279.81	11,751.93	214,982.60
20	9/1/2017	214,982.60	2,504.55	8,978.65	268.73	11,751.93	206,003.95
21	3/1/2018	206,003.95	2,399.95	9,094.47	257.51	11,751.93	196,909.48
22	9/1/2018	196,909.48	2,294.00	9,211.79	246.14	11,751.93	187,697.69
23	3/1/2019	187,697.69	2,186.68	9,330.63	234.62	11,751.93	178,367.06
24	9/1/2019	178,367.06	2,077.98	9,450.99	222.96	11,751.93	168,916.07
25	3/1/2020	168,916.07	1,967.87	9,572.91	211.15	11,751.93	159,343.16
26	9/1/2020	159,343.16	1,856.35	9,696.40	199.18	11,751.93	149,646.76
27	3/1/2021	149,646.76	1,743.38	9,821.48	187.07	11,751.93	139,825.28
28	9/1/2021	139,825.28	1,628.96	9,948.18	174.79	11,751.93	129,877.10
29	3/1/2022	129,877.10	1,513.07	10,076.51	162.35	11,751.93	119,800.59
30	9/1/2022	119,800.59	1,395.68	10,206.50	149.75	11,751.93	109,594.09
31	3/1/2023	109,594.09	1,276.77	10,338.16	137.00	11,751.93	99,255.93
32	9/1/2023	99,255.93	1,156.33	10,471.52	124.08	11,751.93	88,784.41
33	3/1/2024	88,784.41	1,034.34	10,606.61	110.98	11,751.93	78,177.80
34	9/1/2024	78,177.80	910.77	10,743.43	97.73	11,751.93	67,434.37
35	3/1/2025	67,434.37	785.61	10,882.02	84.30	11,751.93	56,552.35
36	9/1/2025	56,552.35	658.83	11,022.40	70.70	11,751.93	45,529.95
37	3/1/2026	45,529.95	530.42	11,164.59	56.92	11,751.93	34,365.36
38	9/1/2026	34,365.36	400.36	11,308.61	42.96	11,751.93	23,056.75
39	3/1/2027	23,056.75	268.61	11,454.49	28.83	11,751.93	11,602.26
40	9/1/2027	11,602.26	135.17	11,602.26	14.50	11,751.93	0.00
41	3/1/2028	0.00	0.00	0.00	0.00	0.00	0.00
		Totals	90,382.56	360,000.00	9,697.84	460,080.40	

EXHIBIT C

CONDITIONS APPLICABLE TO CONSTRUCTION OF THE PROJECT

1. Municipality agrees to expeditiously initiate and complete the Project in accordance with the following schedule:

   a. Advertising for bids within 30 days of authorization to advertise.
   b. Bid opening within 45 days of advertisement for bids.
   c. Contract award within 60 days of bid opening.
   d. Issuance of notice to proceed within 30 days of contract award.
   e. Initiation of operation within 150 days of notice to proceed or no later than ~~December 1, 2006~~ May 1, 2008.
   f. Finalization of construction within 180 days of notice to proceed.
   g. Project Performance Certification 365 days following Initiation of Operation.

   No change may be implemented by the Municipality which will delay or accelerate this schedule without prior approval of KDHE. KDHE must be promptly notified of any proposed changes.

EXHIBIT F

FORM OF MUNICIPALITY ORDINANCE

* * * * * * * * * * * * * * * *

EXCERPT OF MINUTES OF A MEETING OF THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS HELD ON MARCH 17, 2008

The Governing Body of the City met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit: Taylor, Bradford, Coy, Moore and Munday

Absent: Wade, McIntosh and McClure

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

(Other Proceedings)

Thereupon, there was presented an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE EXECUTION OF AN AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

Thereupon, Council member Munday moved that said Ordinance be passed. The motion was seconded by Council member Coy. Said Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the Governing Body, the vote being as follows:

Yes: Taylor, Moore, Munday, Bradford and Coy

No:None

Thereupon, the Mayor declared said Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. 2068 and was signed and approved by the Mayor and attested by the Clerk. The Clerk was directed to publish the Ordinance one time in the official newspaper of the City.

(Other Proceedings)

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

(SEAL)

Clerk

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ORDINANCE NO. 2068

AN ORDINANCE AUTHORIZING THE EXECUTION OF A FIRST AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE FIRST AMENDMENT TO THE LOAN AGREEMENT.

WHEREAS, the Federal Water Quality Act of 1987 (the "Federal Act") established revolving fund program for public wastewater treatment systems to assist in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Water Pollution Control Revolving Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public wastewater treatment projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, the City of Caney Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act which operates a wastewater collection, pumping, and treatment system (the "System"); and

WHEREAS, the System is a public Wastewater Treatment Works, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain an amendment to the loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

This project involves replacement and repair of an existing sanitary sewer interceptor located in the southern portion of the collection system. The interceptor sewer line improvements will include replacement of approximately 3,000 feet of 15 inch sanitary sewer line, cured-in-place pipe repair of approximately 600 feet of 15 inch sanitary sewer line, pipe burst replacement of approximately 1,000 feet of 15 inch sanitary sewer line, and replacement or repair of approximately 9 manholes (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-16-110 to 28-16-138 (the "Regulations") applicable thereto necessary to qualify for an amendment to the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed Three Hundred Sixty Thousand Dollars [$360,000] (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the First Amendment to the Loan and to enter into a First Amendment to the loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the First Amendment to the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS:

Section 1. Authorization of the First Amendment to the Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain First Amendment to the Loan Agreement, with an effective date of March 10, 2008, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the First Amendment to the "Loan Agreement") to finance the Project Costs (as defined in the First Amendment to the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the First Amendment to the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the City Attorney, the Mayor's execution of the First Amendment to the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

In accordance with the Loan Act, the obligations under the Loan and the First Amendment to the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the First Amendment to the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

PASSED by the governing body of the City on March 17, 2008 and signed and **APPROVED** by the Mayor.

(SEAL)

Mayor

ATTEST:

Clerk

APPROVED AS TO FORM ONLY:

City Attorney

RECEIVED
MAR 2 7 2008
BUREAU OF WATER

HALL LEVY
DEVORE BELL OTT & KRITZ P.A.
ATTORNEYS AT LAW
815 UNION
P O. BOX 9
COFFEYVILLE, KANSAS 67337
(620) 251-1300
FAX (620) 251-9411

M. DOUG BELL
DOUGLAS G. OTT
PAUL M. KRITZ

JOE L. LEVY
RETIRED

CLEMENT H. HALL
(1910-2002)
THOMAS A. DEVORE
(1951-1994)

March 25, 2008

Kansas Development Finance Authority
Topeka, Kansas

The Kansas Department of Health and
Environment, acting on behalf of
The State of Kansas
Topeka, Kansas

Re: First Amendment to the Loan Agreement effective as of March 10, 2008, between the Kansas Department of Health and Environment ("KDHE"), acting on behalf of the State of Kansas (the "State"), and Caney, Kansas (the "Municipality")

Ladies and Gentlemen:

I have acted as counsel to the Municipality in connection with the authorization, execution and delivery of the above referenced First Amendment to the Loan Agreement (the "First Amendment"). In my capacity as counsel to the Municipality, I am familiar with the proceedings of the Municipality taken and adopted in connection with the authorization, execution and delivery of the First Amendment, and the establishment of the Dedicated Source of Revenue (as defined in the First Amendment) for repayment of the Loan evidenced thereby.

In this connection, I have reviewed such documents and have made such investigations of law, as deemed relevant and necessary as the basis for the opinions hereinafter expressed.

Based on the foregoing, it is my opinion, as of the date hereof, that:

1. The Municipality is a municipal corporation duly created, organized and existing under the laws of the State.

2. The Municipality operates a public Wastewater Treatment Works, as said term is defined in the Loan Act.

3. The project that is the subject of the loan financing has been duly authorized by the Municipality.

4. The Municipality has all requisite legal power and authority to, and has been duly authorized under the terms and provisions of the ordinance relating to the First Amendment, to execute and deliver, and perform its obligations under, the First Amendment.

5. When executed, the First Amendment will constitute a valid and binding agreement of the Municipality enforceable in accordance with its terms, subject as to enforcement of remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted, and subject further to the exercise of judicial discretion in accordance with general principles of equity. In rendering this opinion I have assumed due authorization, execution and delivery of the First Amendment by the State, acting by and through KDHE.

6. The Municipality has duly authorized the Dedicated Source of Revenue for repayment of the Loan to be made pursuant to the First Amendment.

7. To the best of my knowledge, the execution and delivery of the First Amendment by the Municipality will not conflict with or result in a breach of any of the terms of, or constitute a default under, any ordinance, indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Municipality is a party or by which it or any of its property is bound or any of the rules or regulations applicable to the Municipality or its property or of any court or other governmental body.

Very truly yours,

Paul M. Kritz

PMK:ms

Cc: Don Whitman, City Administrator

MONTGOMERY COUNTY Chronicle

P.O. Box 186 • 202 W. Fourth • Caney, KS 67333 • (620) 879-2156
P.O. Box 156 • 115 N. Labette • Cherryvale, KS 67335 • (620) 336-2100

AFFIDAVIT OF PUBLICATION

Andrew R. Taylor of lawful age, being duly sworn, deposes and says he or she represents the publisher of:

Montgomery County Chronicle
P.O. Box 186 • 202 W. Fourth • Caney, KS 67333

a weekly newspaper in the City of Caney, County of Montgomery, State of Kansas, and of general circulation in said county and which has been admitted to the U.S. Mail as a second class matter in said county, and which said newspaper has been continuously and uninterruptedly published in said county during the period of one year immediately prior to the first publication of the notice hereinafter mentioned.

Legal notice publication printed one (1) week
first published on March 27, 2008
and again on _____.

The affiant further says that he or she has personal knowledge of the statements above set forth and that they are true.

Andy Taylor
Signature

State of Kansas, Montgomery County

Subscribed and sworn to before me
this 27th day of March, 2008.

* * * *

(Published in The Montgomery County Chronicle, Thursday, March 27, 2008)

ORDINANCE NO. 2068

AN ORDINANCE AUTHORIZING THE EXECUTION OF A FIRST AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE FIRST AMENDMENT TO THE LOAN AGREEMENT.

WHEREAS, the Federal Water Quality Act of 1987 (the "Federal Act") established revolving fund program for public wastewater treatment systems to assist in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the "Loan Act"), the State of Kansas (the "State") has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-16-110 to 28-16-138 (the "Regulations") applicable thereto necessary to qualify for an amendment to the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed Three Hundred Sixty Thousand Dollars ($360,000) (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the First Amendment to the Loan and to enter into a First Amendment to the loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the First Amendment to the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS:

Section 1. Authorization of the First Amendment to the Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain First Amendment to the Loan Agreement, with an effective date of March 10, 2008, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the First Amendment to the "Loan Agreement") to finance the Project Costs (as defined in the First Amendment to the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the First Amendment to the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the City Attorney, the Mayor's execution of the First Amendment to the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In addition to any other revenues which may be lawfully applied to the payment of the Loan, the Municipality hereby pledges to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

In accordance with the Loan Act, the obligations under the Loan and the First Amendment to the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreement, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the First Amendment to the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

PASSED by the governing body of the City on March 17, 2008 and signed and APPROVED by the Mayor.

Dale McBride, Mayor

ATTEST

Carol Coker, Clerk

* * * *

SECOND AMENDMENT TO THE
LOAN AGREEMENT

By and Between

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS

AND

CITY OF CANEY, KANSAS
KWPCRF PROJECT NO.: C20 1709 01

ORIGINAL LOAN AGREEMENT
EFFECTIVE AS OF OCTOBER 12, 2005

AMENDMENT NO.: 2
EFFECTIVE AS OF OCTOBER 20, 2009

Second Amendment to
the Loan Agreement by and between the
Kansas Department of Health and Environment
Acting on Behalf of the State of Kansas
and the City of Caney, Kansas
Effective As of October 20, 2009

WHEREAS, the City of Caney, Kansas (the Municipality) has entered into a Loan Agreement with the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, effective as of October 12, 2005 (the "Loan Agreement"); and

WHEREAS, said Loan Agreement was entered into for the benefit of the Municipality, KWPCRF Project No. C20 1709 01; and

WHEREAS, the Municipality and KDHE hereby determines that it is necessary to amend certain exhibits to the Loan Agreement, and

WHEREAS, this Second Amendment to the Loan Agreement is entered into and effective as of October 20, 2009;

THEREFORE, the Loan Agreement is amended as follows:

SECTION 1. Article II, Loan Terms, Section 2.01, Amount of Loan and Exhibit B of the LOAN AGREEMENT BY AND BETWEEN THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT AND THE CITY OF CANEY, KANSAS are hereby amended to read as set forth on the pages attached hereto.

SECTION 2. Except as herein specifically set out, the Loan Agreement is confirmed and ratified.

IN WITNESS WHEREOF, KDHE and the Municipality have caused this Second Amendment to the Loan Agreement for the Municipality to be executed, sealed and delivered, effective as of October 20, 2009.

The KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By _____
Acting Director

"KDHE"

Date: Oct. 23 2009

CANEY, KANSAS

By _____

Title: Mayor

(Seal)

ATTEST:

By _____
Title:

The "Municipality"

Date: 11-2-09

ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds, KDHE will loan an amount not to exceed ~~Three Hundred Sixty Thousand Dollars [$360,000]~~ Three Hundred Five Thousand Five Hundred Ninety-Six Dollars [$305,596] to the Municipality to pay the costs of the Project described in Exhibit A hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (Exhibit B hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in addition to the amount of the Loan. An amendment to Exhibit B must be accomplished by an Amendment to the Loan Agreement executed by all parties.

EXHIBIT B
LOAN REPAYMENT SCHEDULE
(See Page 6)

DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE

Dedicated Source of Revenue.

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

The Municipality and KDHE have agreed that interest becoming due semiannually on the Loan during the construction period for the Project may be capitalized and repaid as a part of the Loan. In this regard, KDHE shall give the Municipality written notice of each semiannual installment of interest becoming due during the construction period. At its option, the Municipality may elect to pay such amounts, and if so elected, must pay such amounts within 30 days of receipt of the notice of their becoming due. If the Municipality does not elect to pay such amounts within 30 days of receipt of such notice, the amount then due and owing as semiannual interest on the Loan shall be capitalized and added to the principal amount of the Loan and shall bear interest at the rate of interest set forth in Section 2.02 hereof.

KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND

Actual Draws - Actual Interest Rate
Amortization of Loan Costs - FINAL

Project Principal:	301,737.04
Interest During Const.:	3,524.16
Service Fee During Const.:	334.80
Gross Loan Costs:	305,596.00

Prepared for:
City of Caney, Project No. C20 1709-01

	Gross Rate:	2.58%	
	Service Fee Rate:	0.25%	1st Payment Date: 3/1/2008
10/21/2009	Loan Interest Rate:	2.33%	Number of Payments: 40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	3/1/2008	305,596.00	185.41	6,548.23	19.89	6,753.53	299,047.77
2	9/1/2008	299,047.77	1,947.16	4,597.45	208.92	6,753.53	294,450.32
3	3/1/2009	294,450.32	3,427.10	7,957.12	367.71	11,751.93	286,493.20
4	9/1/2009	286,493.20	3,337.65	8,056.16	358.12	11,751.93	278,437.04
5	3/1/2010	278,437.04	3,243.79	6,125.85	348.05	9,717.69	272,311.19
6	9/1/2010	272,311.19	3,172.43	6,204.87	340.39	9,717.69	266,106.32
7	3/1/2011	266,106.32	3,100.14	6,284.92	332.63	9,717.69	259,821.40
8	9/1/2011	259,821.40	3,026.92	6,365.99	324.78	9,717.69	253,455.41
9	3/1/2012	253,455.41	2,952.76	6,448.11	316.82	9,717.69	247,007.30
10	9/1/2012	247,007.30	2,877.64	6,531.29	308.76	9,717.69	240,476.01
11	3/1/2013	240,476.01	2,801.55	6,615.54	300.60	9,717.69	233,860.47
12	9/1/2013	233,860.47	2,724.47	6,700.89	292.33	9,717.69	227,159.58
13	3/1/2014	227,159.58	2,646.41	6,787.33	283.95	9,717.69	220,372.25
14	9/1/2014	220,372.25	2,567.34	6,874.88	275.47	9,717.69	213,497.37
15	3/1/2015	213,497.37	2,487.24	6,963.58	266.87	9,717.69	206,533.79
16	9/1/2015	206,533.79	2,406.12	7,053.40	258.17	9,717.69	199,480.39
17	3/1/2016	199,480.39	2,323.95	7,144.39	249.35	9,717.69	192,336.00
18	9/1/2016	192,336.00	2,240.71	7,236.56	240.42	9,717.69	185,099.44
19	3/1/2017	185,099.44	2,156.41	7,329.91	231.37	9,717.69	177,769.53
20	9/1/2017	177,769.53	2,071.02	7,424.46	222.21	9,717.69	170,345.07
21	3/1/2018	170,345.07	1,984.52	7,520.24	212.93	9,717.69	162,824.83
22	9/1/2018	162,824.83	1,896.91	7,617.25	203.53	9,717.69	155,207.58
23	3/1/2019	155,207.58	1,808.17	7,715.51	194.01	9,717.69	147,492.07
24	9/1/2019	147,492.07	1,718.28	7,815.04	184.37	9,717.69	139,677.03
25	3/1/2020	139,677.03	1,627.24	7,915.85	174.60	9,717.69	131,761.18
26	9/1/2020	131,761.18	1,535.02	8,017.97	164.70	9,717.69	123,743.21
27	3/1/2021	123,743.21	1,441.61	8,121.40	154.68	9,717.69	115,621.81
28	9/1/2021	115,621.81	1,346.99	8,226.17	144.53	9,717.69	107,395.64
29	3/1/2022	107,395.64	1,251.16	8,332.29	134.24	9,717.69	99,063.35
30	9/1/2022	99,063.35	1,154.09	8,439.77	123.83	9,717.69	90,623.58
31	3/1/2023	90,623.58	1,055.76	8,548.65	113.28	9,717.69	82,074.93
32	9/1/2023	82,074.93	956.17	8,658.93	102.59	9,717.69	73,416.00
33	3/1/2024	73,416.00	855.30	8,770.62	91.77	9,717.69	64,645.38
34	9/1/2024	64,645.38	753.12	8,883.76	80.81	9,717.69	55,761.62
35	3/1/2025	55,761.62	649.62	8,998.37	69.70	9,717.69	46,763.25
36	9/1/2025	46,763.25	544.79	9,114.45	58.45	9,717.69	37,648.80
37	3/1/2026	37,648.80	438.61	9,232.02	47.06	9,717.69	28,416.78
38	9/1/2026	28,416.78	331.06	9,351.11	35.52	9,717.69	19,065.67
39	3/1/2027	19,065.67	222.12	9,471.74	23.83	9,717.69	9,593.93
40	9/1/2027	9,593.93	111.77	9,593.93	11.99	9,717.69	0.00
		Totals	73,378.53	305,596.00	7,873.23	386,847.76	

==========

THIRD AMENDMENT TO THE LOAN AGREEMENT

By and Between

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS

AND

CANEY, KANSAS
KWPCRF PROJECT NO.: C20 1709 01

ORIGINAL LOAN AGREEMENT
EFFECTIVE AS OF OCTOBER 12, 2005

AMENDMENT NO.: 3
EFFECTIVE AS OF JANUARY 14, 2016

==========

Third Amendment to
the Loan Agreement by and between the
Kansas Department of Health and Environment
Acting on Behalf of the State of Kansas
and Caney, Kansas
Effective as of January 14, 2016

WHEREAS, Caney, Kansas (the Municipality) has entered into a Loan Agreement with the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, effective as of October 12, 2005 (the "Loan Agreement"); and

WHEREAS, said Loan Agreement was entered into for the benefit of the Municipality, KWPCRF Project No. C20 1709 01; and

WHEREAS, the Municipality and KDHE hereby determines that it is necessary to amend certain exhibits to the Loan Agreement, and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, this Third Amendment to the Loan Agreement has been duly authorized and approved by the Kansas Development Finance Authority (attached hereto as Exhibit 1).

WHEREAS, this Third Amendment to the Loan Agreement is entered into and effective as of January 14, 2016;

THEREFORE, the Loan Agreement is amended as follows:

SECTION 1. Article II, Loan Terms, Section 2.01, Amount of Loan and Exhibit(s) B, F and G of the LOAN AGREEMENT BY AND BETWEEN THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT AND CANEY, KANSAS are hereby amended to read as set forth on the pages attached hereto.

SECTION 2. Except as herein specifically set out, the Loan Agreement is confirmed and ratified.

IN WITNESS WHEREOF, KDHE and the Municipality have caused this Third Amendment to the Loan Agreement for the Municipality to be executed, sealed and delivered, effective as of January 14, 2016.

Kansas
Department of Health and Environment

The KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By _____
Secretary

"KDHE"

Date: 2/1/16

CANEY, KANSAS

By Chad L Bradford

Title: Mayor

(Seal)

ATTEST:

By Debra Morrison
Title: City Clerk

The "Municipality"

Date: 2.9.16

CONSENT OF THE KANSAS DEVELOPMENT FINANCE AUTHORITY
FOR EXECUTION OF THE THIRD AMENDMENT TO THE LOAN AGREEMENT
BY AND BETWEEN
THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
AND CANEY, KANSAS

WHEREAS, pursuant to the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 et seq. (the "Act"), the State of Kansas has established the Kansas Water Pollution Control Revolving Fund for the purposes of the Federal Water Quality Act of 1987 to be administered and managed by the Secretary of the Kansas Department of Health and Environment ("KDHE"); and

WHEREAS, the Kansas Development Finance Authority (the "Authority"), the Kansas Department of Administration, and the Secretary of KDHE have entered into an Inter-Agency Agreement dated as of March 1, 1999, and a Pledge Agreement as amended, pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for Wastewater Treatment Projects and to pledge the interest portion of the Loan Repayments received pursuant to such Loan Agreements and certain other revenues to the Authority and the Authority, in turn, pledges its rights to the Revenues under the Agreement to the payment of the principal of, premium, if any, and interest on the Bonds issued for the purpose of loaning the proceeds thereof to the participating municipalities; and

WHEREAS, based on said Pledge Agreement, KDHE has entered into a Loan Agreement effective October 12, 2005, with Caney, Kansas (the Municipality) for the benefit of KWPCRF Project No. C20 1709 01; and

WHEREAS, KDHE has expressed the need and intent to amend certain provisions and exhibits of said Loan Agreement with the Municipality in the form as set forth in a Third Amendment to the Loan Agreement as attached hereto; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Authority must consent, in writing, to any amendment, supplement or modifications to the Loan Agreement.

WITNESSETH, the Kansas Development Finance Authority hereby agrees as follows:

(1) The Authority acknowledges receipt of the Third Amendment to the Loan Agreement between the Kansas Department of Health and Environment and Caney, Kansas effective as of January 14, 2016;

(2) The Authority consents to the execution of the Third Amendment to the Loan Agreement by KDHE and the Municipality.

KANSAS DEVELOPMENT FINANCE AUTHORITY

By _____
Executive Vice-President

ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds, KDHE will loan an amount not to exceed ~~Three Hundred Five Thousand Five Hundred Ninety Six Dollars [$305,596]~~ One Million One Hundred Fifty Five Thousand Five Hundred Ninety Six Dollars [$1,155,596] to the Municipality to pay the costs of the Project described in Exhibit A hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (Exhibit B hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in addition to the amount of the Loan. An amendment to Exhibit B must be accomplished by an Amendment to the Loan Agreement executed by all parties.

Exhibit A

Description of the Project

This project involves replacement and repair of an existing sanitary sewer interceptor located in the southern portion of the collection system. The interceptor sewer line improvements will include replacement of approximately 3,000 feet of 15 inch sanitary sewer line, cured-in-place pipe repair of approximately 600 feet of 15 inch sanitary sewer line, pipe burst replacement of approximately 1,000 feet of 15 inch sanitary sewer line, and replacement or repair of approximately 9 manholes.

A subsequent phase of work (2016) conducted under this project – loan agreement consists of repair and replacement of a damaged sanitary sewer interceptor in the vicinity of railroad tracks in the northwest portion of town. This phase of improvements will consist of construction of a nominal 5,000 lineal feet of new 15-inch diameter SDR 26 PVC sanitary sewer to serve as the North Interceptor Sewer. This will include a railroad crossing with 24-inch diameter welded steel casing pipe and a 16-inch diameter ductile iron sanitary sewer pipe installed in the casing pipe through the casing pipe at this railroad crossing. All other necessary appurtenances including manholes will be installed to provide a complete and operable new section of interceptor to divert sewage around the failed section of line. Improvements or repairs at the wastewater treatment plant may be included/funded by this project.

EXHIBIT B

LOAN REPAYMENT SCHEDULE
(See Page 8)

DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE

Dedicated Source of Revenue.

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

Loan Repayment Schedule

The Municipality and KDHE have agreed that interest becoming due semiannually on the Loan during the construction period for the Project may be capitalized and repaid as a part of the Loan. In this regard, KDHE shall give the Municipality written notice of each semiannual installment of interest becoming due during the construction period. At its option, the Municipality may elect to pay such amounts, and if so elected, must pay such amounts within 30 days of receipt of the notice of their becoming due. If the Municipality does not elect to pay such amounts within 30 days of receipt of such notice, the amount then due and owing as semiannual interest on the Loan shall be capitalized and added to the principal amount of the Loan and shall bear interest at the rate of interest set forth in Section 2.02 hereof.

KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND

Estimated Draws - Actual Interest Rate
Amortization of Loan Costs

Prepared for:
City of Caney, Project No. C20 1709-01

Project Principal:	1,141,003.54
Interest During Const.:	13,326.45
Service Fee During Const.:	1,266.01
Gross Loan Costs:	1,155,596.00

12/28/2015

Gross Rate:	2.58%
Service Fee Rate:	0.25%
Loan Interest Rate:	2.33%
1st Payment Date:	3/1/2008
Number of Payments:	40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	3/1/2008	1,155,596.00	185 41	6,548.23	19.89	6,753.53	1,149,047.77
2	9/1/2008	1,149,047.77	1,947.16	4,597.45	208.92	6,753.53	1,144,450.32
3	3/1/2009	1,144,450.32	3,427.10	7,957.12	367.71	11,751.93	1,136,493.20
4	9/1/2009	1,136,493.20	3,337.65	8,056.16	358.12	11,751.93	1,128,437.04
5	3/1/2010	1,128,437 04	3,243.79	6,125 85	348.05	9,717 69	1,122,311 19
6	9/1/2010	1,122,311.19	3,172.43	6,204.87	340.39	9,717.69	1,116,106 32
7	3/1/2011	1,116,106.32	3,100.14	6,284.92	332.63	9,717 69	1,109,821.40
8	9/1/2011	1,109,821.40	3,026.92	6,365.99	324.78	9,717.69	1,103,455.41
9	3/1/2012	1,103,455.41	2,952.76	6,448.11	316.82	9,717.69	1,097,007.30
10	9/1/2012	1,097,007.30	2,877.64	6,531 29	308.76	9,717.69	1,090,476.01
11	3/1/2013	1,090,476.01	2,801.55	6,615.54	300.60	9,717.69	1,083,860.47
12	9/1/2013	1,083,860.47	2,724.47	6,700.89	292.33	9,717.69	1,077,159.58
13	3/1/2014	1,077,159 58	2,646.41	6,787 33	283.95	9,717.69	1,070,372 25
14	9/1/2014	1,070,372.25	2,567.34	6,874 88	275 47	9,717 69	1,063,497.37
15	3/1/2015	1,063,497.37	2,487 24	6,963.58	266.87	9,717 69	1,056,533.79
16	9/1/2015	1,056,533.79	2,406 12	7,053 40	258 17	9,717 69	1,049,480.39
17	3/1/2016	1,049,480.39	7,226 45	1,706.23	785.01	9,717 69	1,047,774.16
18	9/1/2016	1,047,774.16	12,206 57	39,422 03	1,309.72	52,938.32	1,008,352.13
19	3/1/2017	1,008,352.13	11,747.30	39,930 58	1,260 44	52,938.32	968,421 55
20	9/1/2017	968,421.55	11,282.11	40,445 68	1,210 53	52,938.32	927,975 87
21	3/1/2018	927,975.87	10,810.92	40,967 43	1,159 97	52,938.32	887,008.44
22	9/1/2018	887,008.44	10,333 65	41,495.91	1,108 76	52,938.32	845,512.53
23	3/1/2019	845,512.53	9,850.22	42,031.21	1,056 89	52,938.32	803,481.32
24	9/1/2019	803,481.32	9,360.56	42,573 41	1,004.35	52,938.32	760,907 91
25	3/1/2020	760,907.91	8,864.58	43,122.61	951 13	52,938.32	717,785.30
26	9/1/2020	717,785.30	8,362.20	43,678.89	897 23	52,938.32	674,106.41
27	3/1/2021	674,106.41	7,853.34	44,242.35	842 63	52,938.32	629,864.06
28	9/1/2021	629,864.06	7,337.92	44,813 07	787 33	52,938.32	585,050.99
29	3/1/2022	585,050.99	6,815.84	45,391.17	731.31	52,938.32	539,659.82
30	9/1/2022	539,659.82	6,287 04	45,976 71	674 57	52,938.32	493,683 11
31	3/1/2023	493,683.11	5,751.41	46,569.81	617 10	52,938.32	447,113 30
32	9/1/2023	447,113.30	5,208.87	47,170 56	558 89	52,938.32	399,942.74
33	3/1/2024	399,942.74	4,659 33	47,779.06	499 93	52,938.32	352,163.68
34	9/1/2024	352,163.68	4,102.71	48,395 41	440.20	52,938.32	303,768.27
35	3/1/2025	303,768.27	3,538.90	49,019 71	379 71	52,938.32	254,748.56
36	9/1/2025	254,748.56	2,967 82	49,652.06	318 44	52,938.32	205,096.50
37	3/1/2026	205,096.50	2,389 37	50,292 58	256 37	52,938.32	154,803 92
38	9/1/2026	154,803.92	1,803 47	50,941 35	193 50	52,938 32	103,862 57
39	3/1/2027	103,862.57	1,210 00	51,598 49	129 83	52,938.32	52,264.08
40	9/1/2027	52,264.08	608 88	52,264 08	65 36	52,938.32	0.00
		Totals	203,483 59	1,155,596 00	21,842 66	1,380,922.25	

Prepared by DAAR

Exhibit C

CONDITIONS APPLICABLE TO CONSTRUCTION OF THE PROJECT

1. Municipality agrees to expeditiously initiate and complete the Project in accordance with the following schedule:

This project involves replacement and repair of an existing sanitary sewer interceptor located in the southern portion of the collection system. The interceptor sewer line improvements will include replacement of approximately 3,000 feet of 15 inch sanitary sewer line, cured-in-place pipe repair of approximately 600 feet of 15 inch sanitary sewer line, pipe burst replacement of approximately 1,000 feet of 15 inch sanitary sewer line, and replacement or repair of approximately 9 manholes.

a. Advertising for bids within 30 days of authorization to advertise.
b. Bid opening within 45 days of advertisement for bids.
c. Contract award within 60 days of bid opening.
d. Issuance of notice to proceed within 30 days of contract award.
e. Initiation of operation within 150 days of notice to proceed or no later than December 1, 2006.
f. Finalization of construction within 180 days of notice to proceed.
g. Project Performance Certification 365 days following Initiation of Operation.

A subsequent phase of work (2016) conducted under this project – loan agreement consists of repair and replacement of a damaged sanitary sewer interceptor in the vicinity of railroad tracks in the northwest portion of town. This phase of improvements will consist of construction of a nominal 5,000 lineal feet of new 15-inch diameter SDR 26 PVC sanitary sewer to serve as the North Interceptor Sewer. This will include a railroad crossing with 24-inch diameter welded steel casing pipe and a 16-inch diameter ductile iron sanitary sewer pipe installed in the casing pipe through the casing pipe at this railroad crossing. All other necessary appurtenances including manholes will be installed to provide a complete and operable new section of interceptor to divert sewage around the failed section of line. Improvements or repairs at the wastewater treatment plant may be included/funded by this project.

Municipality agrees to expeditiously initiate and complete the Rehabilitation and Repair Project funded with Loan Amendment No. 3 in accordance with the following schedule:

a. Advertising for bids within 30 days of authorization to advertise.
b. Bid opening within 30 days of advertisement for bids.
c. Contract award within 30 days of bid opening.
d. Issuance of notice to proceed within 30 days of contract award.
e. Initiation of operation within 50 days of notice to proceed or no later than June 1, 2016.
f. Finalization of construction within 60 days of notice to proceed.
g. Project Performance Certification 365 days following Initiation of Operation.

No change may be implemented by the Municipality, which will delay or accelerate this schedule without prior approval of KDHE. KDHE must be promptly notified of any proposed changes.

All other Conditions of the original Loan Agreement continue to apply to the Loan Amendment.

EXHIBIT D

USE OF LOAN PROCEEDS

· This project involves replacement and repair of an existing sanitary sewer interceptor located in the southern portion of the collection system. The interceptor sewer line improvements will include replacement of approximately 3,000 feet of 15 inch sanitary sewer line, cured-in-place pipe repair of approximately 600 feet of 15 inch sanitary sewer line, pipe burst replacement of approximately 1,000 feet of 15 inch sanitary sewer line, and replacement or repair of approximately 9 manholes.

A subsequent phase of work (2016) conducted under this project – loan agreement consists of repair and replacement of a damaged sanitary sewer interceptor in the vicinity of railroad tracks in the northwest portion of town. This phase of improvements will consist of construction of a nominal 5,000 lineal feet of new 15-inch diameter SDR 26 PVC sanitary sewer to serve as the North Interceptor Sewer. This will include a railroad crossing with 24-inch diameter welded steel casing pipe and a 16-inch diameter ductile iron sanitary sewer pipe installed in the casing pipe through the casing pipe at this railroad crossing. All other necessary appurtenances including manholes will be installed to provide a complete and operable new section of interceptor to divert sewage around the failed section of line. Improvements or repairs at the wastewater treatment plant may be included/funded by this project.

The loan proceeds will be utilized to pay the costs of:

1. Construction: All construction costs for construction of the public sanitary sewer improvements as described above and all miscellaneous piping, controls and appurtenances associated with the public sewer system..
2. Engineering: All actual costs for design and construction related engineering services.
3. Administrative: All reasonable costs of legal and financial administrative support directly provided for the project.

Unallowable Costs: The costs of full time employees of the municipality, purchase of land and easements, preparation of the CDBG grant application and administration of CDBG grant requirements, repairs and replacement of privately owned sewers outside the public easement or right-of-way.

EXHIBIT F

FORM OF MUNICIPALITY RESOLUTION

* * * * * * * * * * * * * * *

EXCERPT OF MINUTES OF A MEETING OF THE GOVERNING BODY OF THE CANEY, KANSAS HELD ON FEBUARY 1, 2016

The Governing Body of the City Caney, Kansas met in regular session at the usual meeting place of the City, at 7:00 p.m., the following members being present and participating, to-wit:

Mayor Chad Bradford presiding; Council Members Johnston; Anthony; Burk; Vernon; Gorby; Butts and Wahl present.

Absent: Council Member Byrd

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

Review of Agenda, Consent Agenda—Approve minutes 01/18/2016 meeting; approve bills and payroll; public comments; old business; new business

Thereupon, there was presented an Resolution entitled:

AN ORDINANCE AUTHORIZING THE EXECUTION OF AN AMENDMENT TO THE LOAN AGREEMENT BETWEEN CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

Thereupon, Council member Anthony moved that said Ordinance be passed. The motion was seconded by Council member Burk. Said Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the Governing Body, the

vote being as follows:

Yes: Johnston; Anthony; Butts; Burk; Vernon; Gorby; Wahl.

No: _____.

Thereupon, the Mayor declared said Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. 2134 and was signed and approved by the Mayor and attested by the Clerk. The Clerk was directed to publish the Ordinance one time in the official newspaper of the City.

Continued new business; heard city administrator updates; public works updates; police department updates; mayor and ward reports

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

(SEAL)

Debra Morrison
City Clerk

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(Published in [*Montgomery County Chronicle*] on [February 4, 2016)

ORDINANCE NO. 2143

AN ORDINANCE AUTHORIZING THE EXECUTION OF THE THIRD AMENDMENT TO THE LOAN AGREEMENT BETWEEN CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE THIRD AMENDMENT TO THE LOAN AGREEMENT.

WHEREAS, the Federal Water Quality Act of 1987 (the "Federal Act") established revolving fund program for public wastewater treatment systems to assist in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Water Pollution Control Revolving Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public wastewater treatment projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, Caney, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act which operates a wastewater collection, pumping, and treatment system (the "System"); and

WHEREAS, the System is a public Wastewater Treatment Works, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain an amendment to the loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

Construction of a nominal 5,000 lineal feet of new 15-inch diameter SDR 26 PVC sanitary sewer to serve as the North Interceptor Sewer (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-16-110 to 28-16-138 (the "Regulations") applicable thereto necessary to qualify for an amendment to the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed One Million One Hundred Fifty Five Thousand Five Hundred Ninety Six Dollars [$1,155,596] (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Third Amendment to the Loan and to enter into a Third Amendment to the Loan Agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Third Amendment to the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE Caney, KANSAS:

Section 1. Authorization of the Third Amendment to the Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Third Amendment to the Loan Agreement, with an effective date of January 14, 2016 with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Third Amendment to the Loan Agreement") to finance the Project Costs (as defined in the Third Amendment to the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Third Amendment to the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Attorney, the Mayor's execution of the Third Amendment to the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

In accordance with the Loan Act, the obligations under the Loan and the Third Amendment to the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the Third Amendment to the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

(Published in [*Montgomery County Chronicle*] on [February 4, 2016)

ORDINANCE NO. 2143

AN ORDINANCE AUTHORIZING THE EXECUTION OF THE THIRD AMENDMENT TO THE LOAN AGREEMENT BETWEEN CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE THIRD AMENDMENT TO THE LOAN AGREEMENT.

WHEREAS, the Federal Water Quality Act of 1987 (the "Federal Act") established revolving fund program for public wastewater treatment systems to assist in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Water Pollution Control Revolving Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public wastewater treatment projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, Caney, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act which operates a wastewater collection, pumping, and treatment system (the "System"); and

WHEREAS, the System is a public Wastewater Treatment Works, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain an amendment to the loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

Construction of a nominal 5,000 lineal feet of new 15-inch diameter SDR 26 PVC sanitary sewer to serve as the North Interceptor Sewer (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-16-110 to 28-16-138 (the "Regulations") applicable thereto necessary to qualify for an amendment to the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed One Million One Hundred Fifty Five Thousand Five Hundred Ninety Six Dollars [$1,155,596] (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Third Amendment to the Loan and to enter into a Third Amendment to the Loan Agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Third Amendment to the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE Caney, KANSAS:

Section 1. Authorization of the Third Amendment to the Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Third Amendment to the Loan Agreement, with an effective date of January 14, 2016 with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Third Amendment to the Loan Agreement") to finance the Project Costs (as defined in the Third Amendment to the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Third Amendment to the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Attorney, the Mayor's execution of the Third Amendment to the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

In accordance with the Loan Act, the obligations under the Loan and the Third Amendment to the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the Third Amendment to the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

PASSED AND APPROVED by the GOVERNING BODY OF THE CITY OF CANEY, KANSAS, this 1st day of February, 2016 and this 1st day of February, 2016 by the Mayor.

Chad S. Bradford, Mayor

ATTEST:

Debra Morrison, City Clerk

(Published in the Montgomery County Chronicle, Thursday, Feb. 4, 2016)

ORDINANCE NO. 2143
CITY OF CANEY

AN ORDINANCE AUTHORIZING THE EXECUTION OF THE THIRD AMENDMENT TO THE LOAN AGREEMENT BETWEEN CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE THIRD AMENDMENT TO THE LOAN AGREEMENT.

WHEREAS, the Federal Water Quality Act of 1987 (the "Federal Act") established revolving fund program for public wastewater systems to assist in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the "Loan Act"), the State of Kansas (the "State") has established the Kansas [illegible] Pollution

26 PVC sanitary sewer to serve as the North Interceptor Sewer (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-16-110 to 28-16-138 (the "Regulations") applicable thereto necessary to qualify for an amendment to the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed One Million One Hundred Fifty Five Thousand Five Hundred Ninety Six Dollars ($1,155,596) (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Third Amendment to the Loan and to enter into a Third Amendment to the Loan Agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Third Amendment to the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CANEY, KANSAS:

Section 1. Authorization of the Third Amendment to the Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Third Amendment to the Loan Agreement, with an effective date of January 14, 2016 with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Third Amendment to the Loan Agreement") to finance the Project Costs (as defined in the Third Amendment to the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Third Amendment to the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Attorney, the Mayor's execution of the Third Amendment

[illegible] City officials are authorized and directed ry and all documents and ions as they may deem advisable in order to carry orm the purposes of the and to make alterations, addition in the foregoing statements, instruments cuments herein approved, nd confirmed which they , and the execution or takaction shall be conclusive uch necessity or advisabil-

Governing Law. The Orthe Third Amendment to ement shall be governed and construed in accorlaws of the as.

Effective Date. This Ortake effect and be in full d after its passage by the dy of the City and publicial City newspaper.

AND APPROVED by the BODY OF THE CITY OF SAB, this 1st day of Febnd this 1st day of Februe Mayor.

had S. Bradford, Mayor

n, City Clerk

Chronicle

• Caney, KS 67333 • (620) 879-2156
Cherryvale, KS 67335 • (620) 336-2100

OF PUBLICATION

y of Caney
ance No. 2143

ul age, being duly sworn, deposes and says he

Montgomery County Chronicle
O. Box 186 • 202 W. Fourth • Caney, KS 67333

er in the City of Caney, County of Montgomery, State of Kansas, culation in said county and which has been admitted to the U.S. class matter in said county, and which said newspaper has been uninterruptedly published in said county during the period of one prior to the first publication of the notice hereinafter mentioned.

ation printed *one* (*1*) *week*
Thursday, February 4, 2016

says that he or she has personal knowledge of the statements l that they are true.

Signature

State of Kansas, Montgomery County

Subscribed and sworn to before me
5th day of *February* *2016*

Kathy Taylor

KATHY TAYLOR
Notary Public - State of Kansas
My Appt Expires 05-02-2019

ment language was broad enough to encompass any of Calloch's liability concerns. Concerns about hazardous materials and asbestos removal are addressed in the agreement, Chubb said.

However, Calloch said he wants one more conversation between Chubb and Mercy's legal counsel before the demolition agreement can be signed. That's why Calloch suggested a conference call that would involve himself, Chubb and Mercy's legal counsel.

Commissioner Fred Melcher noted he wanted to press commissioners:

• tabled a request by the Independence Action Partnership to deannex a 38.5-acre tract of land at 730 Peter Pan Road. A decision on the request will be taken at a later meeting.

• heard a list of accomplishments from city departments. Those accomplishments are compiled in a report that is now available to the public on the City of Independence's website. Individual department chiefs reported on the highlights of the 2015 calendar year.

HALL LEVY
DEVORE BELL OTT & KRITZ P.A.

ATTORNEYS AT LAW
815 UNION
P O BOX 8
COFFEYVILLE, KANSAS 67337
(620) 251-1300
FAX (620) 251-9411

M. DOUG BELL
DOUGLAS G OTT
PAUL M. KRITZ

JOE L. LEVY
RETIRED

CLEMENT H. HALL
(1910-2002)
THOMAS A. DEVORE
(1951-1994)

February 3, 2016

Kansas Development Finance Authority
Topeka, Kansas

The Kansas Department of Health and
Environment, acting on behalf of
The State of Kansas
Topeka, Kansas

Re: Third Amendment to the Loan Agreement effective as of January 14, 2016, between the Kansas Department of Health and Environment ("KDHE"), acting on behalf of the State of Kansas (the "State"), and Caney, Kansas (the "Municipality")

I have acted as counsel to the Municipality in connection with the authorization, execution and delivery of the above referenced Third Amendment to the Loan Agreement (the "Third Amendment"). In my capacity as counsel to the Municipality, I have examined original or certified copies of minutes, Ordinances of the Municipality and other documents relating to the authorization of the Project, the authorization, execution and delivery of the Third Amendment to the Loan Agreement, and the establishment of a Dedicated Source of Revenue (as defined in the Third Amendment to the Loan Agreement) for repayment of the Loan evidenced by the Third Amendment to the Loan Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Third Amendment to the Loan Agreement.

In this connection, I have examined the following:

(a) an executed or certified copy of the Third Amendment to the Loan Agreement;

(b) proceedings adopted or taken by the Municipality to authorize and approve the Project to be constructed with the proceeds of the Loan evidenced by the Third Amendment to the Loan Agreement;

(c) Ordinance No. 2143 of the Municipality (the "Ordinance") adopted on February 1, 2016, and other proceedings of the Municipality taken and adopted in connection with the authorization, execution and delivery of the Third Amendment to the Loan Agreement, and the establishment of a Dedicated Source of Revenue for repayment of the Loan evidenced by the Third Amendment to the Loan Agreement; and

(d) such other proceedings, documents and instruments as I have deemed necessary or appropriate to the rendering of the opinions expressed herein.

In this connection, I have reviewed such documents, and have made such investigations of law, as deemed relevant and necessary as the basis for the opinions hereinafter expressed.

Based upon the foregoing, it is my opinion, as of the date hereof, that:

1. The Municipality is a municipal corporation duly created, organized and existing under the laws of the State.

2. The Municipality operates a public Wastewater Treatment Works, as said term is defined in the Loan Act.

3. The Project has been duly authorized by the Municipality.

4. The Municipality has all requisite legal power and authority to, and has been duly authorized under the terms and provisions of the Ordinance to, execute and deliver, and perform its obligations under, the Third Amendment to the Loan Agreement.

5. The Third Amendment to the Loan Agreement has been duly authorized, executed and delivered by the Municipality and constitutes a valid and binding agreement of the Municipality enforceable in accordance with its terms, subject as to enforcement of remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted, and subject further to the exercise of judicial discretion in accordance with general principles of equity. In rendering this opinion I have assumed due authorization, execution and delivery of the Third Amendment to the Loan Agreement by the State, acting by and through KDHE.

6. The Municipality has duly authorized the Dedicated Source of Revenue for repayment of the Loan to be made pursuant to the Third Amendment to the Loan Agreement.

7. To the best of my knowledge, the execution and delivery of the Third Amendment to the Loan Agreement by the Municipality will not conflict with or result in a breach of any of the terms of, or constitute a default under, any Ordinance, indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Municipality is a party or by which it or any of its property is bound or any of the rules or regulations applicable to the Municipality or its property or of any court or other governmental body.

Very truly yours,

Paul M. Kritz

PMK:kb

==========

FOURTH AMENDMENT TO THE LOAN AGREEMENT

By and Between

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS

AND

CITY OF CANEY, KANSAS
KWPCRF PROJECT NO.: C20 1709 01

ORIGINAL LOAN AGREEMENT
EFFECTIVE AS OF OCTOBER 12, 2005

AMENDMENT NO.: 4
EFFECTIVE AS OF MARCH 14, 2019

==========

Fourth Amendment to
the Loan Agreement by and between the
Kansas Department of Health and Environment
Acting on Behalf of the State of Kansas
and the City of Caney, Kansas
Effective As of March 14, 2019

WHEREAS, the City of Caney, Kansas (the Municipality) has entered into a Loan Agreement with the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, effective as of October 12, 2005 (the "Loan Agreement"); and

WHEREAS, said Loan Agreement was entered into for the benefit of the Municipality, KWPCRF Project No. C20 1709 01; and

WHEREAS, the Municipality and KDHE hereby determines that it is necessary to amend certain exhibits to the Loan Agreement, and

WHEREAS, this Fourth Amendment to the Loan Agreement is entered into and effective as of March 14, 2019;

THEREFORE, the Loan Agreement is amended as follows:

SECTION 1. Exhibit B of the LOAN AGREEMENT BY AND BETWEEN THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT AND THE CITY OF CANEY, KANSAS is hereby amended to read as set forth on the pages attached hereto.

SECTION 2. Except as herein specifically set out, the Loan Agreement is confirmed and ratified.

IN WITNESS WHEREOF, KDHE and the Municipality have caused this Fourth Amendment to the Loan Agreement for the Municipality to be executed, sealed and delivered, effective as of March 14, 2019.

Kansas
Department of Health and Environment

The KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By Leo D Henning
Director

"KDHE"

Date: 3-26-19

CANEY, KANSAS

By Thomas C Burk Jr

Title: Mayor

(Seal)

ATTEST:

By Debbie Morrison
Title: City Clerk

The "Municipality"

Date: 04.15.2019

EXHIBIT B
LOAN REPAYMENT SCHEDULE
(See Page 5)

DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE

Dedicated Source of Revenue.

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

The Loan Repayment Schedule

The Municipality and KDHE have agreed that interest becoming due semiannually on the Loan during the construction period for the Project may be capitalized and repaid as a part of the Loan. In this regard, KDHE shall give the Municipality written notice of each semiannual installment of interest becoming due during the construction period. At its option, the Municipality may elect to pay such amounts, and if so elected, must pay such amounts within 30 days of receipt of the notice of their becoming due. If the Municipality does not elect to pay such amounts within 30 days of receipt of such notice, the amount then due and owing as semiannual interest on the Loan shall be capitalized and added to the principal amount of the Loan and shall bear interest at the rate of interest set forth in Section 2.02 hereof.

KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND

Actual Draws - Actual Interest Rate
Amortization of Loan Costs - FINAL

Project Principal:	1,155,596.00
Interest During Const.:	0.00
Service Fee During Const.:	0.00
Gross Loan Costs:	1,155,596.00

Prepared for:
City of Caney, Project No. C20 1709 01

3/12/2019

Gross Rate:	2.58%		
Service Fee Rate:	0.25%	1st Payment Date:	3/1/2008
Loan Interest Rate:	2.33%	Number of Payments:	40

Payment Number	Payment Date	Beginning Balance	Principal Added	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	3/1/2008	26,785.00	3,361.00	185.41	6,548.23	19.89	6,753.53	23,597.77
2	9/1/2008	23,597.77	270,250.00	1,947.16	4,597.45	208.92	6,753.53	289,250.32
3	3/1/2009	289,250.32	5,200.00	3,427.10	7,957.12	367.71	11,751.93	286,493.20
4	9/1/2009	286,493.20		3,337.65	8,056.16	358.12	11,751.93	278,437.04
5	3/1/2010	278,437.04		3,243.79	6,125.85	348.05	9,717.69	272,311.19
6	9/1/2010	272,311.19		3,172.43	6,204.87	340.39	9,717.69	266,106.32
7	3/1/2011	266,106.32		3,100.14	6,284.92	332.63	9,717.69	259,821.40
8	9/1/2011	259,821.40		3,026.92	6,365.99	324.78	9,717.69	253,455.41
9	3/1/2012	253,455.41		2,952.76	6,448.11	316.82	9,717.69	247,007.30
10	9/1/2012	247,007.30		2,877.64	6,531.29	308.76	9,717.69	240,476.01
11	3/1/2013	240,476.01		2,801.55	6,615.54	300.60	9,717.69	233,860.47
12	9/1/2013	233,860.47		2,724.47	6,700.89	292.33	9,717.69	227,159.58
13	3/1/2014	227,159.58		2,646.41	6,787.33	283.95	9,717.69	220,372.25
14	9/1/2014	220,372.25		2,567.34	6,874.88	275.47	9,717.69	213,497.37
15	3/1/2015	213,497.37		2,487.24	6,963.58	266.87	9,717.69	206,533.79
16	9/1/2015	206,533.79		2,406.12	7,053.40	258.17	9,717.69	199,480.39
17	3/1/2016	199,480.39		2,323.95	7,144.39	249.35	9,717.69	192,336.00
18	9/1/2016	192,336.00		2,240.71	50,457.19	240.42	52,938.32	141,878.81
19	3/1/2017	141,878.81	61,750.00	2,376.27	50,307.08	254.97	52,938.32	153,321.73
20	9/1/2017	153,321.73	661,963.31	8,066.70	44,006.09	865.53	52,938.32	771,278.95
21	3/1/2018	771,278.95	118,098.50	9,757.40	42,133.99	1,046.93	52,938.32	847,243.46
22	9/1/2018	847,243.46	8,188.19	9,927.10	41,946.09	1,065.13	52,938.32	813,485.56
23	3/1/2019	813,485.56		9,477.11	42,444.35	1,016.86	52,938.32	771,041.21
24	9/1/2019	771,041.21		8,982.63	40,854.53	963.80	50,800.96	730,186.68
25	3/1/2020	730,186.68		8,506.67	41,381.56	912.73	50,800.96	688,805.12
26	9/1/2020	688,805.12		8,024.58	41,915.37	861.01	50,800.96	646,889.75
27	3/1/2021	646,889.75		7,536.27	42,456.08	808.61	50,800.96	604,433.67
28	9/1/2021	604,433.67		7,041.65	43,003.77	755.54	50,800.96	561,429.90
29	3/1/2022	561,429.90		6,540.66	43,558.51	701.79	50,800.96	517,871.39
30	9/1/2022	517,871.39		6,033.20	44,120.42	647.34	50,800.96	473,750.97
31	3/1/2023	473,750.97		5,519.20	44,689.57	592.19	50,800.96	429,061.40
32	9/1/2023	429,061.40		4,998.57	45,266.06	536.33	50,800.96	383,795.34
33	3/1/2024	383,795.34		4,471.22	45,850.00	479.74	50,800.96	337,945.34
34	9/1/2024	337,945.34		3,937.06	46,441.47	422.43	50,800.96	291,503.87
35	3/1/2025	291,503.87		3,396.02	47,040.56	364.38	50,800.96	244,463.31
36	9/1/2025	244,463.31		2,848.00	47,647.38	305.58	50,800.96	196,815.93
37	3/1/2026	196,815.93		2,292.91	48,262.03	246.02	50,800.96	148,553.90
38	9/1/2026	148,553.90		1,730.65	48,884.62	185.69	50,800.96	99,669.28
39	3/1/2027	99,669.28		1,161.15	49,515.22	124.59	50,800.96	50,154.06
40	9/1/2027	50,154.06		584.29	50,154.06	62.61	50,800.96	0.00
	Totals		1,128,811.00	170,678.10	1,155,596.00	18,313.03	1,344,587.13	

Prepared by DOA, OFCO

July 20, 2020

Via Certified Mail

Kansas Department of Health and Environment
Bureau of Water – Public Water Supply
Curtis State Office Building
1000 SW Jackson, Suite 420
Topeka, Kansas 66612-1367
Attn: William J. Carr, SRF Unit Administrator

Kansas Development Finance Authority
555 S. Kansas Avenue, Suite 202
Topeka, Kansas 66603
Attn: Rebecca Floyd, President
and General Counsel

CONDITIONAL NOTICE OF PREPAYMENT

Re: Loan Agreement between The Kansas Department of Health and Environment Acting on Behalf of the State of Kansas ("KDHE") and the City of Caney, Kansas (the "City"), KWPCRF Project No. C20 1709 01 effective as of October 12, 2005, as amended (the "Loan Agreement")

Notice is hereby given pursuant to ***Section 2.05(b)*** of the Loan Agreement that the City desires to prepay the Loan Agreement in full on ***September 20, 2020*** (or as soon thereafter as possible). Such prepayment is subject to the availability of funds therefore from the proceeds of tax-exempt general obligation bonds to be issued by the City.

KDHE is requested to complete the attached Acknowledgment and Certification and Certification Regarding Use of Loan Prepayment Funds and forward a copy of same to the undersigned. The amount necessary to prepay the Loan Agreement will be forwarded via federal reserve wire transfer to a financial institution designated by KDHE.

CITY OF CANEY, KANSAS

By: _____
City Clerk

cc: Brian Vazquez, Esq., KDHE General Counsel
Gene Lueger, Esq., KDHE Associate Chief Counsel

Division of Environment
Curtis State Office Building
1000 SW Jackson St., Suite 400
Topeka, KS 66612-1367

Kansas
Department of Health and Environment

Phone: 785-296-1535
Fax: 785-559-4264
www.kdheks.gov

Lee A. Norman, M.D., Secretary

Laura Kelly, Governor

July 23, 2020

Ms. Debbie Morrison, City Clerk
City of Caney
P. O. Box 129
Caney, Kansas 67333-0129

RE: Kansas Water Pollution Control Revolving Fund Project No. C20 1709 01

Dear Ms. Morrison:

Please find enclosed the KDHE Acknowledgement and Certification, loan payoff statement, and KDHE certification for use of prepayment funds for the referenced Kansas Public Water Supply Loan Fund loan. Also enclosed is a Certification Regarding Source of Funds for KDHE Loan Prepayment form that must be completed by the City and returned to this office.

Please ensure payment is received by KDHE on or prior to September 20, 2020. Also, if funds will be wired prior to that date, KDHE must have advanced notice of the exact date funds will arrive or else the transaction could be rejected by the State Treasurer's Office.

Sincerely yours,

Brenda Diegel

Brenda Diegel
Program Consultant
Public Water Supply Section
KDHE- Bureau of Water

BD
Enclosure

pc: Southeast District Office
Caney KWPCRF C20 1709 01

Kansas
Department of Health
and Environment

ACKNOWLEDGEMENT AND CERTIFICATION

Re: Loan Agreement between the Kansas Department of Health and Environment Acting on Behalf of the State of Kansas ("KDHE") and the City of Caney, KWPCRF Project No. C20 1709 01 effective as of October 12, 2005 (the "Loan Agreement")

The undersigned, as an authorized representative of The Kansas Department of Health and Environment ("KDHE"), does hereby certify as follows:

1. Capitalized terms not defined herein, shall have the meanings ascribed thereto in the attached Conditional Notice of Prepayment or the Loan Agreement defined therein.

2. KDHE received the Conditional Notice of Prepayment on July 21, 2020, evidencing the intent of the City of Caney, Kansas (the "City") to prepay in full the above referenced Loan Agreement on September 20, 2020 (the "Prepayment Date"), subject to the issuance of the general obligation refunding bonds of the City.

3. The full prepayment amount of the Loan, as determined pursuant to the Loan Agreement, is calculated as follows

Principal amount of Loan for KWPCRF Project No. C20 1709 01	$646,889.75
Accrued Interest	$795.49
Accrued Service Fees	$85.35
Total Prepayment Amount	**$647,770.59**

4. Wire transfer of the Total Prepayment Amount set forth above shall be sent to KDHE via Federal Reserve wire transfer using the following instructions:

U.S. Bank N.A. 719 South Kansas Avenue, Topeka, KS 66037
ABA (routing) #: 101000187
Account Name: KDHE SRF
Account#: 145592436938
Reference: KDHE SRF Loan Repayment
Attention: Brenda Diegel Phone No. 785-296-4262

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

William J. Carr
Assistant Director, Bureau of Water
July 23, 2020

STATE OF KANSAS
DEPARTMENT OF HEALTH AND ENVIRONMENT
WATER POLLUTION CONTROL REVOLVING LOAN PROGRAM
CURTIS STATE OFFICE BUILDING
1000 SW JACKSON STREET, SUITE 420
TOPEKA, KS 66612-1367
(785) 296-4262

LOAN PAYOFF STATEMENT

BILLING PERIOD COVERED: 09/01/20 - 09/20/20

STATEMENT DATE: 07/22/20

PROJECT: City of Caney, Project No. C20 1709 01

Gross Loan Costs:	$1,155,596.00
Previous Loan Balance:	$646,889.75
This Principal Payment:	$646,889.75
Current Loan Balance:	$0.00

Principal:	$646,889.75
Interest:	$795.49
Service Fee:	$85.35
Total Due:	$647,770.59

AMOUNT DUE	DATE DUE	AMOUNT ENCLOSED
$647,770.59	09/20/20	

There are two payment options available: electronic Automatic Clearing House (ACH) or check submitted through mail

Remit ACH payment to:
U.S. Bank N.A.
ABA #: 101000187
Account #: 145592436938
Reference: STATE OF KANSAS - KDHE SRF

OR

Make check payable to:
Kansas Department of Health and Environment

If paying by check, please return a copy of this statement with your payment to:
Department of Health and Environment
Attn: Brenda Diegel
Bureau of Water
Curtis State Office Building
1000 SW Jackson Street, Suite 420
Topeka, KS 66612-1367

Kansas
Department of
Health and
Environment

CERTIFICATION REGARDING SOURCE OF LOAN FUNDS

Re: Prepayment of Loan Agreement KWPCRF Project No. C20 1709 01 (the "Loan") between The Kansas Department of Health and Environment acting on behalf of the State of Kansas ("KDHE") and the City of Caney, Kansas (the "Municipality")

The undersigned, as an authorized representative of KDHE, does hereby certify the Loan was financed by KDHE from grant funds and cash on hand not obtained by any bond issue.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

William J. Carr
Assistant Director
Bureau of Water
Kansas Department of Health & Environment
July 23, 2020

Kansas
Department of Health and Environment

CERTIFICATION REGARDING SOURCE OF FUNDS FOR KDHE LOAN PREPAYMENT

In order to comply with (and plan for) certain tax laws related to the refunding of tax exempt debt incurred by the KWPCRF and the KPWSRF, the Loan recipient must notify KDHE of the source of funds being used to prepay a KDHE SRF loan. This form must be completed for each individual SRF loan being prepaid.

The Loan Recipient hereby certifies that the proposed prepayment for the loan will come from the sources as indicated below.

_____ The loan will be paid with cash on hand that was not acquired by a prior bond issue

__X__ The loan will be paid with bond proceeds from a tax exempt bond issue that will have a yield of___% 1.0873%

_____ The loan will be paid with bond proceeds from a taxable bond issue

_____ The loan will be paid with funds derived from some other financial instrument (please explain below and provide the tax status of the instrument)

_____

_____

_____

Debbie Morrison
Printed Name - Representative of Municipality

City Clerk
Title of Representative

Debbie Morrison
Signature of Representative

City of Caney, Kansas
Name of Municipality

Loan # C20 1709 01

Proposed loan Prepayment Date 9 / 20 / 2020

Bond Issue Closing Date (if any) 9 / 01 / 2020

09/02/2020
Date

Revision Date 12/19/2012

LOAN AGREEMENT

Between

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS

and

CANEY, KANSAS

KPWSLF PROJECT NO. 2491

EFFECTIVE AS OF APRIL 20, 2007

The interest of the Kansas Department of Health and Environment ("KDHE") in the interest portion of the Loan Repayments to be made by the Municipality and certain other revenues (the "Revenues") under this Loan Agreement have been pledged and assigned to the Kansas Development Finance Authority (the "Authority") pursuant to a Pledge Agreement between KDHE and the Authority. The interest of the Authority in the Revenues has been pledged as security for the payment of the principal of, redemption premium, if any, and interest on the Authority's Kansas Public Water Supply Loan Fund Revenue Bonds, pursuant to a Master Bond Resolution adopted by the Authority.

LOAN AGREEMENT

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KANSAS PUBLIC WATER SUPPLY LOAN FUND
LOAN AGREEMENT

THIS LOAN AGREEMENT, effective as of April 20, 2007, by and between the KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT ("KDHE"), acting on behalf of THE STATE OF KANSAS (the "State"), and CANEY, KANSAS, a "Municipality" according to K.S.A. 65-163d, hereinafter referenced as the "Municipality":

W I T N E S S E T H:

WHEREAS, the Safe Drinking Water Act Amendments of 1996 [Pl. 104-182] to the Safe Drinking Water Act (jointly, the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Public Water Supply Loan Act, K.S.A. 65-163d *et seq* , as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary (the "Secretary") of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Secretary and the Kansas Development Finance Authority (the "Authority") have entered into an Inter-Agency Agreement dated as of September 6, 1997, which was amended and restated pursuant to an Inter-Agency Agreement by and among KDHE, the Kansas Department of Administration (the "DOA") and the Authority, dated as of March 14, 1999 (jointly, the "Inter-Agency Agreement"), to define the cooperative relationship between KDHE, the DOA and the Authority to jointly administer certain provisions of the Loan Act; and

WHEREAS, the Authority and KDHE have supplemented the Inter-Agency Agreement by entering into a Pledge Agreement, dated as of November 1, 1997, as the same may be amended and supplemented from time to time (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities (as defined in the Loan Act) for Public Water Supply Projects (the "Projects") and to pledge the Loan Repayments received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, the Municipality has made timely application to KDHE for a Loan to finance all or a portion of the Project Costs; and

WHEREAS, the State has approved the Municipality's application for a Loan, subject to the receipt of capitalization grants from the EPA pursuant to the Federal Act and proceeds of the Bonds when issued by the Authority.

NOW, THEREFORE, for and in consideration of the award of the Loan by KDHE, the Municipality agrees to complete its Project and to perform under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and attached hereto as a part hereof, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

"**Additional Payments**" means the payments described in *Section 2.06* hereof.

"**Additional Revenue Obligations**" means any obligation for the payment of money undertaken by the Municipality which is payable from or secured by a pledge of, or lien upon, the System Revenues incurred after the date of execution and delivery of this Loan Agreement, and all Existing Revenue Obligations.

"**Authority**" means the Kansas Development Finance Authority, a public body politic and corporate and an instrumentality of the State, and its successors and assigns.

"**Authorized Municipality Representative**" means any person authorized pursuant to a resolution of the governing body of the Municipality to perform any act or execute any document relating to the Loan, or this Loan Agreement.

"**Bonds**" means the Kansas Development Finance Authority, Kansas Public Water Supply Revolving Loan Fund Revenue Bonds, issued in one or more series, pursuant to Master Bond Resolution No. 106, and supplements thereto.

"**Code**" means the Internal Revenue Code of 1986, and amendments thereto, and any applicable regulations thereunder promulgated by the Department of the Treasury.

"**Dedicated Source of Revenue**" shall have the meaning ascribed thereto in ***Exhibit B*** attached hereto.

"**EPA**" means the Environmental Protection Agency of the United States, its successors and assigns.

"**Event of Default**" means any occurrence of the following events:

(a) failure by the Municipality to pay, or cause to be paid, any Loan Repayment required to be paid hereunder when due;

(b) failure by the Municipality to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a) of this Section, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Municipality by KDHE, unless KDHE shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period KDHE may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by the Municipality within the applicable period and diligently pursued until the Event of Default is corrected;

(c) failure by the KDHE to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Agreement which shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to KDHE by the Municipality, unless the Municipality shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Municipality may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by KDHE within the applicable period and diligently pursued until the Event of Default is corrected.

(d) any representation made by or on behalf of the Municipality contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is intentionally false or misleading in any material respect.

(e) any representation made by or on behalf of KDHE contained in this Agreement, or in any instrument furnished in compliance with or with reference to this Agreement, is intentionally false or misleading in any material respect;

(f) a petition is filed by or against the Municipality under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Municipality, such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal;

(g) the Municipality shall generally fail to pay its debts as such debts become due;

(h) failure of KDHE to promptly pay any Project Costs when reasonably requested to do so by the Municipality pursuant to *Section 2.03* hereof.

"**Existing Revenue Obligation**" means any obligation for the payment of money undertaken by the Municipality which is payable from or secured by a pledge of, or lien upon, the System Revenues existing or outstanding at the time of execution and delivery of this Loan Agreement by the Municipality.

"**Federal Act**" means the Safe Drinking Water Act, including the Safe Drinking Water Act Amendments of 1996 [PL 104-182] thereto.

"**FIAC**" means the Financial Integrity Assurance Contract, among KDHE, the Authority, KRWFA and the Municipality, the form of which is attached hereto as ***Exhibit I***.

"**FIAC Origination Fee**" means the fee charged by KDHE to implement the FIAC, which shall be an amount equal to 1.0% of the original principal amount of the Loan if such FIAC is entered into in conjunction

with the execution of this Loan Agreement, or if the FIAC is entered into after the Municipality commences the Loan Repayments, an amount equal to 1.0% of the outstanding principal amount of the Loan as of the effective date of the FIAC.

"GAAP" means generally accepted accounting principles as applicable to municipal utility systems.

"Indebtedness" means any financial obligation of the Municipality evidenced by an instrument executed by the Municipality, including this Loan, Existing Revenue Indebtedness, Additional Revenue Indebtedness, general obligation bonds or notes, lease or lease-purchase agreement or similar financial transactions.

"KDHE" means the Kansas Department of Health and Environment or its successors in interest.

"KRWFA" means the Kansas Rural Water Finance Authority.

"Loan" means the loan made by KDHE to the Municipality to finance or refinance a portion of the Project Costs pursuant to this Loan Agreement.

"Loan Act" means the Constitution and laws of the State of Kansas, including particularly K.S.A. 65-163d through 65-163u inclusive, as amended and supplemented.

"Loan Agreement" means this Loan Agreement, including the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

"Loan Origination Fee" means a fee charged by KDHE to originate the Loan pursuant to this Loan Agreement, which shall be an amount equal to 0.25% of the original principal amount of the Loan, as adjusted in accordance with the provisions of *Section 2.01* hereof.

"Loan Repayments" means the payments payable by the Municipality pursuant to *Section 2.05* of this Loan Agreement.

"Loan Terms" means the terms of this Loan Agreement provided in *Article II* hereof.

"Municipal Fiscal Year" means the twelve-month period ending on December 31 of each year.

"Municipality" means Caney, Kansas, its successors and assigns.

"Pledge Agreement" means the Pledge Agreement between the Authority and KDHE, dated as of November 1, 1997, and any agreement or agreements amendatory or supplemental thereto.

"Project" means the acquisition, design, construction, improvement, repair, rehabilitation or extension of the System described in ***Exhibit A*** hereto, which constitutes a project pursuant to the Loan Act for which KDHE is making a Loan to the Municipality pursuant to this Loan Agreement.

"Project Costs" means all costs or expenses which are necessary or incident to the Project and which are directly attributable thereto, including, but not limited to: (a) costs of any Loan reserves; (b) interest on the Loan during the construction of the Project; (c) principal of and interest on any temporary financing obligations issued by the Municipality to pay Project Costs incurred for contracts entered into on or after August 6, 1996; and (d) financing and administrative costs associated with the Loan Agreement.

"Public Water Supply System" means a system for the provision to the public of piped water for human consumption, if such system has at least ten (10) service connections or regularly serves an average of at least twenty-five (25) individuals daily at least sixty (60) days out of the year, and as further defined in K.S.A. 65-162a, and amendments thereto.

"Rating Agency" means Moody's Investors Service, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Fitch Investors Service, Inc., and any other nationally recognized securities rating agency designated by the Authority.

"Regulations" means Kansas Administrative Regulations (K.A.R.) 28-15-50 to 28-15-65, and any amendments thereto promulgated by KDHE pursuant to the Loan Act.

"Revolving Fund" means the Kansas Public Water Supply Loan Fund established by the Loan Act.

"SEC Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time or such other similar rule regarding disclosure of information in securities transactions.

"Secretary" means the Secretary of KDHE.

"State" means the State of Kansas, acting, unless otherwise specifically indicated, by and through KDHE, and its successors and assigns.

"System" means the water system of the Municipality, as the same may be modified or enlarged from time to time, including the Project described in ***Exhibit A***, for which the Municipality is making the borrowing under this Loan Agreement, which constitutes or includes a Public Water Supply System.

"System Revenues" means all revenues derived by the Municipality from the ownership and operation of the System.

Section 1.02. Rules of Interpretation.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(c) All references in this Loan Agreement to designated "Articles," "Sections" and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this Loan Agreement as originally executed. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

(d) The Table of Contents and the Article and Section headings of this Loan Agreement shall not be treated as a part of this Loan Agreement or as affecting the true meaning of the provisions hereof.

ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds and proceeds of Bonds, KDHE will loan an amount not to exceed $902,250.00 to the Municipality to pay all or a portion of the Project Costs for the Project described in ***Exhibit A*** hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (***Exhibit B*** hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in excess of the amount of the Loan. Any amendment to ***Exhibit B*** shall be effected by written amendment to the Loan Agreement executed by all parties.

Section 2.02. Interest Rate. The interest rate on the loan shall be 3.36% per annum, which shall be assessed on the unpaid principal balance to be paid as set out in the Loan Repayment Schedule, ***Exhibit B*** hereto. This interest rate consists of a net loan interest rate, and a service fee, as described in ***Exhibit B***. Any subsequent revision to the amount of the Loan or ***Exhibit B*** hereto shall not change the gross interest rate on the Loan.

Section 2.03. Disbursement of Loan Proceeds.

(a) Subject to the conditions described in this Section, KDHE agrees to disburse the proceeds of the Loan during the progress of the Project for Project Costs. Requests for disbursement may be submitted by the Municipality (in substantially the form attached hereto as ***Exhibit E***), not more than once per month, in accordance with the procedures set forth by KDHE. Any request for disbursement must be supported by proper invoices and a certificate of the Authorized Municipality Representative to the effect that all representations made in this Loan Agreement remain true as of the date of the request and, based upon that information then available to such person, no adverse developments affecting the financial condition of the Municipality or its ability to complete the Project or to repay the Loan have occurred.

The Municipality may request disbursement for the following Project Costs:

(1) any eligible planning/design costs incurred prior to execution of this Loan Agreement (initial disbursement request only);

(2) disbursement for eligible Project Costs if such Project Costs have been incurred and are due and payable to Project contractors (actual payment of such Project Costs by the Municipality is not required as a condition of the payment request); or

(3) interest becoming due on the Loan prior to the initial scheduled payment of principal;

(4) the amount of the Loan Origination Fee, if not paid from Municipality funds;

(5) the principal of and interest on any temporary financing obligations issued by the Municipality to pay Project Costs incurred for contracts entered into on or after August 6, 1996; and

(6) the amount of the FIAC Origination Fee, if not paid from Municipality funds.

(b) KDHE shall not be under any obligation to disburse any Loan proceeds to the Municipality under this Loan Agreement unless:

(1) there are moneys available in the Revolving Fund to fund the Loan, as determined solely by KDHE;

(2) the Municipality shall certify to KDHE that it has funds available to pay for that portion of the Project Costs not eligible (pursuant to the Loan Act or the Federal Act) to be funded under this Loan Agreement;

(3) no Event of Default by the Municipality shall have occurred and be continuing; and

(4) the Municipality continues to maintain reasonable progress towards completion of the Project.

Section 2.04. Schedule of Compliance; Completion of Project.

(a) The Municipality agrees to complete the Project in accordance with the Conditions Applicable to Construction of the Project set forth in ***Exhibit C*** attached hereto.

(b) The completion of the construction of the Project shall be evidenced to KDHE by a certificate signed by the Authorized Municipality Representative stating: (1) that the construction of the Project has been completed in accordance with the plans and specifications therefore; and (2) that all Project Costs have been paid, except Project Costs the payment of which is not yet due or is being retained or contested in good faith by the Municipality. Such certificate shall be given not later than the date established by KDHE, which shall be approximately the date that the Project is capable of being placed into operation by the Municipality. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 2.05. Repayment of the Loan.

(a) ***Loan Repayments***. The Municipality shall pay to KDHE, on or before the due dates, installments of principal and interest on the Loan in accordance with ***Exhibit B*** attached hereto, until the Loan has been paid in full. Installments of principal and interest on the Loan shall be computed and paid in accordance with the Loan Repayment Schedule on ***Exhibit B*** as in effect at any time under this Loan Agreement. Notwithstanding any other provision of this Loan Agreement, the first payment of principal and interest due on the Loan shall be made the earlier of two years after receipt by the Municipality of the first disbursement under the Loan or one year after Project completion. The final installment of principal under the Loan shall be fully repaid not later than 20 years after Project completion.

(b) ***Prepayment of the Loan***. The Municipality may prepay the outstanding principal of the Loan, in whole, or in part, at any time, without penalty, upon giving 60 days written notice to KDHE of its intent to so prepay; provided, however, a partial prepayment may be made only if the prepayment amount is the greater of 10% of the original principal amount of the Loan or $50,000. A new ***Exhibit B*** will be prepared by KDHE following receipt of any acceptable partial prepayment, reamortizing the remaining principal amount over the remaining term of the Loan.

Section 2.06. Additional Payments. The Municipality shall pay as Additional Payments the following amounts:

(a) The FIAC Origination Fee (if applicable), if the same was not paid from proceeds of the Loan.

(b) Any amounts required to be paid by the Authority to the United States of America as arbitrage rebate, arising due to the Municipality's failure to expend proceeds of the Loan at the times certified to KDHE by the Municipality, that result in arbitrage rebate liability for the Authority, but only to the extent that the funds in the Rebate Fund established by the Master Resolution are insufficient to make such payments; and.

(c) All other payments of whatever nature which the Municipality has agreed to pay or assume hereunder.

Section 2.07. Financial Integrity Assurance Contract. In accordance with the powers granted to the Secretary in the Loan Act, the Secretary may require at any time during the term of this Loan Agreement the execution of a FIAC by the Municipality; provided the Secretary shall not make such requirement so long as the Municipality maintains a financial rating on its general obligation bonds or Additional Revenue Obligations of not less than the lowest category of "A" from any Rating Agency. In addition, the Municipality may elect to execute a FIAC prior to the funding of the Loan or at any time during the term of this Loan Agreement. In either instance, the Municipality and the Secretary hereby agree to execute such document in substantially the form attached hereto as ***Exhibit I***. The provider of contract services under the FIAC shall be compensated by KDHE from proceeds of the FIAC Origination Fee; the Municipality shall have no further obligation for fees to KDHE under the FIAC. The Municipality will cooperate fully with any recommendations and requirements imposed by the FIAC provider.

ARTICLE III

REPRESENTATIONS AND COVENANTS OF MUNICIPALITY

Section 3.01. Representations of the Municipality. The Municipality makes the following representations:

(a) ***Organization and Authority.***

(1) The Municipality is a municipal corporation duly created and validly existing under and pursuant to the constitution and statutes of the State.

(2) The Municipality has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain its System, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to undertake and complete the Project, and to carry out and consummate all transactions contemplated by this Loan Agreement.

(3) The Ordinance (adopted substantially in the form attached hereto as ***Exhibit F***) and other proceedings of the Municipality's governing body approving this Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Municipality, and authorizing the Municipality to undertake and complete the Project have been duly and lawfully adopted.

(4) This Loan Agreement has been duly authorized, executed and delivered on behalf of the Municipality, and, constitutes the legal, valid and binding obligation of the Municipality enforceable in accordance with its terms.

(b) ***Full Disclosure***. To the best knowledge of the Municipality, there is no fact that the Municipality has not disclosed to KDHE in writing on the Municipality's application for the Loan or otherwise that materially adversely affects or that will materially adversely affect the properties, activities, or its System, or the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreement under this Loan Agreement.

(c) ***Non-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: (1) the legal organization of the Municipality; (2) its boundaries; (3) the right or title of any of its officers to their respective offices; (4) the legality of any official act taken in connection with obtaining the Loan; (5) the constitutionality or validity of the indebtedness represented by the Loan Agreement; (6) any of the proceedings had in relation to the authorization or execution of this Loan Agreement; (7) the collection of revenues of the System; (8) the levy and collection of unlimited *ad valorem* taxes to pay the principal of and interest on the Loan; or (9) the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(d) ***Compliance with Existing Laws and Agreements***. To the best knowledge of the Municipality, the authorization, execution and delivery of this Loan Agreement by the Municipality, and the performance by the Municipality of its duties, covenants, obligations and agreements thereunder will not result in any breach of any existing law or agreement to which the Municipality is a party.

(e) ***No Defaults***. No event has occurred and no condition exists that would constitute an Event of Default. The Municipality is not presently aware of any violation of any agreement which would materially adversely affect the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(f) ***Compliance with Law***. The Municipality has, to the best of the Authorized Municipality's Representative's knowledge:

(1) complied with all laws, ordinances, governmental rules and regulations to which it is subject, including, without limitation, any public hearing or public notice requirements or environmental review requirements contained in the Loan Act, the Regulations and the Federal Act, the failure to comply with which would materially adversely affect the ability of the Municipality to conduct its activities, enter into this Loan Agreement or undertake or complete the Project; and

(2) obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property which, if not obtained, would materially adversely affect the ability of the Municipality to complete the Project or operate the Project.

(g) ***Use of Loan Proceeds***. The Municipality will apply the proceeds of the Loan as described in ***Exhibit D***:

(1) to finance or refinance a portion of the Project Cost; and

(2) where applicable, to reimburse the Municipality for a portion of the Project Costs, which portion was paid or incurred in anticipation of reimbursement by KDHE as a result of contracts entered into on or after to August 6, 1996 and is eligible for such reimbursement pursuant to the Regulations and the Code.

(h) ***Project Costs***. The Municipality certifies that the Project Costs, as listed in ***Exhibit D***, is a reasonable and accurate estimation and, upon direction of KDHE, will supply the same with a certificate from its consulting engineer stating that such Costs are reasonable and accurate estimations, taking into account investment income to be realized during the course of construction of the Project, if any, and other lawfully available money that would, absent the Loan, have been used to pay the Project Costs.

Section 3.02. Particular Covenants of the Municipality.

(a) ***Dedicated Source of Revenue for Repayment of the Loan***. The Municipality hereby establishes the Dedicated Source of Revenue described on ***Exhibit B*** attached hereto, which Dedicated Source of Revenue is hereby pledged to the Loan Repayments, Additional Payments and all other obligations of the Municipality under this Loan Agreement.

(b) ***Performance Under Loan Agreement***. The Municipality covenants and agrees in the performance of its obligations under this Loan Agreement:

(1) to comply with all applicable State and federal laws, rules and regulations (including, but not limited to the conditions set forth in ***Exhibit C*** hereto) as are applicable to this Loan Agreement; and

(2) to cooperate with KDHE in the observance and performance of the respective duties, covenants, obligations and agreements of the Municipality and KDHE under this Loan Agreement (including, without limitation the requirements contained in ***Exhibit C*** hereto).

(c) ***Completion of Project and Provision of Moneys Therefore***. The Municipality covenants and agrees:

(1) to exercise its best efforts in accordance with prudent utility practice to complete the Project and to so accomplish such completion on or before the estimated Project completion date set forth in ***Exhibit C*** hereto; and

(2) to provide, from its own financial resources, all moneys, in excess of the total amount of proceeds it receives under the Loan, required to complete the Project.

(d) ***Delivery of Documents and Payment of Fees***. Concurrently with the delivery of this Loan Agreement and the closing of the Loan, the Municipality will cause to be delivered to KDHE:

(1) fully executed counterparts of this Loan Agreement;

(2) copies of the ordinance of the governing body of the Municipality authorizing the execution and delivery of this Loan Agreement, certified by an Authorized Municipality Representative, which shall be in substantially the form attached hereto as ***Exhibit F*** together with an affidavit of publication thereof in the official newspaper of the Municipality;

(3) an opinion of the Municipality's counsel substantially in the form set forth in ***Exhibit G*** attached hereto;

(4) a fully executed FIAC, if required by the Secretary, or desired by the Municipality;

(5) payment of the FIAC Origination Fee, if applicable, if not included in the principal amount of the Loan;

(6) payment of the Loan Origination Fee, if not included in the principal amount of the Loan; and

(7) such other certificates, documents, opinions and information as KDHE may reasonably require.

(e) ***Operation and Maintenance of System***. The Municipality covenants and agrees that it shall, in accordance with prudent public water supply utility practice:

(1) at all times operate System in an efficient manner in accordance with applicable laws and regulations;

(2) maintain its System, making all necessary and proper repairs, renewals, replacements, additions, betterments and improvements necessary to maintain its System in good repair, working order and operating condition;

(3) implement any modification of the rates fees and charges for use of the System that comprise the Dedicated Source of Revenues as the Secretary may require to ensure repayment of the Loan in accordance with the provisions of the Loan Act; and

(4) take such other action as the Secretary may require in accordance with powers granted to the Secretary under the Loan Act and the Regulations.

(f) ***Disposition of System***. The Municipality shall not sell, lease or otherwise transfer ownership of all or substantially all of its System without the consent of the Secretary. The Municipality shall provide the Secretary with ninety (90) days' prior written notice to KDHE of such sale, lease or transfer. No such sale, lease or transfer shall be effective unless compliance is with the provisions of *Section 4.02* hereof, assuming such sale, lease or transfer is deemed to be an assignment for the purposes of such Section. The provisions of this paragraph shall not be construed to prohibit the lease of portions of the System by the Municipality in connection with a lease-purchase transaction to finance improvements to the System; provided that a termination or an event of default by the Municipality under such arrangement shall not have a material adverse effect on the Municipality's Dedicated Source of Revenues.

(g) ***Records and Accounts***.

(1) The Municipality shall keep accurate records and accounts for its System (the "System Records"), separate and distinct from its other records and accounts (the "General Accounts"). Such System Records shall be audited annually by an independent certified public accountant or firm of independent certified public accountants, in accordance with generally accepted auditing standards. Such audit may be a part of the single agency audit made in accordance with the Federal Single Audit Act of 1984, OMB Circular No. A-133, ***Audits of States, Local Governments, and Non-profit***

Organizations as amended in 1996 and 2003 and as may be further amended and revised. Such System Records and General Accounts shall be made available for inspection by KDHE at any reasonable time, and a copy of the Municipality's annual audit, including all written comments and recommendations of such accountant, shall be furnished to KDHE within 210 days of the close of the Municipal Fiscal Year being so audited. Such audit report shall be prepared in accordance with subsection (g)(2) hereof, unless the Municipality has received a waiver from such requirement as permitted by state law pursuant to K.S.A. 75-1120a.

(2) The Municipality shall maintain Project accounts in accordance with generally accepted government accounting standards defined in the Government Accounting, Auditing, and Financial Reporting Manual (1994 Ed.), or any revised edition, issued by the Government Finance Officers Association. The financial information shall be prepared in accordance with generally accepted accounting principles (GAAP) for state and local governments.

(h) ***Inspections***. The Municipality shall permit the EPA, KDHE and any party designated by KDHE to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, including the System Records and General Accounts, and shall supply such reports and information as the EPA and KDHE may reasonably require in connection therewith.

(i) ***Financial Information.*** The Municipality specifically agrees to provide to KDHE a reasonable number of copies of such financial information and operating data of the Municipality and the System, to the extent necessary for KDHE to comply with its continuing disclosure obligations set forth in the SEC Rule and the Pledge Agreement. Such financial information shall be accompanied by an audit report prepared in accordance with the provisions of *subsection (g)(1)* hereof. Any such requested financial information and operating data shall be supplied within 210 days after the end of the Municipal Fiscal Year. Such requirement may be satisfied by submitting the Municipality's comprehensive annual financial report (CAFR) and/or annual report of its System unless KDHE notifies the Municipality of the need for additional information. If an audit is required to be prepared, but is not available within 210 days of the end of the Municipal Fiscal Year, unaudited financial information shall be provided to KDHE pending receipt of the audit report. In addition, the Municipality shall provide KDHE with prompt notification of the occurrence of certain material events. For purposes of this paragraph, "material event" shall mean: (a) principal and interest payment delinquencies on any Indebtedness; (b) non-payment related defaults in agreements authorizing any Indebtedness; (c) rating changes on any Indebtedness; (d) adverse tax opinions or events affecting the tax-exempt status of any Indebtedness; or (e) unscheduled draws on debt service reserves or credit enhancements on any Indebtedness reflecting financial difficulties.

(j) ***Insurance***. The Municipality will carry and maintain such reasonable amount of all-risk insurance on all properties and all operations of its System as would be carried by similar municipal operators of Systems, insofar as the properties are of an insurable nature. The Municipality also will carry general liability insurance in amounts not less than the maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Kansas Tort Claims Act, K.S.A. 75-6101 *et seq.*, or other similar future law (currently $500,000 per occurrence).

(k) ***Notice of Material Adverse Change***. The Municipality shall promptly notify KDHE of any material adverse change in the activities, prospects or condition (financial or otherwise) of the System, or in the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(l) ***Additional Covenants and Requirements***. The parties hereto acknowledge that this Loan Agreement may be assigned or pledged to secure Bonds or other financings of the Authority. Should it be necessary to modify any covenants or obtain or enhance the security of the Bonds or other financings, the parties agree to take all reasonable actions and make reasonable covenants and agreements necessary to accomplish such purpose to the extent permitted by applicable laws. The parties hereto acknowledge that in conjunction with the issuance of or providing security for any Bonds or other financings, KDHE reserves the right to obtain municipal bond insurance or any other form of credit enhancement with respect to this Loan Agreement. The Municipality acknowledges that the decision to obtain any such municipal bond insurance or other credit enhancement shall be at the sole discretion of KDHE and the Authority. The costs of obtaining such credit enhancement and related costs shall be borne by Revolving Fund. The municipality shall cooperate with KDHE, the Authority and any provider of such credit enhancement with respect to furnishing financial information required by ***subsections (g) and (i)*** of this section, or any other relevant information or operating data of the System reasonablely necessary to obtain such credit enhancement or comply with the provisions thereof on an ongoing basis so long as this Loan Agreement is in effect.

ARTICLE IV

ASSIGNMENT

Section 4.01. Assignment and Transfer by KDHE. The Municipality hereby approves and consents to any assignment or transfer of this Loan Agreement that KDHE deems necessary in connection with the operation and administration of the Revolving Fund. The Municipality hereby specifically approves the assignment and pledging of the Loan Repayments and Additional Payments to the Authority, and the Authority's pledging of all or a portion of the same to the Bonds.

Section 4.02. Assignment by the Municipality. This Loan Agreement may not be assigned by the Municipality for any reason, unless the following conditions shall be satisfied:

(a) KDHE and the Authority shall have approved said assignment in writing;

(b) the assignee is a city, county, township, water district, improvement district or other political subdivision of the State or any combination thereof;

(c) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Municipality's duties, covenants, and obligations under this Loan Agreement; provided, however, such assignment shall not relieve the Municipality of its duties, covenants, and obligations under this Loan Agreement;

(d) the assignment will not adversely impact KDHE's ability to meet its duties, covenants and obligations under the Authority under the Pledge Agreement, nor may the sale endanger the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and

(e) the Municipality shall, at its expense, provide KDHE and the Authority with an opinion of a qualified attorney that each of the conditions set forth in *subparagraphs (b), (c),* and *(d)* hereof have been met.

ARTICLE V

DEFAULT AND REMEDIES

Section 5.01. Notice of Default. If an Event of Default shall occur, the non-defaulting party shall give the party in default and the Authority prompt telephonic notice of the occurrence of such Event of Default, provided the non-defaulting party has knowledge of such Event of Default. Such telephonic notice shall be immediately followed by written notice of such Event of Default given in the manner set forth in *Section 6.01* hereof.

Section 5.02. Remedies on Default. Whenever an Event of Default shall have occurred and be continuing, KDHE or the Municipality shall have the right to take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and to become due or to enforce the performance and observance of any obligation or agreement of KDHE or the Municipality (including, without limitation, withholding remaining Loan disbursements, cancellation of the Loan Agreement and acceleration of the remaining scheduled principal payments set forth on ***Exhibit B***, or such other remedies provided to the Secretary in the Loan Act and the Regulations.

Section 5.03. Expenses.

(a) Upon the occurrence of an Event of Default on the part of the Municipality, and to the extent permitted by law, the Municipality shall, on demand, pay to KDHE the reasonable fees and expenses incurred by KDHE in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of the Municipality contained herein. Prior to incurring any such expenses, KDHE shall provide written notice to the Municipality that it intends to incur such expenses; provided, however, a failure by KDHE to give such notice shall not affect KDHE's right to receive payment for such expenses. Upon request by the Municipality, KDHE shall provide copies of statements evidencing the fees and expenses for which KDHE is requesting payment.

(b) Upon the occurrence of an Event of Default on the part of KDHE, and to the extent permitted by law and availability of appropriated funds by the Kansas Legislature, KDHE shall, on demand, pay to the Municipality the reasonable fees and expenses incurred by the in Municipality in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of KDHE contained herein. Prior to incurring any such expenses, the Municipality shall provide written notice to KDHE that it intends to incur such expenses; provided, however, a failure by the Municipality to give such notice shall not affect the Municipality's right to receive payment for such expenses. Upon request by KDHE, the Municipality shall provide copies of statements evidencing the fees and expenses for which the Municipality is requesting payment.

Section 5.04. Application of Moneys. Any moneys collected by KDHE pursuant to *Section 5.02* hereof shall be applied: (a) first, to pay interest on the Loan as the same becomes due and payable; (b) second, to pay principal due and payable on the Loan; (c) third, to pay expenses owed by the Municipality pursuant to *Section 5.03* hereof; and (d) fourth, to pay any other amounts due and payable hereunder as such amounts become due and payable.

Section 5.05. No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Parties hereto is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. The parties hereto, in good faith, shall exercise such remedies with due diligence in a timely manner.

however, no delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the parties hereto to exercise any remedy reserved to them in this *Article*, it shall not be necessary to give any notice, other than such notice as may be required in this *Article V*.

Section 5.06. Retention of Rights. Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof, or anything else to the contrary contained herein, the parties hereto shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the defaulting party at law or in equity, as such party may, in its discretion, deem necessary to enforce the obligations of the defaulting party pursuant to this Loan Agreement.

Section 5.07. Financial and Management Review. Upon failure of the Municipality to pay one or more installments of the Loan Repayments in a timely manner, or in the event that the Secretary deems it advisable or necessary, the Secretary, after consultation with the governing body of the Municipality, require the Municipality to undergo a financial and management operations review or to enter into a FIAC if permitted in accordance with *Section 2.07* hereof. The governing body shall correct any deficiencies noted during such review and adopt charges or surcharges as may be required by the Secretary during the term of this Loan Agreement.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when: (a) hand delivered; (b) mailed by registered or certified United States mail, postage prepaid; or (c) via telefax, with confirmation in the manner set forth in *subsection (b)*, to the parties hereinafter set forth at the following addresses:

(1) to KDHE:

Department of Health and Environment
1000 SW Jackson - Suite 420
Topeka, Kansas 66612
Attention: Bureau of Water

with a copy to its General Counsel

(2) to the Authority:

Kansas Development Finance Authority
555 S. Kansas Avenue, Suite 202
700 S.W. Jackson
Topeka, Kansas 66603
Attention: President,

with a copy to its General Counsel

(3) to the Municipality:

at the address set forth on ***Exhibit H***.

All notices given by telefax as aforesaid shall be deemed given as of the date of evidence of receipt thereof by the recipient. All notices given by registered or certified mail as aforesaid shall be deemed duly given as of the date they are so deposited in the United States Postal Service, if postage is prepaid. Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

Section 6.02. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon KDHE and the Municipality and their respective successors and assigns.

Section 6.03. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 6.04. Amendments, Supplements and Modifications. This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Authority.

Section 6.05. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 6.06. Governing Law and Regulations. This Loan Agreement shall be governed by and construed in accordance with the laws of the State, including the Loan Act and the Regulations which Regulations are, by this reference thereto, incorporated herein as a part of this Loan Agreement.

Section 6.07. Consents and Approvals. Whenever the written consent or approval of the State shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Secretary.

Section 6.08. Further Assurances. The Municipality shall, at the request of KDHE, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be reasonably necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement.

IN WITNESS WHEREOF, KDHE and the Municipality have caused this Loan Agreement to be executed, sealed and delivered, effective as of the date above first written.

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By _____
Roderick L. Bremby
Secretary
"KDHE"

Date: 4-30-07

CANEY, KANSAS

(Seal)

By: _____
Dale McBride
(Printed Name)
Mayor
"Municipality"

Date: 5-22-07

ATTEST:

By: _____
Carole Coker
(Printed Name)
Title: Clerk

EXHIBIT A

DESCRIPTION OF THE PROJECT

This project will rehabilitate the existing chlorine contact basin into a presettling basin, re-commission an abandoned chlorine contact basin, change various chemical feed points, and reroute the water treatment plant yard piping.

EXHIBIT B

DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE

Dedicated Source of Revenue.

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations as and when the same become due; provided, however, the pledge of the System Revenues contained herein (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

Loan Repayment Schedule.

The Municipality and KDHE have agreed that interest becoming due semiannually on the Loan during the construction period for the Project may be capitalized and repaid as a part of the Loan. In this regard, KDHE shall give the Municipality written notice of each semiannual installment of interest becoming due during the construction period. At its option, the Municipality may elect to pay such amounts, and if so elected, must pay such amounts within 30 days of receipt of the notice of their becoming due. If the Municipality does not elect to pay such amounts within 30 days of receipt of such notice, the amount then due and owing as semiannual interest on the Loan shall be capitalized and added to the principal amount of the Loan and shall bear interest at the rate of interest set forth in *Section 2.02* hereof.

KANSAS PUBLIC WATER SUPPLY LOAN FUND

Estimated Draws - Actual Interest Rate
Amortization of Loan Costs
Prepared for

City of Caney, Project No. 2491

Project Principal	893,106.08
Interest During Const.	6,170.76
Service Fee During Const.	717.53
Loan Origination Fee	2,255.63
Loan Reserve Account	0.00
Financial Integrity Assurance Contract	0.00
Gross Loan Costs	902,250.00

	Gross Rate	3.36%	
	Service Fee Rate	0.35%	1st Payment Date 8/1/2008
4/23/2007	Loan Interest Rate	3.01%	Number of Payments 40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	8/1/2008	902,250.00	13,578.86	16,001.92	1,578.94	31,159.72	886,248.08
2	2/1/2009	886,248.08	13,338.03	16,270.76	1,550.93	31,159.72	869,977.32
3	8/1/2009	869,977.32	13,093.16	16,544.10	1,522.46	31,159.72	853,433.22
4	2/1/2010	853,433.22	12,844.17	16,822.04	1,493.51	31,159.72	836,611.18
5	8/1/2010	836,611.18	12,591.00	17,104.65	1,464.07	31,159.72	819,506.53
6	2/1/2011	819,506.53	12,333.57	17,392.01	1,434.14	31,159.72	802,114.52
7	8/1/2011	802,114.52	12,071.82	17,684.19	1,403.71	31,159.72	784,430.33
8	2/1/2012	784,430.33	11,805.68	17,981.29	1,372.75	31,159.72	766,449.04
9	8/1/2012	766,449.04	11,535.06	18,283.37	1,341.29	31,159.72	748,165.67
10	2/1/2013	748,165.67	11,259.89	18,590.53	1,309.30	31,159.72	729,575.14
11	8/1/2013	729,575.14	10,980.11	18,902.85	1,276.76	31,159.72	710,672.29
12	2/1/2014	710,672.29	10,695.62	19,220.42	1,243.68	31,159.72	691,451.87
13	8/1/2014	691,451.87	10,406.35	19,543.32	1,210.05	31,159.72	671,908.55
14	2/1/2015	671,908.55	10,112.22	19,871.65	1,175.85	31,159.72	652,036.90
15	8/1/2015	652,036.90	9,813.16	20,205.50	1,141.06	31,159.72	631,831.40
16	2/1/2016	631,831.40	9,509.06	20,544.95	1,105.71	31,159.72	611,286.45
17	8/1/2016	611,286.45	9,199.86	20,890.10	1,069.76	31,159.72	590,396.35
18	2/1/2017	590,396.35	8,885.47	21,241.06	1,033.19	31,159.72	569,155.29
19	8/1/2017	569,155.29	8,565.79	21,597.91	996.02	31,159.72	547,557.38
20	2/1/2018	547,557.38	8,240.74	21,960.75	958.23	31,159.72	525,596.63
21	8/1/2018	525,596.63	7,910.23	22,329.69	919.80	31,159.72	503,266.94
22	2/1/2019	503,266.94	7,574.17	22,704.83	880.72	31,159.72	480,562.11
23	8/1/2019	480,562.11	7,232.46	23,086.27	840.99	31,159.72	457,475.84
24	2/1/2020	457,475.84	6,885.01	23,474.12	800.59	31,159.72	434,001.72
25	8/1/2020	434,001.72	6,531.73	23,868.49	759.50	31,159.72	410,133.23
26	2/1/2021	410,133.23	6,172.51	24,269.48	717.73	31,159.72	385,863.75
27	8/1/2021	385,863.75	5,807.25	24,677.20	675.27	31,159.72	361,186.55
28	2/1/2022	361,186.55	5,435.86	25,091.78	632.08	31,159.72	336,094.77
29	8/1/2022	336,094.77	5,058.23	25,513.32	588.17	31,159.72	310,581.45
30	2/1/2023	310,581.45	4,674.25	25,941.95	543.52	31,159.72	284,639.50
31	8/1/2023	284,639.50	4,283.82	26,377.77	498.13	31,159.72	258,261.73
32	2/1/2024	258,261.73	3,886.84	26,820.92	451.96	31,159.72	231,440.81
33	8/1/2024	231,440.81	3,483.18	27,271.51	405.03	31,159.72	204,169.30
34	2/1/2025	204,169.30	3,072.75	27,729.67	357.30	31,159.72	176,439.63
35	8/1/2025	176,439.63	2,655.42	28,195.53	308.77	31,159.72	148,244.10
36	2/1/2026	148,244.10	2,231.07	28,669.22	259.43	31,159.72	119,574.88
37	8/1/2026	119,574.88	1,799.60	29,150.86	209.26	31,159.72	90,424.02
38	2/1/2027	90,424.02	1,360.88	29,640.59	158.25	31,159.72	60,783.43
39	8/1/2027	60,783.43	914.79	30,138.55	106.38	31,159.72	30,644.88
40	2/1/2028	30,644.88	461.21	30,644.88	53.63	31,159.72	0.00
41	8/1/2028	0.00	0.00	0.00	0.00	0.00	0.00
		Totals	308,290.88	902,250.00	35,847.92	1,246,388.80	

EXHIBIT C

CONDITIONS APPLICABLE TO CONSTRUCTION OF THE PROJECT

The standard conditions applicable to the Loan are:

1. Municipality agrees to expeditiously initiate and complete the Project in accordance with the following schedule:

   a. Advertising for bids within 30 days of authorization to advertise.
   b. Bid opening at least 30 days from advertisement for bids.
   c. Contract award within 60 days of bid opening.
   d. Issuance of notice to proceed within 30 days of contract award.
   e. Initiation of operation within 120 days of notice to proceed or no later than February 1, 2008.
   f. Finalization of construction within 150 days of notice to proceed.
   g. Project Performance Certification 365 days following Initiation of Operation.

   No change may be implemented by the Municipality which will delay or accelerate this schedule without prior approval of KDHE. KDHE must be promptly notified of any proposed changes.

2. Prior to giving a notice to proceed, the Municipality must certify that all easements and rights-of-way necessary to allow construction of the Project have been obtained and comply with the Uniform Relocation Assistance and Real Property Acquisition Policies (40 CFR part 4) (i.e., all real property has been acquired, bonafide options have been taken or formal condemnation proceedings have been initiated for necessary real property).

3. A final plan of operations shall be submitted by the Municipality for approval by KDHE at or prior to 50 percent construction completion. The plan of operation must include, but is not limited to, an overall Project completion schedule, annual operating cost projections for a minimum of five years, a description of the financial management system, and the projected revenues to operate and maintain the public water supply system. Revenue projections shall also include the Loan Repayments..

4. The final operations and maintenance manual must be submitted to KDHE at or prior to 90 percent construction completion. The operations and maintenance manual must include, but is not limited to, a description of the operation and managerial responsibility, detailed operation and controls, operators and personnel classification and requirements, operational testing, equipment maintenance schedule, operational records, and emergency operating and shut-down procedures.

5. The rates and ordinances enacting the System user charges and System use requirements (as approved by KDHE) shall be enacted prior to initiation of operation.

6. The Municipality agrees to make prompt payment to its contractor(s) of sums due for construction and to retain only such amounts as may be justified by specific circumstances and provisions of this Loan Agreement or the construction contract.

7. The Municipality hereby assures that the engineering firm principally responsible for supervising construction and for providing engineering services during construction will continue its relationship with the Municipality for a period of up to one year after initiation of operation of the Project. During this period, the engineering firm shall direct the operation of the Project, train operating personnel and prepare curricula and training material for operating personnel. The following specific requirements apply:

   a. The Municipality agrees the performance standards applicable to the Project are:

      (1) all construction deficiencies have been resolved;
      (2) all testing requirements of the specifications have been performed and met;
      (3) compliance with the Stage 1 Disinfectants and Disinfection Byproducts Rule.

   b. The final plan of operations submitted in accordance with ***Exhibit C***, Condition No. 3 must include a draft proposal for these services.

   c. The final operation and maintenance manual submitted in accordance with ***Exhibit C***, Condition No. 4 must be accompanied by a final proposal for these services.

   d. One year after completion of construction and initial operation of the Project, the Municipality shall certify to KDHE whether or not such Project meets the design specifications and requirements contained in subparagraph a. of this condition. Any statement of non-compliance must be accompanied by a corrective action report containing: an analysis of the cause of the Project's inability to meet performance standards; actions necessary to bring it into compliance, and a reasonably scheduled date for positive certification of the Project. Timely corrective action will be executed by the Municipality.

   e Municipality agrees to furnish KDHE with an annual report describing actions taken to date to achieve positive certification, planned future activities, the Project's status and potential for positive certifications.

8. The Municipality hereby agrees to take affirmative steps set out in 40 CFR - 31.36(e), to contract with minority and women owned disadvantaged businesses; and ensure that its consultant(s)/contractor(s) take affirmative steps to contract with Disadvantaged Business Enterprises during all phases of work funded under this Loan Agreement. Accordingly, the Municipality should include the following prescribed information in solicitation documents: EPA Region VII Procedures for Implementation of 40 CFR 31.36 (e), the KDHE Disadvantaged Business Enterprise Information Sheet, and the Minority and Women's Enterprise Utilization Worksheet.

9. The Municipality agrees to submit to KDHE a completed EPA Form 5700-52A within 15 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements to a minority or women's disadvantaged business for building and building-related services and supplies.

10. If this Project is for a segment of a total project for the System, KDHE does not assume any obligation, commitment, or responsibility for funding any other anticipated steps, phases, segments or stages or any other improvements to the System not constituting the Project. The Municipality agrees to complete the total System improvements of which this Project is a part in accordance with the schedule presented in ***Exhibit C(1)***, regardless of whether KDHE funding is available for the

remaining System improvements.

11. The Municipality shall obtain any required Corps of Engineers Section 404 and/or Section 10 permit prior to awarding the construction contract.

12. The Municipality shall follow applicable state procurement laws and regulations.

13. The Municipality hereby agrees to implement measures to mitigate all known adverse environmental effects of this project. The following mitigative actions are required:

    a. proper grading, drainage and slope protection to eliminate erosion;
    b. riparian habitat will be avoided, and disturbed areas will be reseeded with native plant species;
    c. if any riparian trees are removed they will be replaced by pole plantings or saplings at a ratio of three plants to each tree removed;
    d. directional boring at all stream crossings to minimize aquatic habitat impacts;
    e. in the event that construction work uncovers buried archeological artifacts, the Kansas Historical Society should be contacted immediately; and
    f. contacting KCC in the event of unexpected circumstances are encountered during construction such as the discovery of abandoned oil, gas, or exploratory holes.

14. The Municipality agrees and consents to KDHE's authority to monitor and enforce compliance with the mitigative measures identified in paragraph 13 above and the Loan Agreement conditions.

15. The Municipality further agrees that those members of the public who participate in the environmental review process shall have the right to appeal the decisions made within that process. Further, that all such appeals shall be conducted pursuant to the Kansas Administrative Procedures Act (K.S.A. 77-5501, *et seq.*) and the Act for Judicial Review (77-601, *et seq.*).

16. The Municipality agrees to comply with the Kansas Act Against Discrimination, K.S.A. 44-1001, *et seq.* and the Kansas Age Discrimination in Employment Act, K.S.A. 44-1111, *et seq.* as provided by law and to include those provisions in every contract or purchase order relating to the Project so that they are binding upon such subcontractors or vendors.

[BALANCE OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

EXHIBIT D

USE OF LOAN PROCEEDS

The loan proceeds will be utilized to pay the costs of:

	Project Description	Approximate Cost
1.	Construction: Rehabilitate the existing chlorine contact basin into a presettling basin, re-commission an abandoned chlorine contact basin, change various chemical feed points, and reroute the water treatment plant yard piping.	$820,000.00
2.	Engineering: All actual costs of planning, design and construction engineering, construction inspection, final plan of operation, operation and maintenance manual, user charge and ordinance development, and project performance services.	$75,000.00
3.	Administration: All reasonable costs of legal and financial administrative support directly provided by the project, costs of interest during construction, emergency costs associated with the project activities during construction, and the costs associated with obtaining the necessary easements for the project.	$7,250.00
	Total	$902,250.00

EXHIBIT E

INSTRUCTIONS FOR REQUESTING DISBURSEMENTS

1. All payment requests must be filed on the Outlay Report and Request for Disbursement Form and represent the actual completion level of the project at the date the request is prepared.

2. All cost entries must be based upon allowable work in place which is due and payable. This means that you may **not** request payment for:

   a. Any work or services which have not been explicitly approved by the KDHE in the Loan Agreement or subsequent amendments.

   b. Any work performed under a change order unless written approval of the change order has been given by the State.

   c. Any ineligible project costs.

   d. Any retainage which you are withholding from the construction contractor, engineer, etc.

   e. Easements acquired through eminent domain are not eligible for funding.

   f. Costs associated with the approval, preparation, issuance and sale of Bonds, and other costs incidental to normal operating overhead of a Municipality, whether performed by Municipal employees, the engineer, or the attorney.

   It is essential that you understand the cost basis of the approved Loan amount. It is, therefore, necessary that you read the Loan Agreement (including all conditions) and its transmittal letter, any Loan amendments and Project correspondence, and that you maintain current and accurate files on all approved change orders. Failure to follow these procedures may result in your requesting and subsequently receiving overpayment of loan funds which later may, in turn, result in substantial inconvenience to you and the Municipality. This could include repayment or crediting to KDHE the interest earned on overpaid funds, and any penalties that can result from this action.

3. Submit two original signatures of the form and one set of supporting documentation directly to:

   Kansas Department of Health & Environment
   Bureau of Water
   Public Water Supply Section
   1000 SW Jackson Street - Suite 420
   Topeka, Kansas 66612

   You should retain one copy for your records.

4. The Authorized Municipality Representative identified in the Loan Agreement remains the principal contact for all project matters.

EXHIBIT E

KWPCRF or KPWSLF OUTLAY REPORT AND REQUEST FOR DISBURSEMENT (See Instructions)	1 AGENCY TO WHICH THIS REPORT IS SUBMITTED KDHE - BUREAU OF WATER MUNICIPAL PROGRAMS SECTION OR PUBLIC WATER SUPPLY SECTION	2 KDHE PROJECT NUMBER ASSIGNED KWPCRF PROJECT # C20_____ KPWSLF PROJECT # _____
3 TYPE OF REQUEST FINAL _____ PARTIAL _____	4 PAYMENT REQUEST NUMBER #	5 PERIOD COVERED BY THIS REPORT FROM (Mo. day, year) TO (Mo. day, year)

6 RECIPIENT ORGANIZATION INFORMATION

NAME

NO. & STREET

CITY

STATE AND ZIP CODE

7 FEIN NUMBER

8 TO THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT ACTING ON BEHALF OF THE STATE OF KANSAS UNDER THE LOAN AGREEMENT EFFECTIVE AS OF _____ BETWEEN KDHE AND the _____

The undersigned hereby requests that the following amounts be paid to the following payees for the following Project Costs as defined in said Agreement

CLASSIFICATION	(a) Total amount requested	(b) Payee	(c) Description	Total Approved (KDHE use only)
a Administrative expense				See KDHE Attached Sheet or Reverse Side
b Preliminary expense (Planning and Design)				
c Land, structures, right-of-way (Not allowable)				
d Architectural engineering basic fees				
e Other architectural engineering fees				
f Project inspection fees				
g Construction and project improvement cost				
h Equipment (By Seperate Contract)				
i Miscellaneous cost				
j Total cumulative to date (sum of lines a thru i)	$0.00			
k Deductions for program income				
l Net cumulative to date (Line j minus line k)	$0.00			
m Disbursements Paid to Date				
n Amount due this Request (Line l minus Line m)	$0.00			
o Percentage of physical completion of project				

9 CERTIFICATION I hereby state and certify that (i) the amounts requested are or were necessary and appropriate in connection with the purchase, construction and installation of the Project, have been properly incurred and are a proper disbursement of the proceeds of the Loan and that an inspection has been performed and all work is in accordance with the terms of the Loan, have been paid or are justly due to the persons whose names and addresses are stated above, and have not been the basis of any previous requisition from the proceeds of the Loan, (ii) as of this date, except for the amounts specified above, there are no outstanding statements which are due and payable for labor, wages, materials, supplies or services in connection with the acquisition, purchase, construction, improvement, repair, rehabilitation or extension of the Wastewater Treatment Works or the Water Supply Treatment/Distribution Works, (iii) all representations made in the Agreement remain true as of the date of this request, and (iv) no adverse developments affecting the financial condition of the Recipient or its ability to complete the Project or to repay the Loan have occurred

a RECIPIENT	b KDHE Representative Certifying to line 8 n Rodney R. Geisler or David F. Waldo
Signature of Authorized Certifying Official	Signature of Authorized Certifying Official **See KDHE Attached Sheet or Reverse Side**
Typed or Printed Name and Title	Typed or Printed Name and Title Chief, Municipal Programs Section or Public Water Supply
Date Submitted / Telephone (Area Code, number & ext.)	Date Approved / Telephone (Area Code, number & ext.) 785.296.5527 or 296.5503

*** AMOUNT ROUNDED DOWN TO NEAREST WHOLE DOLLAR PER KWPCRF PROGRAM REQUIREMENT.**

Revised 12/05 http://www.kdheks.gov/water - State Revolving Loan Fund - Outlay Report & Request for Disbursement (Excel)

INSTRUCTIONS FOR OUTLAY REPORT AND REQUEST FOR DISBURSEMENT

Please type or print legibly. Items 4, 7, 9.n., and 9.o. are self-explanatory; specific instructions for other items are as follows:

Item	Entry
1	Mark the appropriate box. If the request is final, the amounts billed should represent the final cost of the project.
3	Enter complete project identification number.
5	Enter the complete employer identification number assigned by the U.S. Internal Revenue Service [or FICE institution code if requested by the Federal agency.]
6	This space is reserved for an account number or other identifying number that may be assigned by the recipient.
9	Use only columns a, b, and c.
9a	Enter amounts expended for such items as travel, legal fees, rental of vehicles and any other administrative expenses. Include the amount of interest expense when authorized by program legislation. Also show the amount of interest expense on a separate sheet.
9b	Enter amounts pertaining to the work of location and designing, making surveys and maps, sinking test holes, and all other work required prior to actual construction.
9c	Enter all amounts directly associated with the acquisition of land, existing structures and related right-of-way.
9d	Enter basic fees for services of architectural engineers.
9e	Enter other architectural engineering services. Do not include any amounts shown on line d.
9f	Enter inspection and audit fees of construction and related programs.
9g	Enter those amounts associated with the actual construction of, addition to, or restoration of facilities. Also, include in this category, the amounts for project improvements such as sewers, streets, landscaping, and lighting.
9h	Enter amounts for all equipment, both fixed and movable, exclusive of equipment used for construction. For example, permanently attached laboratory tables, built-in audio visual systems, movable desks, chairs, and laboratory equipment.
9i	Enter the amounts for all items not specifically mentioned above.
9j	Enter the total cumulative amount to date which should be the sum of lines a through i.
9k	Enter the total amount of program income applied to the loan agreement. Identify on a separate sheet of paper the sources and types of the income.
9l	Enter the net cumulative amount to date which should be the amount shown on line j minus the amount on line k.
9m	Enter the amount of reimbursements paid to date.
9n	Enter the amount now being requested for reimbursement. This amount should be the difference between the amounts shown on lines l and m. If different, explain on a separate sheet.
10a	To be completed and signed by the duly authorized recipient representative official. The date should be the actual date the form is submitted to the funding agency.
10b	To be completed by the funding agency official representative who is certifying to the percent of project completion as provided for in the terms of the loan agreement. Recipient leave blank.

NOTE: TWO ORIGINAL SIGNATURE DISBURSEMENT REQUESTS AND ONE SET OF SUPPORTING DOCUMENTATION MUST BE SUBMITTED.

EXHIBIT F

FORM OF MUNICIPALITY ORDINANCE

* * * * * * * * * * * * * * *

EXCERPT OF MINUTES OF A MEETING OF THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS HELD ON MAY 21, 2007

The Governing Body of the City met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit:

Coy, Moore, Taylor, Munday and Bradford

Absent: Wade, McIntosh and McClure

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

* * * * * * * * * * * * * * *

(Other Proceedings)

Thereupon, there was presented an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

Thereupon, Council member Taylor moved that said Ordinance be passed. The motion was seconded by Council member Coy. Said Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the Governing Body, the vote being as follows:

Yes: Coy, Moore, Taylor, Munday and Bradford

No: None

Thereupon, the Mayor declared said Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. 2059 and was signed and approved by the Mayor and attested by the Clerk. The Clerk was directed to publish the Ordinance one time in the official newspaper of the City.

* * * * * * * * * * * * * * *

(Other Proceedings)

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

(SEAL)

Clerk

ORDINANCE NO. 2059

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Safe Drinking Water Act Amendments of 1996 [PL 104-182] to the Safe Drinking Water Act (the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Public Water Supply Loan Act, K.S.A. 65-163d *et seq.*, as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public water supply projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, Caney, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act which operates a water system (the "System"); and

WHEREAS, the System is a Public Water Supply System, as said term is defined in the Loan Act, and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following

Rehabilitate the existing chlorine contact basin into a presettling basin, re-commission an abandoned chlorine contact basin, change various chemical feed points and reroute the water treatment plant yard piping (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K A R 28-15-50 through 28-15-65 (the "Regulations") applicable thereto necessary to qualify for the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in an amount not to exceed $902,250 (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Loan and to enter into a loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Loan Agreement

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CANEY , KANSAS:

Section 1. Authorization of Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of April 20,2007 , with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement) The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Municipality ' s legal counsel, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues (as defined in the Loan Agreement) sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due, provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement. In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk, and other City officials and legal counsel are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

PASSED by the governing body of the City on May 21, 2007 and signed and **APPROVED** by the Mayor.

(SEAL)

Mayor

ATTEST

Clerk

APPROVED AS TO FORM ONLY

City Attorney

Ord. NO. 2059
Loan Agreement - City and State of Ks - Ks Public Water Supply

MONTGOMERY COUNTY Chronicle

P.O. Box 186 • 202 W. Fourth • Caney, KS 67333 • (620) 879-2156
P.O. Box 156 • 115 N. Labette • Cherryvale, KS 67335 • (620) 336-2100

AFFIDAVIT OF PUBLICATION

Andrew R. Taylor of lawful age, being duly sworn, deposes and says he or she represents the publisher of

Montgomery County Chronicle
P.O. Box 186 • 202 W. Fourth • Caney, KS 67333

a weekly newspaper in the City of Caney, County of Montgomery, State of Kansas, and of general circulation in said county and which has been admitted to the U.S. Mail as a second class matter in said county, and which said newspaper has been continuously and uninterruptedly published in said county during the period of one year immediately prior to the first publication of the notice hereinafter mentioned.

Legal notice publication printed One (1) week
first published on May 24, 2007
and again on _____.

The affiant further says that he or she has personal knowledge of the statements above set forth and that they are true.

Andy Taylor
Signature

State of Kansas, Montgomery County

Subscribed and sworn to before me
this 24 day of May, 2007.

VIOLA LONG
Notary Public - State of Kansas
My Appt. Expires 4-24-11

Viola Long
Notary Public

HALL LEVY
DEVORE BELL OTT & KRITZ P.A.

M. DOUG BELL
DOUGLAS G. OTT
PAUL M. KRITZ

JOE L. LEVY
RETIRED

ATTORNEYS AT LAW
815 UNION
P.O. BOX 9
COFFEYVILLE, KANSAS 67337
(620) 251-1300
FAX (620) 251-8418

CLEMENT H. HALL
(1910-2002)
THOMAS A. DEVORE
(1954-1994)

May 23, 2007

Kansas Development Finance Authority
Topeka, Kansas

The Kansas Department of Health and
Environment, acting on behalf of
The State of Kansas
Topeka, Kansas

Re: Loan Agreement effective as of April 20, 2007, between the Kansas Department of Health and Environment ("KDHE"), acting on behalf of the State of Kansas (the "State"), and Caney, Kansas (the "Municipality")

Ladies and Gentlemen:

I have acted as counsel to the Municipality in connection with the authorization, execution and delivery of the above referenced Loan Agreement (the "Loan Agreement"). In my capacity as counsel to the Municipality, I have examined copies of the minutes, ordinances of the Municipality and other documents relating to the authorization of the Project and I am familiar with the proceedings of the Municipality taken and adopted in connection with the authorization, execution and delivery of the Loan Agreement, and the establishment of the Dedicated Source of Revenue (as defined in the Loan Agreement) for repayment of the Loan evidenced by the Loan Agreement.

In this connection, I have reviewed such documents and have made such investigations of law, as deemed relevant and necessary as the basis for the opinions hereinafter expressed.

Based on the foregoing, it is my opinion, as of the date hereof, that:

1. The Municipality is a municipal corporation duly created, organized and existing under the laws of the State.

2. The Municipality operates a public Wastewater Treatment Works, as said term is defined in the Loan Act.

3. The project that is the subject of the loan financing has been duly authorized by the Municipality.

4. The Municipality has all requisite legal power and authority to, and has been duly authorized under the terms and provisions of Ordinance No. 2059 to execute and deliver, and perform its obligations under, the Loan Agreement.

5. When executed, the Loan Agreement will constitute a valid and binding agreement of the Municipality enforceable in accordance with its terms, subject as to enforcement of remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted, and subject further to the exercise of judicial discretion in accordance with general principles of equity. In rendering this opinion I have assumed due authorization, execution and delivery of the Loan Agreement by the State, acting by and through KDHE.

6. The Municipality has duly authorized the Dedicated Source of Revenue for repayment of the Loan to be made pursuant to the Loan Agreement.

7. To the best of my knowledge, the execution and delivery of the Loan Agreement by the Municipality will not conflict with or result in a breach of any of the terms of, or constitute a default under, any ordinance, indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Municipality is a party or by which it or any of its property is bound or any of the rules or regulations applicable to the Municipality or its property or of any court or other governmental body.

Very truly yours,

Paul M. Kritz

PMK:ms

EXHIBIT H

MUNICIPALITY'S NOTICE ADDRESS

City of Caney
Attn: City Manager
PO Box 129
Caney, Kansas 67333

EXHIBIT I

FORM OF FINANCIAL INTEGRITY ASSURANCE CONTRACT

This Contract is entered into as of April 20, 2007, between the **KANSAS RURAL WATER FINANCE AUTHORITY**, a body corporate and politic of the State of Kansas (the "Authority") and **CANEY**, a municipality of the State of Kansas (the "Municipality") participating in the Kansas Public Water Supply Loan Fund program (the "Program"), with the approval and for the benefit of the **KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT** ("KDHE"), the administrator of the Program and for the benefit of the **KANSAS DEVELOPMENT FINANCE AUTHORITY** ("KDFA"), as provider of certain financial services to the Program..

Recitals

A. The Municipality has entered into a certain Loan Agreement (the "Loan Agreement") with KDHE, pursuant to the provisions of K.S.A. 65-165d *et seq.* (the "Loan Act") to finance improvements to the Municipality's public water supply system (the "System"), pursuant to the Program.

B. The Loan Act specifically grants to the Secretary of KDHE (the "Secretary") certain powers and remedies to enforce the Loan Agreement. The Loan Agreement permits the Municipality to enter into this contract and also permits the Secretary to require the Municipality to enter this contract as a means of assisting the Municipality to maintain financial integrity of the System over the term of the Loan Agreement.

C. KRWFA has been approved by KDHE to provide the Municipality with assistance in discharging certain System and financial management responsibilities expressly or implicitly undertaken in the Loan Agreement.

D. The Municipality [agrees][has been required by the Secretary] to engage the services of KRWFA for such purposes, and this contract sets forth KRWFA's undertakings with respect to the Municipality, the Municipality's obligations to KRWFA and their joint obligations to KDHE to assist in the performance of the Municipality's covenants pursuant to the Loan Agreement.

E. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement.

Agreements

IN ADDITION TO THE SPECIFIC COVENANTS OF THE MUNICIPALITY CONTAINED IN THE LOAN AGREEMENT, WHICH ARE INCORPORATED HEREIN BY REFERENCE, THE PARTIES HERETO HEREBY AGREE AS FOLLOWS:

1. ***Quarterly Management Report.*** The Municipality will complete a quarterly management report of operating data and financial information in the form prescribed by KRWFA and review the same at the next meeting of the Municipality's governing body after completion of the report. A copy of the report as reviewed and approved by the Municipality's governing body will be retained in the official records of the Municipality and shall also be furnished to KRWFA. The initial Quarterly Management Report shall be submitted to KRWFA in the first full calendar quarter following the first draw of loan funds by the Municipality.

2. ***Inspection of Books and Records.*** The Municipality will make available its financial books and records for inspection by a duly authorized representative of KRWFA upon reasonable written request of KRWFA.

3. ***Annual Budget.*** Not later than 180 days prior to the beginning of each fiscal year of the Municipality, the Municipality will furnish to KRWFA a proposed System budget for the ensuing fiscal year in the form prescribed by state statute, with such further modifications as may be required by KRWFA. KRWFA will review the proposed System budget and return the same to the Municipality within 30 days with KRWFA's recommendations, if any. Not later than the date required by statute, other legal document requirement or 120 days prior to the beginning of the Municipality's fiscal year, whichever is earlier, the Municipality's governing body will adopt a budget of anticipated receipts and expenditures of the System for the ensuing fiscal year. A copy of such adopted System budget will be retained in the official records of the Municipality and a copy shall be furnished to KRWFA. The initial budget of the Municipality shall be submitted to KRWFA for the fiscal year of initial draw against loan funds.

4. ***Annual Audit.*** Not less than 90 days prior to the end of the Municipality's fiscal year, the Municipality shall submit to KRWFA a written report stating the identity of the certified public accountant that has been engaged to conduct the audit of the Municipality's financial records for the preceding fiscal year required by the Loan Agreement, and the anticipated date of receipt of the report of such audit. The Municipality shall cause an audit of its financial records, in a form required by the Loan Agreement, to be completed not less than 210 days after the end of each fiscal year or such earlier date as may be required by statute or other legal document requirement, whichever is earlier. Copies of such audit report shall be: (a) submitted to the Municipality's governing body for review; (b) retained in the Municipality's official records; and (c) furnished to KRWFA. The initial audit of the Municipality shall be submitted for the fiscal year of the initial draw against loan funds.

5. ***Proposed Remediation Plan.*** Within 60 days of receipt of the Municipality's audit report, KRWFA shall review the same to determine compliance with the financial covenants contained in the Loan Agreement. If the Municipality is not in compliance with the financial covenants set forth in the Loan Agreement, KRWFA will make recommendations to the Municipality for remediation of the deficiencies. KRWFA shall also review the audit and the quarterly management reports required by *Section 1* hereof, for developing trends, which, if continued, will result in noncompliance in future years. Within 30 days after receipt of KRWFA's recommendations, the Municipality's governing body will meet to review such recommendations and will submit to KRWFA its written plan for curing the deficiencies and/or implementing KRWFA's recommendations.

6. ***Assistance in Implementation of Prescribed Changes.*** KRWFA will provide the Municipality with assistance in implementing a remediation plan that will assure future compliance with required financial covenants as soon as is practically feasible, including implementation of changes in the water

rates or operational practices of the Municipality as may be prescribed by the Secretary pursuant to the Loan Act.

7. ***Compliance Certification.*** KRWFA will provide KDHE with an annual written compliance report for the Municipality within the time period set forth in *Section 5* hereof for review of the annual audit. Such report shall indicate compliance or non-compliance by the Municipality with its requirements under the Loan Agreement. Any recommendations provided by KRWFA pursuant to *Sections 5* and/or *6* hereof shall be included in such report. In the event that the Municipality does not implement such recommendations within a reasonable time, KRWFA shall immediately notify the Secretary of such noncompliance.

8. ***Fees.*** KRWFA shall be paid the FIAC Origination Fee as compensation for its services under this contract for the entire term of the Loan Agreement. The fee may be included in the amount of the Loan Agreement if this contract is entered into at the time of the Loan Agreement, or may be paid by the Municipality (upon the execution of the Loan Agreement) to KDFA for remittance to KRWFA.

9. ***Dissemination of Information.*** KRWFA shall provide to KDHE and KDFA copies of all reports, recommendations and other written material received by KRWFA from the Municipality or sent by KRWFA to the Municipality pursuant to the terms of this contract.

10. ***Term.*** This contract shall take effect upon its signature and delivery by the parties hereto, and will remain in effect until all payments to be made by the Municipality under the Loan Agreement have been paid in full.

11. ***Binding Effect; Beneficiaries.*** This contract shall bind the parties hereto, their respective successors and assigns, and is made for the benefit of KDFA and KDHE, and the parties.

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EXECUTED AND DELIVERED on behalf of the parties by an authorized signatory as of the dates hereinafter set forth.

KANSAS RURAL WATER FINANCE AUTHORITY

By: _____ Date: _____

Title: _____

CANEY

By _____ Date: _____

Title: _____

APPROVED:

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

By: _____ Date: _____

Title: _____

NOT APPLICABLE

(Published in the Montgomery County Chronicle on Thursday, May 24, 2007)

ORDINANCE NO. 2059

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Safe Drinking Water Act Amendments of 1996 (P.L. 104-182) to the Safe Drinking Water Act (the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Public Water Supply Loan Act, K.S.A. 65-163d et seq., as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public water supply projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purposes of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, Caney, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act

(continued on next page)

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which [illegible] operates a water system (the "System"); and

WHEREAS, the System is a Public Water Supply System, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

Rehabilitate the existing chlorine contact basin into a presettling basin, re-commission an abandoned chlorine contact basin, change various chemical feed points and reroute the water treatment plant yard piping (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-15-50 through 28-15-65 (the "Regulations") applicable thereto necessary to qualify for the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in an amount not to exceed $902,250 (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Loan and to enter into a loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS:

Section 1. Authorization of Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of April 20, 2007, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Municipality's legal counsel, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues (as defined in the Loan Agreement) sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue

National [illegible] Act (NEPA) [illegible] Environmental Review Rec[illegible]RR) that documents the envir[illegible]ntal determinations for this project is on file at City Hall, 123 W. Main, Cherryvale, KS 67335 where the ERR can be examined or copied weekdays 8:00 AM to 5:00 PM.

PUBLIC COMMENTS

Any individual, group, or agency may submit written comments on the ERR to the City Clerk's Office. All comments received by May 31, 2007 will be considered by City of Cherryvale prior to authorizing submission of a request for release of funds.

RELEASE OF FUNDS

The City of Cherryvale certifies to the State of Kansas that John M. Wright in his capacity as Mayor consents to accept the jurisdiction of the Federal Courts if an action is brought to enforce responsibilities in relation to the environmental review process and that these responsibilities have been satisfied. The State of Kansas's approval of the certification satisfies its responsibilities under NEPA and related laws and authorities and allows the City of Cherryvale to use HUD/CDBG program funds.

OBJECTIONS TO RELEASE OF FUNDS

The State of Kansas will accept objections to its release of funds and the grantee's certification for a period of fifteen days following the anticipated submission date or its actual receipt of the request (whichever is later) only if they are on one of the following bases: (a) the certification was not executed by the Certifying Officer of the grantee; (b) the grantee has omitted a step or failed to make a decision or finding required by HUD regulations at 24 CFR part 58; (c) the grant recipient or other participants in the development process have committed funds, incurred costs or undertaken activities not authorized by 24 CFR Part 58 before approval of a release of funds by the State of Kansas. Objections must be prepared and submitted in accordance with the required procedures (24 CFR 24 Part 58, Sec. 58.76) and shall be addressed to the Kansas Department of Commerce, CDBG Program, 1000 S.W. Jackson Street, Suite 100, Topeka, KS 66612. Objections to the release of funds on basis other than those stated above will not be considered by the State and must be submitted within 7 days following the receipt of the Request for Release of Funds by the State. Potential objectors should contact Commerce to verify the actual last day of the objection period.

John M. Wright, Mayor
City of Cherryvale
123 W. Main
Cherryvale, KS 67335

* * * *

(Published in the Montgomery County Chronicle on Thursday, May 24, 2007)

ORDINANCE NO. 2059

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT, ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND [illegible]

[illegible]reafter constructed [illegible] Municipality as will provide [illegible] Revenues (as defined in the Loan Agreement) sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement. In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials and legal counsel are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

PASSED by the governing body of the City on May 21, 2007 and signed and approved by the Mayor.

Dale McBride, mayor

ATTEST:
Carole Coker, city clerk

* * * *

(Published in the Montgomery County Chronicle on Thursday, May 24, 2007)

NOTICE OF INTENT TO REQUEST A RELEASE OF FUNDS

NAME OF GRANTEE: City of Caney
DATE OF PUBLICATION: May 24, 2007

National Environmental Policy Act (NEPA) regulations and the Environmental Review Record (ERR) that documents the environmental determinations for this project is on file at City Hall, 123 W. Main, Cherryvale, KS 67335 where the ERR can be examined or copied weekdays 8:00 AM to 5:00 PM.

PUBLIC COMMENTS

Any individual, group, or agency may submit written comments on the ERR to the City Clerk's Office. All comments received by May 31, 2007 will be considered by City of Cherryvale prior to authorizing submission of a request for release of funds.

RELEASE OF FUNDS

The City of Cherryvale certifies to the State of Kansas that John M. Wright in his capacity as Mayor consents to accept the jurisdiction of the Federal Courts if an action is brought to enforce responsibilities in relation to the environmental review process and that these responsibilities have been satisfied. The State of Kansas's approval of the certification satisfies its responsibilities under NEPA and related laws and authorities and allows the City of Cherryvale to use HUD/CDBG program funds.

OBJECTIONS TO RELEASE OF FUNDS

The State of Kansas will accept objections to its release of funds and the grantee's certification for a period of fifteen days following the anticipated submission date or its actual receipt of the request (whichever is later) only if they are on one of the following bases: (a) the certification was not executed by the Certifying Officer of the grantee; (b) the grantee has omitted a step or failed to make a decision or finding required by HUD regulations at 24 CFR part 58; (c) the grant recipient or other participants in the development process have committed funds, incurred costs or undertaken activities not authorized by 24 CFR Part 58 before approval of a release of funds by the State of Kansas. Objections must be prepared and submitted in accordance with the required procedures (24 CFR 24 Part 58, Sec. 58.76) and shall be addressed to the Kansas Department of Commerce, CDBG Program, 1000 S.W. Jackson Street, Suite 100, Topeka, KS 66612. Objections to the release of funds on basis other than those stated above will not be considered by the State and must be submitted within 7 days following the receipt of the Request for Release of Funds by the State. Potential objectors should contact Commerce to verify the actual last day of the objection period.

John M. Wright, Mayor
City of Cherryvale
123 W. Main
Cherryvale, KS 67335

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(Published in the Montgomery County Chronicle on Thursday, May 24, 2007)

ORDINANCE NO. 2059

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND

...greater constructed ... Municipality as will provide System Revenues (as defined in the Loan Agreement) sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement. In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials and legal counsel are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

PASSED by the governing body of the City on May 21, 2007 and signed and approved by the Mayor.

Dale McBride, mayor

ATTEST:
Carole Colter, city clerk

• • • •

(Published in the Montgomery County Chronicle on Thursday, May 24, 2007)

NOTICE OF INTENT TO REQUEST A RELEASE OF FUNDS

NAME OF GRANTEE: City of Caney
DATE OF PUBLICATION: May 24, 2007

(Published in the Montgomery County Chronicle on Thursday, May 24, 2007)

ORDINANCE NO. 2059

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Safe Drinking Water Act Amendments of 1996 [PL 104-182] to the Safe Drinking Water Act (the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Public Water Supply Loan Act, K.S.A. 65-163d et seq., as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public water supply projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, Caney, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act

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wh[illegible]erates a water system (the "Sys[illegible]"); and

WHEREAS, the System is a Public Water Supply System, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

Rehabilitate the existing chlorine contact basin into a presettling basin, re-commission an abandoned chlorine contact basin, change various chemical feed points and reroute the water treatment plant yard piping (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-15-50 through 28-15-65 (the "Regulations") applicable thereto necessary to qualify for the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in an amount not to exceed $902,250 (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Loan and to enter into a loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS:

Section 1. Authorization of Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of April 20, 2007, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Municipality's legal counsel, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues (as defined in the Loan Agreement) sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue

IN CONNE[illegible]N THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Safe Drinking Water Act Amendments of 1996 [PL 104-182] to the Safe Drinking Water Act (the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Public Water Supply Loan Act, K.S.A. 65-163d et seq., as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public water supply projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is

Obligations. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement. In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials and legal counsel are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

PASSED by the governing body of the City on May 21, 2007 and signed and approved by the Mayor.

Dale McBride, mayor

ATTEST:

Carole Coker, city clerk

FIRST AMENDMENT TO THE
LOAN AGREEMENT

BETWEEN

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS

AND

CANEY, KANSAS
KPWSLF PROJECT NO. 2491

ORIGINAL LOAN AGREEMENT
EFFECTIVE AS OF APRIL 20, 2007

AMENDMENT NO. 1
EFFECTIVE AS OF MAY 1, 2009

First Amendment to
the Loan Agreement between the
Kansas Department of Health and Environment
Acting on Behalf of the State of Kansas
and Caney, Kansas
Effective as of May 1, 2009

WHEREAS, the City of Caney, Kansas (the Municipality) has entered into a Loan Agreement with the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, effective as of April 20, 2007, (the "Loan Agreement"); and

WHEREAS, said Loan Agreement was entered into for the benefit of the City of Caney, KPWSLF Project No. 2491; and

WHEREAS, the Municipality hereby determines that it is necessary to amend certain exhibits to the Loan Agreement, and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, this First Amendment to the Loan Agreement has been duly authorized and approved by the Kansas Development Finance Authority (attached hereto as Exhibit I).

WHEREAS, this First Amendment to the Loan Agreement is entered into and effective as of May 1, 2009;

SECTION 1. Article II, Loan Terms, Section 2.01, Amount of Loan and Exhibit B2 of the LOAN AGREEMENT BETWEEN THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT AND CANEY, KANSAS are hereby amended to read as set forth on the pages attached hereto.

SECTION 2. Except as herein specifically set out, the Loan Agreement is confirmed and ratified.

IN WITNESS WHEREOF, KDHE and the City of Caney have caused this First Amendment to the Loan Agreement for the Municipality to be executed, sealed and delivered, effective as of May 1, 2009.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By: _____
Roderick Bremby
Secretary
"KDHE"

Date: 5-1-09

By: _____
Dale McBride
Printed Name
Mayor
City of Caney

(Seal)

ATTEST:

By: _____

Title: _____

Date: 5-18-09

EXHIBIT I
CONSENT OF THE KANSAS DEVELOPMENT FINANCE AUTHORITY
FOR EXECUTION OF THE FIRST AMENDMENT TO THE LOAN AGREEMENT
BETWEEN
THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
AND CANEY, KANSAS

WHEREAS, pursuant to the Kansas Public Water Supply Loan Fund, K.S.A. 65-163d et seq. as amended (the "Loan Act"), the State of Kansas has established the Kansas Public Water Supply Loan Fund for the purposes of the Safe Drinking Water Act Amendments of 1996 to be administered and managed by the Secretary of the Kansas Department of Health and Environment ("KDHE"); and

WHEREAS, the Kansas Development Finance Authority (the "Authority"), the Kansas Department of Administration, and the Secretary of KDHE have entered into an Inter-Agency Agreement dated as of March 1, 1999, and a Pledge Agreement, dated as of November 1, 1997, as the same may be amended and supplemented from time to time (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for Public Water Supply Projects and to pledge the Loan Repayments received pursuant to such Loan Agreements to the Authority and the Authority, in turn, pledges its rights to the Revenues under the Agreement to the payment of the principal of, premium, if any, and interest on the Bonds issued for the purpose of loaning the proceeds thereof to the participating municipalities; and

WHEREAS, based on said Pledge Agreement, KDHE has entered into a Loan Agreement effective April 20, 2007, with Caney, Kansas (the Municipality) for the benefit of KPWSLF Project No. 2491; and

WHEREAS, KDHE has expressed the need and intent to amend certain provisions and exhibits of said Loan Agreement with the Municipality in the form as set forth in a First Amendment to the Loan Agreement as attached hereto; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Authority must consent, in writing, to any amendment, supplement or modifications to the Loan Agreement.

WITNESSETH, the Kansas Development Finance Authority hereby agrees as follows:

(1) The Authority acknowledges receipt of the First Amendment to the Loan Agreement between the Kansas Department of Health and Environment and Caney, Kansas effective as of May 1, 2009.

(2) The Authority consents to the execution of the First Amendment to the Loan Agreement by KDHE and the Municipality.

KANSAS DEVELOPMENT FINANCE AUTHORITY

By _____
Executive Vice President

ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds, KDHE will loan an amount not to exceed ~~$902,250~~ $1,452,250 to the Municipality to pay the costs of the Project described in Exhibit A hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (Exhibit B hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in addition to the amount of the Loan. An amendment to Exhibit B must be accomplished by an Amendment to the Loan Agreement executed by all parties.

KANSAS PUBLIC WATER SUPPLY LOAN FUND

Estimated Draws - Actual Interest Rate
Amortization of Loan Costs - AMENDED
Prepared for:

City of Caney, Project No. 2491

4/30/2009

Project Principal:	1,444,905.01
Interest During Const.:	3,327.45
Service Fee During Const.:	386.91
Loan Origination Fee:	3,630.63
Loan Reserve Account:	0.00
Financial Integrity Assurance Contract:	0.00
Gross Loan Costs:	1,452,250.00

Gross Rate:	3.36%		
Service Fee Rate:	0.35%	1st Payment Date:	8/1/2008
Loan Interest Rate:	3.01%	Number of Payments:	40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	8/1/2008	1,452,250.00	8,056.80	22,166.08	936.84	31,159.72	1,430,083.92
2	2/1/2009	1,430,083.92	9,509.13	20,544.87	1,105.72	31,159.72	1,409,539.05
3	8/1/2009	1,409,539.05	21,213.56	26,804.78	2,466.70	50,485.04	1,382,734.27
4	2/1/2010	1,382,734.27	20,810.15	27,255.10	2,419.79	50,485.04	1,355,479.17
5	8/1/2010	1,355,479.17	20,399.96	27,712.99	2,372.09	50,485.04	1,327,766.18
6	2/1/2011	1,327,766.18	19,982.88	28,178.56	2,323.60	50,485.04	1,299,587.62
7	8/1/2011	1,299,587.62	19,558.79	28,651.96	2,274.29	50,485.04	1,270,935.66
8	2/1/2012	1,270,935.66	19,127.58	29,133.31	2,224.15	50,485.04	1,241,802.35
9	8/1/2012	1,241,802.35	18,689.13	29,622.76	2,173.15	50,485.04	1,212,179.59
10	2/1/2013	1,212,179.59	18,243.30	30,120.42	2,121.32	50,485.04	1,182,059.17
11	8/1/2013	1,182,059.17	17,789.99	30,626.44	2,068.61	50,485.04	1,151,432.73
12	2/1/2014	1,151,432.73	17,329.06	31,140.97	2,015.01	50,485.04	1,120,291.76
13	8/1/2014	1,120,291.76	16,860.39	31,664.13	1,960.52	50,485.04	1,088,627.63
14	2/1/2015	1,088,627.63	16,383.85	32,196.09	1,905.10	50,485.04	1,056,431.54
15	8/1/2015	1,056,431.54	15,899.29	32,736.99	1,848.76	50,485.04	1,023,694.55
16	2/1/2016	1,023,694.55	15,406.60	33,286.97	1,791.47	50,485.04	990,407.58
17	8/1/2016	990,407.58	14,905.63	33,846.19	1,733.22	50,485.04	956,561.39
18	2/1/2017	956,561.39	14,396.25	34,414.80	1,673.99	50,485.04	922,146.59
19	8/1/2017	922,146.59	13,878.31	34,992.97	1,613.76	50,485.04	887,153.62
20	2/1/2018	887,153.62	13,351.66	35,580.85	1,552.53	50,485.04	851,572.77
21	8/1/2018	851,572.77	12,816.17	36,178.61	1,490.26	50,485.04	815,394.16
22	2/1/2019	815,394.16	12,271.68	36,786.41	1,426.95	50,485.04	778,607.75
23	8/1/2019	778,607.75	11,718.05	37,404.43	1,362.56	50,485.04	741,203.32
24	2/1/2020	741,203.32	11,155.11	38,032.82	1,297.11	50,485.04	703,170.50
25	8/1/2020	703,170.50	10,582.72	38,671.76	1,230.56	50,485.04	664,498.74
26	2/1/2021	664,498.74	10,000.71	39,321.46	1,162.87	50,485.04	625,177.28
27	8/1/2021	625,177.28	9,408.92	39,982.06	1,094.06	50,485.04	585,195.22
28	2/1/2022	585,195.22	8,807.19	40,653.76	1,024.09	50,485.04	544,541.46
29	8/1/2022	544,541.46	8,195.35	41,336.74	952.95	50,485.04	503,204.72
30	2/1/2023	503,204.72	7,573.23	42,031.20	880.61	50,485.04	461,173.52
31	8/1/2023	461,173.52	6,940.66	42,737.32	807.06	50,485.04	418,436.20
32	2/1/2024	418,436.20	6,297.46	43,455.31	732.27	50,485.04	374,980.89
33	8/1/2024	374,980.89	5,643.46	44,185.36	656.22	50,485.04	330,795.53
34	2/1/2025	330,795.53	4,978.47	44,927.67	578.90	50,485.04	285,867.86
35	8/1/2025	285,867.86	4,302.31	45,682.46	500.27	50,485.04	240,185.40
36	2/1/2026	240,185.40	3,614.79	46,449.92	420.33	50,485.04	193,735.48
37	8/1/2026	193,735.48	2,915.72	47,230.28	339.04	50,485.04	146,505.20
38	2/1/2027	146,505.20	2,204.90	48,023.75	256.39	50,485.04	98,481.45
39	8/1/2027	98,481.45	1,482.15	48,830.55	172.34	50,485.04	49,650.90
40	2/1/2028	49,650.90	747.25	49,650.90	86.89	50,485.04	0.00
41	8/1/2028	0.00	0.00	0.00	0.00	0.00	0.00
		Totals	473,448.61	1,452,250.00	55,052.35	1,980,750.96	

EXHIBIT F

FORM OF MUNICIPALITY ORDINANCE

* * * * * * * * * * * * * *

EXCERPT OF MINUTES OF A MEETING OF THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS HELD ON MAY 18, 2009

The Governing Body of the City of Caney, Kansas met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit: Hawthorne, Moore, Taylor, Munday and Johnston

Absent: Coy, McIntosh and Bradford

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

* * * * * * * * * * * * * *

(Other Proceedings)

Thereupon, there was presented an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE EXECUTION OF AN AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

Thereupon, Council member Moore moved that said Ordinance be passed. The motion was seconded by Council member Taylor. Said Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the Governing Body, the vote being as follows:

Yes: Hawthorne, Moore, Johnston, Taylor and Munday.

No: None.

Thereupon, the Mayor declared said Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. 2081 and was signed and approved by the Mayor and attested by the City Clerk. The Clerk was directed to publish the Ordinance one time in the official newspaper of the City.

* * * * * * * * * * * * * * *

(Other Proceedings)

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

(SEAL)

City Clerk

ORDINANCE NO. 2081

AN ORDINANCE AUTHORIZING THE EXECUTION OF AN AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Safe Drinking Water Act Amendments of 1996 [PL 104-182] to the Safe Drinking Water Act (the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Public Water Supply Loan Act, K.S.A. 65-163d *et seq.*, as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public water supply projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, The City of Caney, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act which operates a water system (the "System"); and

WHEREAS, the System is a Public Water Supply System, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

Amendments to engineering contract, change orders to construction, equipment purchases and contingencies.

(the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-15-50 through 28-15-65 (the "Regulations") applicable thereto necessary to qualify for the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed $550,000 (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the First Amendment to the Loan and to enter into a First Amendment to the loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the First Amendment to the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF |CITY|, KANSAS:

Section 1. Authorization of the First Amendment to the Loan Agreement. The Municipality is hereby authorized to accept the First Amendment to the Loan and to enter into a certain First Amendment of the Loan Agreement, with an effective date of May 1, 2009, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "First Amendment to the Loan Agreement") to finance the Project Costs (as defined in the First Amendment to the Loan Agreement). The Mayor and City Clerk are hereby authorized to execute the First Amendment to the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Municipality's legal counsel, the Mayor's execution of the First Amendment to the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues (as defined in the Loan Agreement) sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations.

Section 3. Further Authority. The Mayor and City Clerk and legal counsel are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the First Amendment of the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City of Caney, Kansas and publication in the official City newspaper.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

PASSED by the governing body of the City of Caney, Kansas on May 18, 2009 and signed and **APPROVED** by the Mayor.

(SEAL)

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM ONLY.

Municipality Attorney

MONTGOMERY COUNTY Chronicle

P.O. Box 186 • 202 W. Fourth • Caney, KS 67333 • (620) 879-2156
P.O. Box 156 • 115 N. Labette • Cherryvale, KS 67335 • (620) 336-2100

AFFIDAVIT OF PUBLICATION

Andrew R. Taylor of lawful age, being duly sworn, deposes and says he or she represents the publisher of:

Montgomery County Chronicle
P.O. Box 186 • 202 W. Fourth • Caney, KS 67333

a weekly newspaper in the City of Caney, County of Montgomery, State of Kansas, and of general circulation in said county and which has been admitted to the U.S. Mail as a second class matter in said county, and which said newspaper has been continuously and uninterruptedly published in said county during the period of one year immediately prior to the first publication of the notice hereinafter mentioned.

Legal notice publication printed One (1) week
first published on May 21st 2009
and again on _____.

The affiant further says that he or she has personal knowledge of the statements above set forth and that they are true.

Andy Taylor
Signature

State of Kansas, Montgomery County

Subscribed and sworn to before me
this 21st day of May, 2009.

Viola Long
Notary Public

VIOLA LONG
Notary Public - State of Kansas
Appt Expires 4-24-11

(Published in the Montgomery County Chronicle, Thursday, May 21, 2009)

CITY OF CANEY

ORDINANCE NO. 2081

AN ORDINANCE AUTHORIZING THE EXECUTION OF AN AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE CITY OF CANEY, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Safe Drinking Water Act Amendments of 1996 (PL 104-182) to the Safe Drinking Water Act (the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Public Water Supply Loan Act, K.S.A 65-163d et seq., as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment (KDHE") is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public water supply projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905 (a) and the Loan Act to issue reserve bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms and defined in the Loan Act); and

WHEREAS, The City of Caney, Kansas (the "Municipality") is a municipality as said is defined in the Loan Act which operates a water system (the "System"); and

WHEREAS, the System is a Public Water Supply System, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:
Amendments to engineering contract, change orders to construction, equipment purchases and contingencies.
(the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-15-50 through 28-15-65 (the "Regulations") applicable thereto necessary to qualify for the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed $550,000 (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the First Amendment to the Loan and to enter into a First Amendment to the loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the First Amendment to the Loan Agreement.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF (CITY), KANSAS:

Section 1. Authorization of the first Amendment to the Loan Agreement. The municipality is hereby authorized to accept the First Amendment to the Loan and to enter into a certain First Amendment of the Loan Agreement, with an effective date of May 1, 2009, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "First Amendment to the Loan Agreement") to finance the Project Costs (as defined in the First Amendment to the Loan Agreement). The Mayor and City Clerk are hereby authorizes to execute the First Amendment to the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Municipality's legal counsel, the Mayor's execution of the First Amendment to the Loan Agreement being conclusive evidence of such approval.

Section 2. Established of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues (as defined i the Loan Agreement) sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior an subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations.

Section 3. Further Authority. The Mayor and City Clerk and legal counsel are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the First Amendment of the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City of Caney, Kansas and publication in the official City newspaper.

PASSED by the Governing Body of the City of Caney, Kansas, this May 18, 2009 and signed and APPROVED by the Mayor.

Dale McBride, Mayor

ATTEST:
Carole Coker, City Clerk

HALL LEVY
DEVORE BELL OTT & KRITZ P.A.

ATTORNEYS AT LAW
815 UNION
P. O. BOX 9
COFFEYVILLE, KANSAS 67337
(620) 251-1300
FAX (620) 251-9411

M. DOUG BELL
DOUGLAS G. OTT
PAUL M. KRITZ

JOE L. LEVY
RETIRED

CLEMENT H. HALL
(1910-2002)
THOMAS A. DEVORE
(1951-1994)

June 1, 2009

Kansas Development Finance Authority
Topeka, Kansas

The Kansas Department of Health and
Environment, acting on behalf of
The State of Kansas
Topeka, Kansas

Re: First Amendment to the Loan Agreement effective as of May 1, 2009, between the Kansas Department of Health and Environment (KDHE), acting on behalf of the State of Kansas (the State), and the City of Caney, Kansas (the "Municipality")

Ladies and Gentlemen:

I have acted as counsel to the Municipality in connection with the authorization, execution and delivery of the above referenced First Amendment to the Loan Agreement (the "First Amendment to the Loan Agreement"). In my capacity as counsel to the Municipality, I have examined original or certified copies of minutes, ordinances of the Municipality and other documents relating to the authorization of the Project, the authorization, execution and delivery of the First Amendment to the Loan Agreement, and the establishment of a Dedicated Source of Revenue (as defined in the First Amendment to the Loan Agreement) for repayment of the Loan evidenced by the First Amendment to the Loan Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the First Amendment to the Loan Agreement.

In this connection, I have examined the following:

(a) an executed or certified copy of the First Amendment to the Loan Agreement;

(b) proceedings adopted or taken by the Municipality to authorize and approve the Project to be constructed with the proceeds of the Loan evidenced by the First Amendment to the Loan Agreement;

(c) Ordinance No. 2081 of the Municipality (the "Ordinance") adopted on May 18, 2009, and other proceedings of the Municipality taken and adopted in connection with the authorization, execution and delivery of the First Amendment to the Loan Agreement, and the establishment of a Dedicated Source of Revenue for repayment of the First Amendment to the Loan evidenced by the Loan Agreement; and

(d) such other proceedings, documents and instruments as I have deemed necessary or appropriate to the rendering of the opinions expressed herein.

In this connection, I have reviewed such documents, and have made such investigations of law, as deemed relevant and necessary as the basis for the opinions hereinafter expressed.

Based upon the foregoing, it is my opinion, as of the date hereof, that:

1. The Municipality is a municipal corporation duly created, organized and existing under the laws of the State.

2. The Municipality operates a Public Water Supply System, as said term is defined in the Loan Act.

3. The Project has been duly authorized by the Municipality.

4. The Municipality has all requisite legal power and authority to, and has been duly authorized under the terms and provisions of the Ordinance to, execute and deliver, and perform its obligations under, the First Amendment to the Loan Agreement.

5. The First Amendment to the Loan Agreement has been duly authorized, executed and delivered by the Municipality and constitutes a valid and binding agreement of the Municipality enforceable in accordance with its terms, subject as to enforcement of remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted, and subject further to the exercise of judicial discretion in accordance with general principles of equity. In rendering this opinion I have assumed due authorization, execution and delivery of the First Amendment to the Loan Agreement by the State, acting by and through KDHE.

6. By adopting the Ordinance, the Municipality has duly authorized the Dedicated Source of Revenue for repayment of the Loan to be made pursuant to the First Amendment to the Loan Agreement.

7. To the best of my knowledge, the execution and delivery of the First Amendment to the Loan Agreement by the Municipality will not conflict with or result in a breach of any of the terms of, or constitute a default under, any ordinance, indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Municipality is a party or by which it or any of its property is bound or any of the rules or regulations applicable to the Municipality or its property or of any court or other governmental body.

Very truly yours,

Paul M. Kritz

Cc: Mr. Don Whitman, City Administrator

SECOND AMENDMENT TO THE
LOAN AGREEMENT

BETWEEN

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS

AND

CANEY, KANSAS
KPWSLF PROJECT NO. 2491

ORIGINAL LOAN AGREEMENT
EFFECTIVE AS OF April 20, 2007

AMENDMENT NO. 2
EFFECTIVE AS OF June 29, 2009

Second Amendment to
the Loan Agreement between the
Kansas Department of Health and Environment
Acting on Behalf of the State of Kansas
and Caney, Kansas
Effective as of June 29, 2009

WHEREAS, the City of Caney, Kansas (the Municipality) has entered into a Loan Agreement with the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, effective as of April 20, 2007, (the "Loan Agreement"); and

WHEREAS, said Loan Agreement was entered into for the benefit of the City of Caney, KPWSLF Project No. 2491; and

WHEREAS, the Municipality hereby determines that it is necessary to amend certain exhibits to the Loan Agreement, and

WHEREAS, this Second Amendment to the Loan Agreement is entered into and effective as of June 29, 2009;

SECTION 1. Exhibit B2 of the LOAN AGREEMENT BETWEEN THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT AND CANEY, KANSAS is hereby amended to read as set forth on the pages attached hereto.

SECTION 2. Except as herein specifically set out, the Loan Agreement is confirmed and ratified.

IN WITNESS WHEREOF, KDHE and the City of Caney have caused this Second Amendment to the Loan Agreement for the Municipality to be executed, sealed and delivered, effective as of June 29, 2009.

The KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By: _____
John W. Mitchell
Director, Division of Environment

Date: 7-16-09

By: _____
Dale McBride
Printed Name
Mayor
City of Caney

(Seal)

ATTEST:

By: _____

Title: City Clerk

Date: 7-16-09

KANSAS PUBLIC WATER SUPPLY LOAN FUND

Estimated Draws - Actual Interest Rate
Amortization of Loan Costs - AMENDED

Prepared for:
City of Caney, Project No. 2491

6/25/2009

Project Principal:	1,444,905.01		
Interest During Const.:	3,327.45		
Service Fee During Const.:	386.91		
Loan Origination Fee:	3,630.63		
Loan Reserve Account:	0.00		
Financial Integrity Assurance Contract:	0.00		
Gross Loan Costs:	1,452,250.00		
Gross Rate:	3.36%		
Service Fee Rate:	0.35%	1st Payment Date:	8/1/2008
Loan Interest Rate:	3.01%	Number of Payments:	40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	8/1/2008	1,452,250.00	8,056.80	22,166.08	936.84	31,159.72	1,430,083.92
2	2/1/2009	1,430,083.92	9,509.13	20,544.87	1,105.72	31,159.72	1,409,539.05
3	8/1/2009	1,409,539.05	15,695.24	13,086.46	2,378.02	31,159.72	1,396,452.59
4	2/1/2010	1,396,452.59	21,016.61	7,699.32	2,443.79	31,159.72	1,388,753.27
5	8/1/2010	1,388,753.27	20,900.74	28,393.27	2,430.32	51,724.33	1,360,360.00
6	2/1/2011	1,360,360.00	20,473.42	28,870.28	2,380.63	51,724.33	1,331,489.72
7	8/1/2011	1,331,489.72	20,038.92	29,355.30	2,330.11	51,724.33	1,302,134.42
8	2/1/2012	1,302,134.42	19,597.12	29,848.47	2,278.74	51,724.33	1,272,285.95
9	8/1/2012	1,272,285.95	19,147.90	30,349.93	2,226.50	51,724.33	1,241,936.02
10	2/1/2013	1,241,936.02	18,691.14	30,859.80	2,173.39	51,724.33	1,211,076.22
11	8/1/2013	1,211,076.22	18,226.70	31,378.25	2,119.38	51,724.33	1,179,697.97
12	2/1/2014	1,179,697.97	17,754.45	31,905.41	2,064.47	51,724.33	1,147,792.56
13	8/1/2014	1,147,792.56	17,274.28	32,441.41	2,008.64	51,724.33	1,115,351.15
14	2/1/2015	1,115,351.15	16,786.03	32,986.44	1,951.86	51,724.33	1,082,364.71
15	8/1/2015	1,082,364.71	16,289.59	33,540.60	1,894.14	51,724.33	1,048,824.11
16	2/1/2016	1,048,824.11	15,784.80	34,104.09	1,835.44	51,724.33	1,014,720.02
17	8/1/2016	1,014,720.02	15,271.54	34,677.03	1,775.76	51,724.33	980,042.99
18	2/1/2017	980,042.99	14,749.65	35,259.60	1,715.08	51,724.33	944,783.39
19	8/1/2017	944,783.39	14,218.99	35,851.97	1,653.37	51,724.33	908,931.42
20	2/1/2018	908,931.42	13,679.42	36,454.28	1,590.63	51,724.33	872,477.14
21	8/1/2018	872,477.14	13,130.78	37,066.72	1,526.83	51,724.33	835,410.42
22	2/1/2019	835,410.42	12,572.93	37,689.43	1,461.97	51,724.33	797,720.99
23	8/1/2019	797,720.99	12,005.70	38,322.62	1,396.01	51,724.33	759,398.37
24	2/1/2020	759,398.37	11,428.95	38,966.43	1,328.95	51,724.33	720,431.94
25	8/1/2020	720,431.94	10,842.50	39,621.07	1,260.76	51,724.33	680,810.87
26	2/1/2021	680,810.87	10,246.20	40,286.71	1,191.42	51,724.33	640,524.16
27	8/1/2021	640,524.16	9,639.89	40,963.52	1,120.92	51,724.33	599,560.64
28	2/1/2022	599,560.64	9,023.39	41,651.71	1,049.23	51,724.33	557,908.93
29	8/1/2022	557,908.93	8,396.53	42,351.46	976.34	51,724.33	515,557.47
30	2/1/2023	515,557.47	7,759.14	43,062.96	902.23	51,724.33	472,494.51
31	8/1/2023	472,494.51	7,111.04	43,786.42	826.87	51,724.33	428,708.09
32	2/1/2024	428,708.09	6,452.06	44,522.03	750.24	51,724.33	384,186.06
33	8/1/2024	384,186.06	5,782.00	45,270.00	672.33	51,724.33	338,916.06
34	2/1/2025	338,916.06	5,100.69	46,030.54	593.10	51,724.33	292,885.52
35	8/1/2025	292,885.52	4,407.93	46,803.85	512.55	51,724.33	246,081.67
36	2/1/2026	246,081.67	3,703.53	47,590.16	430.64	51,724.33	198,491.51
37	8/1/2026	198,491.51	2,987.30	48,389.67	347.36	51,724.33	150,101.84
38	2/1/2027	150,101.84	2,259.03	49,202.62	262.68	51,724.33	100,899.22
39	8/1/2027	100,899.22	1,518.53	50,029.23	176.57	51,724.33	50,869.99
40	2/1/2028	50,869.99	765.59	50,869.99	88.75	51,724.33	0.00
	Totals		478,296.18	1,452,250.00	56,168.58	1,986,714.76	

THIRD AMENDMENT TO THE
LOAN AGREEMENT

BETWEEN

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS

AND

CANEY, KANSAS
KPWSLF PROJECT NO. 2491

ORIGINAL LOAN AGREEMENT
EFFECTIVE AS OF APRIL 20, 2007

AMENDMENT NO. 3
EFFECTIVE AS OF MARCH 1, 2011

Third Amendment to
the Loan Agreement between the
Kansas Department of Health and Environment
Acting on Behalf of the State of Kansas
and Caney, Kansas
Effective as of March 1, 2011

WHEREAS, the City of Caney, Kansas (the Municipality) has entered into a Loan Agreement with the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, effective as of April 20, 2007, (the "Loan Agreement"); and

WHEREAS, said Loan Agreement was entered into for the benefit of the City of Caney, KPWSLF Project No. 2491; and

WHEREAS, the Municipality hereby determines that it is necessary to amend certain sections and exhibits to the Loan Agreement, and

WHEREAS, this Third Amendment to the Loan Agreement is entered into and effective as of March 1, 2011;

SECTION 1. Section 2.01 and Exhibit B2 of the LOAN AGREEMENT BETWEEN THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT AND CANEY, KANSAS is hereby amended to read as set forth on the pages attached hereto.

SECTION 2. Except as herein specifically set out, the Loan Agreement is confirmed and ratified.

IN WITNESS WHEREOF, KDHE and the City of Caney have caused this Third Amendment to the Loan Agreement for the Municipality to be executed, sealed and delivered, effective as of March 1, 2011.

The KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By: _____
John W. Mitchell
Director, Division of Environment

Date: 3-1-11

By: DALE McBRIDE
_____
Printed Name
Mayor
City of Caney

(Seal)

ATTEST:

By: _____

Title: City Clerk

Date: 3-11-11

ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds, KDHE will loan an amount not to exceed ~~$1,452,250~~ $1,344,166.58 to the Municipality to pay the costs of the Project described in Exhibit A hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (Exhibit B hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in addition to the amount of the Loan. An amendment to Exhibit B must be accomplished by an Amendment to the Loan Agreement executed by all parties.

KANSAS PUBLIC WATER SUPPLY LOAN FUND

Actual Draws - Actual Interest Rate
Amortization of Loan Costs - FINAL

Prepared for:
City of Caney, Project No. 2491

2/23/2011

Project Principal:	1,312,627.15		
Interest During Const.:	25,767.67		
Service Fee During Const.:	2,411.34		
Loan Origination Fee:	3,360.42		
Loan Reserve Account:	0.00		
Financial Integrity Assurance Contract:	0.00		
Gross Loan Costs:	1,344,166.58		
Gross Rate:	3.36%		
Service Fee Rate:	0.35%	1st Payment Date:	8/1/2008
Loan Interest Rate:	3.01%	Number of Payments:	40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	8/1/2008	1,344,166.58	8,056.80	22,166.08	936.84	31,159.72	1,322,000.50
2	2/1/2009	1,322,000.50	9,509.13	20,544.87	1,105.72	31,159.72	1,301,455.63
3	8/1/2009	1,301,455.63	13,765.05	15,794.09	1,600.58	31,159.72	1,285,661.54
4	2/1/2010	1,285,661.54	18,969.28	9,984.71	2,205.73	31,159.72	1,275,676.83
5	8/1/2010	1,275,676.83	19,072.05	30,434.60	2,217.68	51,724.33	1,245,242.23
6	2/1/2011	1,245,242.23	18,744.96	30,799.72	2,179.65	51,724.33	1,214,442.51
7	8/1/2011	1,214,442.51	18,277.86	26,774.24	2,125.33	47,177.43	1,187,668.27
8	2/1/2012	1,187,668.27	17,874.41	27,224.60	2,078.42	47,177.43	1,160,443.67
9	8/1/2012	1,160,443.67	17,464.68	27,681.97	2,030.78	47,177.43	1,132,761.70
10	2/1/2013	1,132,761.70	17,048.06	28,147.04	1,982.33	47,177.43	1,104,614.66
11	8/1/2013	1,104,614.66	16,624.45	28,619.90	1,933.08	47,177.43	1,075,994.76
12	2/1/2014	1,075,994.76	16,193.72	29,100.72	1,882.99	47,177.43	1,046,894.04
13	8/1/2014	1,046,894.04	15,755.76	29,589.61	1,832.06	47,177.43	1,017,304.43
14	2/1/2015	1,017,304.43	15,310.43	30,086.72	1,780.28	47,177.43	987,217.71
15	8/1/2015	987,217.71	14,857.63	30,592.17	1,727.63	47,177.43	956,625.54
16	2/1/2016	956,625.54	14,397.21	31,106.13	1,674.09	47,177.43	925,519.41
17	8/1/2016	925,519.41	13,929.07	31,628.70	1,619.66	47,177.43	893,890.71
18	2/1/2017	893,890.71	13,453.06	32,160.06	1,564.31	47,177.43	861,730.65
19	8/1/2017	861,730.65	12,969.05	32,700.35	1,508.03	47,177.43	829,030.30
20	2/1/2018	829,030.30	12,476.91	33,249.72	1,450.80	47,177.43	795,780.58
21	8/1/2018	795,780.58	11,976.50	33,808.31	1,392.62	47,177.43	761,972.27
22	2/1/2019	761,972.27	11,467.68	34,376.30	1,333.45	47,177.43	727,595.97
23	8/1/2019	727,595.97	10,950.32	34,953.82	1,273.29	47,177.43	692,642.15
24	2/1/2020	692,642.15	10,424.26	35,541.05	1,212.12	47,177.43	657,101.10
25	8/1/2020	657,101.10	9,889.37	36,138.13	1,149.93	47,177.43	620,962.97
26	2/1/2021	620,962.97	9,345.49	36,745.25	1,086.69	47,177.43	584,217.72
27	8/1/2021	584,217.72	8,792.48	37,362.57	1,022.38	47,177.43	546,855.15
28	2/1/2022	546,855.15	8,230.17	37,990.26	957.00	47,177.43	508,864.89
29	8/1/2022	508,864.89	7,658.42	38,628.50	890.51	47,177.43	470,236.39
30	2/1/2023	470,236.39	7,077.06	39,277.46	822.91	47,177.43	430,958.93
31	8/1/2023	430,958.93	6,485.93	39,937.32	754.18	47,177.43	391,021.61
32	2/1/2024	391,021.61	5,884.88	40,608.26	684.29	47,177.43	350,413.35
33	8/1/2024	350,413.35	5,273.72	41,290.49	613.22	47,177.43	309,122.86
34	2/1/2025	309,122.86	4,652.30	41,984.16	540.97	47,177.43	267,138.70
35	8/1/2025	267,138.70	4,020.44	42,689.50	467.49	47,177.43	224,449.20
36	2/1/2026	224,449.20	3,377.96	43,406.68	392.79	47,177.43	181,042.52
37	8/1/2026	181,042.52	2,724.69	44,135.92	316.82	47,177.43	136,906.60
38	2/1/2027	136,906.60	2,060.44	44,877.40	239.59	47,177.43	92,029.20
39	8/1/2027	92,029.20	1,385.04	45,631.34	161.05	47,177.43	46,397.86
40	2/1/2028	46,397.86	698.29	46,397.86	81.28	47,177.43	0.00
		Totals	437,125.01	1,344,166.58	50,828.57	1,832,120.16	

July 20, 2020

Via Certified Mail

Kansas Department of Health and Environment
Bureau of Water – Public Water Supply
Curtis State Office Building
1000 SW Jackson, Suite 420
Topeka, Kansas 66612-1367
Attn: William J. Carr, SRF Unit Administrator

Kansas Development Finance Authority
555 S. Kansas Avenue, Suite 202
Topeka, Kansas 66603
Attn: Rebecca Floyd, President
and General Counsel

CONDITIONAL NOTICE OF PREPAYMENT

Re: Loan Agreement between The Kansas Department of Health and Environment Acting on Behalf of the State of Kansas ("KDHE") and the City of Caney, Kansas (the "City"), KPWSLF Project No. 2491 effective as of April 20, 2007, as amended (the "Loan Agreement")

Notice is hereby given pursuant to ***Section 2.05(b)*** of the Loan Agreement that the City desires to prepay the Loan Agreement in full on ***September 20, 2020*** (or as soon thereafter as possible). Such prepayment is subject to the availability of funds therefore from the proceeds of tax-exempt general obligation bonds to be issued by the City.

KDHE is requested to complete the attached Acknowledgment and Certification and Certification Regarding Use of Loan Prepayment Funds and forward a copy of same to the undersigned. The amount necessary to prepay the Loan Agreement will be forwarded via federal reserve wire transfer to a financial institution designated by KDHE.

CITY OF CANEY, KANSAS

By: _____
City Clerk

cc: Brian Vazquez, Esq., KDHE General Counsel
Gene Lueger, Esq., KDHE Associate Chief Counsel

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601004.20008 Caney

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Restricted Delivery Fee (Endorsement Required)	
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JUL 28 2020
USPS

Sent To: KDHE
Street, Apt. No.; or PO Box No.: 1000 SW Jackson Suite 420
City, State, ZIP+4: Topeka Kansas 66612

PS Form 3800, August 2006 — See Reverse for Instructions

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601004.20008 Caney

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Postage	$ .50
Certified Fee	3.55
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 4.05

DOWNTOWN STA. 67202 WI
Postmark Here
JUL 28 2020
USPS

Sent To: KDFA
Street, Apt. No.; or PO Box No.: 555 S Kansas Ave Ste 202
City, State, ZIP+4: Topeka Kansas 66603

PS Form 3800, August 2006 — See Reverse for Instructions

Division of Environment
Curtis State Office Building
1000 SW Jackson St., Suite 400
Topeka, KS 66612-1367

Kansas
Department of Health and Environment

Phone: 785-296-1535
Fax: 785-559-4264
www.kdheks.gov

Lee A. Norman, M.D., Secretary

Laura Kelly, Governor

July 23, 2020

Ms. Debbie Morrison, City Clerk
City of Caney
P. O. Box 129
Caney, Kansas 67333-0129

RE: Kansas Public Water Supply Loan Fund No. 2491

Dear Ms. Morrison:

Please find enclosed the KDHE Acknowledgement and Certification, loan payoff statements, and KDHE certification for use of prepayment funds for the referenced Kansas Public Water Supply Loan Fund loan. Also enclosed is a Certification Regarding Source of Funds for KDHE Loan Prepayment form that must be completed by the City and returned to this office.

Please ensure payment is received by KDHE on or prior to September 20, 2020. Also, if funds will be wired prior to that date, KDHE must have advanced notice of the exact date funds will arrive or else the transaction could be rejected by the State Treasurer's Office.

Sincerely yours,

Brenda Diegel

Brenda Diegel
Program Consultant
Public Water Supply Section
KDHE- Bureau of Water

BD
Enclosure

pc: Southeast District Office
Caney KPWSLF 2491 File

Kansas
Department of Health
and Environment

ACKNOWLEDGEMENT AND CERTIFICATION

Re: Loan Agreement between the Kansas Department of Health and Environment Acting on Behalf of the State of Kansas ("KDHE") and the City of Caney, Kansas, KPWSLF Project No. 2491 effective as of April 20, 2007 (the "Loan Agreement")

The undersigned, as an authorized representative of The Kansas Department of Health and Environment ("KDHE"), does hereby certify as follows:

1. Capitalized terms not defined herein, shall have the meanings ascribed thereto in the attached Conditional Notice of Prepayment or the Loan Agreement defined therein.

2. KDHE received the Conditional Notice of Prepayment on July 21, 2020, evidencing the intent of the City of Caney, Kansas (the "City") to prepay in full the above referenced Loan Agreement on September 20, 2020 (the "Prepayment Date"), subject to the issuance of the general obligation refunding bonds of the City.

3. The full prepayment amount of the Loan, as determined pursuant to the Loan Agreement, is calculated as follows:

Principal amount of Loan for KPWSLF Project No. 2491	$620,962.97
Accrued Interest	$2,544.05
Accrued Service Fees	$295.82
Total Prepayment Amount	**$623,802.84**

4. Wire transfer of the Total Prepayment Amount set forth above shall be sent to KDHE via Federal Reserve wire transfer using the following instructions:

U.S. Bank N.A. 719 South Kansas Avenue, Topeka, KS 66037
ABA (routing) #: 101000187
Account Name: KDHE SRF
Account#: 145592436938
Reference: KDHE SRF Loan Repayment
Attention: Brenda Diegel Phone No. 785-296-4262

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

William J. Carr
Assistant Director, Bureau of Water
July 23, 2020

STATE OF KANSAS
DEPARTMENT OF HEALTH AND ENVIRONMENT
PUBLIC WATER SUPPLY REVOLVING LOAN PROGRAM
CURTIS STATE OFFICE BUILDING
1000 SW JACKSON, SUITE 420
TOPEKA, KANSAS 66612-1367
785-296-4262

LOAN PAYOFF

September 20, 2020

BILLING PERIOD COVERED: 7/16/2020-9/20/2020

STATEMENT DATE: 07/23/2020

PROJECT: City of Caney
No: 2491

Gross Loan Costs:	$1,344,166.58
Current Loan Balance:	$620,962.97

Principal:	$620,962.97
Interest:	$2,544.05
Service Fee:	$295.82
Total Due:	$623,802.84

AMOUNT DUE	DATE DUE
$623,802.84	09/20/2020

AMOUNT ENCLOSED

There are two payment options available, electronic Automatic Clearing House (ACH) or check submitted through mail.

Remit ACH payment to:
U.S. Bank N.A.
ABA#: 101000187
Account#: 145592436938
Reference: STATE OF KANSAS – KDHE SRF

Make check payable to:
Kansas Department of Health and Environment

If paying by check, please include a copy of this statement with payment to:

Department of Health and Environment
Attn: Brenda Diegel
Bureau of Water
Curtis State Office Building
1000 SW Jackson, Suite 420
Topeka, Kansas 66612-1367

Kansas
Department of Health and Environment

CERTIFICATION REGARDING USE OF LOAN PREPAYMENT FUNDS

Re: Prepayment of Loan Agreement KPWSLF Project No. 2491 (the "Loans") between The Kansas Department of Health and Environment acting on behalf of the State of Kansas ("KDHE") and the City of Caney (the "Municipality")

The undersigned, as an authorized representative of KDHE, does hereby certify as follows:

1. The Loan was financed by KDHE in whole or in part with proceeds of a Kansas Development Finance Authority State Revolving Fund Bond issue ("KDFA SRF Bonds") the interest on which is excludable from gross income federal income tax purposes or is an issue subject to certain restrictions imposed under the Internal Revenue Code and the Regulations and rulings thereunder.

2. KDHE understands that the Municipality will refinance the Loan with proceeds of an obligation the interest on which is intended to be excludable from gross income for federal income tax purposes the ("Municipal Obligation").

3. For federal income tax purposes, KDHE has directed KDFA to allocate proceeds of the Municipal Obligation anticipated to be transferred to KDHE to prepay the Loan to one of the following three purposes:

(A) Payment of interest on KDFA SRF Bonds coming due within one year of the issue date of the City's Bonds; or

(B) Payment of principal on KDFA SRF Bonds coming due within 90 days of the issue date of the City's Bonds; or

(C) Recycled by KDHE to make new loans to borrowers under the SRF program.

4. The above allocation is being made for federal income tax purposes and may not reflect the actual use of Loan prepayment funds.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

William J. Carr
Assistant Director, Bureau of Water
July 23, 2020

Kansas
Department of Health and Environment

CERTIFICATION REGARDING SOURCE OF FUNDS FOR KDHE LOAN PREPAYMENT

In order to comply with (and plan for) certain tax laws related to the refunding of tax exempt debt incurred by the KWPCRF and the KPWSRF, the Loan recipient must notify KDHE of the source of funds being used to prepay a KDHE SRF loan. This form must be completed for each individual SRF loan being prepaid.

The Loan Recipient hereby certifies that the proposed prepayment for the loan will come from the sources as indicated below.

____ The loan will be paid with cash on hand that was not acquired by a prior bond issue

__X__ The loan will be paid with bond proceeds from a tax exempt bond issue that will have a yield of___% 1.0873%

____ The loan will be paid with bond proceeds from a taxable bond issue

____ The loan will be paid with funds derived from some other financial instrument (please explain below and provide the tax status of the instrument)

_____

_____

_____

Debbie Morrison
Printed Name - Representative of Municipality

City Clerk
Title of Representative

Debbie Morrison
Signature of Representative

City of Caney, Kansas
Name of Municipality

Loan # 2491

Proposed loan Prepayment Date 9 / 20 / 2020

Bond Issue Closing Date (if any) 9 / 01 / 2020

09/02/2020
Date

Revision Date 12/19/2012

Gilmore & Bell, P.C.
08/17/2020

TRANSCRIPT CERTIFICATE

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

The undersigned Mayor and Clerk of the City of Caney, Kansas (the "Issuer"), do hereby make this certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described bonds (the "Bonds"); and do hereby certify as of August 17, 2020, as follows:

1. Meaning of Words and Terms. Capitalized words and terms used herein, unless otherwise defined herein or the context requires otherwise, shall have the same meanings ascribed to such words and terms in the hereinafter defined Bond Resolution authorizing the Bonds.

2. Organization. The Issuer is a legally constituted city of the second class organized and existing under the laws of the State of Kansas.

3. Transcript of Proceedings. The transcript of proceedings (the "Transcript") relating to the authorization and issuance of the Bonds is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript, and the facts stated in the Transcript still exist. In each and every instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk.

4. Newspaper. The ***Montgomery County Chronicle*** was the official newspaper of the Issuer at all times during these proceedings.

5. Meetings. All of the meetings of the governing body of the Issuer at which action was taken as shown in the Transcript were either regular meetings or duly adjourned regular meetings or special meetings duly called and held in accordance with law and the ordinances and rules of the Issuer.

6. Incumbency of Officers. The following named persons were and are the duly qualified and acting officers of the Issuer at and during all the times when action was taken as indicated in the Transcript as follows:

Name	Title	Term of Office
Current		
Thomas C. Burk Jr.	Mayor	01/2018 to 01/2022
Ralph Anthony	Councilmember	01/2019 to 01/2021
Kenith Butts	Councilmember	04/2015 to 01/2022
Marianne Carey-Ranes	Councilmember	01/2019 to 01/2021
Shirley Davis	Councilmember	02/2019 to 01/2021
Dan Johnston	Councilmember	02/2009 to 01/2022
Lori Patterson	Councilmember	01/2018 to 01/2022
Keith Rogers	Councilmember	06/2016 to 01/2022

Debbie Wood	Councilmember	01/2017 to 01/2021
Debbie Morrison	Clerk	11/2013 to DATE
Prior		
Chad S. Bradford	Mayor	05/2015 to 01/2018
Valerie Hurd	Councilmember	01/2017 to 01/2019
Kolt West	Councilmember	05/2017 to 01/2019
Zoe Wahl	Councilmember	01/2017 to 01/2019
Aaron Elliott	Councilmember	01/2019 to 12/20/2019

7. Execution of Bonds. The Bonds have been executed with facsimile signatures; and the facsimile signatures appearing on the face of the Bonds are facsimiles of the true and genuine signatures of the Mayor and Clerk of the Issuer; which facsimiles are ratified as a proper execution of said Bonds. Each signature has either been duly filed in the office of the Secretary of State of Kansas pursuant to K.S.A. 75-4001 *et seq* or executed in accordance with K.S.A. 16-1601 *et seq*. A facsimile of the seal of the Issuer is affixed to or imprinted on each of the Bonds and on the reverse side of each of the Bonds at the place where the Clerk has executed by facsimile signature the Certificate of Registration; and each Bond bears a Certificate of Registration evidencing the fact that it has been registered in the office of the Clerk. A true impression of the seal is set forth adjacent to the signature of the Clerk below. The specimen bond included in the Transcript is in the form adopted by the governing body of the Issuer for the Bonds.

8. Authorization and Purpose of the Bonds. The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State, including particularly K.S.A. 10-427 *et seq*., K.S.A. 12-617 *et seq*., as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq*., and K.S.A. 65-163d *et seq*., as amended, Ordinance No. 2175 and Resolution No. 1384 of the Issuer duly adopted by the Governing Body of the Issuer on August 17, 2020 (collectively the "Bond Resolution") for the purpose of:

(a) Paying the costs of certain public improvements (the "Improvements").

(b) Prepaying on September 20, 2020 the following loans entered into between the Issuer and KDHE to temporarily finance a portion of the Improvements (collectively the "Refunded Loan"):

Loan Description	Loan Number	Dated Date	Maturity Date	Final Loan Amount	Outstanding Amount	Prepayment Amount [1]
KDHE – KWPCRF	C20 1709 01	10/12/05	09/01/27	$1,155,596.00	$646,889.75 [2]	$646,889.75
KDHE – KPWSLF	2491	04/20/07	02/01/28	1,344,166.58	620,962.97 [3]	620,962.97

[1] Plus interest to prepayment date and associated fees
[2] Excludes payments to be made on 09/01/20
[3] Excludes payments to be made on 08/01/20

(c) Refunding on September 1, 2020, the following bonds of the Issuer (the "Refunded Bonds"):

Description	Series	Dated Date	Years	Amount
G.O. Refunding Bonds	2011	12/20/11	2020 to 2024	$315,000

The total principal amount of the new money portion of the Bonds does not exceed the cost of the Improvements for which the Bonds are issued. The total principal amount of the refunding portion of the Bonds issued to refund the Refunded Bonds does not exceed the aggregate amounts prescribed in K.S.A. 10-427, as amended. A Statement of Cost is attached hereto as ***Exhibit A*** and made a part hereof by reference as though fully set out herein.

The interest rates on the Bonds on the date of the sale of the Bonds were within the maximum legal limit for interest rates under K.S.A. 10-1009, as amended.

9. Bonded Indebtedness. The currently outstanding applicable indebtedness of the Issuer, including the Bonds, does not exceed any applicable constitutional or statutory limitations. A Schedule of Bonded Indebtedness, which sets forth all currently outstanding general obligation indebtedness of the Issuer, is attached hereto as ***Exhibit B*** and made a part hereof by reference as though fully set out herein.

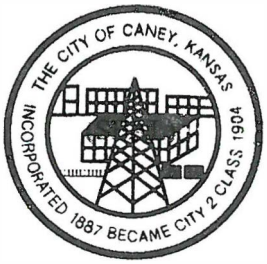
10. Valuation. The total assessed valuation of the taxable tangible property within the Issuer for the year 2020 is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property	$9,224,260
Tangible Valuation of Motor Vehicles (2019)	1,346,164
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations.....	$10,570,424

11. Non-litigation. 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: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in the Transcript; (e) the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof; or (f) the levy and collection of a tax to pay the principal of and interest on the Bonds.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

WITNESS our true and genuine manual signatures and the seal of the Issuer.



Mayor

Clerk

EXHIBIT A

STATEMENT OF COST

Re: General Obligation Refunding and Improvement Bonds, Series 2020-D, Dated September 1, 2020, of the City of Caney, Kansas

Sources of Funds:	
Principal Amount of the Bonds	$2,710,000.00
Reoffering Premium	129,745.80
CDBG Grant	1,000,000.00
Available Sales Tax Funds	61,358.60
Issuer Funds	60,000.00
Total	***$3,961,104.40***
Uses of Funds:	
Deposit to Improvement Fund	$2,300,000.00
Deposit to Refunded Loan Redemption Fund	1,271,573.43
Deposit to Refunded Bonds Redemption Fund	317,685.00
Underwriter's Discount	19,376.50
Costs of Issuance	52,469.47
Total	***$3,961,104.40***

EXHIBIT B

CITY OF CANEY, KANSAS

SCHEDULE OF OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS
(as of September 1, 2020)

GENERAL OBLIGATION BONDS

Description of Indebtedness	Dated Date	Final Maturity	Original Principal Amount	Amount Outstanding	Exempt From Debt Limit
G.O. Refunding Bonds, Series 2011 [1]	12/20/2011	12/01/2024	$ 745,000	$ 0	$ 0
G.O. Bonds, Series 2020-A	06/24/2020	06/24/2060	540,000	540,000	540,000
G.O. Bonds, Series 2020-B	06/24/2020	06/24/2060	2,741,000	2,741,000	2,741,000
G.O. Bonds, Series 2020-C	06/24/2020	06/24/2060	693,000	693,000	693,000
G.O. Refunding and Imp. Bonds, Series 2020-D	09/01/2020	12/01/2040	2,710,000	2,710,000	1,497,275
	Total			***$6,684,000***	***$5,471,275***

[1] Excludes Refunded Bonds

TEMPORARY NOTES

Description of Indebtedness	Dated Date	Final Maturity	Original Principal Amount	Amount Outstanding	Exempt From Debt Limit
G.O. Temporary Notes, Series 2020-1	02/19/2020	03/01/2022	$1,252,000	$712,000	$0
	Total			***$712,000***	***$0***

STATE OF KANSAS
OFFICE OF SECRETARY OF STATE

I, KRIS W. KOBACH, Kansas Secretary of State, certify that the records of this office reveal the following:

The Certificate of Manual Signature for

THOMAS BURK JR., MAYOR

CITY OF CANEY, KANSAS

was filed in this office the 27th day of February, A.D. 2018

as provided by K.S.A. 75-4001 through 75-4007.

IN TESTIMONY WHEREOF:
I hereto set my hand and cause to be affixed my official seal. Done at the City of Topeka, this 27th day of February, A.D. 2018



KRIS W. KOBACH
KANSAS SECRETARY OF STATE

STATE OF KANSAS
OFFICE OF SECRETARY OF STATE

I, KRIS W. KOBACH, Kansas Secretary of State, certify that the records of this office reveal the following:

The Certificate of Manual Signature for

DEBBIE MORRISON, CLERK

CITY OF CANEY, KANSAS

was filed in this office the 27th day of February, A.D. 2018

as provided by K.S.A. 75-4001 through 75-4007.

IN TESTIMONY WHEREOF:
I hereto set my hand and cause to be affixed my official seal. Done at the City of Topeka, this 27th day of February, A.D. 2018

KRIS W. KOBACH
KANSAS SECRETARY OF STATE

Dunlap, Robyn (G&B)

From: bondreg@treasurer.ks.gov
Sent: Wednesday, August 19, 2020 5:48 PM
To: Dunlap, Robyn (G&B)
Subject: Bondreg: Updated Bond Registration

August 19, 2020, 17:48:05

This bond issue has been updated in the KST Bond Registration System. Below is the updated information:

Registration #: 0117-063-090120-016
Municipality: Caney
Bond Counsel: Gilmore Bell: Robyn Dunlap
Paying Agent: State
Purpose & Series: General Obligation Refunding And Improvement Bonds, Series 2020-D Book Entry: Yes
Principal: $2,710,000.00
Closing Date: September 1, 2020

The issue was updated by Gina Clement.

Office of the Kansas State Treasurer
Bond Registration System

900 SW Jackson St., Ste 201 ... Topeka, KS 66612-1235 ... 785-296-3171

August 19, 2020

Leah Young
Midwest Single Source Inc
1501 E First Street
Wichita, KS 67214

RE: $2,710,000.00, City of Caney, Kansas
General Obligation Refunding And Improvement Bonds, Series 2020-D
Dated September 01, 2020, Registration #0117-063-090120-016

Dear Ms. Young,

This office has been requested to authorize the printing of the State Treasurer's facsimile signature and seal on the above referenced issue. The registration number has been confirmed as correct.

Authorization hereby granted August 19, 2020.

Sincerely,
Office of the State Treasurer
Jake LaTurner



Shauna Wake, M.B.A.
Director of Fiscal Services

cc Robyn Dunlap
Gilmore & Bell Pc
100 North Main, Suite 800
Wichita, KS 67202

G.C.

REGISTERED
NUMBER

R-

REGISTERED
DOLLARS

$

UNITED STATES OF AMERICA - STATE OF KANSAS
COUNTY OF MONTGOMERY

CITY OF CANEY

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND SERIES 2020-D

Interest Rate:	Maturity Date:	Dated Date: September 1, 2020	CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Caney, in the County of Montgomery, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2021 (the "Interest Payment Dates"), until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The interest payable on this Bond on any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner, or (b) in the case of an interest payment to Cede & Co. or any Owner of $500,000 or more in aggregate principal amount of Bonds by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

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

ADDITIONAL PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

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

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

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

CITY OF CANEY, KANSAS

Mayor

ATTEST:

By: Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of General Obligation Refunding and Improvement Bonds, Series 2020-D, of the City of Caney, Kansas, described in the within-mentioned Bond Resolution.

Registration Date _____

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

By _____ SPECIMEN _____

Registration Number: 0117 063-090120-016

RECORDED

ADDITIONAL PROVISIONS

Authorization of Bonds. This Bond is one of an authorized series of Bonds of the Issuer designated "General Obligation Refunding and Improvement Bonds, Series 2020-D," aggregating the principal amount of $2,710,000 (the "Bonds") issued for the purposes set forth in the Ordinance of the Issuer authorizing the issuance of the Bonds and the Resolution of the Issuer prescribing the form and details of the Bonds (collectively the "Bond Resolution"). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq.*, K.S.A. 10-620 *et seq.*, K.S.A. 12-617 *et seq.*, as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq.*, and K.S.A. 65-163d *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

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

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

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

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

LEGAL OPINION

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

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

Governing Body
City of Caney, Kansas

Country Club Bank
Prairie Village, Kansas

Re: $2,710,000 General Obligation Refunding and Improvement Bonds, Series 2020-D, of the City of Caney, Kansas, Dated September 1, 2020

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

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

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

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

2. The Bonds are payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.

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

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

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

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

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

GILMORE & BELL, P.C.

BOND ASSIGNMENT

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

_____
(Name and Address)

_____
(Social Security or Taxpayer Identification No.)

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

Dated _____

_____
Name

_____
Social Security or Taxpayer Identification No.

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

Signature guarantee:

By: _____

CERTIFICATE OF CLERK

STATE OF KANSAS)
) SS.
COUNTY OF MONTGOMERY)

The undersigned, Clerk of the City of Caney, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of September 1, 2020.

WITNESS my hand and official seal.

Debbie Morrison
Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

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

WITNESS my hand and official seal.

Treasurer of the State of Kansas

PRINTER'S CERTIFICATE

This will certify that Midwest Single Source, Inc., 1501 E. 1st, Wichita, Kansas has printed and delivered $2,710,000 in General Obligation Bonds.

UNITED STATES OF AMERICA - STATE OF KANSAS
COUNTY OF MONTGOMERY
CITY OF CANEY
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND
SERIES 2020-D

These General Obligation Bonds were delivered as 50 pieces numbered 01 to 50 and are in blank denominations. We also delivered 10 SPECIMEN General Obligation Bonds marked as such.

Midwest Single Source, Inc.
1501 E. First Street
Wichita, Kansas 67214
(316) 267-6333 Fax (316) 267-8061

Gilmore & Bell, P.C.
08/17/2020

AGREEMENT BETWEEN ISSUER AND AGENT

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

THIS AGREEMENT, dated as of September 1, 2020, between the City of Caney, Kansas, a municipality (the "Issuer") and the State Treasurer of Kansas, as Agent (the "Agent").

WHEREAS, for its lawful purposes, the Issuer has duly authorized the issue of the above-captioned bonds (the "Securities"), and the Issuer wishes the Agent to act as its Paying Agent, Bond Registrar, and Transfer Agent for the Securities:

Now, therefore, it is hereby agreed as follows:

I. APPOINTMENT

Issuer hereby appoints or has heretofore appointed the State Treasurer of Kansas to act as Paying Agent, Bond Registrar and Transfer Agent for the Securities. The State Treasurer of Kansas hereby accepts its appointment as the Paying Agent, Bond Registrar and Transfer Agent.

II. BASIC DUTIES

A. Issuer or its duly authorized representative agrees to furnish Agent the name(s) and address(es) of the initial registered owner(s) of the Securities together with such registered owners' tax identification (social security) number(s), the maturity date(s), denomination(s) and interest rate(s) for each Security.

B. Agent shall manually authenticate the originally issued Securities upon the written order of one or more authorized officers of Issuer. Thereafter, Agent shall manually authenticate all Securities resulting from transfer or exchange of Securities.

C. Agent shall maintain an office in the City of Topeka, Kansas, where Securities may be presented for registration, transfer and exchange; and shall also maintain an office in the City of Topeka, Kansas, where Securities may be presented for payment. Agent shall keep a register of the Securities and their transfer and exchange.

D. Agent may rely upon any document believed by it to be genuine and to have been signed or presented by the proper person. Agent need not investigate any fact or matter stated in the document. Agent undertakes to perform such duties and only such duties set forth in K.S.A. 10-620 *et seq*., except as specifically provided in this Agreement.

E. Agent shall notify the owners of the Securities upon default in payment of principal or interest on the Securities and the Agent shall have no duties or responsibilities thereafter.

III. COMPENSATION

Issuer covenants and agrees to pay to Agent, as reasonable compensation for the services provided as Agent, an initial setup fee of $300, a registration fee of $30, plus a fee of $3,387.50, based on a percentage of the aggregate principal amount of the Securities as follows:

1/8 of 1% (.125%) of the first $10,000,000
1/16 of 1% (.0625%) of the next $15,000,000
1/32 of 1% (.03125%) of the next $25,000,000
1/64 of 1% (.015625%) of the next $50,000,000
1/128 of 1% (.0078125%) over $100,000,000.

This amount will be due at the time of registration unless such fee is to be paid from the proceeds of the bond issue in which case Issuer agrees to pay such fee within two (2) business days of the closing of the bond issue. In addition to the aforementioned fee, Issuer covenants and agrees to pay to Agent the fee as stated and required by K.S.A. 10-505 for performing the duties of paying the principal of the Securities.

IV. STANDARD OF PERFORMANCE

Issuer shall provide, or shall cause to be provided to Agent, a designation of whether its Securities are to be issued in certificated or uncertificated form, or both.

A. *STATEMENTS OF OWNERSHIP*

Agent agrees to provide Statements of Ownership to the owner of uncertificated Securities. Such Statements shall be in accordance with the standards set forth by the Attorney General. All Statements shall be issued in the denominations of $1,000 or $5,000 or integral multiples thereof except for one additional Security in another denomination, which additional Security shall mature in the initial maturity year of the series of the Securities. Interest is computed on the basis of $1,000 or $5,000 units and in all transactions involving the payment of interest, fractions of a cent equalling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Agent shall at all times maintain an adequate supply of Statements of Ownership for any anticipated transfers or exchanges of the Statements.

B. *CERTIFICATED SECURITIES*

All certificated Securities issued by Issuer under this Agreement shall be in accordance with the standards set forth by the Attorney General and unless otherwise authorized by Agent, the principal thereof shall be payable only upon surrender of the Security to Agent. All certificates shall be issued in the denomination of $1,000 or $5,000 or integral multiples thereof except one authorized Security in another denomination which additional Security shall mature in the initial maturity year of the series of Securities. Interest is computed on the basis of $1,000 or $5,000 units and in all transactions involving the payment of interest, fractions of a cent equaling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Issuer shall at Issuer's cost provide Agent with an adequate supply of certificates for any anticipated transfers or exchanges of the certificates. Issuer shall be responsible for the payment of the printing or other expenses for such certificates. Issuer shall be responsible for obtaining appropriate "CUSIP"

number(s) and shall notify Agent of each number(s) prior to the issuance of the applicable Securities.

C. ***INTEREST CALCULATIONS***

Agent shall calculate interest on the basis of $1,000 and $5,000 units, or in the case of one odd denomination, calculate the unit separately. Each intermediate unit calculation is first determined, then rounded to the sixth decimal position; i.e. whenever the seventh decimal place is equal to or greater than five the sixth decimal place is increased by one. The final per unit calculation is subsequently rounded to two decimal positions. (See Attachment "A" for sample calculation.)

D. ***SURRENDER***

Securities surrendered for payment, cancellation or partial redemption shall be cancelled by Agent and returned to Issuer in accordance with K.S.A. 10-111.

E. ***TRANSFERS AND EXCHANGES***

1. When Securities are presented to Agent for transfer or exchange, Agent shall so transfer or exchange such Securities if the requirements of Section 8-401(1) of the Uniform Commercial Code are met.

2. In accordance with the authorizing Resolution or Ordinance of the Issuer (the "Bond Resolution"), payments of interest shall be made to the owner of record of each Security as of the close of business on the fifteenth day of the month preceding each interest payment date. The Agent shall make such payments to the record owner of each Security as set forth on the registration books maintained by Agent as of such date.

3. Agent shall not be required to transfer or exchange any Security during a period beginning on the day following the fifteenth day of the month preceding any interest payment date for such Securities and ending at the close of business on the interest payment date, or to transfer or exchange any Security selected or called for redemption in whole or in part subsequent to the date notice of such redemption is given in accordance with the Bond Resolution authorizing the Securities.

F. ***REGISTRATION DATES AND FUNDS FOR PAYMENTS***

Date of Registration shall be affixed on the initial Securities. Subsequent transfers or exchanges shall bear a Date of Registration as of the date that all the required documentation is received at the Agent's official place of business. Issuer will provide funds to make any interest or principal payments in accordance with K.S.A. 10-130 and amendments thereto. Agent is hereby authorized to effect any semiannual payment of interest or any principal by charging the Issuer's Fiscal Agency account with Agent.

G. ***REPLACEMENT OF SECURITIES***

If the owner of a Security claims that a Security has been lost, destroyed or wrongfully taken, Issuer shall issue and Agent shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met. Only Agent shall

perform this function. An indemnity bond and affidavit of loss shall be provided to Agent and Issuer at the expense of the owner of the Security. Such indemnity bond and affidavit of loss must be sufficient in the judgment of Issuer and Agent to protect Issuer and Agent from any loss which any of them may suffer if the Security is replaced. Issuer may charge the Security owner for its expenses in the replacement of a Security.

H. ***REDEMPTIONS***

Optional Redemption. If any Securities are to be redeemed pursuant to an optional redemption in accordance with their terms, Issuer agrees to give Agent at least fifteen (15) days written notice thereof prior to the notice to be given the Security owners. If there is no provision for notice to the Security owners, Issuer agrees to give at least thirty (30) days written notice to Agent.

Mandatory Redemption. If any Securities are subject to mandatory redemption in accordance with their terms of the Bond Resolution, no additional notice is required to be given to the Agent to exercise the mandatory redemption. The Agent will provide notice of such redemption utilizing substantially the form of Notice of Mandatory Redemption attached hereto as ***Appendix I***.

Notice of Redemption. Agent shall then notify, by ordinary mail, the owner of such Securities to be so redeemed. Agent shall select the Securities to be so redeemed. Agent shall not be required to exchange or register a transfer of any Security for a period of fifteen (15) days preceding the date notice is to be provided to the Security owners for the purpose of selecting Securities on a partial redemption. Further, in the event notice is given to Agent for a complete redemption of the Issue according to the terms of the Bond Resolution, Agent shall not be required to transfer or exchange any Security beginning on the day following the 15th day preceding the date set for redemption.

I. ***MISCELLANEOUS***

Agent hereby acknowledges receipt of numbered Securities of Issuer (in a number equal to one Security for each maturity) for registration and exchange, and shall safeguard any "blank" Securities held for purpose of exchange or transfer.

J. ***REPORTS***

Agent shall provide Issuer an annual report of the activity with respect to the issuance of Securities upon written request of Issuer.

K. ***CONSTRUCTION***

This Agreement shall be construed in accordance with the laws of the State of Kansas and also the Bond Resolution authorizing the issuance of the Securities.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

CITY OF CANEY, KANSAS

By _____
Mayor

By _____
Clerk

OFFICE OF THE TREASURER
OF THE STATE OF KANSAS

(SEAL)

By _____
Director of Fiscal Services

ATTACHMENT "A"

SAMPLE

	$5,000.00000	Bond Unit
x	.06875	Interest Rate
=	343.750000	Rounded to six decimal places
/	360	Days per year
=	.954861	Rounded to six decimal places
x	180	Day in interest period
=	171.874980	(Rounded to second decimal = $171.87)

Unit interest is then multiplied by the number of units in the maturity.

APPENDIX I

NOTICE OF CALL FOR MANDATORY REDEMPTION
TO THE OWNERS OF
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D, DATED SEPTEMBER 1, 2020

Notice is hereby given that pursuant to the provisions of ***Article III*** of Resolution No. 1384 (the "Bond Resolution") of the City of Caney, Kansas (the "Issuer") that a portion of the above-mentioned bonds (the "Bonds") scheduled to mature on December 1, 20[31][34][37][40] (the "Called Bonds"), have been called for mandatory redemption and payment on December 1, 2030 (the "Redemption Date"), at the principal office of the Treasurer of the State of Kansas (the "Bond Registrar and Paying Agent").

[Nos.]	Maturity Date (December 1) 20[31][34][37][40]	Principal Amount	Interest Rate	CUSIP Number

On the Redemption Date there shall become due and payable, upon the presentation and surrender of each such Called Bond, the redemption price thereof equal to 100% of the principal amount thereof together with interest accrued to the Redemption Date. Bonds issued in denominations of greater than $5,000 may be subject to partial redemption. In such event, a new certificate or certificates will be issued to the Owner in the principal amount to remain Outstanding. Interest shall cease to accrue on the Called Bonds so called for redemption from and after the Redemption Date provided such funds for redemption are on deposit with the Paying Agent.

CITY OF CANEY, KANSAS

By _____
Treasurer of the State of Kansas,
Topeka, Kansas

The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

CITY OF CANEY, KANSAS

(Name of Issuer and Co-Issuer(s), if applicable)

August 17, 2020

(Date)

The Depository Trust Company
18301 Bermuda Green Drive
Tampa, FL 33647
Attention: Underwriting Department

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: **(Note: Issuer shall represent one and cross out the other.)**

~~[a corporation]~~ [formed under the laws of] the State of Kansas.

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:
Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

City of Caney, Kansas

(Issuer)

By: Debbie Morrison

(Authorized Officer's Signature)

Debbie Morrison

(Print Name)

City Hall, 100 W. 4th Avenue

(Street Address)

Caney, Kansas	USA	67333
(City) (State)	(Country)	(Zip Code)

(620) 879-2772

(Phone Number)

cityclerk@caney.kscoxmail.com

(E-mail

DTCC

Address)

SCHEDULE A
(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC 's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DT C's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or 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 & C o. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Ten der/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at an y time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

Gilmore & Bell, P.C.
08/17/2020

CLOSING CERTIFICATE

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

The undersigned Mayor and Clerk of the City of Caney, Kansas (the "Issuer"), make this Certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described bonds (the "Bonds"); and certify as of September 1, 2020 (the "Issue Date"), as follows:

1. Meaning of Words and Terms. Capitalized words and terms used in this Certificate, unless otherwise defined in this Certificate or the context requires otherwise, have the same meanings ascribed to such words and terms in the Bond Resolution (defined below) authorizing the Bonds.

2. Transcript of Proceedings. The transcript of proceedings relating to the authorization and issuance of the Bonds (the "Transcript"), furnished to the Purchaser of the Bonds, is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript; and the facts stated in the Transcript still exist. In each instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk. All certifications made by the Issuer in the Transcript Certificate dated August 17, 2020 are true and correct as of this date and are incorporated in this Certificate by reference.

3. Authorization and Purpose of the Bonds. The Issuer is issuing and delivering the Bonds simultaneously with the delivery of this Certificate, pursuant to and in full compliance with the Constitution and statutes of the State, including particularly K.S.A. 10-427 *et seq.*, K.S.A. 12-617 *et seq.*, as amended by Charter Ordinance No. 30, K.S.A. 12-1736 *et seq.*, and K.S.A. 65-163d *et seq.*, as amended, Ordinance No. 2175 and Resolution No. 1384 of the Issuer duly adopted by the Governing Body of the Issuer on August 17, 2020 (collectively the "Bond Resolution") for the purpose of:

(a) Paying the costs of certain public improvements (the "Improvements").

(b) Prepaying on September 20, 2020 the following loans entered into between the Issuer and KDHE to temporarily finance a portion of the Improvements (collectively the "Refunded Loan"):

Loan Description	Loan Number	Dated Date	Maturity Date	Final Loan Amount	Outstanding Amount	Prepayment Amount [1]
KDHE – KWPCRF	C20 1709 01	10/12/05	09/01/27	$1,155,596.00	$646,889.75 [2]	$646,889.75
KDHE – KPWSLF	2491	04/20/07	02/01/28	1,344,166.58	620,962.97 [3]	620,962.97

[1] Plus interest to prepayment date and associated fees
[2] Excludes payments to be made on 09/01/20
[3] Excludes payments to be made on 08/01/20

(c) Refunding on September 1, 2020, the following bonds of the Issuer (the "Refunded Bonds"):

Description	Series	Dated Date	Years	Amount
G.O. Refunding Bonds	2011	12/20/11	2020 to 2024	$315,000

The purpose of the refunding is to achieve interest cost savings through early redemption of the Refunded Bonds, to reduce debt service requirements of the Issuer for certain years, to restructure the debt payments on the Refunded Bonds and to provide an orderly plan of finance for the Issuer.

4. Security for the Bonds. The Bonds are general obligations of the Issuer payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are pledged under the Bond Resolution to the payment of the principal of and interest on the Bonds. In the Bond Resolution, the governing body of the Issuer has covenanted to annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

5. Sale of Bonds. The Bonds have been sold at rates not in excess of the limitations set forth in K.S.A. 10-1009. The Notice of Bond Sale dated July 20, 2020 and included in the Transcript constitutes a full true and correct copy thereof. A copy of such Notice of Bond Sale and Preliminary Official Statement was sent to prospective purchasers of the Bonds, and to all other persons and firms requesting copies of such Notice of Bond Sale and Preliminary Official Statement.

6. Official Statement. The Official Statement contained in the Transcript constitutes a full, true and correct copy of the Official Statement relating to the Bonds. To the best of our knowledge, the Official Statement, other than the sections entitled "The Depository Trust Company," "Bond Ratings," "Legal Matters," "Tax Matters," and ***Appendices B*** and ***C***, about which the Issuer expresses no opinion, is true in all material respects, and does not contain any untrue statement of a material fact or does not omit to state a material fact, necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. As of this date there has been no material adverse change in the financial condition or the financial affairs of the Issuer since the date of the Official Statement. No other event has occurred which is necessary to be disclosed in the Official Statement in order to make the statements therein not misleading in any material respect as of the date of this Certificate. The Issuer has previously caused to be delivered to the Purchaser copies of the Official Statement.

7. Continuing Disclosure Undertaking. The Issuer has heretofore executed a Continuing Disclosure Undertaking (the "Disclosure Undertaking"), wherein the Issuer has covenanted to disseminate such information as is required in accordance with the provisions of the SEC Rule and the Disclosure Undertaking. In the Bond Resolution, the Issuer has covenanted to apply the provisions of the Disclosure Undertaking to the Bonds. A copy of the Disclosure Undertaking is contained in the Transcript.

8. Non-Litigation. There is no controversy, action, suit, proceeding, or to the best of our knowledge, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the best or our knowledge, threatened against or affecting the Issuer, its officers or its property, or, to the best of our knowledge, any basis therefor questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in the Transcript; (e) the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof; (f) the levy and collection of an ad valorem property tax to pay the principal of and interest on the Bonds; or (g) the federal or state tax-exempt status of the interest on the Bonds; wherein any unfavorable decision,

ruling or finding would adversely affect the Issuer, the transactions contemplated by the Bond Resolution or the Official Statement, or the validity of the Bonds, which are not disclosed in the final Official Statement.

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WITNESS our hands and the seal of the Issuer.

Signature	Official Title
	Mayor
(SEAL)	Clerk

Gilmore & Bell, P.C.
08/17/2020

FEDERAL TAX CERTIFICATE

Dated as of September 1, 2020

OF

THE CITY OF CANEY, KANSAS

$2,710,000
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

FEDERAL TAX CERTIFICATE

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* * *

FEDERAL TAX CERTIFICATE

THIS FEDERAL TAX CERTIFICATE (the "Tax Certificate"), is executed as of September 1, 2020 (the "Issue Date"), by the City of Caney, Kansas (the "Issuer").

RECITALS

1. This Tax Certificate is being executed and delivered in connection with the issuance by the Issuer of $2,710,000 principal amount of General Obligation Refunding and Improvement Bonds, Series 2020-D (the "Bonds"), under the Bond Resolution (as herein defined), for the purposes described in this Tax Certificate and in the Bond Resolution.

2. The Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the "Regulations"), impose certain limitations on the uses and investment of the Bond proceeds and of certain other money relating to the Bonds and set forth the conditions under which the interest on the Bonds will be excluded from gross income for federal income tax purposes.

3. The Issuer is executing this Tax Certificate in order to set forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the property financed or refinanced with those proceeds and the investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes and to provide guidance for complying with the arbitrage rebate provisions of Code § 148(f).

4. The Issuer adopted a Tax Compliance Procedure (as defined below) for the purpose of setting out general procedures for the Issuer to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

5. This Tax Certificate is entered into as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Bonds.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Certificate, the Issuer represents, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions of Words and Terms. Except as otherwise provided in this Tax Certificate or unless the context otherwise requires, capitalized words and terms used in this Tax Certificate have the same meanings as set forth in the Bond Resolution, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Certificate have the following meanings:

"Adjusted Gross Proceeds" means the Gross Proceeds of the Bonds reduced by amounts (1) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (2) that as of the Issue Date, are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (3) representing grant repayments or sale or Investment proceeds of any purpose Investment.

"Annual Compliance Checklist" means a checklist for each of the Financed Improvements designed to measure compliance with the requirements of this Tax Certificate and the Tax Compliance Procedure after the Issue Date as further described in ***Section 4.02*** and substantially in the form attached as ***Exhibit E***.

"Available Construction Proceeds" means the sale proceeds of the New Money Portion, increased by (i) Investment earnings on the sale proceeds, (ii) earnings on amounts in a reasonably required reserve or replacement fund allocable to the New Money Portion but not funded from the Bonds, and (iii) earnings on such earnings, reduced by sale proceeds (A) in any reasonably required reserve fund or (B) used to pay issuance costs of the Bonds. But Available Construction Proceeds do not include Investment earnings on amounts in a reasonably required reserve or replacement fund after the earlier of: (a) the second anniversary of the Issue Date; or (b) the date the Financed Improvement are substantially completed.

"Bona Fide Debt Service Fund" means a fund, which may include Bond proceeds, that: (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and (b) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

"Bond" or **"Bonds"** means any bond or bonds described in the recitals, authenticated and delivered under the Bond Resolution.

"Bond Compliance Officer" means the Issuer's Clerk or other person named in the Tax Compliance Procedure.

"Bond Counsel" means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Issuer.

"Bond Resolution" means Ordinance No. 2175 and Resolution No. 1384 of the Issuer duly adopted by the governing body of the Issuer on August 17, 2020, as originally executed by the Issuer, as amended and supplemented in accordance with the provisions of the Bond Resolution.

"Bond Year" means each one-year period (or shorter period for the first Bond Year) ending December 1 or another one-year period selected by the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended.

"Compliance Account" means the account by that name created under the Bond Resolution to provide for the payment of certain expenses as described in ***Section 2.01(j)*** hereof.

"Computation Date" means each date on which arbitrage rebate for the Bonds is computed. The Issuer may treat any date as a Computation Date, subject to the following limits:

(a) The first rebate installment payment must be made for a Computation Date not later than 5 years after the Issue Date;

(b) Each subsequent rebate installment payment must be made for a Computation Date not later than 5 years after the previous Computation Date for which an installment payment was made; and

(c) The date the last Bond is discharged is the final Computation Date.

The Issuer selects December 1, 2025 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

"Final Written Allocation" means the Final Written Allocation of expenditures prepared by the Bond Compliance Officer in accordance with the Tax Compliance Procedure and ***Section 4.02(b)*** of this Tax Certificate.

"Financed Improvements" means the portion of the Improvements financed or refinanced with the proceeds of the Bonds as described in the Bond Resolution and by the Original Obligations, all as described on ***Exhibit D***.

"Gross Proceeds" means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds or other Investment proceeds), (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, and (e) any other replacement proceeds.

Specifically, the term Gross Proceeds includes (but is not limited to) amounts held in the following funds and accounts:

(1) Improvement Fund.
(2) Refunded Bonds Redemption Fund.
(3) Refunded Loan Redemption Fund.
(4) Debt Service Account.
(5) Rebate Fund (to the extent funded with sale proceeds or Investment proceeds of the Bonds).
(6) Costs of Issuance Account.
(7) Compliance Account (to the extent funded with sale proceeds or Investment proceeds of the Bonds).

"Guaranteed Investment Contract" is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

"Improvements" means all of the property acquired, developed, constructed, renovated, and equipped by the Issuer, including the New Money Improvements and the Refunded Improvements, as further described in ***Section 2.01(f)*** and on ***Exhibit D***.

"Investment" means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a

tax-exempt bond, except for "specified private activity bonds" as defined in Code § 57(a)(5)(C), but does include the investment element of most interest rate caps.

"IRS" means the United States Internal Revenue Service.

"Issue Date" means September 1, 2020.

"Issuer" means the City of Caney, Kansas, and its successors and assigns, or any body, agency or instrumentality of the State succeeding to or charged with the powers, duties and functions of the Issuer.

"KDFA" means the Kansas Development Finance Authority.

"KDFA SRF Bonds" means any of the KDFA's State Revolving Fund Revenue Bonds issued on behalf of KDHE to finance the: (a) KWPCRF pursuant to K.S.A. 65-3321 *et seq*., as amended; and/or (b) KPWSRF pursuant to K.S.A. 65-163d *et seq*., as amended.

"KDHE" means the Kansas Department of Health and Environment.

"KDHE Revolving Fund Loans" means loans made by KDHE to municipal borrowers associated with the KPWSRF or the KWPCRF.

"KPWSRF" means the Kansas Public Water Supply Revolving Fund Loan Fund.

"KWPCRF" means the Kansas Water Pollution Control Revolving Fund.

"Loan" means collectively the KDHE Loan for KWPCRF Project No. C20 1709 01 between the Issuer and KDHE, dated October 12, 2005, maturing September 1, 2027, in the aggregate outstanding principal amount of $646,889.75 and KDHE Loan for KWPSLF Project No. 2491 between the Issuer and KDHE, dated April 20, 2007, maturing February 1, 2028, in the aggregate outstanding principal amount of $620,962.97.

"Management Agreement" means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Improvements, such as a contract to manage the entire Financed Improvements or a portion of the Financed Improvements. However, contracts for services that are solely incidental to the primary governmental function of the Financed Improvements (for example, contracts for janitorial, office equipment repair, billing, or similar services) are not treated as Management Agreements.

"Measurement Period" means, with respect to each item of property financed as part of the Financed Improvements with proceeds of the New Money Portion, the period beginning on the later of (i) the Issue Date, or (ii) the date the property is placed in service and ending on or the earlier of (A) the final maturity date of the Bonds or (B) the expected economic useful life of the property. With respect to each item of property financed as part of the Financed Improvements with proceeds of the Original Obligations, Measurement Period means the period beginning on the later of (i) the issue date of the applicable KDFA SRF Bonds or (ii) the date the property was or will be placed in service, and ending on the earlier of (A) the final maturity date of the Bonds or (B) the expected economic useful life of the property.

"Minor Portion" means the lesser of $100,000 or 5% of the sale proceeds of the Bonds.

"Net Proceeds" means, when used in reference to the Bonds or the New Money Portion, the sale proceeds of the Bonds (excluding pre-issuance accrued interest), less any proceeds deposited in a reasonably required reserve or replacement fund, plus all Investment earnings on such sale proceeds.

"New Money Improvements" means the portion of the Improvements financed by the New Money Portion as described in ***Section 2.01(f)***.

"New Money Portion" means the portion of the Bonds described in ***Section 3.06***.

"Non-Qualified Use" means use of Bond proceeds or the Financed Improvements in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Bond proceeds or the Financed Improvements are "used" in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Improvements, will constitute use under Regulations § 1.141-3.

"Non-Qualified User" means any person or entity other than a Qualified User.

"Original Obligations" means, collectively, the Series 2002 Bonds and the Series 2011 Bonds, which were the initial issue(s) of tax-exempt governmental obligations that financed or refinanced a portion of the Financed Improvements.

"Post-Issuance Tax Requirements" means those requirements related to the use of proceeds of the Bonds, the use of the Financed Improvements and the investment of Gross Proceeds after the Issue Date of the Bonds.

"Preliminary Expenditures" means: (a) costs incurred for architectural, engineering, surveying, soil testing, costs of issuance, and similar costs prior to commencement of acquisition, construction, or rehabilitation of the Financed Improvements, other than land acquisition, site preparation, and similar costs incident to commencement of construction of the Financed Improvements up to an amount not in excess of 20 percent of the issue price of the Bonds; and (b) costs incurred in an amount not in excess of the lesser of $100,000 or 5% of the sale proceeds of the Bonds with respect to the New Money Portion or of the Original Obligations with respect to the Refunding Portion.

"Purchaser" means Country Club Bank, Prairie Village, Kansas, the original purchaser of the Bonds, and any successor and assigns.

"Qualified Use Agreement" means any of the following:

(a) A lease or other short-term use by members of the general public who occupy the Financed Improvements on a short-term basis in the ordinary course of the Issuer's governmental purposes.

(b) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Improvements for a period up to 200 days in length pursuant to an arrangement whereby (1) the use of the Financed Improvements under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (2) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the

Financed Improvements under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(c) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Improvements for a period up to 100 days in length pursuant to arrangements whereby (1) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (2) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (3) the Financed Improvements was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Improvements under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(d) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Improvements for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Improvements was not constructed for a principal purpose of providing the property for use by that person.

"Qualified User" means a state, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

"Reasonable Retainage" means Gross Proceeds retained by the Issuer for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of Net Proceeds of the New Money Portion on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

"Rebate Analyst" means Gilmore & Bell, P.C. or any successor rebate analyst selected pursuant to this Tax Certificate.

"Refunded Bonds" means the Series 2011 Bonds maturing in the years 2020 to 2024, inclusive, in the aggregate principal amount of $315,000.

"Refunded Bonds Redemption Date" means September 1, 2020.

"Refunded Bonds Redemption Fund" means the Redemption Fund for Refunded Bonds established under the Bond Resolution.

"Refunded Loan Redemption Date" means September 20, 2020.

"Refunded Loan Redemption Fund" means the Redemption Fund for Loan established under the Bond Resolution.

"Refunded Obligations" means collectively the Refunded Bonds and the Loan.

"Refunding Portion" means the sale proceeds of the Bonds identified in ***Section 3.06*** together with the remaining Gross Proceeds of the Bonds properly allocable to the refunding of the Refunded Obligations.

"Regulations" means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Bonds.

"Series A, 1994 Bonds" means the Issuer's Water and Sewage Utility System Revenue Bonds, Series A, 1994, dated March 15, 1994, in the original principal amount of $1,137,000, issued March 15, 1994 to finance new money capital expenditures.

"Series 2002 Bonds" means the Issuer's General Obligation Water and Sewage Utility System Refunding Bonds, Series 2002, Dated December 1, 2002, in the original principal amount of $995,000, issued December 13, 2002, for the purpose of refunding a portion of the Series A, 1994 Bonds.

"Series 2011 Bonds" means the Issuer's General Obligation Bonds, Series 2011, dated December 20, 2011, in the original principal amount of $745,000, issued December 20, 2011, for the purpose of refunding the Series 2002 Bonds.

"State" means the State of Kansas.

"Tax Certificate" means this Federal Tax Certificate as it may from time to time be amended and supplemented in accordance with its terms.

"Tax Compliance Procedure" means the Issuer's Tax and Securities Compliance Procedures, dated February 19, 2018.

"Tax-Exempt Bond File" means documents and records for the Bonds, maintained by the Bond Compliance Officer pursuant to the Tax Compliance Procedure.

"Transcript" means the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

"Yield" means yield on the Bonds, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.01 Representations and Covenants of the Issuer. The Issuer represents and covenants as follows:

(a) ***Organization and Authority***. The Issuer: (1) is a city of the second class, duly created, organized and existing under the Constitution and laws of the State, (2) has lawful power and authority to issue the Bonds for the purposes set forth in the Bond Resolution, to enter into, execute and deliver the Bond Resolution, the Bonds, and this Tax Certificate and to carry out its obligations under this Tax Certificate and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Bond Resolution, the Bonds, and this Tax Certificate, acting by and through its duly authorized officials.

(b) ***Tax-Exempt Status of Bonds–General Covenant.*** The Issuer (to the extent within its power or direction) will not use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be "arbitrage bonds," within the meaning of Code § 148, and will not (to the extent within its power or direction) otherwise use or permit the use of any Bond proceeds or any other funds of the Issuer, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.

(c) ***Governmental Obligations–Use of Proceeds***. Throughout the Measurement Period: (1) all of the Financed Improvements have been and are expected to be owned by the Issuer or another Qualified User; (2) no portion of the Financed Improvements have been or are expected to be used in a Non-Qualified Use; and (3) the Issuer will not permit any Non-Qualified Use of the Financed Improvements without first consulting with Bond Counsel. The Issuer will monitor the usage of all portions of the Financed Improvements during the Measurement Period. If the Non-Qualified Use of the Financed Improvements exceeds 10% of the total use over the Measurement Period, then the Issuer will take "remedial action" in accordance with Regulations § 1.141-12, as specified in advice from Bond Counsel, as necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes. The Issuer understands that remedial action could include redemption or defeasance of all or a portion of the Bonds.

(d) ***Governmental Obligations–Private Security or Payment.*** As of the Issue Date, the Issuer expects that none of the principal and interest on the Bonds and the payment of principal of and interest on the Refunded Obligations and on all other obligations which directly or indirectly refinanced the Original Obligations has been (under the terms of the Bonds or any underlying arrangement) directly or indirectly:

(1) secured by (i) any interest in property used or to be used for a Non-Qualified Use, or (ii) any interest in payments in respect of such property; or

(2) derived from payments (whether or not such payments are made to the Issuer) in respect of property, or borrowed money, used or to be used for a Non-Qualified Use.

For purposes of the foregoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The Issuer will not permit any private security or payment with respect to the Bonds without first consulting with Bond Counsel.

(e) ***No Private Loan.*** Not more than 5% of the Net Proceeds of the Bonds will be loaned directly or indirectly to any Non-Qualified User.

(f) ***Description of the Improvements.*** The Issuer is issuing the New Money Portion to finance the costs of certain public improvements for the Issuer as described in the Bond Resolution and ***Exhibit D***, including the Swimming Pool Improvements (the "New Money Improvements"). In addition, the Issuer previously financed improvements to the Issuer's Water and Sewage Utility System with proceeds of the Original Obligations (the "Refunded Improvements"). The New Money Improvements and the Refunded Improvements are referred to in this Tax Certificate collectively as the Improvements.

(g) ***Management Agreements.*** As of the Issue Date, the Issuer has no Management Agreements with Non-Qualified Users. During the Measurement Period, the Issuer will not enter into or renew any Management Agreement with any Non-Qualified User without first consulting with Bond Counsel.

(h) ***Leases.*** As of the Issue Date, the Issuer has not entered into any leases of any portion of the Financed Improvements other than Qualified Use Agreements. During the Measurement Period, the Issuer will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first consulting with Bond Counsel.

(i) ***Intentionally Omitted.***

(j) ***Limit on Maturity of Bonds.*** A list of the assets included in the Financed Improvements and a computation of the "average reasonably expected economic life" is attached to this Tax Certificate as ***Exhibit D***. Based on this computation, the "average maturity" of the Bonds, as computed by Bond Counsel, does not exceed 120% of the average reasonably expected economic life of the Financed Improvements. The "average reasonably expected economic life" of the Financed Improvements was determined as follows: the average economic life of the Financed Improvements as of the issue date of the Original Obligations was first multiplied by 120%, then reduced by the number of years elapsed from the issue date of the Original Obligations to the Issue Date.

(j) ***Expenditure of Bond Proceeds.***

(1) *Reimbursement of Expenditures; Official Intent.*

(A) New Money Portion. The governing body of the Issuer adopted a resolution(s) declaring the intent of the Issuer to finance the New Money Portion of the Financed Improvements with tax-exempt bonds and to reimburse the Issuer for expenditures made for the New Money Portion of the Financed Improvements prior to the issuance of those bonds. The resolution is contained in Tab 1 of the Transcript. No portion of the Net Proceeds of the New Money Portion will be used to reimburse an expenditure paid by the Issuer more than 60 days prior to the date the respective resolution was adopted, except for Preliminary Expenditures. The Issuer will evidence each allocation of the proceeds of the New Money Portion to an expenditure in writing. No reimbursement allocation will be made for an expenditure made more than 3 years before the date of the reimbursement allocation. In addition, no reimbursement allocation will be made more than 18 months following the later of (i) the date of the expenditure or (ii) the date the Financed Improvements was placed in service.

(B) Refunding Portion. The governing body of the Issuer adopted a resolution(s) declaring the intent of the Issuer to finance the Financed Improvements with tax-exempt bonds and to reimburse the Issuer for expenditures made for the Financed Improvements prior to the issuance of the Original Obligations. No portion of the Net Proceeds of the Original Obligations were used to reimburse an expenditure paid by the Issuer more than 60 days prior to the date the respective resolution was adopted, except for Preliminary Expenditures or as otherwise described in the federal tax certificate or similar document for the Original Obligations. The Issuer evidenced each allocation of the proceeds of the Original Obligations to an expenditure in writing.

(2) *Final Allocation of Bond Proceeds to Expenditures.*

(A) New Money Portion. The Issuer understands that, under Regulations § 1.148-6(d), the Issuer is required to account for the allocation of Bond proceeds to Improvement expenditures (including expenditures made before and after the Issue Date)

within 18 months after the later of (i) the date the expenditure is made, or (ii) the date the Improvements are placed in service, and in any event not later than the date that is 60 days after the fifth anniversary of the Issue Date, or the date the Bonds are retired, if earlier (a "Final Allocation"). The Issuer will maintain accurate records of all expenditures made for the Improvements, including the amount, the date paid, a description of the purpose, and the source of funds (whether Bond proceeds or other money) initially allocated to each Improvement expenditure. Not later than the time limit set forth above, the Issuer will prepare a Final Allocation, showing the allocation of Bond proceeds and other money to all Improvement costs and identifying the Financed Improvement, and will maintain the Final Allocation in its books and records in accordance with ***Section 4.02*** hereof. The Issuer reserves the right to make modifications to the expected allocation of Bond proceeds and other money for purposes of compliance with the limitations on Non-Qualified Use following completion of the Financed Improvement in accordance with, and within the time limits prescribed in, the Regulations. In the absence of such subsequent allocation, the Bond proceeds will be deemed allocated as shown on ***Exhibit D***.

(B) Refunding Portion. The Refunded Improvements financed by the Refunding Portion were placed in service on the dates listed on ***Exhibit D***. The Issuer made a summary final written allocation of proceeds of the Original Obligations to Refunded Improvement expenditures, a copy of which is attached to this Tax Certificate as ***Exhibit D***. The Issuer will maintain the Final Allocation and accurate supporting records of all expenditures made for the Refunded Improvements, including the amount, the date paid, a description of the purpose, and the source of funds (whether proceeds of the Original Obligations or other money) allocated to each Refunded Improvement expenditure financed by the Original Obligations, in accordance with ***Section 4.02*** of this Tax Certificate.

(3) *Compliance Account*. Except as provided in this paragraph, the Issuer may allocate Bond proceeds held in the Compliance Account to pay fees and expenses relating to compliance with federal arbitrage law and state or federal securities laws. The Issuer expects that all amounts in the Compliance Account will be allocated to expenditures within six years after the Issue Date. If any money remains in the Compliance Account on the sixth anniversary of the Issue Date, the Issuer will transfer that money to the Debt Service Account and use it to pay principal or interest on the Bonds.

(k) ***Registered Bonds***. The Bond Resolution requires that all of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).

(l) ***Bonds Not Federally Guaranteed***. The Issuer will not take any action or permit any action to be taken which would cause any Bond to be "federally guaranteed" within the meaning of Code § 149(b).

(m) ***IRS Form 8038-G***. Bond Counsel will prepare IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the Issuer contained in this Tax Certificate or otherwise provided by the Issuer. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer's records. The Issuer agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G filing with the IRS. A copy of the IRS Form 8038-G as filed with the IRS with proof of filing will be included in ***Exhibit A*** of Tax Certificate.

(n) ***Hedge Bonds.*** At least 85% of the Net Proceeds of the New Money Portion will be used to carry out the governmental purpose of the New Money Portion within 3 years after the Issue Date, and not more than 50% of the proceeds of the New Money Portion will be invested in Investments having a substantially guaranteed Yield for four years or more. At least 85% of the net sale proceeds (the sale proceeds of the Original Obligations less any sale proceeds invested in a reserve fund) of the Original Obligations were used to carry out the governmental purpose of the Original Obligations within 3 years after the issue date of the Original Obligations, and not more than 50% of the proceeds of the Original Obligations were invested in Investments having a substantially guaranteed Yield for 4 years or more.

(o) ***Single Issue; No Other Issues***. The Bonds constitute a single "issue" under Regulations § 1.150-1(c). No other debt obligations of the Issuer: (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).

(p) ***Interest Rate Swap***. As of the Issue Date, the Issuer has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bonds. The Issuer will not enter into any such arrangement in the future without first consulting with Bond Counsel.

(q) ***Guaranteed Investment Contract.*** As of the Issue Date, the Issuer does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The Issuer will be responsible for complying with ***Section 4.04(d)*** hereof if it decides to enter into a Guaranteed Investment Contract at a later date.

(r) ***Bank Qualified Tax-Exempt Obligation***. The Issuer designates the Bonds as "qualified tax-exempt obligations" under Code § 265(b)(3), and with respect to this designation certifies as follows:

(1) The Issuer reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the Issuer (and all subordinate entities of the Issuer) during the calendar year that the Bonds are issued, including the Bonds, will not exceed $10,000,000; and

(2) the Issuer (including all subordinate entities of the Issuer) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during the calendar year that the Bonds are issued, including the Bonds, in an aggregate principal amount or aggregate issue price in excess of $10,000,000, without first consulting with Bond Counsel that the designation of the Bonds as "qualified tax-exempt obligations" will not be adversely affected.

(s) ***General Allocation and Accounting***. The portion of the Improvements financed by the Original Obligations and refinanced by the Bonds or financed by the Bonds may have been financed in part with proceeds of the Original Obligations or the Bonds and in part with other funds of the Issuer. The portion of the Improvements financed with proceeds of the Original Obligations or the Bonds is referred to as the Financed Improvements. Attached as ***Exhibit D*** is a schedule showing the Improvements financed, in whole or in part, with proceeds of the Original Obligations or the Bonds. For purposes of determining Non-Qualified Use, if any, of the Financed Improvements during the Measurement Period, the Issuer will allocate Non-Qualified Use first to the portion of the applicable Improvements financed with other funds of the Issuer and second to the Financed Improvements. During

the Measurement Period, the Issuer will, on an annual basis, determine the extent to which Non-Qualified Use exceeds the portion of the applicable Improvements financed with other funds of the Issuer and determine the extent to which the proceeds of the Bonds and the Financed Improvements are used in a Non-Qualified Use.

(t) ***Compliance with Future Tax Requirements.*** The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Section 2.02 Continuing Application of Representations and Covenants. All representations, covenants and certifications contained in this Tax Certificate or in any certificate or other instrument delivered by the Issuer under this Tax Certificate, will survive the execution and delivery of such documents and the issuance of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.01 General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the Issuer's expectations as to the sources, uses and investment of Bond proceeds and other money, in order to support the Issuer's conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Certificate on behalf of the Issuer is an officer of the Issuer responsible for issuing the Bonds.

Section 3.02 Reasonable Expectations. The facts, estimates and expectations set forth in this Article are based upon and in reliance upon the Issuer's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Issuer's knowledge, the facts and estimates set forth in this Tax Certificate are accurate, and the expectations of the Issuer set forth in this Tax Certificate are reasonable. The Issuer has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Certificate are unreasonable or inaccurate or may not be relied upon.

Section 3.03 Purpose of Financing. The Bonds are being issued for the purpose of providing funds to pay: (a) the costs of the Financed Improvements; (b) the costs of refunding the Refunded Obligations; and (c) Costs of Issuance. The purpose of the refunding is to achieve interest cost savings through early redemption of the Refunded Obligations, to reduce debt service requirements of the Issuer for certain years, to restructure the debt payments on the Refunded Obligations and to provide an orderly plan of finance for the Issuer.

Section 3.04 Funds and Accounts. The following funds and accounts have been established under the Bond Resolution:

(a) Improvement Fund.
(b) Redemption Fund for Refunded Bonds.
(c) Refunded Loan Redemption Fund.
(d) Debt Service Account.
(e) Rebate Fund.

(f) Costs of Issuance Account.
(g) Compliance Account.

Section 3.05 Amount and Use of Bond Proceeds and Other Money.

(a) ***Amount of Bond Proceeds***. The total proceeds to be received by the Issuer from the sale of the Bonds are as evidenced in ***Exhibit B*** attached to this Tax Certificate and calculated as follows:

Principal Amount	$2,710,000.00
Plus Reoffering Premium	129,745.80
Less Underwriter's Discount/Compensation	-19,376.50
Total Purchase Price	***$2,820,369.30***

(b) ***Use of Bond Proceeds***. The Bond proceeds are expected to be allocated to expenditures as follows:

(1) The sum of $52,469.47 will be deposited in the Costs of Issuance Account and used to pay the Costs of Issuance of the Bonds.

(2) The sum of $257,685.00 will be deposited into the Refunded Bonds Redemption Fund and paid and transferred to the paying agent for the Refunded Bonds, with irrevocable instructions to apply such amount to the payment of the Refunded Bonds on the Refunded Bonds Redemption Date.

(3) The sum of $1,271,573.43 will be deposited into the Refunded Loan Redemption Fund and paid and transferred to the paying agent for the Refunded Loan, with irrevocable instructions to apply such amount to the payment of the Refunded Loan on the Refunded Loan Redemption Date.

(4) The remaining Bond proceeds in the amount of $1,238,641.40, together with funds provided by the Issuer in accordance with ***section (c)*** hereof, will be deposited in the Improvement Fund. Of this amount, $750,360.70 will be used to reimburse the Issuer for costs of the Financed Improvements paid before the Issue Date, and the balance will be used to pay future costs of the Financed Improvements.

(c) ***Use of Other Moneys***. Amounts held by the Issuer in accounts established for the Refunded Obligations and other money contributed by the Issuer is expected to be allocated to expenditures as follows:

(1) In addition to proceeds of the Bonds, the Issuer will allocate available moneys representing a Community Development Block Grant in an amount of $1,000,000.00 and representing other available funds of the Issuer in the amount of $61,358.60 to pay a portion of the costs of the Financed Improvements.

(2) In addition to the proceeds of the Bonds, the Issuer will use available amounts representing available sales tax funds in the amount of $60,000.00 to retire the Refunded Bonds.

Section 3.06 Multipurpose Issue. The Issuer is applying the arbitrage rules to separate financing purposes of the issue that have the same initial temporary period as if they constitute a single issue for purposes pursuant to Regulations § 1.148-9(h)(3)(i). Under Regulations § 1.148-9(h), the Bonds

will be treated as two separate issues (a New Money Portion and a Refunding Portion) for purposes of applying certain of the arbitrage restrictions under Code § 148.

Section 3.07 Refinancing of Loans; KDFA SRF Bonds. KDHE has advised the Issuer that the Loan was financed in whole or in part by KDFA SRF Bonds subject to the Code and Regulations. In Tabs 16 and 17 of the Transcript, KDHE has certified that for federal income tax purposes, KDFA is allocating proceeds of the Bonds transferred to KDHE for purposes other than the payment of interest and principal of KDFA SRF Bonds coming due more than 90 days following the Issue Date. Because this is the only principal or interest being paid on KDFA SRF Bonds and all principal will be paid within 90 days of Issue Date, Bond Counsel advises that this portion of the Bonds is a current refunding of KDFA SRF Bonds. KDHE further advises that Bond proceeds transferred to it will be invested at a Yield that is less than the Yield on the Bonds and the lowest Yield on any KDFA SRF Bonds outstanding prior to the date it is spent or advanced to fund KDHE Revolving Fund Loans. In addition, KDHE has advised the Issuer that the Loan financed multiple projects for the Issuer. KDHE has certified that the portion of the Loan being refunded by the Bonds is only the portion of the Loan allocable to the Issuer's Water and Sewage Utility System.

Section 3.08 No Advance Refunding. No proceeds of the Bonds will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.09 Current Refunding.

(a) ***Proceeds Used For Current Refunding***. Proceeds of the Refunding Portion will be used to pay principal and interest on the Refunded Obligations. All such proceeds shall be spent not later than 90 days after the Issue Date.

(b) ***Transferred Proceeds.*** There are no unspent proceeds (sale proceeds, Investment proceeds or transferred proceeds) of the Refunded Obligations. Therefore there are no transferred proceeds of the Bonds.

Section 3.10 Completion of Financed Improvements; New Money Portion. The Issuer has incurred, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the New Money Portion on the Financed Improvements. The completion of the Financed Improvements and the allocation of the Net Proceeds of the New Money Portion to expenditures will proceed with due diligence. At least 85% of the Net Proceeds of the New Money Portion will be allocated to expenditures on the Financed Improvements within 3 years after the Issue Date.

Section 3.11 Sinking Funds. The Issuer is required to make periodic payments in amounts sufficient to pay the principal of and interest on the Bonds. Such payments will be deposited into the Debt Service Account. Except for the Debt Service Account, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bonds has been established or is expected to be established. The Debt Service Account is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the Issuer expects that the Debt Service Account will qualify as a Bona Fide Debt Service Fund.

Section 3.12 Reserve, Replacement and Pledged Funds.

(a) ***No Reserve Fund***. No reserve fund has been or will be established for the Bonds.

(b) ***No Replacement or Pledged Funds***. None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Improvements or refund the Refunded Obligations, and that instead has been or will be used to acquire higher yielding Investments. Except for the Debt Service Account, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Issuer encounters financial difficulty.

(c) ***Compliance Account***. Amounts held in the Compliance Account are expected to be used to pay fees and expenses relating to compliance with federal arbitrage law and state or federal securities laws. Therefore, amounts held in the Compliance Account are not pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Issuer encounters financial difficulty.

Section 3.13 Purpose Investment Yield. The proceeds of the Bonds will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.14 Issue Price and Bond Yield.

(a) ***Issue Price***. Based on the Purchaser's certifications in ***Exhibit C*** and the Municipal Advisor's certifications in ***Exhibit C-1***, the Issuer hereby elects to establish the issue prices of the Bonds pursuant to Regulations § 1.148-1(f)(2)(iii) (relating to the so-called "competitive sales rule"). Therefore, the aggregate issue price of the Bonds for such purpose is $2,839,745.80, without accrued interest.

(b) ***Bond Yield***. Based on the aggregate issue prices of the Bonds set forth in (a) hereof, the Yield on the Bonds is 1.0873958%, as computed by Bond Counsel and shown on ***Schedule 1*** attached to this Certificate. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

Section 3.15 Miscellaneous Arbitrage Matters.

(a) ***No Abusive Arbitrage Device***. The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) ***No Over-Issuance***. The sale proceeds of the Bonds, together with expected Investment earnings thereon and other money contributed by the Issuer, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.16 Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Certificate, the Issuer does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

ARTICLE IV

TAX COMPLIANCE POLICIES AND PROCEDURES

Section 4.01 General.

(a) ***Purpose of Article***. The purpose of this Article is to supplement the Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Bonds are issued. The Issuer recognizes that interest on the Bonds will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer further acknowledges that written evidence substantiating compliance with the Post-Issuance Tax Requirements must be retained in order to permit the Bonds to be refinanced with tax-exempt obligations and substantiate the position that interest on the Bonds is exempt from gross income in the event of an audit of the Bonds by the IRS.

(b) ***Written Policies and Procedures of the Issuer***. The Issuer intends for the Tax Compliance Procedure, as supplemented by this Tax Certificate, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Bonds and to supplement any other formal policies and procedures related to the Post-Issuance Tax Requirements that the Issuer has established or establishes in the future. The provisions of this Tax Certificate are intended to be consistent with the Tax Compliance Procedure. In the event of any inconsistency between the Tax Compliance Procedure and this Tax Certificate, the terms of this Tax Certificate will govern.

(c) ***Bond Compliance Officer***. The Issuer, when necessary to fulfill the Post-Issuance Tax Requirements, will, through its Bond Compliance Officer, sign Form 8038-T in connection with the payment of arbitrage rebate or Yield reduction payments, participate in any federal income tax audit of the Bonds or related proceedings under a voluntary compliance agreement procedures (VCAP) or undertake a remedial action procedure pursuant to Regulations §§ 1.141-12 and 1.145-2. In each case, all costs and expenses incurred by the Issuer shall be treated as a reasonable cost of administering the Bonds and the Issuer shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Bond Resolution or State law.

Section 4.02 Record Keeping; Use of Bond Proceeds and Use of Financed Improvements.

(a) ***Record Keeping***. The Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Bonds in accordance with the Tax Compliance Procedure. Unless otherwise specifically instructed in writing from Bond Counsel or to the extent otherwise provided in this Tax Certificate, the Bond Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until 3 years following the final maturity of (1) the Bonds or (2) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (A) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (B) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (C) exhibit a high degree of legibility and readability both electronically and in hardcopy, (D) provide support for other books and records of the Issuer and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Issuer's premises.

(b) ***Accounting and Allocation of Bond Proceeds to Expenditures***. The Bond Compliance Officer will account for the investment and expenditure of Bond proceeds in the level of detail required

by the Tax Compliance Procedure. The Bond Compliance Officer will supplement the expected allocation of Bond proceeds to expenditures with a Final Written Allocation as required by the Tax Compliance Procedure. A sample form of Final Written Allocation is attached as ***Exhibit F***.

(c) ***Annual Compliance Checklist***. Attached as ***Exhibit E*** is a sample Annual Compliance Checklist for the Bonds. The Bond Compliance Officer will prepare and complete an Annual Compliance Checklist for the Financed Improvements at least annually in accordance with the Tax Compliance Procedure. In the event the Annual Compliance Checklist identifies a deficiency in compliance with the requirements of this Tax Certificate, the Bond Compliance Officer will take the actions identified in advice from Bond Counsel or the Tax Compliance Procedure to correct any deficiency.

(d) ***Advice from Bond Counsel***. The Bond Compliance Officer is responsible for obtaining and delivering to the Issuer any advice received from Bond Counsel required under the provisions of this Tax Certificate or the Annual Compliance Checklist.

Section 4.03 Restrictions on Investment Yield. Except as described below, Gross Proceeds must not be invested at a Yield greater than the Yield on the Bonds:

(a) ***Improvement Fund***. Bond proceeds deposited in the Improvement Fund allocable to the New Money Portion and Investment earnings on those proceeds may be invested without Yield restriction for up to 3 years following the Issue Date. If any unspent proceeds remain in the Improvement Fund after 3 years, those amounts may continue to be invested without Yield restriction so long as the Issuer pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Bonds are exempt from the arbitrage rebate requirements of Code § 148.

(b) ***Redemption Funds***. Bond proceeds deposited in the Refunded Bonds Redemption Fund and the Refunded Loan Redemption Fund, and Investment earnings on such proceeds may be invested without Yield restriction for 90 days after the Issue Date. Other money in the Refunded Bonds Redemption Fund and Investment earnings on such amounts may be invested at a Yield that does not exceed the Yield on the Refunded Obligations.

(c) ***Cost of Issuance Account***. New Money Portion proceeds deposited in the Cost of Issuance Account and Investment earnings on such proceeds may be invested without Yield restriction for 3 years after the Issue Date. If any unspent proceeds of the New Money Portion remain in the Costs of Issuance Account after 3 years, such amounts may continue to be invested without Yield restriction so long as the Issuer pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Bonds are exempt from the arbitrage rebate requirements of Code § 148. Refunding Portion proceeds deposited in the Cost of Issuance Account and Investment earnings on such proceeds may be invested without Yield restriction for ninety days after the Issue Date.

(d) ***Debt Service Account***. To the extent that the Debt Service Account qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for 1 year after the date of receipt of such earnings.

(e) ***Rebate Fund***. Money other than sale proceeds or Investment proceeds of the Bonds on deposit in the Rebate Fund may be invested without Yield restriction.

(f) ***Compliance Account***. Money other than sale proceeds or Investment proceeds of the Bonds on deposit in the Compliance Account may be invested without Yield restriction.

Section 4.04 Procedures for Establishing Fair Market Value of Investments.

(a) ***General***. No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) ***Established Securities Market***. Except for Investments purchased for a yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) ***Certificates of Deposit***. The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) ***Guaranteed Investment Contracts***. The Issuer is applying Regulations § 1.148-5(d)(6)(iii)(A) (relating to electronic bidding of Guaranteed Investment Contracts) to the Bonds. The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) *Bona Fide Solicitation for Bids*. The Issuer makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers, or are made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.

(B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the Issuer, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are "commercially reasonable." A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the Issuer's reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive "last look").

(G) At least 3 "reasonably competitive providers" are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(2) *Bids Received.* The bids received by the Issuer must meet all of the following requirements:

(A) The Issuer receives at least 3 bids from providers that were solicited as described above and that do not have a "material financial interest" in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least 1 of the 3 bids received is from a reasonably competitive provider, as defined above.

(C) If the Issuer uses an agent or broker to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) *Winning Bid.* The winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(4) *Fees Paid.* The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) *Records.* The Issuer retains the following records with the bond documents until 3 years after the last outstanding Bond is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid by the Issuer for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of the Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) ***Other Investments***. If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) At least 3 bids on the Investment must be received from persons with no financial interest in the Bonds (e.g., as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.05 Certain Gross Proceeds Exempt from the Rebate Requirement.

(a) ***General***. A portion of the Gross Proceeds of the Bonds may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Bonds and will not otherwise affect the application of the Investment limitations described in ***Section 4.03***. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in ***Section 4.06*** applies even if a portion of the Gross Proceeds of the Bonds is exempt from the rebate requirement. To the extent all or a portion of the Bonds is exempt from rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in ***Section 4.06***. The Issuer may defer the final rebate Computation Date and the payment of rebate for the Bonds to the extent permitted by Regulations §§ 1.148-7(b)(1) and 1.148-3(e)(2) but only in accordance with specific written instructions provided by the Rebate Analyst.

(b) ***Applicable Spending Exceptions***.

(1) The Issuer expects that at least 75% of the Available Construction Proceeds will be used for construction or rehabilitation expenditures for property owned by the Issuer.

(2) The following optional rebate spending exceptions can apply separately to the Refunding Portion and the New Money Portion:

New Money Portion:

(A) 6-month spending exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c)).

(B) 18-month spending exception (Regulations § 1.148-7(d)).

(C) 2-year spending exception (Code § 148(f)(4)(C) and Regulations § 1.148-7(e)).

Refunding Portion:

6-month spending exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c)).

(3) The Issuer does not expect any Investment earnings on Bond proceeds deposited in the Improvement Fund.

(c) ***Special Elections Made with Respect to Spending Exception Elections***. No special elections are being made in connection with the application of the spending exceptions.

(d) ***Bona Fide Debt Service Fund***. To the extent that the Debt Service Account qualifies as a Bona Fide Debt Service Fund, Investment earnings therein cannot be taken into account in computing arbitrage rebate: (1) with respect to such portion that meets the 6-month, 18-month or 2-year spending exception; or (2) for a given Bond Year, if the gross earnings on the Debt Service Account for such Bond Year are less than $100,000. If the average annual debt service on the Bonds does not exceed $2,500,000, the $100,000 earnings test may be treated as satisfied in every Bond Year.

(e) ***Documenting Application of Spending Exception***. At any time prior to the first Computation Date, the Issuer may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the Issuer must continue to comply with ***Section 4.06***.

(f) ***General Requirements for Spending Exception***. The following general requirements apply in determining whether a spending exception is met.

(1) Using Adjusted Gross Proceeds or Available Construction Proceeds to pay principal of any Bonds is not taken into account as an expenditure for purposes of meeting any of the spending tests.

(2) The 6-month spending exception generally is met if all Adjusted Gross Proceeds of the New Money Portion or the Refunding Portion, as applicable, are spent within 6 months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial 6-month period, so long as this amount is spent within 1 year of the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the New Money Portion are spent in accordance with the following schedule:

Time Period After the Issue Date	**Minimum Percentage of Adjusted Gross Proceeds Spent**
6 months	15%
12 months	60%
18 months (Final)	100%

(4) The 2-year spending exception generally is met if all Available Construction Proceeds are spent in accordance with the following schedule:

Time Period After the Issue Date	**Minimum Percentage of Available Construction Proceeds Spent**
6 months	10%

12 months	45%
18 months	75%
24 months (Final)	100%

(5) For purposes of applying the 18-month and 2-year spending exceptions only, the failure to satisfy the **final** spending requirement is disregarded if the Issuer uses due diligence to complete the Financed Improvement and the failure does not exceed the lesser of 3% of the aggregate issue price the New Money Portion or $250,000. **No such exception applies for any other spending period.**

(6) For purposes of applying the 18-month and 2-year spending exceptions only, the Bonds meet the applicable spending test even if, at the end of the **final** spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months after the Issue Date in the case of the 18-month exception or 3 years after the Issue Date in the case of the 2-year spending exception.

(7) Spending exceptions may be applied separately to the New Money Portion and the Refunding Portion of the Bonds.

Section 4.06 Computation and Payment of Arbitrage Rebate.

(a) ***Rebate Fund***. The Issuer will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Certificate. Any Investment earnings derived from the Rebate Fund will be credited to the Rebate Fund, and any Investment loss will be charged to the Rebate Fund.

(b) ***Computation of Rebate Amount***. The Issuer will provide the Rebate Analyst Investment reports relating to each fund held by it that contains Gross Proceeds of the Bonds together with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Issuer annually as of the end of each Bond Year and not later than 10 days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Bonds, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Issuer together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is less than the arbitrage rebate due, the Issuer will, within 55 days after such Computation Date, pay the amount of the deficiency for deposit into the Rebate Fund. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is greater than the Rebate Amount the Issuer will transfer such surplus in the Rebate Fund to the Debt Service Account. After the final Computation Date or at any other time if the Rebate Analyst has advised the Issuer, any money left in the Rebate Fund will be paid to the Issuer and may be used for any purpose not prohibited by law.

(c) ***Rebate Payments***. Within 60 days after each Computation Date, the Issuer will pay to the United States the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates

as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center
Ogden, UT 84201

(d) ***Successor Rebate Analyst***. If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the Issuer desires that a different firm act as the Rebate Analyst, then the Issuer by an instrument or concurrent instruments in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Certificate, will name a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder.

(e) ***Filing Requirements***. The Issuer will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with advice from Bond Counsel.

(f) ***Survival after Defeasance***. Notwithstanding anything in the Bond Resolution to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Bonds.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.01 Term of Tax Certificate. This Tax Certificate will be effective concurrently with the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; provided that the provisions of ***Article IV*** of this Tax Certificate regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions in ***Section 4.02*** relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.02 Amendments. This Tax Certificate may be amended from time to time by the Issuer without notice to or the consent of any of the Bond Owners, but only if such amendment is in writing and is accompanied by advice from Bond Counsel to the effect that, under then-existing law, assuming compliance with this Tax Certificate as so amended and the Bond Resolution, such amendment will not cause any Bond to be an arbitrage bond under Code § 148 or otherwise cause interest on any Bond to be included in gross income for federal income tax purposes. No amendment will become effective until the Issuer receives advice from Bond Counsel, addressed to the Issuer, that the amendment will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Section 5.03 Advice from Bond Counsel. The Issuer may deviate from the provisions of this Tax Certificate if furnished with advice from Bond Counsel to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Issuer further agrees to comply with any further or different instructions provided in advice from Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or the exclusion from gross income of interest on the Bonds.

Section 5.04 Reliance. In delivering this Tax Certificate the Issuer is making only those certifications, representations and agreements as are specifically attributed to them in this Tax Certificate. The Issuer is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Certificate and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The Issuer understands that its certifications will be relied upon by Bond Counsel in rendering its opinion as to the validity of the Bonds and the exclusion from federal gross income of the interest on the Bonds.

Section 5.05 Severability. If any provision in this Tax Certificate or in the Bonds is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.06 Benefit of Certificate. This Tax Certificate is binding upon the Issuer, its respective successors and assigns, and inures to the benefit of the Issuer and the owners of the Bonds. Nothing in this Tax Certificate, the Bond Resolution or the Bonds, express or implied, gives to any person, other than the Issuer, its successors and assigns, and the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Certificate.

Section 5.07 Default, Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Certificate may be pursued by the owners pursuant to the terms of the Bond Resolution or any other document which references this Tax Certificate and gives remedies for a misrepresentation or breach thereof.

Section 5.08 Governing Law. This Tax Certificate will be governed by and construed in accordance with the laws of the State.

Section 5.09 Electronic Transactions. The transactions described in this Tax Certificate may be conducted, and related documents may be stored, by electronic means.

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THE UNDERSIGNED, Mayor and Clerk of the Issuer, by their execution of this Tax Certificate hereby make the foregoing certifications, representations, and agreements contained in this Tax Certificate on behalf of the Issuer, as of the Issue Date.

CITY OF CANEY, KANSAS

By: _____
Mayor

By: _____
Clerk

EXHIBIT A

IRS FORM 8038-G

GILMORE BELL

One Main Place - 100 North Main, Suite 800
Wichita, Kansas 67202-1311

(316) 267-2091 / (316) 262-6523 FAX / gilmorebell.com

November 4, 2020

Debbie Morrison, Clerk
City of Caney, Kansas
City Hall
100 W. 4th Avenue
Caney, Kansas 67333

Re: $2,710,000 General Obligation Refunding and Improvement Bonds, Series 2020-D, of the City of Caney, Kansas, Dated September 1, 2020 (the "Bonds")

Dear Debbie:

As part of the closing process of the Bonds, Gilmore & Bell, P.C. ("Bond Counsel") will file Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) with the Internal Revenue Service (the "IRS"). Attached hereto are two completed original IRS Forms 8038-G, signed by the undersigned on behalf of Bond Counsel, as a paid preparer. Also attached is an "Issuer Copy" of IRS Form 8038-G ***to be retained by you for your records***.

Please sign both completed originals of the IRS Form 8038-G and return them to us as soon as possible. A completed copy of the IRS Form 8038-G and evidence of filing will be included in the Bond Transcript distributed after closing of the Bonds, which is scheduled for September 1, 2020. We will file the IRS Form 8038-G in accordance with Federal law on or before November 15, 2020.

When the form is processed by the IRS, a Notice CP152 will be sent to you to acknowledge receipt of the form. This official acknowledgement should be retained for reference in case future correspondence with the IRS concerning this issue is required. In addition, please send a copy of the notice to us for our file.

Should you have any questions, please feel free to contact Ms. Robyn R. Dunlap or the undersigned.

Very truly yours,

Garth J. Herrmann

GJH:rrd

Enclosures

cc Distribution List

601004.20008\CORRESP

GILMORE BELL

One Main Place - 100 North Main, Suite 800
Wichita, Kansas 67202-1311

(316) 267-2091 / (316) 262-6523 FAX / gilmorebell.com

November 10, 2020

FEDERAL EXPRESS TRACKING NO. 7720 1378 7834

Internal Revenue Service
1973 N. Rulon White Blvd
Ogden, UT 84201

Re: $2,710,000 General Obligation Refunding and Improvement Bonds, Series 2020-D, of the City of Caney, Kansas, Dated September 1, 2020 (the "Bonds")

On behalf of the issuer of the above-referenced obligations, the enclosed Form 8038-G is submitted for filing pursuant to Section 149(e) of the Internal Revenue Code of 1986.

Should additional information be required, please contact the undersigned.

Very truly yours,

Garth J. Herrmann

GJH:rrd

Enclosure

601004.20008\CORRESP

Form **8038-G** (Rev. September 2018)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bonds

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*
▶ Go to *www.irs.gov/F8038G* for instructions and the latest information.

OMB No. 1545-0720

Part I Reporting Authority — If **Amended Return**, check here ▶ ☐

1 Issuer's name City of Caney, Kansas	2 Issuer's employer identification number (EIN) 48-6042966
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Garth Herrmann, Gilmore & Bell, P.C., bond counsel	3b Telephone number of other person shown on 3a (316) 267-2091
4 Number and street (or P.O. box if mail is not delivered to street address) Room/suite 100 W. 4th Avenue, P.O. Box 129	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code Caney, Kansas 67333	7 Date of issue 09/01/2020
8 Name of issue $2,710,000 City of Caney, Kansas, General Obligation Refunding and Improvement Bonds, Series 2020-D, Dated September 1, 2020	9 CUSIP number 13752N CL4
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Debbie Morrison, City Clerk	10b Telephone number of officer or other employee shown on 10a (620) 879-2772

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15	$ 664,189	85
16	Housing	16		
17	Utilities	17	905,082	85
18	Other. Describe ▶ Public Building-Swimming Pool	18	1,270,473	10
19a	If bonds are TANs or RANs, check only box 19a ▶ ☐			
b	If bonds are BANs, check only box 19b ▶ ☐			
20	If bonds are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12/01/2040	$2,839,745.80	$2,710,000.00	7.360 years	1.0874 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	$ 0 00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	2,839,745 80
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	$ 71,845 97		
25	Proceeds used for credit enhancement	25	0 00		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0 00		
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	257,685 00		
28	Proceeds used to refund prior taxable bonds. Complete Part V	28	1,271,573 43		
29	Total (add lines 24 through 28)			29	1,601,104 40
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,238,641 40

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded ▶	2.298 years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded ▶	3.854; 4.072 years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) ▶	09/01/2020
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	10/12/2005; 04/20/2007; 12/20/2011

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	$ 0	00
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	0	00
b	Enter the final maturity date of the GIC ▶ (MM/DD/YYYY)			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0	00
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:			
b	Enter the date of the master pool bond ▶ (MM/DD/YYYY)			
c	Enter the EIN of the issuer of the master pool bond ▶			
d	Enter the name of the issuer of the master pool bond ▶			
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶		☑	
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶		☐	
41a	If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:			
b	Name of hedge provider ▶			
c	Type of hedge ▶			
d	Term of hedge ▶			
42	If the issuer has superintegrated the hedge, check box ▶		☐	
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶		☑	
44	If the issuer has established written procedures to monitor the requirements of section 148, check box ▶		☑	
45a	If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☑ and enter the amount of reimbursement ▶		$750,360.70	
b	Enter the date the official intent was adopted ▶ (MM/DD/YYYY)		04/15/2019	

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Debbie Morrison — Signature of issuer's authorized representative — 09/01/2020 Date — Debbie Morrison, City Clerk — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Garth J. Herrmann		09/01/2020		P01874338

Firm's name ▶ **Gilmore & Bell, P.C.** — Firm's EIN ▶ **43-1611738**

Firm's address ▶ **2405 Grand Boulevard, Suite 1100, Kansas City, MO 64108** — Phone no. **816-221-1000**

FedEx

November 19, 2020

Dear Customer,

The following is the proof-of-delivery for tracking number: 772013787834

Delivery Information:

Status:	Delivered	**Delivered To:**	Mailroom
Signed for by:	P.SNOW	**Delivery Location:**	
Service type:	FedEx 2Day		OGDEN, UT,
Special Handling:	Deliver Weekday	**Delivery date:**	Nov 12, 2020 09:43

Shipping Information:

Tracking number:	772013787834	**Ship Date:**	Nov 11, 2020
		Weight:	0.5 LB/0.23 KG

Recipient:	**Shipper:**
OGDEN, UT, US,	Wichita, KS, US,

Reference	601004.20008
Purchase Order	Caney 2020-D

Signature image is available. In order to view image and detailed information, the shipper or payor account number of the shipment must be provided.

EXHIBIT B

RECEIPT FOR PURCHASE PRICE

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

The undersigned Clerk of the City of Caney, Kansas, this day received from Country Club Bank, Prairie Village, Kansas, the original purchaser of the above-described bonds (the "Bonds"), the full purchase price of the Bonds, said purchase price received by the Issuer being calculated as follows:

Principal Amount.....	$2,710,000.00
Plus Premium.....	110,369.30
Total Purchase Price**.....**	***$2,820,369.30***

DATED: September 1, 2020.

CITY OF CANEY, KANSAS

By: _____
Clerk

EXHIBIT C

RECEIPT AND REPRESENTATION

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

This Receipt and Representation (the "Certificate") is being delivered by Country Club Bank, Prairie Village, Kansas (the "Purchaser") in connection with the issuance of the above-described bonds (the "Bonds"), being issued on the date of this Receipt by the City of Caney, Kansas (the "Issuer"). Based on its records and information available to the undersigned which the undersigned believes to be correct, the Purchaser represents as follows:

1. Authorized Representative. The undersigned is the duly authorized representative of the Purchaser.

2. Receipt for Bonds. The Purchaser acknowledges receipt by the Depository Trust Company on behalf of the Purchaser on the Issue Date of the Bonds consisting of fully registered "book-entry-only" bonds in Authorized Denominations in a form acceptable to the Purchaser.

3. Issue Price.

(a) ***Public Offering***. The Purchaser offered all of the Bonds to the Public in a *bona fide* initial offering.

(b) ***Expected Initial Offering Prices***. As of the sale date of the Bonds (August 17, 2020), the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in ***Schedule 1*** attached to this Certificate (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities used by the Purchaser in formulating its bid to purchase the Bonds.

(c) ***Defined Terms***.

(i) The term "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(ii) The term "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" is defined in U.S. Treasury Regulation § 1.150-1(b) which generally provides that the term related party means any two or more persons who have a greater than 50 percent common ownership, directly or indirectly.

(iii) The term "Underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) of this paragraph to

participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

4. Reliance. The representations set forth in this Certificate are limited to factual matters only. Nothing in this Certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the certifications contained herein will be relied upon by the Issuer in executing and delivering its Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Gilmore & Bell, P.C., Bond Counsel, in rendering its opinion relating to the exclusion from federal gross income of the interest on the Bonds and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

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Dated: September 1, 2020.

COUNTRY CLUB BANK
PRAIRIE VILLAGE, KANSAS

By: Lisa E Roberts
Title: Sr. V.P.

SCHEDULE 1

EXPECTED OFFERING PRICES

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		YTM	Call Date	Call Price	Dollar Price
12/01/2021	Serial Coupon	2.000%	0.300%	260,000.00	102.119%		-	-	-	265,509.40
12/01/2022	Serial Coupon	2.000%	0.350%	280,000.00	103.694%		-	-	-	290,343.20
12/01/2023	Serial Coupon	2.000%	0.400%	290,000.00	105.160%		-	-	-	304,964.00
12/01/2024	Serial Coupon	2.000%	0.450%	290,000.00	106.517%		-	-	-	308,899.30
12/01/2025	Serial Coupon	2.000%	0.500%	225,000.00	107.762%		-	-	-	242,464.50
12/01/2026	Serial Coupon	2.000%	0.600%	240,000.00	108.574%		-	-	-	260,577.60
12/01/2027	Serial Coupon	2.000%	0.700%	240,000.00	109.173%		-	-	-	262,015.20
12/01/2028	Serial Coupon	2.000%	0.800%	100,000.00	109.561%		-	-	-	109,561.00
12/01/2031	Term 1 Coupon	1.100%	1.100%	180,000.00	100.000%	c	1.100%	12/01/2029	100.000%	180,000.00
12/01/2034	Term 2 Coupon	1.350%	1.350%	195,000.00	100.000%	c	1.350%	12/01/2029	100.000%	195,000.00
12/01/2037	Term 3 Coupon	2.000%	1.600%	200,000.00	103.425%	c	1.769%	12/01/2029	100.000%	206,850.00
12/01/2040	Term 4 Coupon	2.000%	1.800%	210,000.00	101.696%	c	1.899%	12/01/2029	100.000%	213,561.60
Total		-	-	-	**$2,710,000.00**		-	-	-	**$2,839,745.80**

EXHIBIT C-1

CERTIFICATE OF MUNICIPAL ADVISOR

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

The undersigned, on behalf of Ranson Financial Group, LLC, Wichita, Kansas (the "Municipal Advisor"), as municipal advisor to the City of Caney, Kansas (the "Issuer") in connection with the issuance of the above-described bonds (the "Bonds"), has assisted the Issuer in soliciting and receiving bids from potential underwriters in connection with the sale of the Bonds in a competitive bidding process in which bids were requested for the purchase of the Bonds at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Bonds:

1. The Bonds were offered for sale at specified written terms more particularly described in the Notice of Bond Sale, which was distributed to potential bidders, a copy of which is included in Tab 7 of the Transcript of Proceedings related to the Bonds.

2. The Notice of Bond Sale was disseminated electronically, information regarding the sale of the Bonds was provided to PARITY®, and a copy of the Notice of Bond Sale (or a summary thereof) was published in in the ***Montgomery County Chronicle***, a newspaper of general circulation in Montgomery County, Kansas, and the ***Kansas Register***, prior to the sale date. The method of distribution of the Notice of Bond Sale is regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders.

3. To the knowledge of the Municipal Advisor, all bidders were offered an equal opportunity to bid to purchase the Bonds, and the bidding process did not afford any opportunity for bidders to review other bids before providing a bid (that is, no "last-look").

4. The Issuer received bids from at least three bidders who represented that each has an established industry reputation for underwriting new issuances of municipal bonds. Based upon the Municipal Advisor's knowledge and experience in acting as the municipal advisor for other municipal issues, the Municipal Advisor believes those representations to be accurate. Copies of the bids received are attached to this Certificate as ***Attachment 1***.

5. The winning bidder was Country Club Bank, Prairie Village, Kansas (the "Purchaser"), whose bid was determined to be the best conforming bid in accordance with the terms set forth in the Notice of Bond Sale, as shown in the bid comparison included in Tab 10 of the Transcript of Proceedings related to the Bonds. The Issuer awarded the Bonds to the Purchaser.

The representations set forth in this certificate are limited to factual matters only. Nothing in this Certificate represents the Municipal Advisor's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the certifications contained herein will be relied upon by the Issuer in executing and delivering its Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Gilmore & Bell, P.C., Bond Counsel, in rendering its

opinion relating to the exclusion from federal gross income of the interest on the Bonds and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: September 1, 2020

RANSON FINANCIAL GROUP, LLC

By: _____
Title: Municipal Advisor

ATTACHMENT 1

BIDS RECEIVED

Upcoming Calendar | Overview | Result | Excel

Country Club Bank - Prairie Village , KS's Bid

PARITY

Caney
$2,840,000 General Obligation Refunding and Improvement Bonds 2020-D

For the aggregate principal amount of $2,840,000.00, we will pay you $2,954,914.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price	Bond Insurance
12/01/2021	285M	2.0000	0.3000	102.119	
12/01/2022	305M	2.0000	0.3500	103.694	
12/01/2023	300M	2.0000	0.4000	105.160	
12/01/2024	300M	2.0000	0.4500	106.517	
12/01/2025	235M	2.0000	0.5000	107.762	
12/01/2026	240M	2.0000	0.6000	108.574	
12/01/2027	250M	2.0000	0.7000	109.173	
12/01/2028	105M	2.0000	0.8000	109.561	
12/01/2029					
12/01/2030					
12/01/2031	185M	1.1000	1.1000	100.000	
12/01/2032					
12/01/2033					
12/01/2034	195M	1.3500	1.3500	100.000	
12/01/2035					
12/01/2036					
12/01/2037	210M	2.0000	1.6000	103.425	
12/01/2038					
12/01/2039					
12/01/2040	230M	2.0000	1.8000	101.696	

Total Interest Cost:	$386,794.37
Premium:	$114,914.00
Net Interest Cost:	$271,880.37
TIC:	1.251182
Total Insurance Premium:	$0.00
Time Last Bid Received On:	08/17/2020 10:25:31 CDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Country Club Bank, Prairie Village , KS
Contact: Lisa Roberts
Title: Sr VP
Telephone: 816-751-1420
Fax: 913-385-0105

Issuer Name: Caney Company Name: _____

Accepted By: _____ Accepted By: _____

Upcoming Calendar | Overview | Result | Excel

Commerce Bank - Kansas City , MO's Bid

PARITY

Caney
$2,840,000 General Obligation Refunding and Improvement Bonds 2020-D

For the aggregate principal amount of $2,840,000.00, we will pay you $3,038,643.40, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price	Bond Insurance
12/01/2021	285M	3.0000	0.3000	103.365	
12/01/2022	305M	3.0000	0.3500	105.933	
12/01/2023	300M	3.0000	0.4000	108.386	
12/01/2024	300M	3.0000	0.4500	110.722	
12/01/2025	235M	3.0000	0.5500	112.660	
12/01/2026	240M	3.0000	0.7500	113.712	
12/01/2027	250M	3.0000	0.8500	115.085	
12/01/2028	105M	3.0000	1.0000	115.798	
12/01/2029					
12/01/2030					
12/01/2031					
12/01/2032	250M	2.0000	1.4000	105.187	
12/01/2033					
12/01/2034					
12/01/2035					
12/01/2036	270M	2.0000	1.6500	102.990	
12/01/2037					
12/01/2038					
12/01/2039					
12/01/2040	300M	2.0000	2.0000	100.000	

Total Interest Cost:	$507,750.00
Premium:	$198,643.40
Net Interest Cost:	$309,106.60
TIC:	1.405770
Total Insurance Premium:	

Time Last Bid Received On:08/17/2020 10:21:38 CDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Commerce Bank, Kansas City , MO
Contact: Matthew Koch
Title: Fixed Income Trader
Telephone:816-234-2450
Fax:

Issuer Name: Caney Company Name: _____

Accepted By: _____ Accepted By: _____

Upcoming Calendar | Overview | Result | Excel

D.A. Davidson & Co. - Denver , CO's Bid

PARITY

Caney
$2,840,000 General Obligation Refunding and Improvement Bonds 2020-D

For the aggregate principal amount of $2,840,000.00, we will pay you $2,913,479.90, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price	Bond Insurance
12/01/2021	285M	2.0000	0.6000	101.740	
12/01/2022	305M	2.0000	0.7000	102.896	
12/01/2023	300M	2.0000	0.7500	104.005	
12/01/2024	300M	2.0000	0.8000	105.003	
12/01/2025	235M	2.0000	0.9000	105.627	
12/01/2026	240M	2.0000	1.0000	106.043	
12/01/2027	250M	2.0000	1.1000	106.254	
12/01/2028	105M	2.0000	1.1500	106.671	
12/01/2029					
12/01/2030					
12/01/2031	185M	2.0000	1.3500	105.633	
12/01/2032					
12/01/2033					
12/01/2034					
12/01/2035	265M	2.0000	1.7000	102.556	
12/01/2036					
12/01/2037					
12/01/2038					
12/01/2039					
12/01/2040	370M	2.0000	2.1000	98.356	

Total Interest Cost:	$420,700.00
Premium:	$73,479.90
Net Interest Cost:	$347,220.10
TIC:	1.615913
Total Insurance Premium:	$0.00
Time Last Bid Received On:	08/17/2020 10:23:03 CDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: D.A. Davidson & Co., Denver , CO
Contact: Justin Sheldon
Title:
Telephone: 303-764-6050
Fax:

Issuer Name: Caney Company Name: _____

Accepted By: _____ Accepted By: _____

Upcoming Calendar | Overview | Result | Excel

First Bankers' Banc Securities Inc. - St. Louis , MO's Bid

PARITY

Caney
$2,840,000 General Obligation Refunding and Improvement Bonds 2020-D

For the aggregate principal amount of $2,840,000.00, we will pay you $2,900,710.85, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price	Bond Insurance
12/01/2021	285M	2.0000	0.5000	101.866	
12/01/2022	305M	2.0000	0.6000	103.123	
12/01/2023	300M	2.0000	0.7500	104.005	
12/01/2024	300M	2.0000	0.9000	104.576	
12/01/2025	235M	2.0000	1.0000	105.101	
12/01/2026	240M	2.0000	1.2500	104.494	
12/01/2027	250M	2.0000	1.3500	104.474	
12/01/2028	105M	2.0000	1.5000	103.865	
12/01/2029					
12/01/2030					
12/01/2031	185M	2.0000	1.6000	103.425	
12/01/2032					
12/01/2033					
12/01/2034	195M	2.0000	1.7500	102.125	
12/01/2035					
12/01/2036					
12/01/2037	210M	2.0000	2.0000	100.000	
12/01/2038					
12/01/2039					
12/01/2040	230M	2.2500	2.2500	100.000	

Total Interest Cost:	$431,781.25
Premium:	$60,710.85
Net Interest Cost:	$371,070.40
TIC:	1.729840
Total Insurance Premium:	
Time Last Bid Received On:	08/17/2020 10:20:33 CDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: First Bankers' Banc Securities Inc., St. Louis , MO
Contact: JERRY WELSCH
Title: E.V.P
Telephone: 314-726-1212
Fax: 314-726-5771

Issuer Name: Caney Company Name: _____

Accepted By: _____ Accepted By: _____

Commercial Bank

August 15, 2020

Beth Warren
Larry Kleeman
Ranson Financial Group, LLC
200 W. Douglas, Ste. 600
Wichita, Kansas 67202

RE: Competitive Bond Sale
City of Caney, Kansas
$2,840,000 General Obligation Refunding and Improvement Bonds, Series 2020

Thank you for letting our bank know about the bond issue noted above. I have included the signed acknowledgement, Certificate of Qualified Provider and bid sheet.

I would appreciate receiving a copy of the winning bids and feel free to contact me if you have any questions.

Sincerely,

Philip R. Eaton
Chairman
Commercial Bank
Parsons, Kansas 67357
phile@commercialbank.net

Ranson Citycode
FINANCIAL

Ranson Financial Group LLC
200 W. Douglas, Ste., 600 Wichita, KS 67202
316.264-3400 fax 316.265-5403
www.ransonfinancial.com | www.citycode.com

August 5th, 2020

Re: City of Caney, Kansas, General Obligation Refunding and Improvement Bonds, Series 2020

Dear Sir or Madam:

We are soliciting your interest in the above-named transaction pursuant to Securities and Exchange Commission Release No. 34-89074 (June 16, 2020) granting a temporary conditional exemption from the broker requirements of Section 15(a) of the Securities Exchange Act of 1934 for certain activities of registered municipal advisors. In connection with such solicitation please be advised of the following:

1. Ranson Financial Group, LLC ("Ranson" or "we" or "us") represents solely the interests of the City of Caney, Kansas with respect to the above-referenced transaction and does not represent your interests. We have not conducted any due diligence on your behalf.

2. We have not conducted any due diligence on your behalf.

3. Neither Ranson nor the City of Caney, Kansas have engaged a broker-dealer to act as a placement agent with respect to this transaction.

4. You may choose to engage the services of a broker-dealer to represent your interests.

We are required to obtain your acknowledgement that you received this disclosure. Accordingly, if you plan on submitting a bid please send an email to either of the undersigned stating receipt, OR sign and return a copy of this letter to us by email or at the address set forth above.

In order for us to comply with the terms of the conditional exemption, at or prior to closing you will be required to deliver the attached representation stating that your firm is a qualified provider in addition to whatever other representations may be required at or before closing.

Sincerely,
RANSON FINANCIAL GROUP, LLC

By: Beth Warren
Municipal Advisor
ewarren@ransonfinancial.com
(316) 264-3400

By: Larry Kleeman
Attorney & Municipal Advisor
larry@citycode.com
(316) 264-3400

Acknowledged and accepted by:

Bank, Credit Union or entity name: Commercial Bank

By: Philip R Eaton

Name (printed): Philip R Eaton

Title: Chairman

Date: August 17, 2020

[IF YOUR FIRM IS THE WINNING BIDDER, **BELOW IS A SAMPLE CERTIFICATE** THAT YOU WILL BE REQUIRED TO DEILVER AT OR BEFORE CLOSING STATING THAT YOUR FIRM IS A QUALIFIED PROVIDER, IN ADDITION TO OTHER REPRESENTATIONS THAT MAY BE REQUIRD]

CERTIFICATE OF QUALIFIED PROVIDER

[Date] August 17, 2020

The undersigned, on behalf of [Name of Qualified Provider] (the "Purchaser"), in connection with the purchase of the [name of transaction] (the "[Bonds]") hereby represents and warrants as follows:

1. The Purchaser is a "Qualified Provider" as required by Securities and Exchange Commission Release No. 34-89074 (June 16, 2020) which is defined as (i) a bank as defined in Section 3(a)(6) of the Exchange Act of 1934; (ii) a wholly-owned subsidiary of a bank engaged in commercial lending and financing activities, such as an equipment lease financing corporation; or (iii) a federally- or state- chartered credit union.

2. The Purchaser is capable of independently evaluating the investment risks of the transaction; and

3. The Purchaser is not purchasing the [Bonds] with a view to distributing them.

4. The Purchaser will not transfer any portion of the [Bonds] within one year of their issuance date, except to another purchaser that meets the definition of Qualified Provider in clause (1) above.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

[Name of Qualified Provider]

By: Philip R Eaton

Name: Philip R Eaton

Title: Chairman

$2,840,000*
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

MATURITY SCHEDULE*

Stated Maturity December 1	Principal Amount*	Annual Rate of Interest	Yield	CUSIP[1] Base: 13752N
2021	$285,000	0.56%	0.56%	
2022	305,000	0.69%	0.69%	
2023	300,000	0.55%	0.55%	
2024	300,000	0.84%	0.84%	
2025	235,000	0.70%	0.70%	
2026	240,000	1.12%	1.12%	
2027	250,000	1.00%	1.00%	
2028	105,000	1.10%	1.10%	
2029	60,000	1.82%	1.82%	
2030	60,000	1.20%	1.20%	
2031	65,000	2.50%	2.50%	
2032	65,000	2.50%	2.50%	
2033	65,000	2.50%	2.50%	
2034	65,000	2.50%	2.50%	
2035	70,000	3.00%	3.00%	
2036	70,000	3.00%	3.00%	
2037	70,000	3.00%	3.00%	
2038	75,000	3.00%	3.00%	
2039	75,000	3.00%	3.00%	
2040	80,000	3.00%	3.00%	

(all plus accrued interest, if any)

[1] 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 Bonds. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

* Subject to change

EXHIBIT D

DESCRIPTION OF PROPERTY COMPRISING THE FINANCED IMPROVEMENTS AND LIST OF REIMBURSEMENT EXPENDITURES

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

Description	Estimated Date Placed in Service	Estimated Useful Life	Estimated Total Cost
Swimming Pool Improvements	11/2020	30 years	$2,300,000.00
Sanitary Sewer Interceptor Improvements	2006	40 years	1,155,596.00
Public Water Supply System Improvements	2008	40 years	1,344,166.58
Water and Sewage Utility System Improvements	1994	50 years	266,262.55
Total			***$5,066,025.13***

Amount Financed from Bonds			***$2,710,000.00***
Amount Financed from Other Sources			***$2,356,025.13***

Swimming Pool Improvements

Date Expenditure Paid	Amount Paid	Vendor Paid	Purpose
08/27/2019	$ 9,225.00	Lamp Rynearson	Construction
10/21/2019	47,950.00	Lamp Rynearson	Construction
12/15/2019	37,825.00	Lamp Rynearson	Construction
12/15/2019	3,000.00	SEKRPC	Construction
08/14/2019	3,450.00	Terracon	Construction
01/15/2020	5,000.00	Lamp Rynearson	Construction
02/20/2020	1,562.00	Branco Enterprises	Construction
04/16/2020	65,075.30	Branco Enterprises	Construction
04/16/2020	6,000.00	Lamp Rynearson	Construction
04/16/2020	6,000.00	Lamp Rynearson	Construction
04/16/2020	44,267.20	Branco Enterprises	Construction
06/17/2020	70,000.00	Branco Enterprises	Construction
06/12/2020	1,800.00	Lamp Rynearson	Construction
05/12/2020	1,350.00	Lamp Rynearson	Construction
06/12/2020	102,229.30	Branco Enterprises	Construction
08/06/2020	109,463.28	Branco Enterprises	Construction
07/16/2020	3,250.00	Lamp Rynearson	Construction
07/23/2020	76,076.55	Branco Enterprises	Construction
08/31/2020	7,800.00	Lamp Rynearson	Construction
08/26/2020	149,037.07	Branco Enterprises	Construction
TOTAL	**$750,360.70**		

EXHIBIT E

FORM OF ANNUAL COMPLIANCE CHECKLIST

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

The Bond Compliance Officer is the person that the Issuer has identified in the Tax Compliance Procedure who is primarily responsible for working with other Issuer officials, departments and administrators and for consulting with Bond Counsel, other legal counsel and outside experts to the extent necessary to carry out the Post-Issuance Tax Requirements for the Bonds. On the Issue Date, the Issuer identified certain assets financed in whole or in part by the Bonds (the "Financed Improvements"), as evidenced on *Exhibit D* to the Federal Tax Certificate. Please complete this checklist within 90 days after the conclusion of the Issuer's Fiscal Year. Should you have questions or need assistance in completing the checklist, please contact Bond Counsel at the address below. A completed copy of this annual checklist should be placed in the Tax-Exempt Bond File and retained in the Issuer's permanent records for at least 3 years after the final maturity of (1) the Bonds or (2) any obligation issued to refund the Bonds.

Bond Compliance Officer Name: [_____]
Bond Compliance Officer Signature: [_____]
Date of Report: [_____]
Annual Period Covered by Report: [_____]

****If the answers to any of the following questions identify any compliance deficiencies, the Bond Compliance Officer should immediately contact Bond Counsel and take actions required in the Tax Compliance Procedure.****

Item	Question	Response
1 Ownership	Were all of the Financed Improvements owned by the Issuer during the entire Annual Period?	☐ Yes ☐ No
	If answer above was "No," was advice of Bond Counsel obtained prior to the transfer? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	☐ Yes ☐ No
2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Financed Improvements leased at any time pursuant to a lease or similar agreement for more than 50 days?	☐ Yes ☐ No
	If answer above was "Yes," was advice of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	☐ Yes ☐ No

Item	Question	Response
3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Improvements (e.g., cafeteria, gift shop, etc.) been assumed by or transferred to another entity?	☐ Yes ☐ No
	If answer above was "Yes," was advice of Bond Counsel obtained prior to entering into the management agreement? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	☐ Yes ☐ No
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Improvements?	☐ Yes ☐ No
	If answer above was "Yes," was advice from Bond Counsel obtained prior to entering into the agreement? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	☐ Yes ☐ No
5 Proceeds & Investments	Have any Gross Proceeds of the Bonds been invested in a Guaranteed Investment Contract?	☐ Yes ☐ No
	Has the Issuer entered into an Interest Rate Swap Agreement with respect to the Bonds?	☐ Yes ☐ No
	Has any sinking or reserve fund for the payment of the Bonds been established (other than funds and accounts created in the Bond Resolution)?	☐ Yes ☐ No
	Have any of the Bonds been redeemed or refunded in advance of their scheduled maturities?	☐ Yes ☐ No
	If answer to any of the above questions was "Yes," notify Bond Counsel with such information and place a copy of documentation in the Tax-Exempt Bond File.	
6 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Federal Tax Certificate been prepared for the current year?	☐ Yes ☐ No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	
7 Output Contracts	During the Annual Period, was any "output contract" entered into for the purchase of the capacity or output of the Financed Improvements (e.g., a take-or-pay contract, a wholesale requirements contract)?	☐ Yes ☐ No
	If answer above was "Yes," was advice of Bond Counsel obtained prior to entering into the agreement? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	☐ Yes ☐ No

Bond Counsel: **Gilmore & Bell, P.C.**
100 N. Main, Suite 800
Wichita, Kansas 67202
Phone: (316) 267-2091
Attn: Garth J. Herrmann
Email: gherrmann@gilmorebell.com

EXHIBIT F

FORM OF FINAL WRITTEN ALLOCATION

$2,710,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D
DATED SEPTEMBER 1, 2020

The Bond Compliance Officer is the person that the Issuer has identified in the Tax Compliance Procedure who is primarily responsible for the Post-Issuance Tax Requirements for the Bonds. On the Issue Date, the Issuer identified certain categories of assets financed in whole or in part by the Bonds (the "Financed Improvements"), as evidenced on *Exhibit D* to the Federal Tax Certificate. The Tax Compliance Procedure requires the Bond Compliance Officer to complete a Final Written Allocation of the proceeds of the Bonds, in substantially the following form, when all proceeds (including Investment earnings on proceeds) are expended, but not later than 18 months after the Financed Improvements are placed in service. A completed copy of this Final Written Allocation should be placed in the Tax-Exempt Bond File and retained in the Issuer's permanent records for at least 3 years after the final maturity of (1) the Bonds or (2) any obligation issued to refund the Bonds.

The undersigned is the Bond Compliance Officer of the City of Caney, Kansas (the "Issuer") and in that capacity is authorized to execute federal income tax returns required to be filed by the Issuer and to make appropriate elections and designations regarding federal income tax matters on behalf of the Issuer. This allocation of the proceeds of the bond issue referenced above (the "Bonds") is necessary for the Issuer to satisfy ongoing reporting and compliance requirements under federal income tax laws.

Purpose. This document, together with the schedules and records referred to below, is intended to memorialize allocations of Bond proceeds to expenditures for purposes of §§ 141 and 148 of the Internal Revenue Code (the "Code"). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the Issuer or, if later, the date the "Financed Improvements" were "placed in service" (both as defined below), and no later than 60 days following the 5th anniversary of the issue date of the Bonds.

Definitions. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Federal Tax Certificate, relating to the Bonds, dated September 1, 2020 (the "Issue Date").

Background. The Bonds were issued pursuant to the Bond Resolution in order to provide funds needed to finance the Financed Improvements and refund the Refunded Obligations. Proceeds of the Bonds were deposited into the Funds and Accounts as described in the Federal Tax Certificate.

Sources Used to Fund Improvements and Allocation of Proceeds to Costs of Financed Improvements. A portion of the costs of the Improvements were paid from sale proceeds of the Bonds, other money of the Issuer, and earnings from the investment of sale proceeds of the New Money Portion of the Bonds and as shown on ***Schedule 1*** to this Final Written Allocation.

Identification of Financed Improvements. The Financed Improvements are listed on ***Schedule 2*** to this Final Written Allocation.

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules, the Issuer allocates the proceeds of the New Money Portion of the Bonds to the various expenditures described in the invoices, requisitions or other substantiation attached as ***Schedule 2*** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or reimbursed the Issuer for an amount it had previously paid or incurred. Amounts received from the sale of the New Money Portion of the Bonds and retained as underwriters discount are allocated to that purpose and spent on the Issue Date. Amounts allocated to interest expense are treated as paid on the Interest Payment Dates for the New Money Portion of the Bonds.

Placed In Service. The Financed Improvements were "placed in service" on the date(s) set out on ***Schedule 2*** to this Final Written Allocation. For this purpose, the assets are considered to be "placed in service" as of the date on which, based on all the facts and circumstances: (a) the constructing and equipping of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (b) the asset is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The Issuer reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

CITY OF CANEY, KANSAS

Date: _____

By: _____
Bond Compliance Officer

This Final Written Allocation has been prepared in the manner required by the Tax Compliance Procedure:

_____
[Issuer Counsel/Bond Counsel]

Date of review: _____

SCHEDULE 1
TO FINAL WRITTEN ALLOCATION

ALLOCATION OF SOURCES AND USES

	Estimated at Closing	*Actual*
Sources of Funds:		
Principal Amount of the Bonds	$2,710,000.00	$2,710,000.00
Reoffering Premium	129,745.80	
CDBG Grant	1,000,000.00	
Available Sales Tax Funds	61,358.60	
Issuer Funds	60,000.00	
Total	***$3,961,104.40***	***$***
Uses of Funds:		
Deposit to Improvement Fund	$2,300,000.00	$
Deposit to Refunded Loan Redemption Fund	1,271,573.43	
Deposit to Refunded Bonds Redemption Fund	317,685.00	
Underwriter's Discount	19,376.50	
Costs of Issuance	52,469.47	
Total	***$3,961,104.40***	***$***

SCHEDULE 2
TO FINAL WRITTEN ALLOCATION

IDENTIFICATION OF NEW MONEY PORTION OF THE FINANCED IMPROVEMENTS

Description	Actual Date Placed in Service	Estimated Useful Life	Actual Total Cost	Actual Amount Financed From Bonds
Swimming Pool Improvements	[month/year]	[ ] years	$[ ]	$[ ]

*note: exclude land costs

DETAILED LISTING OF EXPENDITURES*

Item No.	*Date Paid*	*Amount Paid*	*Category*	*Payee*	*Description*	*Reference*

* or attach General Ledger or Project Ledger]

SCHEDULE 1

DEBT SERVICE SCHEDULE AND PROOF OF YIELD

CITY OF CANEY, KANSAS

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2020-D

Sources & Uses

Dated 09/01/2020 | Delivered 09/01/2020

Sources Of Funds

Par Amount of Bonds	$2,710,000.00
Reoffering Premium	129,745.80
CDBG Grant	1,000,000.00
Available Sales Tax Funds	61,358.60
Available Funds of the Issuer	60,000.00
Total Sources	**$3,961,104.40**

Uses Of Funds

Total Underwriter's Discount (0.715%)	19,376.50
Costs of Issuance	52,469.47
Deposit to Improvement Fund	2,300,000.00
Deposit to Refunded Loan Redemption Fund	1,271,573.43
Deposit to Refunded Bonds Redemption Fund	317,685.00
Total Uses	**$3,961,104.40**

This information is provided based on the factual information and assumptions provided to Gilmore & Bell, P.C. by a party to or a representative of a party to the proposed transaction. This information is intended to provide factual information only and is provided in conjunction with our legal representation. It is not intended as financial advice or a financial recommendation to any party. Gilmore & Bell, P.C. is not a financial advisor or a "municipal advisor" as defined in the Securities Exchange Act of 1934, as amended.

Proof of D/S for Arbitrage Purposes

Date	Principal	Interest	Total
09/01/2020	-	-	-
06/01/2021	-	38,484.38	38,484.38
12/01/2021	260,000.00	25,656.25	285,656.25
06/01/2022	-	23,056.25	23,056.25
12/01/2022	280,000.00	23,056.25	303,056.25
06/01/2023	-	20,256.25	20,256.25
12/01/2023	290,000.00	20,256.25	310,256.25
06/01/2024	-	17,356.25	17,356.25
12/01/2024	290,000.00	17,356.25	307,356.25
06/01/2025	-	14,456.25	14,456.25
12/01/2025	225,000.00	14,456.25	239,456.25
06/01/2026	-	12,206.25	12,206.25
12/01/2026	240,000.00	12,206.25	252,206.25
06/01/2027	-	9,806.25	9,806.25
12/01/2027	240,000.00	9,806.25	249,806.25
06/01/2028	-	7,406.25	7,406.25
12/01/2028	100,000.00	7,406.25	107,406.25
06/01/2029	-	6,406.25	6,406.25
12/01/2029	260,000.00	6,406.25	266,406.25
06/01/2030	-	4,076.25	4,076.25
12/01/2030	60,000.00	4,076.25	64,076.25
06/01/2031	-	3,746.25	3,746.25
12/01/2031	60,000.00	3,746.25	63,746.25
06/01/2032	-	3,416.25	3,416.25
12/01/2032	65,000.00	3,416.25	68,416.25
06/01/2033	-	2,977.50	2,977.50
12/01/2033	65,000.00	2,977.50	67,977.50
06/01/2034	-	2,538.75	2,538.75
12/01/2034	65,000.00	2,538.75	67,538.75
06/01/2035	-	2,100.00	2,100.00
12/01/2035	-	2,100.00	2,100.00
06/01/2036	-	2,100.00	2,100.00
12/01/2036	-	2,100.00	2,100.00
06/01/2037	-	2,100.00	2,100.00
12/01/2037	-	2,100.00	2,100.00
06/01/2038	-	2,100.00	2,100.00
12/01/2038	70,000.00	2,100.00	72,100.00
06/01/2039	-	1,400.00	1,400.00
12/01/2039	70,000.00	1,400.00	71,400.00
06/01/2040	-	700.00	700.00
12/01/2040	70,000.00	700.00	70,700.00
Total	**$2,710,000.00**	**$340,550.63**	**$3,050,550.63**

Proof Of Bond Yield @ 1.0873958%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
09/01/2020	-	1.0000000x	-	-
06/01/2021	38,484.38	0.9918996x	38,172.64	38,172.64
12/01/2021	285,656.25	0.9865358x	281,810.13	319,982.77
06/01/2022	23,056.25	0.9812011x	22,622.82	342,605.59
12/01/2022	303,056.25	0.9758951x	295,751.12	638,356.71
06/01/2023	20,256.25	0.9706179x	19,661.08	658,017.79
12/01/2023	310,256.25	0.9653692x	299,511.83	957,529.62
06/01/2024	17,356.25	0.9601489x	16,664.58	974,194.21
12/01/2024	307,356.25	0.9549568x	293,511.95	1,267,706.16
06/01/2025	14,456.25	0.9497928x	13,730.44	1,281,436.60
12/01/2025	239,456.25	0.9446568x	226,203.96	1,507,640.56
06/01/2026	12,206.25	0.9395484x	11,468.36	1,519,108.93
12/01/2026	252,206.25	0.9344678x	235,678.61	1,754,787.54
06/01/2027	9,806.25	0.9294146x	9,114.07	1,763,901.61
12/01/2027	249,806.25	0.9243887x	230,918.07	1,994,819.68
06/01/2028	7,406.25	0.9193900x	6,809.23	2,001,628.91
12/01/2028	107,406.25	0.9144183x	98,214.24	2,099,843.15
06/01/2029	6,406.25	0.9094735x	5,826.31	2,105,669.46
12/01/2029	266,406.25	0.9045555x	240,979.23	2,346,648.69
06/01/2030	4,076.25	0.8996640x	3,667.26	2,350,315.95
12/01/2030	64,076.25	0.8947990x	57,335.36	2,407,651.31
06/01/2031	3,746.25	0.8899603x	3,334.01	2,410,985.33
12/01/2031	63,746.25	0.8851478x	56,424.85	2,467,410.18
06/01/2032	3,416.25	0.8803613x	3,007.53	2,470,417.71
12/01/2032	68,416.25	0.8756006x	59,905.31	2,530,323.02
06/01/2033	2,977.50	0.8708658x	2,593.00	2,532,916.03
12/01/2033	67,977.50	0.8661565x	58,879.15	2,591,795.18
06/01/2034	2,538.75	0.8614727x	2,187.06	2,593,982.24
12/01/2034	67,538.75	0.8568142x	57,868.16	2,651,850.40
06/01/2035	2,100.00	0.8521809x	1,789.58	2,653,639.98
12/01/2035	2,100.00	0.8475727x	1,779.90	2,655,419.89
06/01/2036	2,100.00	0.8429894x	1,770.28	2,657,190.16
12/01/2036	2,100.00	0.8384308x	1,760.70	2,658,950.87
06/01/2037	2,100.00	0.8338970x	1,751.18	2,660,702.05
12/01/2037	2,100.00	0.8293876x	1,741.71	2,662,443.77
06/01/2038	2,100.00	0.8249026x	1,732.30	2,664,176.06
12/01/2038	72,100.00	0.8204419x	59,153.86	2,723,329.92
06/01/2039	1,400.00	0.8160053x	1,142.41	2,724,472.33
12/01/2039	71,400.00	0.8115927x	57,947.72	2,782,420.05
06/01/2040	700.00	0.8072039x	565.04	2,782,985.09
12/01/2040	70,700.00	0.8028389x	56,760.71	2,839,745.80
Total	**$3,050,550.63**	-	**$2,839,745.80**	-

Proof Of Bond Yield @ 1.0873958%

Derivation Of Target Amount

Par Amount of Bonds	$2,710,000.00
Reoffering Premium or (Discount)	129,745.80
Original Issue Proceeds	$2,839,745.80

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		YTM	Call Date	Call Price	Dollar Price
12/01/2021	Serial Coupon	2.000%	0.300%	260,000.00	102.119%		-	-	-	265,509.40
12/01/2022	Serial Coupon	2.000%	0.350%	280,000.00	103.694%		-	-	-	290,343.20
12/01/2023	Serial Coupon	2.000%	0.400%	290,000.00	105.160%		-	-	-	304,964.00
12/01/2024	Serial Coupon	2.000%	0.450%	290,000.00	106.517%		-	-	-	308,899.30
12/01/2025	Serial Coupon	2.000%	0.500%	225,000.00	107.762%		-	-	-	242,464.50
12/01/2026	Serial Coupon	2.000%	0.600%	240,000.00	108.574%		-	-	-	260,577.60
12/01/2027	Serial Coupon	2.000%	0.700%	240,000.00	109.173%		-	-	-	262,015.20
12/01/2028	Serial Coupon	2.000%	0.800%	100,000.00	109.561%		-	-	-	109,561.00
12/01/2031	Term 1 Coupon	1.100%	1.100%	180,000.00	100.000%	c	1.100%	12/01/2029	100.000%	180,000.00
12/01/2034	Term 2 Coupon	1.350%	1.350%	195,000.00	100.000%	c	1.350%	12/01/2029	100.000%	195,000.00
12/01/2037	Term 3 Coupon	2.000%	1.600%	200,000.00	103.425%	c	1.769%	12/01/2029	100.000%	206,850.00
12/01/2040	Term 4 Coupon	2.000%	1.800%	210,000.00	101.696%	c	1.899%	12/01/2029	100.000%	213,561.60
Total		-	-	**$2,710,000.00**	-	-	-	-	-	**$2,839,745.80**

Bid Information

Par Amount of Bonds	$2,710,000.00
Reoffering Premium or (Discount)	129,745.80
Gross Production	$2,839,745.80
Total Underwriter's Discount (0.715%)	$(19,376.50)
Bid (104.073%)	2,820,369.30
Total Purchase Price	$2,820,369.30
Bond Year Dollars	$20,102.50
Average Life	7.418 Years
Average Coupon	1.8338546%
Net Interest Cost (NIC)	1.2848219%
True Interest Cost (TIC)	1.2439016%

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/01/2020	-	-	-	-	-
06/01/2021	-	-	38,484.38	38,484.38	-
12/01/2021	260,000.00	2.000%	25,656.25	285,656.25	324,140.63
06/01/2022	-	-	23,056.25	23,056.25	-
12/01/2022	280,000.00	2.000%	23,056.25	303,056.25	326,112.50
06/01/2023	-	-	20,256.25	20,256.25	-
12/01/2023	290,000.00	2.000%	20,256.25	310,256.25	330,512.50
06/01/2024	-	-	17,356.25	17,356.25	-
12/01/2024	290,000.00	2.000%	17,356.25	307,356.25	324,712.50
06/01/2025	-	-	14,456.25	14,456.25	-
12/01/2025	225,000.00	2.000%	14,456.25	239,456.25	253,912.50
06/01/2026	-	-	12,206.25	12,206.25	-
12/01/2026	240,000.00	2.000%	12,206.25	252,206.25	264,412.50
06/01/2027	-	-	9,806.25	9,806.25	-
12/01/2027	240,000.00	2.000%	9,806.25	249,806.25	259,612.50
06/01/2028	-	-	7,406.25	7,406.25	-
12/01/2028	100,000.00	2.000%	7,406.25	107,406.25	114,812.50
06/01/2029	-	-	6,406.25	6,406.25	-
12/01/2029	60,000.00	1.100%	6,406.25	66,406.25	72,812.50
06/01/2030	-	-	6,076.25	6,076.25	-
12/01/2030	60,000.00	1.100%	6,076.25	66,076.25	72,152.50
06/01/2031	-	-	5,746.25	5,746.25	-
12/01/2031	60,000.00	1.100%	5,746.25	65,746.25	71,492.50
06/01/2032	-	-	5,416.25	5,416.25	-
12/01/2032	65,000.00	1.350%	5,416.25	70,416.25	75,832.50
06/01/2033	-	-	4,977.50	4,977.50	-
12/01/2033	65,000.00	1.350%	4,977.50	69,977.50	74,955.00
06/01/2034	-	-	4,538.75	4,538.75	-
12/01/2034	65,000.00	1.350%	4,538.75	69,538.75	74,077.50
06/01/2035	-	-	4,100.00	4,100.00	-
12/01/2035	65,000.00	2.000%	4,100.00	69,100.00	73,200.00
06/01/2036	-	-	3,450.00	3,450.00	-
12/01/2036	65,000.00	2.000%	3,450.00	68,450.00	71,900.00
06/01/2037	-	-	2,800.00	2,800.00	-
12/01/2037	70,000.00	2.000%	2,800.00	72,800.00	75,600.00
06/01/2038	-	-	2,100.00	2,100.00	-
12/01/2038	70,000.00	2.000%	2,100.00	72,100.00	74,200.00
06/01/2039	-	-	1,400.00	1,400.00	-
12/01/2039	70,000.00	2.000%	1,400.00	71,400.00	72,800.00
06/01/2040	-	-	700.00	700.00	-
12/01/2040	70,000.00	2.000%	700.00	70,700.00	71,400.00
Total	**$2,710,000.00**	-	**$368,650.63**	**$3,078,650.63**	-

Debt Service Schedule

Yield Statistics

Bond Year Dollars	$20,102.50
Average Life	7.418 Years
Average Coupon	1.8338546%
Net Interest Cost (NIC)	1.2848219%
True Interest Cost (TIC)	1.2439016%
Bond Yield for Arbitrage Purposes	1.0873958%
All Inclusive Cost (AIC)	1.5196934%

IRS Form 8038

Net Interest Cost	1.1430609%
Weighted Average Maturity	7.360 Years

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Coupon	Price	Issuance Price	Exponent	Bond Years
09/01/2020	-	-	-	-	-	-
12/01/2021	260,000.00	2.000%	102.119%	265,509.40	1.2500000x	331,886.75
12/01/2022	280,000.00	2.000%	103.694%	290,343.20	2.2500000x	653,272.20
12/01/2023	290,000.00	2.000%	105.160%	304,964.00	3.2500000x	991,133.00
12/01/2024	290,000.00	2.000%	106.517%	308,899.30	4.2500000x	1,312,822.03
12/01/2025	225,000.00	2.000%	107.762%	242,464.50	5.2500000x	1,272,938.63
12/01/2026	240,000.00	2.000%	108.574%	260,577.60	6.2500000x	1,628,610.00
12/01/2027	240,000.00	2.000%	109.173%	262,015.20	7.2500000x	1,899,610.20
12/01/2028	100,000.00	2.000%	109.561%	109,561.00	8.2500000x	903,878.25
12/01/2029	60,000.00	1.100%	100.000%	60,000.00	9.2500000x	555,000.00
12/01/2030	60,000.00	1.100%	100.000%	60,000.00	10.2500000x	615,000.00
12/01/2031	60,000.00	1.100%	100.000%	60,000.00	11.2500000x	675,000.00
12/01/2032	65,000.00	1.350%	100.000%	65,000.00	12.2500000x	796,250.00
12/01/2033	65,000.00	1.350%	100.000%	65,000.00	13.2500000x	861,250.00
12/01/2034	65,000.00	1.350%	100.000%	65,000.00	14.2500000x	926,250.00
12/01/2035	65,000.00	2.000%	103.425%	67,226.25	15.2500000x	1,025,200.31
12/01/2036	65,000.00	2.000%	103.425%	67,226.25	16.2500000x	1,092,426.56
12/01/2037	70,000.00	2.000%	103.425%	72,397.50	17.2500000x	1,248,856.88
12/01/2038	70,000.00	2.000%	101.696%	71,187.20	18.2500000x	1,299,166.40
12/01/2039	70,000.00	2.000%	101.696%	71,187.20	19.2500000x	1,370,353.60
12/01/2040	70,000.00	2.000%	101.696%	71,187.20	20.2500000x	1,441,540.80
Total	**$2,710,000.00**	-	-	**$2,839,745.80**	-	**$20,900,445.60**

Description of Bonds

Final Maturity Date	12/01/2040
Issue price of entire issue	2,839,745.80
Stated Redemption at Maturity	2,710,000.00
Weighted Average Maturity = Bond Years/Issue Price	7.360 Years
Bond Yield for Arbitrage Purposes	1.0873958%

Uses of Proceeds of Issue

Proceeds used for accrued interest	-
Proceeds used for bond issuance costs (including underwriters' discount)	71,845.97
Proceeds used for credit enhancement	-
Proceeds allocated to reasonably required reserve or replacement fund	-

GILMORE BELL

One Main Place - 100 North Main, Suite 800
Wichita, Kansas 67202-1311

(316) 267-2091 / (316) 262-6523 FAX / gilmorebell.com

September 1, 2020

Governing Body
City of Caney, Kansas

Country Club Bank
Prairie Village, Kansas

Re: $2,710,000 General Obligation Refunding and Improvement Bonds, Series 2020-D, of the City of Caney, Kansas, Dated September 1, 2020

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

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

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

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

2. The Bonds are payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.

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

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

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

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

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



GJH:rrd

GILMORE BELL

STATE OF KANSAS
OFFICE OF THE ATTORNEY GENERAL

DEREK SCHMIDT
ATTORNEY GENERAL

MEMORIAL HALL
120 SW 10TH AVE., 2ND FLOOR
TOPEKA, KS 66612-1597
(785) 296-2215 • FAX (785) 296-6296
WWW.AG.KS.GOV

September 1, 2020

The Honorable Jake LaTurner
State Treasurer
Landon State Office Building, Room 201N
Topeka, KS 66612

Dear Mr. LaTurner:

Pursuant to K.S.A. 10-108, basic or supplemental transcript material is hereby approved and you may register the following:

Municipality: City of Caney, Kansas

Description: General Obligation Refunding and Improvement Bond

Series: 2020-D Numbered: Registered

Dated: September 1, 2020

Aggregate Amount: $2,710,000.00

Date of First Payment: June 1, 2021

Fiscal Agent: Kansas State Treasurer

Sincerely,

OFFICE OF THE ATTORNEY GENERAL
DEREK SCHMIDT

Richard D. Smith
Assistant Attorney General

RDS:sb
cc: Debbie Morrison, City Clerk
✓Gilmore & Bell-Wichita

FINAL CLOSING MEMORANDUM

TO: Attached Distribution List
FROM: Ranson Financial Group, LLC
DATE: 28-Aug-20
RE: Bond Issue Closing Arrangements

Closing Date: 1-Sep-20
Dated Date: 1-Sep-20

Issue Description: **$ 2,710,000**
City of Caney, Kansas
General Obligation Refunding & Improvement Bonds
Series 2020-D

Maturity Dates; Principal Amounts; Interest Rates/Yields or Prices:	Amount	Interest Rate		Maturity	Yield
$	260,000.00	2.000 %		1-Dec-21	0.300 %
	280,000.00	2.000		1-Dec-22	0.350
	290,000.00	2.000		1-Dec-23	0.400
	290,000.00	2.000		1-Dec-24	0.450
	225,000.00	2.000		1-Dec-25	0.500
	240,000.00	2.000		1-Dec-26	0.600
	240,000.00	2.000		1-Dec-27	0.700
	100,000.00	2.000		1-Dec-28	0.800
	60,000.00	1.100	(1)	1-Dec-29	1.100
	60,000.00	1.100	(1)	1-Dec-30	1.100
	60,000.00	1.100	(2)	1-Dec-31	1.100
	65,000.00	1.350	(3)	1-Dec-32	1.350
	65,000.00	1.350	(3)	1-Dec-33	1.350
	65,000.00	1.350	(4)	1-Dec-34	1.350
	65,000.00	2.000	(5)	1-Dec-35	1.600
	65,000.00	2.000	(5)	1-Dec-36	1.600
	70,000.00	2.000	(6)	1-Dec-37	1.600
	70,000.00	2.000	(7)	1-Dec-38	1.800
	70,000.00	2.000	(7)	1-Dec-39	1.800
	70,000.00	2.000	(8)	1-Dec-40	1.800
$	2,710,000.00				

Payment Dates: Principal -- Annually, beginning December 1, 2021.
Interest -- Semi-annually, beginning June 1, 2021.

Mandatory Redemptions

(1)	Sinking Fund Redemption of Term Bond due	1-Dec-31
(2)	Final Maturity of Term Bond due	1-Dec-31
(3)	Sinking Fund Redemption of Term Bond due	1-Dec-34
(4)	Final Maturity of Term Bond due	1-Dec-34
(5)	Sinking Fund Redemption of Term Bond due	1-Dec-37
(6)	Final Maturity of Term Bond due	1-Dec-37
(7)	Sinking Fund Redemption of Term Bond due	1-Dec-40
(8)	Final Maturity of Term Bond due	1-Dec-40

Optional Redemption: The Bonds maturing on December 1, 2030 and thereafter are subject to optional redemption on or after December 1, 2029 in whole or in part at any time at par plus accrued interest.

Date, Time and Place of Closing: Tuesday, September 1, 2020
8:00 a.m.
The Wichita Office of Gilmore & Bell (via telephone).

Calculation of Purchase Price:

Par Amount of the Bonds	$	2,710,000.00
Less Underwriter's Discount		-19,376.50
Plus Original Issue Premium		129,745.80
Plus Accrued Interest		0.00
TOTAL PURCHASE PRICE	$	2,820,369.30

Sources and Uses of Funds:

Sources of Funds		
Par Amount of the Bonds	$	2,710,000.00
CDBG Grant		1,000,000.00
Issuer Cash on Hand		172,159.56
Less Underwriter's Discount		-19,376.50
Plus Original Issue Premium		129,745.80
Plus Accrued Interest		0.00
Total Sources of Funds	$	3,992,528.86
Uses of Funds		
Deposit to Improvement Fund	$	2,300,000.00
Deposit to Prepayment Fund		1,322,374.39
Deposit to Redemption Fund		317,685.00
Costs of Issuance		52,469.47
Rounding Amount		0.00
Total Uses of Funds	$	3,992,528.86

Method of Transfer:

1A On or prior to September 1, 2020, the City will wire transfer FEDERAL FUNDS to the State Treasurer in the amount of $ 60,000.00 for principal due on December 1, 2020 for the City's GO Ref Bonds, Series 2011 (A portion of the Redemption Fund/a portion of Issuer Cash on Hand)

1B At 8:00 a.m. on Tuesday, September 1, 2020, Country Club Bank will wire transfer FEDERAL FUNDS to the State Treasurer in the amount of $ 257,685.00 (the remaining portion of the Redemption Fund/a portion of the Total Purchase Price, as calculated above).

Wire Instructions for 1A & 1B
U.S. Bank N.A., Topeka, KS
ABA #
Account Name: State Treasurer's Operating Account
For further credit to account
Reference: City of Caney GO Refunding Bonds, Series 2011;
Please contact Beth Warren at 316 264 3400 upon completion of the wire.

2 On August 3, 2020 the City sent in a check in the amount of $ 50,800.96 for the regular payment due September 1, 2020 for KWPCRF Project No. C20-1709-01 (a portion of the Prepayment Fund/a portion of Issuer Cash on Hand).

3 At 8:00 a.m. on Tuesday, September 1, 2020, Country Club Bank will wire transfer FEDERAL FUNDS to the State Treasurer in the amount of $ 1,271,573.43 (the remaining portion of the Prepayment Fund/a portion of the Total Purchase Price, as calculated above).

3 Wire Instructions
U.S. Bank N.A., Topeka, KS
ABA #
Account Name: KDHE SRF
For further credit to account
Reference: City of Caney KPWSLF Project No. 2491; and
City of Caney KWPCRF Project No. C20-1709-01
Please contact Beth Warren at 316 264 3400 upon completion of the wire.

Method of Transfer (Cont.):

4 At 8:00 a.m. on Tuesday, September 1, 2020, Country Club Bank will wire transfer FEDERAL FUNDS to the City in the amount of $ 1,291,110.87 (the remaining portion of the Total Purchase Price, as calculated above).

4 **Wire Instructions**
Credit to Community National Bank & Trust (Caney, KS)
ABA #
For Credit to: City of Caney
Account #
Reference: City of Caney, Kansas GO Ref & Imp Bonds, Series 2020
Please contact Beth Warren at 316 264 3400 upon completion of the wire.

5 The City will use the funds received from the following sources:

Country Club Bank (wire detailed above)	$	1,291,110.87
CDBG Grant		1,000,000.00
Remaining Issuer Cash on Hand		61,358.60
Total	$	2,352,469.47

To set up the following accounts:

Deposit to Improvement Fund	$	2,300,000.00
Costs of Issuance		52,469.47
Total	$	2,352,469.47

Certificates:

Certificates should be mailed to DTC in time to arrive at least 1 day prior to closing

Costs of Issuance:

Invoices for payment of approved costs of issuance should be forwarded to Ms. Debbie Morrison, City Clerk, City of Caney

Estimated Issuance Expenses

Financial Advisor	$	18,500.00
Bond Counsel		17,500.00
POS/Official Statement		4,700.00
Paying Agent		4,000.00
CUSIP		696.00
Attorney General		200.00
Miscellaneous		6,873.47
Total Estimated	$	52,469.47

DISTRIBUTION LIST

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City of Caney, Kansas
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Ms. Beth Warren
Mr. Jarrod Jansen
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CITY OF CANEY, KANSAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2020-D

DISTRIBUTION LIST

ISSUER

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Fax: (620) 879-9808

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E-mail: fgress@caney.kscoxmail.com
Debbie Morrison, City Clerk
E-mail: cityclerk@caney.kscoxmail.com

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Shauna Wake, Director of Fiscal Services
Telephone: (785) 296-4160
E-mail: bond.newissues@treasurer.ks.gov

PURCHASER	
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