

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 21, 2020

NEW ISSUE
BANK QUALIFIED

S&P Rating: Requested

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City 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" herein.

\$3,520,000*

City of Westwood, Kansas

General Obligation Improvement Bonds, Series 2020A
(General Obligation Bonds Payable From Unlimited Ad Valorem Taxes)
(Book Entry Only)

Dated Date: Date of Delivery

Interest Due: Each May 1 and November 1, commencing November 1, 2020

The Bonds (as defined herein) will mature November 1 in the years and amounts* as follows:

2021	\$145,000	2025	\$155,000	2029	\$165,000	2033	\$185,000	2037	\$200,000
2022	\$150,000	2026	\$160,000	2030	\$170,000	2034	\$185,000	2038	\$205,000
2023	\$150,000	2027	\$160,000	2031	\$175,000	2035	\$190,000	2039	\$210,000
2024	\$155,000	2028	\$165,000	2032	\$180,000	2036	\$195,000	2040	\$220,000

Bids for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption and must conform to the maturity schedule set forth above.

At the option of the City of Westwood, Kansas (the "City"), Bonds maturing on November 1, 2029, and thereafter will be subject to redemption and payment prior to maturity on November 1, 2028, or thereafter as described herein. See "THE BONDS" herein.

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 and interest on the Bonds as the same become due. The proceeds of the Bonds will be used for the purpose of (i) providing long-term financing for paying a portion of the cost of certain street and stormwater improvement projects; and (ii) paying capitalized interest on the Bonds. See "AUTHORITY AND PURPOSE" herein.

A bid of not less than \$3,474,240 (98.7% of Par) plus accrued interest, if any, must be submitted for the Bonds. Bids will be received on the Bonds bearing such rate of interest as may be specified by the bidders subject to the following conditions: (i) the same rate shall apply to all Bonds of the same maturity year; (ii) 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%; (iii) no supplemental interest payments will be considered; and (iv) each interest rate specified shall be a multiple of 1/100 of 1/8 or 1%. Following receipt of bids, a good faith deposit for the Bonds will be required to be delivered to the City by the successful bidder as described in the "NOTICE OF BOND SALE" herein. The award will be made on a True Interest Cost (TIC) basis.

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof (the "Authorized Denomination"). Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) The Treasurer of the State of Kansas, Topeka, Kansas will act as registrar and paying agent (the "Bond Registrar and Paying Agent"). The Bonds will be available for delivery at DTC on or about March 26, 2020.

PROPOSALS RECEIVED: Thursday, March 12, 2020 until 10:00 A.M., Central Time
CONSIDERATION OF AWARD: City Council meeting commencing at 7:00 P.M., Central Time on Thursday, March 12, 2020



Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* Preliminary; subject to change.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. 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.

CITY OF WESTWOOD, KANSAS

CITY COUNCIL

David E. Waters
Lisa Cummins
Jason Hannaman
Jeff Harris
Laura Steele
Holly Wimer

Mayor
Council Member
Council Member
Council Member
Council Member
Council Member

CHIEF ADMINISTRATIVE OFFICER/CITY CLERK

Fred Sherman

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Bid therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the Notice of Bond Sale.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

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

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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NOTICE OF BOND SALE

\$3,520,000*

**CITY OF WESTWOOD, KANSAS
GENERAL OBLIGATION IMPROVEMENT BONDS
SERIES 2020A**

(GENERAL OBLIGATION BONDS PAYABLE
FROM UNLIMITED AD VALOREM TAXES)

Bids. Facsimile, written, and electronic (as explained below) bids for the purchase of the above-referenced bonds (the “Bonds”) of the City of Westwood, Kansas (the “Issuer”) herein described will be received on behalf of the undersigned City Clerk of the Issuer at the address hereinafter set forth in the case of written and facsimile bids, and via PARITY® in the case of electronic bids, until **10:00 a.m.** applicable Central Time (the “Submittal Hour”), on

THURSDAY, MARCH 12, 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 Issuer’s City Council (the “Governing Body”) at its meeting to be held at 7:00 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 March 26, 2020 (the “Dated Date”), and will become due in principal installments annually on November 1 in the years as follows:

<u>Year</u>	<u>Principal Amount¹</u>	<u>Year</u>	<u>Principal Amount*</u>
2021	\$145,000	2031	\$175,000
2022	150,000	2032	180,000
2023	150,000	2033	185,000
2024	155,000	2034	185,000
2025	155,000	2035	190,000
2026	160,000	2036	195,000
2027	160,000	2037	200,000
2028	165,000	2038	205,000
2029	165,000	2039	210,000
2030	170,000	2040	220,000

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 May 1 and November 1 in each year, beginning on November 1, 2020 (the “Interest Payment Dates”).

¹ Preliminary; subject to change.

***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. 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 November 1 in the years 2029, and thereafter, will be subject to redemption and payment prior to maturity on November 1, 2028, 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, the State Treasurer and any provider of municipal bond insurance. 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. 10-101 *et seq.*, K.S.A. 10-620 *et seq.*, K.S.A. 12-631r *et seq.* and K.S.A. 12-685 *et seq.*, as amended, and an ordinance and a resolution adopted by the Governing Body (collectively the “Bond Resolution”) for the purpose of paying a portion of the cost of certain street and stormwater improvements (the “Improvements”). 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 and written bids must be made on forms which may be procured from the City Clerk or the Municipal Advisor and shall be addressed to the undersigned, and marked “Proposal for General Obligation Improvement Bonds, Series 2020A.” Written bids must be submitted in writing in sealed envelopes, by mail or hand delivered. Facsimile bids should not be preceded by a cover sheet and should be sent only once to (651) 223-3046. 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. **Any bidder desiring to have the Municipal Advisor assist in the delivery of such bidder's bid should provide pertinent bidding information to the Municipal Advisor not later than 30 minutes prior to the Submittal Hour on the Sale Date.**

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%; (c) no supplemental interest payments will be considered; and (d) each interest rate specified shall be a multiple of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98% or greater. No bid for less than **98.7%** 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. The Successful Bidder must supply a good faith deposit (the "Deposit") in the amount of \$70,400 payable to the order of the Issuer to secure the Issuer from any loss resulting from the failure of the bidder to comply with the terms of its bid. **The Deposit must be received by the Issuer by 1:00 p.m. Central Time on the Sale Date.** The Deposit shall be submitted by wire transfer in Federal Reserve funds, immediately available for use by the Issuer.

Wire transfer Deposits submitted by unsuccessful bidders will not be accepted or shall be returned in the same manner received. The Issuer reserves the right to withhold reasonable charges for any fees or expenses incurred in returning a wire transfer Deposit.

No interest on the Deposit will be paid by the Issuer. If a bid is accepted, the Deposit, or the proceeds thereof, will be held by the Issuer until the Successful Bidder has complied with all of the terms and conditions of this Notice at which time the amount of said Deposit shall be returned to the Successful Bidder or deducted from the purchase price at the option of the Issuer. If a bid is accepted but the Issuer fails to deliver the Bonds to the Successful Bidder in accordance with the terms and conditions of this Notice, said Deposit, or the proceeds thereof, will be returned to the Successful Bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this Notice, the proceeds of such Deposit will be retained by the Issuer as and for liquidated damages.

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 applied to S&P Global Ratings, a division of S&P Global Inc. 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.

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 **MARCH 26, 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.

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.

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.”

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.

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.***

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 February 21, 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 City 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 2019 was \$32,115,921. The total general obligation indebtedness of the Issuer as of the Dated Date, including the Bonds being sold but excluding temporary notes to be retired from proceeds of the Bonds, is \$3,520,000.

Legal Opinion. The Bonds will be sold subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, 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: February 21, 2020.

CITY OF WESTWOOD, KANSAS

Frederick L. Sherman, City Clerk
City of Westwood, Kansas
4700 Rainbow Boulevard
Westwood, Kansas 66205
Phone No.: (913) 942-2128
Email: fred.sherman@westwoodks.org

Municipal Advisor – Facsimile Bid and Good Faith Deposit Delivery Address:

Baker Tilly Municipal Advisors, LLC
380 Jackson Street, Suite 300
Saint Paul, Minnesota 55101
Attn: Bond Services
Phone No.: (651) 223-3000
Fax No.: (651) 223-3046
Email: bond_services@bakertilly.com

OFFICIAL STATEMENT

\$3,520,000*

CITY OF WESTWOOD, KANSAS

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2020A

(GENERAL OBLIGATION BONDS PAYABLE FROM UNLIMITED AD VALOREM TAXES)

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains certain information concerning the City of Westwood, Kansas (the “City”) and its issuance of \$3,520,000* General Obligation Improvement Bonds, Series 2020A (the “Bonds”).

Inquiries may be directed to Mr. Fred Sherman, Chief Administrative Officer/City Clerk, City of Westwood, 4700 Rainbow Boulevard, Westwood, Kansas 66205, by telephoning (913) 362-1550, or by emailing fred.sherman@westwoodks.org. Inquiries also may be made to Baker Tilly Municipal Advisors, LLC of Saint Paul, Minnesota and Kansas City, Missouri, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by emailing bond_services@bakertilly.com. If information of a specific legal nature is desired, requests may be directed to Mr. Kevin Wempe, Bond Counsel, Gilmore & Bell P.C., 2405 Grand Boulevard, Suite 1100, Kansas City, Missouri 64108, by telephoning (816) 218-7532, or by emailing kwempe@gilmorebell.com.

All capitalized terms used in the following sections that are not expressly defined herein shall have the meanings as defined in the Bond Resolution, unless the context clearly requires a different meaning. A copy of the Bond Resolution is available upon request with the City.

CONTINUING DISCLOSURE

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Continuing Disclosure Undertaking”). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and other provisions of the Continuing Disclosure Undertaking, including termination, amendment and remedies, are set forth in Appendix II to this Official Statement.

The City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule. Breach of the Continuing Disclosure Undertaking will not constitute a default or an “Event of Default” under the Bonds or the Bond Resolution. A broker or dealer is to consider a known breach of the Continuing Disclosure Undertaking, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Continuing Disclosure Undertaking may adversely affect the transferability and liquidity of the Bonds and their market price.

For more information regarding the Disclosure Undertaking, see “APPENDIX II – FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

* *Preliminary; subject to change.*

THE BONDS

General Description

The Bonds are dated as of the date of delivery and will mature as set forth on the front cover of this Official Statement. The Bonds are issued in book entry form. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2020 (the "Interest Payment Date(s)"). Interest on the Bonds will be payable to the holder (initially Cede & Co.) registered on the books of the Bond Registrar and Paying Agent as of the fifteenth day of the calendar month next preceding such Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled "BOOK ENTRY SYSTEM." The Treasurer of the State of Kansas, Topeka, Kansas will act as registrar and paying agent for the Bonds.

Designation of Paying Agent and Bond Registrar

The City will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Bond Resolution. The City 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 City 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 City 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 City 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 City 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 City 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 City 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 City, 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 City, 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 City.

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 City 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 City 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 City 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 City 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 City and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the City or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon the City'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 City, in its discretion, may pay such Bond instead of issuing a new Bond. Upon the issuance of any new Bond, the City 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 City 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 City 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 City, and the Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City 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 City, the Bonds maturing on November 1, 2029 and thereafter will be subject to redemption and payment prior to maturity on November 1, 2028, or thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed will be determined by the City in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the redemption date.

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

Notice and Effect of Call for Redemption

Unless waived by any Owner of Bonds to be redeemed, if the City shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the City shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and the State Treasurer. In addition, the City 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 City 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 City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest.

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

In addition to the foregoing notice, the City shall provide such notices of redemption as are required by the Disclosure Undertaking. The Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

BOOK ENTRY SYSTEM

The following information concerning the Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from DTC. The City takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in

“street name,” and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to the Constitution and statutes of the State of Kansas including K.S.A. 10-101 *et seq.*, K.S.A. 10-620 *et seq.*, K.S.A. 12-631r *et seq.*, and K.S.A. 12-685 *et seq.*, all as amended and supplemented (collectively, the “Act”), and an ordinance and a resolution adopted by the governing body of the City (together, the “Bond Resolution”). The proceeds of the Bonds will be used for the purpose of (i) providing long-term financing for paying a portion of the cost of certain street and stormwater improvement projects for which temporary construction financing was provided by the City’s General Obligation Temporary Notes, Series 2019-A (the “Series 2019-A Notes”); and (ii) paying capitalized interest on the Bonds (collectively, the “Project”).

SOURCES AND USES OF FUNDS

The composition of the Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	\$3,520,000
Series 2019-A Note Proceeds	<u>35,000</u>
Total Sources of Funds	\$3,555,000
Uses of Funds:	
Deposit to Improvement Fund	\$3,415,475
Costs of Issuance	47,910
Capitalized Interest	45,855
Allowance for Discount Bidding	<u>45,760</u>
Total Uses of Funds	\$3,555,000

SECURITY AND FINANCING

The Bonds and the interest thereon 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 and interest on the Bonds as the same become due. Capitalized interest has been included in the principal amount of the Bonds to pay the interest payment due on November 1, 2020.

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 become due by, to the extent necessary, levying and collecting the necessary taxes upon all of the taxable tangible property within the City 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 City 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 City, 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.

FUTURE FINANCING

The City does not anticipate issuing any additional long-term general obligation debt within the next 90 days.

ABSENCE OF LITIGATION

The City, in the regular course of its business, is a party to litigation as plaintiff and defendant. It is the opinion of the City Attorney and City management that the result of any such litigation would not materially adversely affect the financial condition of the City. There is currently no controversy, suit or other proceedings of any kind pending or, to the knowledge of City staff or the City Attorney, threatened which would adversely affect the validity of the Bonds or the ability of the City to provide for the payment of the principal of and the interest on the Bonds in the manner described herein. Concurrently with the delivery of the Bonds, the City will deliver an executed non-litigation certificate in the form required by the statutes of the State of Kansas.

APPROVAL OF LEGALITY

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, bond counsel to the City ("Bond Counsel"). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Preliminary Official Statement captioned "THE BONDS," "TAX MATTERS," "APPENDIX I – PROPOSED FORM OF BOND COUNSEL OPINION," and "APPENDIX II – FORM OF CONTINUING DISCLOSURE UNDERTAKING." Payment of the legal fee of Bond Counsel is contingent upon delivery of the Bonds. Certain legal matters have been passed on for the City by McAnany, Van Cleave & Phillips, P.A., City Attorney, Westwood, 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 purposes of Code §265(b).

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 City 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 City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal 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: (a) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods; multiplied by (b) 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 (c) 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 the Bonds, and to the proceeds paid on the sale of the 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 the 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.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

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

Taxation of Interest on the Bonds

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

The City 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 City with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Bonds in the event of noncompliance with such provisions. The failure of the City to comply with the provisions described above may cause the interest on the Bonds to become includable in gross income as the date of issuance.

Debt Service Source

The Bonds are general obligations of the City 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 City. The Kansas 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. See "CITY TAX RATES, LEVIES AND COLLECTIONS" herein.

Market for the Bonds

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

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 City, or a material adverse change in the financial condition of the City, 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.

Premium on Bonds

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

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.

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 affecting 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.

Kansas Public Employees Retirement System

As described in “GOVERNMENTAL ORGANIZATION AND SERVICES – Employee Pensions,” the City 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 City participates in the Public Employees Retirement System – Local Group and the Police and Firemen’s Retirement System (“KP&F”) (the “Plan”). Under existing law, employees make contributions and the City makes all employer contributions to the Plan. Neither the employees nor the City are directly responsible for any unfunded accrued actuarial liability (“UAAL”); however, Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERs’ Valuation Report, dated as of December 31, 2018, the Local Group had an UAAL of \$1.501 billion and KP&F had an UAAL of \$933 million.

Limitations on Remedies Available to Owners of Bonds

The enforceability of the rights and remedies of the owners of the 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.

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.

Cybersecurity Risks

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

Natural Disasters or Terrorist Attacks

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

RATING

Application for a rating of the Bonds has been made to S&P Global Ratings ("S&P"), 55 Water Street, New York, New York. If a rating is assigned, it will reflect only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota, and Kansas City, Missouri as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, 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.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the City stating that, to the best of such officers' knowledge, the Official Statement, other than the sections entitled "BOOK ENTRY SYSTEM," "APPROVAL OF LEGALITY," "TAX MATTERS," "RATING," and Appendices I-IV, about which the City 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.

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CITY PROPERTY VALUES

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

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

Trend of Values

Year ^(a)	Johnson County Sales Ratio	Appraised Valuation	Taxable Assessed Valuation ^(b)	Tangible Valuation of Motor Vehicles	Equalized Assessed Tangible Valuation
2019/20	N/A	\$226,081,273	\$29,624,341	\$2,491,580	\$32,115,921
2018/19	69.2%	205,090,618	27,433,750	2,526,201	29,959,951
2017/18	79.6	194,610,737	26,134,616	2,430,572	28,565,188
2016/17	82.9	172,424,703	23,323,872	2,405,105	25,728,977
2015/16	80.8	154,157,153	21,029,724	2,149,966	23,179,690

(a) As valued in the first year for the purpose of computing the rates of taxes collectible in the following year.

(b) The value of motor and recreational vehicles is not included in total property valuation for determining the property tax levy. It is, however, included in total property valuation for determining the City’s debt limit.

Sources: The Johnson County Clerk’s Office and the Kansas Sales Ratio Study. For an explanation of Kansas property taxes, see Appendix III.

2019/20 Equalized Assessed Tangible Valuation: \$32,115,921

Real Property	\$29,150,187	98.4%
Personal Property	81,140	0.3
State Assessed Utilities	<u>393,014</u>	<u>1.3</u>
Total Taxable Assessed Valuation	\$29,624,341	100.0%
Motor Vehicles	<u>2,491,580</u>	
Total Equalized Assessed Tangible Valuation	\$32,115,921	

Source: Johnson County Clerk’s Office, January 2020.

Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2019/20 Taxable Assessed Value</u>
Woodside Village North LLC	Apartments	\$2,579,662
State Line 47 Associates, L.C.	Commercial	1,150,251
Wal-Mart Real Estate Business Trust	Retail	688,751
Rainbow Partners, L.P.	Commercial	452,001
Velvet Crème Popcorn Co., Inc.	Gourmet Snacks	327,751
Food Industry Services, Inc.	Commercial	227,001
Jacht, LLC	Commercial	168,652
Kansas City Power & Light Co.	Utility	161,856
Individual	Residential	161,609
Moma Enterprises LLC	Commercial	<u>153,251</u>
Total		\$6,070,785 ^{(a)(b)}

(a) Represents 18.9% of the City's 2019/20 equalized assessed tangible valuation of \$32,115,921.

(b) Excludes the Midwest Transplant Network, an Industrial Revenue Bond-Funded Property, which is an exempt property under K.S.A. 79-201a Second. The Midwest Transplant Network had an Assessed Value of \$1,894,500 for 2019 and made \$180,812 for total payments in lieu of tax (PILOT) in 2019.

CITY INDEBTEDNESS

2019/20 Total Equalized Assessed Tangible Valuation	\$32,115,921
Debt Limit Ratio	<u>30%</u>
Debt Limit	\$ 9,634,776
Outstanding Debt Subject to Debt Limit (Including the Bonds and Excluding the Series 2019-A Notes to be repaid with proceeds of the Bonds)	<u>(3,520,000)</u>
Debt Authority Remaining as of March 26, 2020	\$ 6,114,776

NOTE: Certain general obligation bonds and temporary notes issued to finance utility improvements, revenue bonds, and refunding bonds are not subject to the debt limit. See K.S.A. 10-301 et seq.

General Obligation Temporary Notes

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 3-26-20</u>
3-21-19	\$3,410,000	Improvements	4-1-2020	\$3,410,000*

* This issue will be paid in full upon maturity with the proceeds of the Bonds.

General Obligation Bonds

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 3-26-20</u>
3-26-20	\$3,520,000	Improvements (the Bonds)	11-1-2040	\$3,520,000

Special Obligations

The City's Special Obligation Tax Increment Revenue Bonds (Woodside Village TIF Project), Series 2014 (the "Series 2014 TIF Bonds") were issued July 18, 2014, in the principal amount of \$3,150,000. The Series 2014 TIF Bonds were issued to finance a portion of redevelopment project costs for a mixed-used project within the redevelopment district generally located at the Northeast and Southeast corners of Rainbow Boulevard and West 47th Place within the City (the "Redevelopment District"). Certain incremental property and sales taxes collected within the Redevelopment District are pledged to pay debt service on the Series 2014 TIF Bonds. The Series 2014 TIF Bonds do not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City.

The City's Taxable Special Obligation Community Improvement District Revenue Bonds (Woodside Village CID Project), Series 2014A (the "Series 2014A Bonds") and Taxable Special Obligation Community Improvement District Revenue Bonds (Woodside Village CID Project), Series 2014B (the "Series 2014B Bonds," and, together with the Series 2014A Bonds, the "Series 2014 CID Bonds") were issued July 18, 2014, in the principal amounts of \$1,000,000 and \$700,000, respectively. The Series 2014 CID Bonds were issued to finance a portion of redevelopment project costs for a mixed-use project within the community improvement district generally located at the Northeast and Southeast corners of Rainbow Boulevard and West 47th Place within the City (the "Community Improvement District"). A special sales tax collected within the Community Improvement District is pledged to pay debt service on the Series 2014 CID Bonds. The Series 2014 CID Bonds do not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City.

Other Debt Obligations

Lease-Purchase Agreement

On April 9, 2014 the City entered into a taxable lease-purchase agreement with Security Bank of Kansas City to finance the purchase of land. The lease-purchase agreement, as amended pursuant to a Second Amended Taxable Lease Purchase Agreement dated as of September 1, 2019, calls for the City, as lessee, to make semiannual interest payments on February 1 and August 1 at interest rate of 3.95%, with the full remaining principal amount of \$325,000 due on or before February 1, 2023. The lease-purchase agreement constitutes a valid and binding obligation of the City in accordance with its terms, subject to funds budgeted and appropriated for that purpose during the City's current budget year. The lease-purchase agreement and the City's obligation to make rental payments thereunder do not constitute a general obligation or indebtedness of the City for which the City is obligated to levy or pledge any form of taxation.

Industrial Revenue Bonds

The City issues Industrial Revenue Bonds (IRBs) on behalf of other parties to incentivize economic development projects. IRBs are not an obligation of the City and are payable solely from payments received pursuant to a lease agreement between the City and the lessor of each project. The City has no obligation, either directly or indirectly, for payment of principal of or interest on such IRBs.

Overlapping Debt

Taxing Unit ^(a)	Est. G.O. Debt As of 3-26-20 ^(b)	Debt Applicable to Value in City	
		Percent	Amount
Johnson County	\$312,504,500	0.28%	\$ 812,512
Johnson County Community College	1,930,000	0.26	5,018
Johnson County Consolidated Fire District No. 2	8,495,000	2.86	242,957
Johnson County Park & Recreation	40,195,000	0.26	104,507
USD No. 512 (Shawnee-Mission)	363,775,000	0.72	<u>2,619,180</u>
Total			\$3,784,174

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

(b) Excludes revenue debt or debt incurred for sewer, water or storm sewer projects.

Debt Ratios*

	G.O. Direct Debt <u>\$3,520,000</u>	G.O. Direct & Overlapping Debt <u>\$7,304,174</u>
To 2019/20 Appraised Valuation (\$226,081,273)	1.56%	3.23%
To 2019/20 Equalized Assessed Tangible Valuation (\$32,115,921)	10.96%	22.74%
Per Capita - (1,654 - 2018 U.S. Census Estimate)	\$2,128	\$4,416

* Excludes special obligations, other debt obligations, and the Series 2019-A Notes to be repaid with proceeds of the Bonds.

CITY TAX RATES, LEVIES AND COLLECTIONS

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

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser. The Kansas Legislature passed legislation in 2015 and 2016 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"). The Tax Lid became effective as of 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. The Tax Lid does not require an election in the following situations:

“(1) Increased property tax revenues that, in the current year, are produced and attributable to the taxation of:

- (A) The construction of any new structures or improvements or the remodeling or renovation of any existing structures or improvements on real property, which shall not include any ordinary maintenance or repair of any existing structures or improvements on the property;
- (B) increased personal property valuation;
- (C) real property located within added jurisdictional territory;
- (D) real property which has changed in use;
- (E) expiration of any abatement of property from property tax; or
- (F) expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or any other similar property tax rebate or redirection program.

(2) Increased property tax revenues that will be spent on:

(A) 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;

(B) payment of special assessments not exceeding the amount of ad valorem property taxes levied in support of such payments;

(C) court judgments or settlements of legal actions against the city or county and legal costs directly related to such judgments or settlements;

(D) expenditures of city or county funds that are specifically mandated by federal or state law with such mandates becoming effective on or after July 1, 2015, and loss of funds from federal sources after January 1, 2017, where the city or county is contractually obligated to provide a service;

(E) expenses relating to a federal, state or local disaster or federal, state or local emergency, including, but not limited to, a financial emergency, declared by a federal or state official. The board of county commissioners may request the governor to declare such disaster or emergency; or

(F) increased costs above the consumer price index for law enforcement, fire protection or emergency medical services.

(3) Any increased property tax revenues generated for law enforcement, fire protection or emergency medical services shall be expended exclusively for these purposes but shall not be used for the construction or remodeling of buildings.

(4) The property tax revenues levied by the city or county have declined:

(A) In one or more of the next preceding three calendar years and the increase in the amount of funding for the budget or appropriation from revenue produced from property taxes does not exceed the average amount of funding from such revenue of the next preceding three calendar years, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year; or

(B) the increase in the amount of ad valorem tax to be levied is less than the change in the consumer price index plus the loss of assessed property valuation that has occurred as the result of legislative action, judicial action or a ruling by the board of tax appeals.”

The Tax Lid also provides that “[w]henver a city or county is required by law to levy taxes for the financing of the budget of any political or governmental subdivision of this state that is not authorized by law to levy taxes on its own behalf, and the governing body of such city or county is not authorized or empowered to modify or reduce the amount of taxes levied therefore, the tax levies of the political or governmental subdivision shall not be included in or considered in computing the aggregate limitation upon the property tax levies of the city or county.”

Because of ambiguities in the Tax Lid, it is unclear how the various exceptions will be interpreted and how the provisions will be implemented. As a result, it is unclear how the Tax Lid will impact the City.

However, as described above, the Tax Lid provides a specific exception for “[b]ond, 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” as well as certain lease payments. 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.

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

Property taxes are certified by the City to the County Clerk by August 25 of each year (or October 1 if the City must conduct an election to increase property taxes above the Tax Lid) for the following fiscal year. Taxes are levied by the County Clerk and payable to the County Treasurer. Property taxes may be paid in two installments, the first due December 20 in the year the taxes are levied and the second due May 10 of the following year. Taxes become delinquent after May 10 and interest accrues at a rate set by State statute until paid or until the property is sold for taxes. Special assessments are levied and collected in the same manner as property taxes.

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.

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser. The following table shows the City’s mill levies by fund (per \$1,000 of assessed valuation) for each of the years indicated:

Tax Rates

<u>Fund</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
General Fund	22.532	21.301	21.307	21.307	20.806
Bond and Interest Fund	--	--	--	--	0.500
Other	--	--	--	--	--
Total	22.532	21.301	21.307	21.307	21.306

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:

	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
State of Kansas	1.500	1.500	1.500	1.500%	1.500%
Johnson Co. (Including County Library)	23.494	23.505	23.239	22.925	22.940
City of Westwood	22.523	21.301	21.307	21.307	21.306
Johnson County Community College	9.469	9.473	9.503	9.266	9.121
USD No. 512 (Shawnee-Mission)	54.059	54.940	53.663	52.427	52.121
Johnson Co. Consolidated Fire Dist. #2	11.757	11.769	11.760	11.750	11.753
Johnson Co. Parks & Rec.	<u>3.101</u>	<u>3.102</u>	<u>3.112</u>	<u>3.088</u>	<u>3.090</u>
Total	125.903	125.590	124.084	122.263	121.831

Source: Johnson County Clerk's office.

Tax Levies and Collections for the City

<u>Levy Year/ Budget Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% Current Tax Collected</u>	<u>Prior Years Tax Collected</u>	<u>Total Tax Collections</u>	<u>Ratio Collection Versus Levy</u>
2019/20	\$631,318			(In Process of Collection)		
2018/19	547,121	\$540,592	98.8%	\$6,529	\$547,121	100.00%
2017/18	530,344	525,354	99.1	3,481	528,836	99.7
2016/17	498,688	495,583	99.4	4,354	499,937	100.3
2015/16	499,258	494,810	99.1	8,717	503,527	100.9

Source: Johnson County Treasurer's office.

Special Assessment Collections for the City

<u>Levy Year/ Budget Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% Current Tax Collected</u>	<u>Prior Years Tax Collected</u>	<u>Total Tax Collections</u>	<u>Ratio Collection Versus Levy</u>
2019/20	\$257,288			(In Process of Collection)		
2018/19	230,988	\$227,360	98.4%	\$1,263	\$228,623	99.0%
2017/18	230,644	228,072	98.9	7,879	235,931	102.3
2016/17	214,744	207,122	96.5	2,082	209,203	97.4
2015/16	201,048	201,705	100.3	4,301	206,006	101.0

NOTE: Prepaid special assessments accounted for in the capital projects funds are not included. Assessments certified to the county include principal and interest.

Source: Johnson County Treasurer's office.

General Fund Sales Tax Revenues

Sales tax collections are the responsibility of the Kansas Department of Revenue. The Department of Revenue distributes the local option countywide and citywide sales taxes on a monthly basis. Countywide sales taxes are distributed between the levying county and the cities located within the county based on population and relative tax levies. Citywide local option sales taxes are distributed solely to the levying city. Statewide sales taxes are retained entirely by the state.

The City currently levies a total of 1.5% local option sales tax within the City, including a 0.5% citywide sales tax for the purpose of financing street and storm drainage improvements, which was approved by the electors of the City at a May 2018 mail-in election (the “2018 Sales Tax”). The 2018 Sales Tax commenced on October 1, 2018, and will sunset after 10 years unless renewed by electors. The City expects to use a portion of the proceeds of the 2018 Sales Tax to finance a portion of the Project, including repayment of a portion of the Bonds; ultimately, however, the Bonds are general obligations of the City for which the City pledges its full faith and credit.

The City’s 1.5% local option sales tax is in addition to a 1.475% countywide local option sales tax and a 6.5% state sales tax. Total aggregate sales tax in the City is currently 9.475%.

The following table lists sales tax collections within the City for the years indicated.

<u>Year</u>	<u>City (1.0%)</u>	<u>City (0.5%)</u>	<u>City Share of County-Wide (1.475%)</u>	<u>Total Sales & Use Tax Collections</u>
2019	\$505,081	\$252,541	\$269,231	\$1,026,852
2018	475,110	19,524	268,372	763,005
2017	430,032	--	246,962	676,993
2016	381,180	--	216,541	597,721
2015	361,655	--	216,868	578,523
2014	328,359	--	218,258	546,617
2013	199,362	--	236,917	436,279
2012	206,446	--	230,019	436,465
2011	219,632	--	224,099	443,731
2010	207,024	--	189,071	396,095

NOTE: The City’s special 0.5% sales tax went into effect in October of 2018.

Source: City of Westwood.

FUNDS ON HAND As of December 31, 2019

General Fund	\$ 633,831
CIP Fund	513,603
Equipment Reserve Fund	151,997
Storm Water Fund	291,024
Special Highway Fund	<u>136,612</u>
Total Cash and Investments	\$1,727,067

The City does not have a formal investment policy. As of December 31, 2019 the City has \$2,666,348 held as cash or cash equivalents with a local bank.

GENERAL INFORMATION CONCERNING THE CITY

The City is located wholly within Johnson County, in the northeastern portion of the State of Kansas, and is part of the Kansas City metropolitan area. The City encompasses an area of approximately 0.41 square miles (262 acres).

Population

The City’s population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2018 U.S. Census Estimate	1,654	9.8%
2010 U.S. Census	1,506	(1.8)
2000 U.S. Census	1,533	(13.5)
1990 U.S. Census	1,772	(0.6)
1980 U.S. Census	1,783	--

Source: United States Census Bureau, <http://www.census.gov/>.

Transportation

The City is accessible via Shawnee Mission Parkway running through the southern border of the City and U.S. Highway 169/Rainbow Boulevard runs north-south through the eastern portion of the City. Public transportation is accessible through Johnson County Transit provided by Johnson County as part of the Ride KC service. In addition, the City is serviced by the Kansas City Area Transportation Authority.

The Kansas City Downtown Airport is approximately eight miles from the City. The Kansas City International Airport, Johnson County New Century Airport, and Johnson County Executive Airports are all within 30 miles of the City.

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Major Employers

The City is primarily residential in character with many of its residents commuting to jobs within other areas of the Kansas City metropolitan area. Larger employers in the City are listed below.

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Midwest Transplant Network	Organ, tissue, cornea procurement and lab services	188 ^(a)
Walmart	Retail	82 ^(a)
Red Nova Labs Inc.	Website development	70
Blue Sushi Sake Grill	Restaurant	60 ^(a)
Boyd Total Delivery	Delivery services	49 ^(a)
Velvet Crème Popcorn	Retail/manufacturer	42 ^(a)
Westwood View Elem School	Public school	38
FMA Animal Hospital	Veterinary hospital	29
PGAV Architects	Architectural firm	24
Rainbow Dialysis	Outpatient dialysis	20 ^(a)
Lulu's Asian Bistro	Restaurant	20 ^(a)
Heartland Food Products	Food services	19
Miller Haviland Ketter PC PA	Accounting	18
City of Westwood	Municipal government	16 ^(b)
Shawnee Mission Wee Care	Child care center	16 ^(a)
The Bar Method	Fitness studio	13
Westwood Animal Hospital	Veterinary hospital	12 ^(a)
Roasterie Café	Retail food	11 ^(a)
Asiatica Ltd.	Retail	10 ^(a)

(a) Includes full- and part-time employees.

(b) The City also has eight part-time positions.

Source: The City of Westwood.

The University of Kansas Hospital Authority – Westwood Campus contains approximately 246,000 square feet, which includes administrative and support staff, primary and specialty care clinics, and the Richard and Annette Bloch Cancer Center Pavilion. Exact employee counts for these locations are unavailable, however; the Unified Government of Wyandotte County/Kansas City, Kansas' Research Division estimates the employment counts of the systems of the University of Kansas Hospital and University of Kansas Medical Center to be 5,000+ and 3,500-4,000, respectively.

Source: Unified Government of Wyandotte County/Kansas City, Kansas' Research Division, December 2018.

Labor Force Data

	<u>Annual Average</u>				<u>December</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Labor Force:					
Johnson County	325,010	325,758	332,197	336,677	343,106
Kansas City MSA	458,116	458,556	467,047	472,997	481,515
State of Kansas	1,499,009	1,484,001	1,487,783	1,482,220	1,496,669
Unemployment Rate:					
Johnson County	3.4%	3.3%	3.0%	3.3%	2.4%
Kansas City MSA	4.0	3.9	3.5	2.9	2.7
State of Kansas	4.2	4.2	3.6	3.4	2.9

Source: Kansas Labor Information Center, <http://www.klic.dol.ks.gov>. 2019 figures are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Westwood

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2019/20	\$87,910	\$71,336	\$77,640
2018/19	81,072	70,869	80,070

Johnson County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2019/20	\$15,323,475	\$23,475,083	\$73,274
2018/19	14,593,029	22,401,783	70,744
2017/18	14,514,834	22,298,200	73,054
2016/17	13,987,601	20,300,497	65,920
2015/16	14,556,229	19,182,595	64,585

The 2019/20 Median Household EBI for the State of Kansas was \$51,581. The 2019/20 Median Household EBI for the United States was \$54,686.

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Permits Issued by the City

	<u>Residential</u>		<u>All Other Permits</u>	<u>Commercial</u>	⁽¹⁾ <u>Total</u>
	<u>New Single-Family</u>			<u>All Permits</u>	<u>All Permits</u>
	<u>Number</u>	<u>Valuation</u>		<u>Valuation</u>	<u>Valuation</u>
2019	8	\$3,199,332	\$2,609,533	\$ 1,635,606	\$ 7,444,471
2018	5	2,133,907	1,773,751	2,244,352	6,152,010
2017	2	1,394,395	2,083,331	3,265,059	6,742,785
2016	3	818,606	1,679,583	3,563,946	6,062,135
2015	0	0	1,546,310	4,063,438	5,609,748
2014	0	0	432,339	⁽²⁾ 29,955,598	30,387,937
2013	2	585,000	1,171,867	7,962,640	9,719,507

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

⁽²⁾ Majority of 2014 commercial permits issued for the Woodside Village project. See General Information Concerning the City – Recent Development.

Source: City of Westwood.

Recent Development

Woodside Village is an approximately \$105 million mixed-use development project that is expected to include the renovation and expansion of the Woodside Racquet Club; over 36,000 square feet of new retail commercial space; and 334 new residential living-units; all within a new town center setting for the City near 47th Place and Rainbow Boulevard. The first phase of this development, which consists of 91 residential units and 20,000 square feet of retail commercial space, was recently constructed.

Financial Institutions*

There are no banks within City limits. City residents have access to nearby branch offices of Fairway National Bank, and Security Bank of Kansas City, in the City of Fairway, Kansas.

* This does not purport to be a comprehensive list.

Source: Federal Deposit Insurance Corporation, <https://www.fdic.gov/>.

Health Care Facilities

The following is a summary of health care facilities located outside the City’s limits but within the Kansas City metropolitan area:

<u>Facility</u>	<u>Location</u>	<u>No. of Beds</u>
K.U. Medical Center	City of Kansas City	936
AdventHealth Shawnee Mission	City of Merriam	504
Providence Medical Center	City of Kansas City	400
Overland Park Regional Medical Center	City of Overland Park	351

In addition, the Richard and Annette Bloch Cancer Care Pavilion, a University of Kansas Hospital facility is located within the City.

Source: Kansas Department of Health and Environment, www.kdheks.gov/bhfr/fac_list/.

Education

Public Education

The City is predominantly served by Unified School District No. 512 (Shawnee Mission) (the “District”). The District’s total 2019/20 enrollment is approximately 27,345 students.

In addition, there is one private school located in the City.

Source: Kansas State Department of Education. https://datacentral.ksde.org/report_gen.aspx.

Post-Secondary Education

Post-secondary education is available through a variety of sources throughout and nearby Johnson County. These range from the undergraduate and vocational occupational training at Johnson County Community College; the post-graduate degrees available at the University of Kansas Edwards Campus (located in Overland Park, Kansas); and undergraduate and graduate programs available at the University of Kansas (located in Lawrence, Kansas) and the University of Missouri–Kansas City (located in Kansas City, Missouri). In total, there are six community colleges, nine liberal arts colleges, six technical and medical schools and two universities in the Kansas City region.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

The City has been a municipal corporation and a city of the Third Class since the year 1949. The City has a mayor-council form of government, with the mayor and council members being elected at-large. The mayor and council members serve four-year overlapping terms of office.

The following individuals comprise the current City Council:

		<u>Expiration of Term</u>
David E. Waters	Mayor	January 2024
Lisa Cummins	Council Member	January 2022
Jeff Harris	Council Member	January 2022
Jason Hannaman	Council Member	January 2022
Laura Steele	Council Member	January 2024
Holly Wimer	Council Member	January 2024

The daily administration of City operations is the responsibility of the appointed Chief Administrative Officer/City Clerk, Mr. Frederick L. Sherman. Mr. Sherman has been with the City since 2012 and is responsible for the implementation of policies adopted by the Council, personnel, information technology, legislation and public policy, budget and financial services for the City. The City has 16 regular full-time employees.

Services

The City staffs and provides its own, police, public works, building, and property codes services. The City also provides police, public works, and building codes services on a contractual basis to the adjacent cities of Mission Woods and Westwood Hills. The City has oversight of its own stormwater utility needs and infrastructure.

All other utility services are contracted for by outside parties, including Johnson County Wastewater for sanitary sewer services; WaterOne for water service; Evergy, Inc. (formerly Kansas City Power & Light) for electrical services, and Kansas Gas Service for natural gas. Residential trash service for the City is provided by Waste Corporate of America.

Johnson County Consolidated Fire District #2 provides fire protection for the City. Johnson County (the “County”) provides library, public transportation, and parks and recreations services to most municipalities in the County.

Labor Contracts

The City does not have any employees covered by labor contracts.

Employee Pensions

The City participates in the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Fire Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, *et seq.* KPERs and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained on the KPERs website at kpers.org/about/reports.html.

KPERs is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan’s qualified status dated October 14, 1999 and March 5, 2001. KPERs is also a “contributory” defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The City's employees currently annually contribute 6% of their gross salary to the plan if such

employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

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 8.89% of the employee's gross salary for calendar year 2019. The City's contribution is projected to change to 8.61% of gross compensation for calendar year 2020. In addition, the City contributes 1.00% 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 City is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$1.502 billion at the end of 2018. The 2018 Valuation Report 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, and is available on the KPERS website at kpers.org/about/reports.html. The City 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. KPERS' actuaries project the required employer contribution rate to increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

The City has established membership in KP&F for its police personnel. KP&F is a division of and is administered by KPERS. Annual contributions are adjusted annually based on actuarial studies, subject to legislative caps on percentage increases. According to the 2018 Valuation Report, KP&F carried an UAAL of \$933 million at the end of 2018. For the year beginning January 1, 2019, the City contributed 22.13% of employees' gross compensation. Beginning January 1, 2020, the City's contribution is projected to change to 21.13% of gross compensation for calendar year 2020.

In 2013, the Kansas Legislature adopted a number of changes to the KP&F which included (a) raising the cap on maximum KP&F benefits from 80% to 90% of final average salary and (b) permitting certain active KP&F members to pay a lump sum amount prior to or on their retirement date to enhance the individual retirement benefit at their own cost.

The City's audited contributions to KPERS and KP&F for the past five years are shown below:

	<u>KPERS</u>	<u>KP&F</u>
2018	\$39,908	\$83,380
2017	37,849	70,773
2016	38,179	74,420
2015	37,237	79,498
2014	28,817	74,079

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the net pension liability for KPERS and KP&F for the past three years are as follows:

	<u>KPERS</u>	<u>KP&F</u>
2018	\$352,824	\$699,307
2017	372,948	705,706
2016	363,490	726,720

At December 31, 2017, the city's proportionate share of the collective net pension liability reported by KPERS was \$352,824 and \$669,307 for KP&F. 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 non-employer contributions of the Local subgroup within KPERS. Since the KMAAG (1/16) D-11 KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the City's Annual Financial Statements.

The GASB 68 Report is available on the KPERS website at kpers.org/about/reports.html. The City has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. Under existing State law, the City has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

For more information regarding the liability of the City with respect to its employees, please reference "Note 5 – Defined Benefit Pension Plan" the City's Annual Financial Statements for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix VI of this Official Statement.

Sources: City's Annual Financial Statements.

Other Postemployment Benefits

The City's only OPEB is for health insurance. Retirees and disabilitants are eligible to remain on the City's group health plan, but the City does not assist with premium payments. The only cost to the City comes from the implicit rate subsidy. Under GASB 75 such costs must be accounted for on an annual basis, however, management has determined that any liability related to postemployment benefits is immaterial to the City's Annual Financial Report.

For more information regarding Other Postemployment Benefits with respect to the City, please reference "Note 5, Defined Benefit Pension Plan" of the City's Annual Financial Statements for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: City's Annual Financial Statements.

General Fund Budget Summary

	<u>2019 Budget</u>	2019 Estimated <u>Actual</u>	<u>2020 Budget</u>
Balance (Jan. 1)	\$ 753,898	\$ 753,898	\$ 633,831
Revenues:			
Taxes	\$1,625,605	\$1,570,552	\$1,697,047
Intergovernmental	51,693	57,565	54,978
Charges for Services	793,400	670,054	798,800
Special Assessments, Court Fines, Interest	<u>276,756</u>	<u>329,551</u>	<u>276,756</u>
Total Revenues	\$2,747,454	\$2,627,722	\$2,827,581
Expenditures:			
General Administration	\$1,297,971	\$1,117,486	\$1,120,759
Public Works	506,945	489,746	528,702
Public Safety	1,134,968	1,088,822	1,216,023
Parks & Recreation	<u>73,550</u>	<u>51,736</u>	<u>74,050</u>
Total Expenditures	\$3,013,434	\$2,747,790	\$2,939,534
Revenues Over (Under) Expenditures	(265,980)	(120,067)	(111,953)
Lapsed Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Balance Dec. 31	\$ 487,918	\$ 633,831	\$ 521,878

Sources: City's Annual Financial Statements and Budgets.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Taxes	\$1,006,593	\$1,025,523	\$1,125,239	\$1,190,683	\$1,280,775
Charges for Services	288,358	250,010	672,569	654,503	634,968
Intergovernmental	543,958	562,638	246,737	301,169	355,050
Special Assessments, Court Fines, Interest	395,117	343,601	276,031	256,231	353,273

Sources: City's Annual Financial Statements.

PROPOSED FORM OF BOND COUNSEL OPINION

GILMORE & BELL, P.C.
Attorneys at Law
2405 Grand Boulevard
Suite 1100
Kansas City, Missouri 64108

March 26, 2020

Governing Body
City of Westwood, Kansas

_____, _____

Re: \$[PRINCIPAL AMOUNT] General Obligation Improvement Bonds, Series 2020A
 of the City of Westwood, Kansas, Dated March 26, 2020

We have acted as Bond Counsel in connection with the issuance by the City of Westwood, 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 [(including any original issue discount properly allocable to an owner of a Bond)] 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.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of March 26, 2020 (the “Continuing Disclosure Undertaking”), is executed and delivered by **CITY OF WESTWOOD, 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 Improvement Bonds, Series 2020A (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.

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

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

“**Dissemination Agent**” means any entity designated in writing by the 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 June 30 after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending December 31, 2019, 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, prepared in accordance with accounting principles set forth in the *Kansas Municipal Audit and Accounting Guide*. 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 summary unaudited financial information 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 last day of the sixth 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 WESTWOOD, KANSAS

(SEAL)

David E. Waters, Mayor

Frederick L. Sherman, City Clerk

EXHIBIT A

**FINANCIAL INFORMATION AND OPERATING DATA
TO BE INCLUDED IN ANNUAL REPORT**

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

- CITY PROPERTY VALUES – Trend of Values
- CITY INDEBTEDNESS – General Obligation Bonds
- CITY INDEBTEDNESS – General Obligation Temporary Notes
- CITY INDEBTEDNESS – Other Debt Obligations
- CITY INDEBTEDNESS – Debt Ratios (G.O. Direct Debt only; exclude overlapping debt information)
- CITY TAX RATES, LEVIES AND COLLECTIONS – Tax Rates
- CITY TAX RATES, LEVIES AND COLLECTIONS – Tax Levies and Collections for the City

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

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

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

Assessor’s Estimated Fair Market Value

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

Assessed Value and Property Classification

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

Class 1

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

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

- (7) All other urban and rural real property not otherwise specifically subclassified 30%

Class 2

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

- (1) Mobile homes used for residential purposes 11½%
- (2) Mineral leasehold interests, except oil leasehold interests, the average daily production from which is five barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25% 30%
- (3) Public utility tangible personal property including inventories thereof, except railroad personal property including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed 33%
- (4) All categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985 30%
- (5) Commercial and industrial machinery and equipment which, if its economic life is seven years or more, shall be valued at its retail cost less seven-year straight-line depreciation, or which, if its economic life is less than seven years, shall be valued at its retail cost when new less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property 25%
- (6) All other tangible personal property not otherwise specifically classified 30%

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

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

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

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

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

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

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

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

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

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

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

EXCERPT OF 2018 ANNUAL FINANCIAL STATEMENTS

Data on the following pages was extracted from the City's Annual Financial Statements for fiscal year ended December 31, 2018. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council Members
City of Westwood Kansas

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

Management's Responsibility for the Financial Statements

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 to meet the financial reporting requirements of the State of Kansas. 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.

Auditor's 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 entity'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 entity'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 to meet the requirements of the State of Kansas 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 State 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 as of December 31, 2018, or changes in financial position thereof for the year then ended.

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 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 -2-F) 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.

Higdon & Hale C.P.A.'s P.C.

Higdon & Hale C.P.A.'s PC
November 11, 2019

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

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General Fund	\$ 610,165	\$ 23,433	\$ 2,624,066	\$ 2,445,614	\$ 812,050	\$ 33,734	\$ 845,784
Woodside TIF	\$ 29,665	\$ -	\$ 422,252	\$ 380,598	\$ 71,319	\$ -	\$ 71,319
Capital Improvements	\$ 74,872	\$ -	\$ 193,235	\$ 268,107	\$ -	\$ -	\$ -
Equipment Reserve	\$ 24,517	\$ -	\$ 83,588	\$ 103,487	\$ 4,618	\$ -	\$ 4,618
Special Highway	\$ 87,940	\$ -	\$ 45,071	\$ 4,776	\$ 128,235	\$ -	\$ 128,235
Storm Water Fund	\$ 164,541	\$ -	\$ 95,920	\$ 14,975	\$ 245,486	\$ -	\$ 245,486
Total Reporting Entity	\$ 991,700	\$ 23,433	\$ 3,464,132	\$ 3,217,557	\$ 1,261,708	\$ 33,734	\$ 1,295,442

COMPOSITION OF CASH

General Fund - 1st National Bank	\$ 1,261,455
Bond Deposit Account - 1st National Bank	\$ 33,728
Westwood Village -1st National Bank	\$ 9
Petty Cash	\$ 250
	<u>\$ 1,295,442</u>

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

Summary of Significant Accounting Policies

Note 1 – Reporting Entity

The City of Westwood, Kansas is a municipal corporation governed by an elected Mayor and five-member council. These financial statements present the City of Westwood, Kansas and do not include the Westwood Foundation as a related municipal entity. Separate financial statements on the Westwood Foundation can be obtained from the City Clerk.

The City of Westwood, Kansas for purposes of budgetary comparisons, has offset expenditures (or expenses) by any reimbursements that were received.

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 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 statutory basis of accounting.

Regulatory Basis Fund Types. In governmental accounting, 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.

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

Woodside Project Fund – Used to account for tax financing generated by the Woodside redevelopment project.

Special Highway Fund – Used to account for revenue received from the State of Kansas for Highway maintenance and repairs.

Capital Improvement Fund – Used to account for transfers from the general fund and any taxes that may be levied for capital improvement projects.

Storm Water Fund – Used to account for revenue received from the Storm Water Utility Fee and subsequent expenditures.

Equipment Reserve Funds – Used to account for transfers from the general fund and subsequent expenditures for equipment purchases.

See Independent Auditor's Report

Note 2 – Budgetary Information

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

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

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

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

All legal annual operating budgets are prepared using the statutory 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, fiduciary funds, permanent funds, and special revenue funds.

Equipment Reserve Fund Capital Projects Fund

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

See Independent Auditor's Report

Note 3 – Deposits and Investments

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

K.S.A. 12-1675 limits the Municipality'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 Municipality has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the Municipality may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Municipality's allocation of investments as of December 31, 2018 is as follows:

Investments	Percentage of Investments
First National Bank of Kansas – Demand Deposit Accounts	100.00%

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 Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2018.

At December 31, 2018, the Government's carrying amount of deposits was \$1,295,172 the bank balance of \$1,435,267 was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance; \$1,185,267 was collateralized with securities held by the pledging financial institution's agents in the Government's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

See Independent Auditor's Report

Note 4 – Interfund Transfers

Operating transfers were as follows:

From	To	Amount
General Fund	Equipment Reserve	\$83,588
General Fund	Capital Improvement Fund	\$193,235

Note 5 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. KPERs has multiple benefit structures and contribution rates depending on whether the employee is a KPERs 1, KPERs 2 or KPERs 3 member. KPERs 1 members are active and contributing members hired before July 1, 2009. KPERs 2 members were first employed in a covered position on or after July 1, 2009, and KPERs 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERs member-employee contribution rate at 6% of covered salary for KPERs 1, KPERs 2 and KPERs 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates for KPERs 1, KPERs 2, KPERs 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.00% contribution rate with a 0% moratorium from the period January 1, 2018 through September 30, 2018 for the Death and Disability Program) and the statutory contribution rate was 8.46% and then 9.18% for the remainder of 2017 for KPERs and 20.42% for KP&F for the fiscal year ended December 31, 2018. Contributions to the pension plan from (non-school municipality) were \$39,908 for KPERs and \$86,380 for KP&F for the year ended December 31, 2018.

See Independent Auditor's Report

Net Pension Liability

At December 31, 2017, the city's proportionate share of the collective net pension liability reported by KPERS was \$352,824 and \$669,307 for KP&F. 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 non-employer contributions of the Local subgroup within KPERS. Since the KMAAG (1/16) D-11 KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements. The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at www.kpers.org or can be obtained as described above.

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 local government 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 government 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 government under this program.

Note 6 – Risk Management

The city is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The city has been unable to obtain health insurance at a cost it considered to be economically justifiable. For this reason, the city joined together with other governmental agencies in the State to participate in HP Kansas health insurance pool a public entity risk pool currently operating as a common risk management and insurance program participating members. The city pays an annual premium to HP Kansas for its Health insurance coverage. The agreement to participate provides that the HP Kansas will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified dollar amounts for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by HP Kansas management.

The City continues to carry commercial insurance for all other risks of loss, including property and casualty and liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

See Independent Auditor's Report

Note 7 – Subsequent Events

Management has reviewed subsequent transactions up to and including November 11, 2019 which was the first day the financial statements were available for release.

Note 8 - Woodside Village Project

In July of 2014 the City issued \$1,700,000 of Taxable Special Obligation Improvement District Revenue Bonds for the Woodside CID Project. The principal and interest on these bonds are payable from the revenue generated in the CID District and do not represent a general obligation of the City of Westwood.

In July of 2014 the City issued \$3,150,000 of Taxable Special Obligation Improvement District Revenue Bonds for the Woodside CID Project. The principal and interest on these bonds are payable from the revenue generated in the CID District and do not represent a general obligation of the City of Westwood.

In January of 2014 the City issued \$13,000,000 of Industrial Revenue Bonds for the Midwest Transplant Project. The principal and interest on these bonds are payable from the revenue generated by the Project and do not represent a general obligation of the City of Westwood.

Note 9- Purchase of 5050 Rainbow

During 2014 the City entered into an agreement to purchase the real estate located at 5050 Rainbow. The purchase price of the real estate totaled \$400,000 plus \$13,440 in associated transaction costs for a total cost of \$413,440. The City and Security Bank of Kansas City entered into a lease purchase arrangement to finance the purchase. Security Bank advanced \$425,000 for the acquisition of the property as outlined above with the amount above the purchase price deposited into the City's general fund. The City leased the property under a lease purchase arrangement that calls for interest at 3.95% per year with a maturity date of February 1, 2017. In July of 2016 the City extended the lease purchase agreement for an additional 3 years with interest only payments being made under the same term as the original lease. Annual interest payments under the agreement are as follows:

2018	\$ 17,287
2019	\$ 17,287
2020	\$ 8,644
Total	\$ 43,218

See Independent Auditor's Report

Note 10- Schedule of Long-Term Debt

City of Westwood Kansas
 Summary of Expenditures- Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2018

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargable to Current Year Budget	Variance Positive [Negative]
General Fund	\$ 2,733,465	\$ -	\$ 2,733,465	\$ 2,445,614	\$ 287,851
Woodside TIF	389,748	-	389,748	380,598	9,150
Capital Improvements	400,000	-	400,000	266,107	131,893
Equipment Reserve	150,000	-	150,000	103,487	46,513
Special Highway	40,860	-	40,860	4,776	36,084
Storm Water Fund	255,000	-	255,000	14,975	240,025
	\$ 3,969,073	\$ -	\$ 3,969,073	\$ 3,217,557	\$ 751,516

Revenue Bonds: Payable from Tax Revenue Generated from the projects and the project owners	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Balance End of Year
Series 2014 - Special Obligation Tax Increment Revenue Bonds (Woodside Village TIF Project)	Variable	7/1/2014	3,150,000	9/1/2023	3,020,000	-	(130,000)	2,890,000
Taxable Special Obligation Community Improvement District Revenue Bonds (Woodside Village CID Project)	Variable	7/1/2014	1,700,000	9/1/2035	1,666,000	-	(34,000)	1,632,000
Midwest Transplant Network, Inc - Industrial Revenue Bonds -Series 2014 A	Variable	1/22/2014	8,000,000	4/1/2024	5,600,000	-	(800,000)	4,800,000
Midwest Transplant Network, Inc - Industrial Revenue Bonds -Series 2014 B	Variable	1/22/2014	5,000,000	4/1/2024	5,000,000	-	-	5,000,000
Lease Purchase Obligations: Payable from General Fund Revenues								
5050 Rainbow Property - Lease Purchase	3.95%	2/01/2014	425,000	2/17/2020	425,000	-	-	425,000

Note 11- General Obligation Debt

In December of 2018 the City authorized the issuance of up to \$4,150,000 in general obligation bonds for the improvement of streets. These bonds were issued in 2019 and work was begun in 2019 repairs and replace existing streets and infrastructure. These will be paid for with a .50% sales tax that was approved by the voters in 2019. These funds will be segregated in a separate fund to be used for principal and interest payments on the bonds.

Note 12 – Real Estate Purchase Option

On January 10, 2019 the City and the Shawnee Mission School District entered into an option agreement that that grants the City the right of first refusal should the Shawnee Mission School District offer for sale 4935 Belinder – previously housing Entercorn Radio Stations or 2511 West 50th Street (Westwood View Elementary School). The City paid \$10 for this option that expires in five years and can be renewed.

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

See Independent Auditor's Report

City of Westwood Kansas
General Fund
Schedule of Cash Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018

	Actual	Budget	Variance Positive (Negative)
Cash Receipts			
Taxes	\$ 1,280,775	\$ 1,333,064	\$ (52,289)
Intergovernmental	\$ 355,050	\$ 261,726	\$ 93,324
Charges for Services	\$ 634,968	\$ 746,700	\$ (111,732)
Special Assessments, Court Fines, Interest	\$ 353,273	\$ 272,006	\$ 81,267
Total Cash Receipts	<u>\$ 2,624,066</u>	<u>\$ 2,613,496</u>	<u>\$ 10,570</u>
Expenditures and Transfers Subject to Budget			
Administration	\$ 888,829	\$ 1,179,595	\$ 290,766
Public Works	\$ 432,853	\$ 419,627	\$ (13,226)
Public Safety	\$ 1,052,515	\$ 1,075,893	\$ 23,378
Parks and Recreation	\$ 71,417	\$ 60,350	\$ (11,067)
Total Expenditures and Transfers Subject to Budget	<u>\$ 2,445,614</u>	<u>\$ 2,733,465</u>	<u>\$ 287,851</u>
Receipts Over [Under] Expenditures	\$ 178,452		
Lapsed Encumbrances	\$ 23,433		
Unencumbered Cash, Beginning	<u>\$ 610,165</u>		
Unencumbered Cash, Ending	<u>\$ 812,050</u>		

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

City of Westwood Kansas
Woodside TIF Fund
Schedule of Cash Receipts and Expenditures-Actual
Regulatory Basis
For the Year Ended December 31, 2018

	Actual	Budget	Variance Positive (Negative)
Taxes	\$ 422,252	\$ 389,748	\$ 32,504
Total Cash Receipts	<u>422,252</u>	<u>389,748</u>	<u>\$ 32,504</u>
Expenditures and Transfers			
Transfer to UMB TIF	380,598	389,748	9,150
Total Expenditures and Transfers	<u>380,598</u>	<u>389,748</u>	<u>9,150</u>
Receipts Over [Under] Expenditures	<u>\$ 41,654</u>		
Unencumbered Cash, Beginning	<u>\$ 29,664</u>		
Unencumbered Cash, Ending	<u>\$ 71,318</u>		

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

City of Westwood Kansas
 Equipment Reserve Funds
 Schedule of Cash Receipts and Expenditures-Actual
 Regulatory Basis
 For the Year Ended December 31, 2018

	Actual	Budget	Variance Positive (Negative)
Transfers From General Fund	\$ 83,588	\$ 155,843	\$ (72,255)
Total Cash Receipts	\$ 83,588	\$ 155,843	\$ (72,255)
Expenditures and Transfers Capital Projects	103,487	150,000	46,513
Total Expenditures and Transfers Subject to Budget	\$ 103,487	\$ 150,000	\$ 46,513
Receipts Over (Under) Expenditures	\$ (19,899)	\$ 5,843	\$ (25,742)
Unencumbered Cash, Beginning	\$ 24,517		
Unencumbered Cash, Ending	\$ 4,618		

City of Westwood Kansas
 Capital Improvement Funds
 Schedule of Cash Receipts and Expenditures-Actual
 Regulatory Basis
 For the Year Ended December 31, 2018

	Actual	Budget	Variance Positive (Negative)
Transfers	\$ 193,235	230,000	\$ (36,765)
Total Cash Receipts	\$ 193,235	230,000	\$ (36,765)
Expenditures and Transfers Capital Projects	268,107	400,000	131,893
Total Expenditures and Transfers Subject to Budget	268,107	400,000	131,893
Receipts Over (Under) Expenditures	\$ (74,872)		
Unencumbered Cash, Beginning	74,872		
Unencumbered Cash, Ending	\$ -		

City of Westwood Kansas
Special Highway Funds
Schedule of Cash Receipts and Expenditures-Actual
Regulatory Basis
For the Year Ended December 31, 2018

	Actual	Budget	Variance Positive (Negative)
Special Highway Funds - State of Kansas	\$ 45,071	\$ 40,860	\$ 4,211
Total Cash Receipts	\$ 45,071	\$ 40,860	\$ 4,211
Expenditures and Transfers Repairs and Maintenance	\$ 4,776	\$ 134,023	\$ 134,023
Total Expenditures and Transfers Subject to Budget	\$ 4,776	\$ 134,023	\$ 134,023
Receipts Over [Under] Expenditures	\$ 40,295	\$ (93,163)	\$ 138,234
Unencumbered Cash, Beginning	\$ 87,940		
Unencumbered Cash, Ending	\$ 128,235		

City of Westwood Kansas
Storm Water Fund
Schedule of Cash Receipts and Expenditures-Actual
Regulatory Basis
For the Year Ended December 31, 2018

	Actual	Budget	Variance Positive (Negative)
Storm Water Fund - Fee	\$ 95,920	\$ 93,000	\$ 2,920
Total Cash Receipts	\$ 95,920	\$ 93,000	\$ 2,920
Expenditures and Transfers Capital Projects	\$ 14,975	\$ 255,000	\$ 240,025
Total Expenditures and Transfers Subject to Budget	\$ 14,975	\$ 255,000	\$ 240,025
Receipts Over [Under] Expenditures	\$ 80,945	\$ (162,000)	\$ 242,945
Unencumbered Cash, Beginning	\$ 164,541		
Unencumbered Cash, Ending	\$ 245,486		

OFFICIAL BID FORM
 PROPOSAL FOR THE PURCHASE OF CITY OF WESTWOOD, KANSAS
 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2020A

TO: City Clerk, City of Westwood, Kansas

March 12, 2020

For \$3,520,000* principal amount of General Obligation Improvement Bonds, Series 2020A, of the City of Westwood, Kansas, to be dated March 26, 2020, as described in the Notice of Bond Sale dated February 21, 2020 (the "Notice"), said Bonds to bear interest as follows:

<u>Stated Maturity (November 1)</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Stated Maturity (November 1)</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>
2021	\$145,000	_____ %	2031	\$175,000	_____ %
2022	150,000	_____ %	2032	180,000	_____ %
2023	150,000	_____ %	2033	185,000	_____ %
2024	155,000	_____ %	2034	185,000	_____ %
2025	155,000	_____ %	2035	190,000	_____ %
2026	160,000	_____ %	2036	195,000	_____ %
2027	160,000	_____ %	2037	200,000	_____ %
2028	165,000	_____ %	2038	205,000	_____ %
2029	165,000	_____ %	2039	210,000	_____ %
2030	170,000	_____ %	2040	220,000	_____ %

* Subject to change, see the Notice

the undersigned will pay the purchase price for the Bonds set forth below, plus accrued interest to the date of delivery.

Principal Amount	\$3,520,000.00*
Less Discount (not to exceed 1.3%).....	-
Plus Premium (if any)	_____
Total Purchase Price	\$ _____
Total interest cost to maturity at the rates specified	\$ _____
Net interest cost (adjusted for Discount and/or Premium)	\$ _____
True Interest Cost	_____ %

- The Bidder elects to purchase Municipal Bond Insurance from: [Assured] [AGM] [BAM] [_____]. Circle one or complete blank.
- The Bidder elects to have the following Term Bonds:

<u>Maturity Date</u>	<u>Years</u>	<u>Amount*</u>
November 1, _____	_____ to _____	\$ _____
November 1, _____	_____ to _____	\$ _____

*subject to mandatory redemption requirements in the amounts and at the times shown above.

This proposal is subject to all terms and conditions contained in the Notice, and if the undersigned is the Successful Bidder, the undersigned will comply with all of the provisions contained in the Notice. A wire transfer in the amount of \$70,400 payable to the order of the Issuer, submitted in the manner set forth in the Notice accompanies this proposal as an evidence of good faith. The acceptance of this proposal by the Issuer by execution below shall constitute a contract between the Issuer and the Successful Bidder for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission and a bond purchase agreement for purposes of the laws of the State of Kansas.

Submitted by: _____

(LIST ACCOUNT MEMBERS ON REVERSE)

By: _____

Telephone No. (____) _____

ACCEPTANCE

Pursuant to action duly taken by the Governing Body of the City of Westwood, Kansas, the above proposal is hereby accepted on March 12, 2020.

Attest:

 City Clerk

 Mayor

NOTE: No additions or alterations in the above proposal form shall be made, and any erasures may cause rejection of any bid. Sealed bids may be filed with the City of Westwood, Kansas, Attn: City Clerk, 4700 Rainbow Boulevard, Westwood, Kansas 66205, facsimile bids may be filed with Baker Tilly Municipal Advisors, LLC, Fax No. (651) 223-3046 or electronic bids may be submitted via **PARITY**[®], at or prior to 10:00 a.m. applicable Central Time, on March 12, 2020. Any bid received after such time will not be accepted.