

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 1, 2024

NEW ISSUE
NOT BANK QUALIFIED

MOODY'S RATING: Aa2
BOOK ENTRY ONLY

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 have not been designated as "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). Bond Counsel notes that interest on the Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See "TAX MATTERS" in this Official Statement.

CITY OF LAWRENCE, KANSAS
\$30,210,000* Water and Sewage System Improvement Revenue Bonds, Series 2024
(the "Bonds")

Dated Date	Date of Delivery (anticipated to be December 4, 2024)
Sale Date	Tuesday, November 12, 2024 until 10:00 A.M., Central Time
Consideration of Award	Commission meeting commencing at 5:45 P.M., Central Time on Tuesday, November 12, 2024
Security	The Bonds and the interest thereon will constitute special obligations of the City of Lawrence, Kansas (the "City"), payable solely from, and secured as to the payment of principal and interest by a pledge of, Net Revenues of the water and sewage system (the "System"), on a parity with the City's future water and sewage system revenue bonds and its outstanding water and sewage system revenue bonds, as further described herein. The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. See "AUTHORITY AND SECURITY" herein.
Authorization	The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 <i>et seq.</i> and K.S.A. 10-1201 <i>et seq.</i> , all as amended and supplemented (the "Act"), and an ordinance passed and a resolution adopted by the governing body of the City (collectively, the "Bond Resolution"). See "AUTHORITY AND SECURITY" herein.
Purpose	Proceeds of the Bonds will be used to provide long-term financing for various water and sewage system infrastructure projects within the City.
Principal and Interest Payments	Principal will be paid annually on November 1, beginning November 1, 2025. Interest will be payable semiannually on May 1 and November 1, beginning May 1, 2025.
Redemption Provisions	The City may elect on November 1, 2034, and on any day thereafter, to redeem Bonds due on or after November 1, 2035 at a price of par plus accrued interest. The Bonds may be issued as term bonds at the discretion of the Underwriter (as hereinafter defined) and, in such case, will be subject to mandatory sinking fund redemption.
Book Entry	The Bonds will be issued only as fully registered obligations, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See "APPENDIX C - BOOK ENTRY".
Denominations	The Bonds are being issued in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denominations").
Registrar and Paying Agent	Treasurer of the State of Kansas, located in Topeka, Kansas ("Registrar" and "Paying Agent").
Bidding Information	Interested bidders should review the Notice of Bond Sale for additional instructions. See Appendix H herein.

*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.

MATURITY SCHEDULE
(Base CUSIP(1) _____)

<u>Maturity</u> <u>(November 1)</u>	<u>Principal(2)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP(1)</u>
2025	\$ 585,000				
2026	\$ 485,000				
2027	\$ 510,000				
2028	\$ 535,000				
2029	\$ 565,000				
2030	\$ 590,000				
2031	\$ 620,000				
2032	\$ 650,000				
2033	\$ 685,000				
2034	\$ 720,000				
2035	\$ 755,000				
2036	\$ 795,000				
2037	\$ 830,000				
2038	\$ 875,000				
2039	\$ 920,000				
2040	\$ 965,000				
2041	\$1,010,000				
2042	\$1,060,000				
2043	\$1,115,000				
2044	\$1,170,000				
2045	\$1,230,000				
2046	\$1,280,000				
2047	\$1,330,000				
2048	\$1,385,000				
2049	\$1,440,000				
2050	\$1,495,000				
2051	\$1,555,000				
2052	\$1,620,000				
2053	\$1,685,000				
2054	\$1,750,000				

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

(2) Preliminary subject to change. The City reserves the right to adjust individual maturity amounts to achieve its financial objectives.

The Bonds are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the City. The Bonds are expected to be available for delivery to DTC, in New York, New York on or about December 4, 2024.

In connection with this offering the underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesperson, 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. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

CITY CONTACT INFORMATION

Additional information regarding the City may be obtained by contacting Ms. Rachele Mathews, Finance Director, City Hall, 6 East 6th Street, Lawrence, Kansas 66044, phone (785) 832-3214, email: rmathews@lawrenceks.org.

CITY OF LAWRENCE, KANSAS

CITY COMMISSION

Bart Littlejohn
Mike Dever
Brad Finkeldei
Amber Sellers
Lisa Larsen

Mayor
Vice Mayor
Commissioner
Commissioner
Commissioner

CITY MANAGER

Craig Owens

FINANCE DIRECTOR

Rachelle Mathews

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota and Overland Park, Kansas

BOND COUNSEL

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

REGISTRAR AND PAYING AGENT

Treasurer of the State of Kansas
Topeka, Kansas

UNDERWRITER

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OFFICIAL STATEMENT

**CITY OF LAWRENCE, KANSAS
\$30,210,000* WATER AND SEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES 2024**

PURPOSE OF THE ISSUE AND USE OF FUNDS

PURPOSE OF THE BONDS

The proceeds of the Bonds will be used to provide long-term financing for various water and sewage system infrastructure projects within the City. For additional information regarding the System and its finances, see "APPENDIX A – Information Regarding the System" herein.

SOURCES AND USES OF FUNDS

The composition of the Bonds is as follows:

Sources of Funds:	
Principal Amount	\$ _____
[Net] Reoffering [Premium]	_____
Total Sources of Funds	\$ _____
Uses of Funds:	
Deposit to Improvement Fund	\$ _____
Costs of Issuance(1)	_____
Underwriter's Compensation	_____
Total Uses of Funds	\$ _____

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

INVESTMENT OF FUNDS

The proceeds of the Bonds are to be invested in accordance with the laws of the State relating to the depositing, holding, securing, or investing of public funds. The City shall direct the investment of Bond proceeds.

DESCRIPTION OF THE BONDS

INTEREST CALCULATION

Interest on the Bonds is payable on May 1 and November 1, commencing May 1, 2025. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day (whether or not a Business Day) of the calendar month next preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months.

DESIGNATION OF PAYING AGENT AND REGISTRAR

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

*Preliminary; subject to change.

The Treasurer of the State of Kansas, Topeka, Kansas 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 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 "DESCRIPTION OF THE BONDS – Book-Entry Obligations; Securities Depository."

BOOK-ENTRY OBLIGATIONS; 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 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 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 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 Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the 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 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 Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the City, the Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The 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 Registrar receives written evidence satisfactory to the 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 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.

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.

REDEMPTION PROVISIONS

Optional Redemption

At the option of the City, the Bonds maturing on November 1, 2034 and thereafter will be subject to redemption and payment prior to their Stated Maturity on November 1, 2035, and any date thereafter, in whole or in part at any time (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 the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

[Mandatory Redemption]

The Term Bonds maturing on November 1 in the years _____ (the "Term Bonds") are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on the mandatory dates and in the principal amounts as follows:

<u>Year</u>	<u>Term Bond</u>	<u>Amount</u>		<u>Year</u>	<u>Term Bond</u>	<u>Amount</u>
_____		\$ _____		_____		\$ _____
_____ (1)		\$ _____		_____ (1)		\$ _____

<u>Year</u>	<u>Term Bond</u>	<u>Amount</u>
_____		\$ _____
_____ (1)		\$ _____

(1) Final Maturity.

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

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 Registrar in minimum Authorized Denomination in such equitable manner as the 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 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 Registrar. In addition, the City shall cause the 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 Bonds 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 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 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 Continuing 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.

REGISTRATION, TRANSFER, AND EXCHANGE FEATURES

As long as any of the Bonds remains 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 Registrar, the Registrar shall transfer or exchange such Bond for a new Bond 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 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 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 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 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 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.

AUTHORITY AND SECURITY

AUTHORITY

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 10-1201 *et seq.*, all as amended and supplemented (the “Act”), and an ordinance passed and a resolution adopted by the governing body of the City (collectively, the “Bond Resolution”).

SECURITY AND SOURCES OF PAYMENT

The Bonds and the interest thereon will constitute special obligations of the City, payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues of the water and sewage system, on a parity with the City’s future water and sewage system revenue bonds and the following outstanding bonds (collectively referred to herein with the Bonds and any Additional Bonds as the “Parity Bonds”):

- Water and Sewage System Improvement Revenue Bonds, Series 2015, dated April 28, 2015 (the “Series 2015 Bonds”);
- Water and Sewage System Refunding Revenue Bonds, Series 2015-B, dated August 18, 2015 (the “Series 2015-B Bonds”);
- Water and Sewage System Improvement and Refunding Revenue Bonds, Series 2016-A, dated June 29, 2016 (the “Series 2016-A Bonds”);
- Water and Sewage System Improvement and Refunding Revenue Bonds, Series 2017, dated December 28, 2017 (the “Series 2017 Bonds”);
- Water and Sewage System Improvement Revenue Bonds, Series 2018, dated November 28, 2018 (the “Series 2018 Bonds”);
- Water and Sewage System Improvement Revenue Bonds, Series 2021, dated December 22, 2021 (the “Series 2021 Bonds”); and
- Water and Sewer System Improvement Revenue Bonds, Series 2023 (the “Series 2023 Bonds”), dated December 14, 2023.

The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. In the Bond Resolution, the City has pledged Net Revenues to the payment of the principal of and interest on the Bonds.

“Net Revenues” means, for the period of determination, all Revenues less all Expenses.

“Revenues” means all income and revenues derived and collected by the City from the operation and ownership of the System, including investment and rental income, net proceeds from business interruption insurance, transfers from the Surplus Account to the Revenue Fund of Net Revenues derived in a prior Fiscal Year and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on System Indebtedness, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Indebtedness and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, employee’s health, hospitalization, pension and retirement benefits, costs of materials and supplies, paying agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges

for insurance, the cost of purchased water, gas and power, if any, for System operation, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular Fiscal Year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System and transfers into the Debt Service Reserve Account and Depreciation and Emergency Account provided for in the Bond Resolution.

RATE COVENANT

The City, in accordance with and subject to applicable legal requirements, will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to: (a) pay the Expenses of the System; (b) pay the Debt Service Requirements on the Parity Bonds as and when the same become due at the Maturity thereof or on any Interest Payment Date; (c) enable the City to have in each Fiscal Year, Net Revenues not less than 120% of Debt Service Requirements for such Fiscal Year on all Parity Bonds and Parity Obligations at the time Outstanding; and (d) provide reasonable and adequate reserves for the payment of the Parity Bonds and the interest thereon and for the protection and benefit of the System as provided in the Bond Resolution.

For additional information regarding the System and its finances, see "APPENDIX A – Information Regarding the System" herein.

ADDITIONAL BONDS

No Senior Lien Bonds. In the Bond Resolution, the City covenants and agrees that so long as any of the Parity Bonds or Parity Obligations remain Outstanding, the City will not issue any System Indebtedness payable out of the Revenues of the System or any part thereof which are superior to the Parity Bonds and Parity Obligations with respect to the lien on the Revenues.

Parity Bonds and Parity Obligations. The Bond Resolution permits the City to issue additional obligations that are secured on a parity with the Bonds, with respect to the payment of principal and interest from the Net Revenues, upon compliance with certain conditions. See "APPENDIX F – SUMMARY OF BOND RESOLUTION – Additional Bonds and Obligations" attached hereto.

Junior Lien Obligations and Subordinate Lien Bonds. The Bond Resolution permits the City to issue additional obligations that are junior and subordinate to the Parity Bonds and Parity Obligations, so long as the City is not in default under the Bond Resolution. See "APPENDIX F – SUMMARY OF BOND RESOLUTION – Additional Bonds and Obligations" attached hereto.

RISK FACTORS AND INVESTOR CONSIDERATIONS

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

SPECIAL OBLIGATIONS

The Bonds are special, limited obligations of the City. Neither the Bonds nor the interest thereon constitute a general obligation or indebtedness of, nor is the payment thereof guaranteed by, the City, or any governmental subdivision, agency or instrumentality. The Bonds are not payable in any manner from tax revenues.

DEBT SERVICE SOURCE

The Bonds are payable solely from the Net Revenues. While the future ability of the City to meet its obligations under the Bond Resolution is based upon assumptions and business judgments which the City believes are reasonable and appropriate, they are subject to conditions which may change in the future to an extent that presently cannot be determined. Thus, no assurance can be given that revenues will be realized by the City in amounts sufficient to pay the principal of and interest on the Bonds as they become due.

DEBT SERVICE RESERVE FUND

No Debt Service Reserve Fund will be established for the Bonds. Separate Debt Service Reserve Funds have been established for the Series 2015 Bonds and Series 2015-B Bonds; however, the Debt Service Reserve Funds established for such Parity Bonds secure only each respective series of Parity Bonds for which the reserves were established, and such Debt Service Reserve Funds will not secure the Bonds and will not be applied to prevent deficiencies in payments of principal of or interest on the Bonds.

STATE AND FEDERAL REGULATION

The rates, fees and charges for water and sewer service through the System as currently constructed and operated will be exempt from rate regulation by the Kansas Corporation Commission. The precise nature and extent of future governmental regulation and the resulting impact of such regulation on the operation and profitability of the System cannot now be determined. The City has covenanted in the Bond Resolution to comply with all such governmental regulation.

MAINTENANCE OF RATING

The Bonds have been rated as to their creditworthiness by Moody's Investors Service. While the City does not anticipate any material changes in the future, no assurance can be given that the Bonds will maintain their original rating. If the rating on the Bonds decreases or is withdrawn, the Bonds may lack liquidity in the secondary market in comparison with other such municipal obligations. See "RATING" herein.

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 subject to income taxation by the State.

SECONDARY MARKET

While the purchaser of the Bonds may expect, insofar as possible, to maintain a secondary market in the Bonds, no assurance can be given concerning the future existence of such a secondary market or its maintenance by the purchasers or others, and prospective purchasers of the Bonds should therefore be prepared, if necessary, to hold their Bonds to maturity or prior redemption, if any.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 Police and Firemen's Retirement System ("KP&F") and the Public Employees Retirement System – Local Group (the "Plan"). Under existing law, employees make contributions, and the 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, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERS' Valuation Reports, the Local Group had an UAAL of approximately \$2.089 billion in calendar year 2023 and KP&F had an UAAL of approximately \$1.381 billion.

FUTURE CHANGES IN LAW

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

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

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

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

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

TAXATION OF INTEREST ON THE BONDS

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

The 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 of the date of issuance.

LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF THE BONDS

The enforceability of the rights and remedies of the owners of Bonds, and the obligations incurred by the City in issuing the Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific

enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

PREMIUM ON BONDS

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

POTENTIAL IMPACTS RESULTING FROM EPIDEMICS OR PANDEMICS

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

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.

CYBERSECURITY

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.

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

LITIGATION

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

There is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in the transcript evidencing the issuance of the Bonds, or the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in said transcript, or the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof.

LEGAL MATTERS

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

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. The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Bonds have **not** been designated as “qualified tax-exempt obligations” for purposes of Code § 265(b)(3).

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

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

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). 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 actually or constructively 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 a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

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

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses

allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that the interest on the Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

PURCHASER/UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter") [and its syndicate] at a purchase price of \$_____, which is the par amount of the Bonds of \$_____, less the Underwriter's discount of \$_____, plus the [net] original issue [premium] of \$_____.

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

RATING

Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York has assigned a rating of "Aa2" to the Bonds. Such rating reflects only the view of Moody's and any explanation of the significance of such rating may only be obtained from Moody's.

The rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by Moody's. Any revision or withdrawal of the rating may have an adverse effect upon the market price of the Bonds.

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

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of 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 E 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, except as follows:

- The City's operating data and Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022 ("2022 ACFR") were not filed within the time period as required for its then outstanding debt obligations (CUSIPs 520121 and 520192). The City's 2022 ACFR was filed with the MSRB through EMMA on September 15, 2023. The operating data, along with the failure to timely file notice, were filed with the MSRB through EMMA on October 26, 2023. Amendments to the operating data were filed with the MSRB through EMMA on November 2, 2023.

- The City's operating data and Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023 ("2023 ACFR") were not filed within the time period as required for its then outstanding debt obligations (CUSIPs 520121 and 520192). The City's 2023 ACFR, which includes the remaining required operating data, was filed with the MSRB through EMMA on August 13, 2024. The failure to timely file notice was filed with the MSRB through EMMA on June 28, 2024.
- Within the past five years, certain limited additional operating data was either omitted from the annual filings or not presented in the format shown in prior official statements. The City has issued general obligation debt annually in each of the past five years which produced official statements that have been filed with EMMA containing certain omitted information and can be incorporated by reference for such information. Other certain omitted information is no longer available and cannot be provided.

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.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC (the "Municipal Advisor" or "BTMA") as municipal advisor in connection with certain aspects of the issuance of the Bonds. BTMA is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. BTMA is a subsidiary of Baker Tilly Advisory Group, LP ("BTAG") which is indirectly owned by (a) H&F Waterloo Holdings, L.P., an affiliate of Hellman & Friedman LLC ("H&F"), an investment adviser registered with the Securities and Exchange Commission (the "SEC"), (b) Valeas Capital Partners Fund I Waterloo Aggregator LP, an affiliate of Valeas Capital Partners Management LP ("Valeas"), an investment adviser registered with the SEC, and (c) individuals who are principals of BTAG. None of these parties own a majority interest in BTAG, or indirectly, BTMA. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International, Ltd. Baker Tilly US, LLP ("BTUS") is a licensed CPA firm providing assurance services to its clients. BTAG and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

BTMA has been retained by the City to provide certain municipal advisory services to City and, in that capacity, has assisted the City in preparing this Official Statement. The information contained in the Official Statement has been compiled from the sources stated or, if not otherwise sourced, from records and other materials provided by the City. The Municipal Advisor makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement, and its assistance in preparing this Official Statement should not be construed as a representation that it has independently verified such information.

The Municipal Advisor's duties, responsibilities and fees arise solely as Municipal Advisor to the City, and it has no secondary obligations or other responsibility. The Municipal Advisor's fees are expected to be paid from proceeds of the Bonds. BTMA provides certain specific municipal advisory services to the City but is neither a placement agent to the City nor a broker/dealer.

Other Financial Industry Activities and Affiliations:

Baker Tilly Wealth Management, LLC ("BTWM"), an SEC registered investment adviser, and Baker Tilly Capital, LLC ("BTC"), a broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"), are controlled subsidiaries of BTAG. Both H&F and Valeas, are registered with the SEC as investment advisers and serve as managers of, or advisers to, certain private investment funds, some of which indirectly own BTAG.

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

FUTURE FINANCING

As of the date of the Official Statement, the City anticipates issuing additional debt related to the System in summer or fall of calendar year 2025 in an amount currently anticipated to be approximately \$48,000,000. The City is also applying for additional State Revolving Fund loans from the Kansas Department of Health and Environment in the approximate amount of \$1,000,000, with loan agreements expected to be finalized in the next few months. In addition, the City anticipates issuing general obligation temporary notes and bonds in the first quarter of calendar year 2025.

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

MISCELLANEOUS

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

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

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

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 City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

INFORMATION REGARDING THE SYSTEM

History, Organization, and Operation of the System

The City of Lawrence Municipal Services and Operations Department (the “Department”) has the responsibility of providing water and sewage service to the City and portions of the outlying area. The Department operates through the Director, Melissa Sieben, under the delegated authority of the City Manager, Craig S. Owens.

The water and sewage systems (the “System”) are operated as a combined entity for administrative and financial purposes, with all revenues commingled in a common fund, from which all water and sewage operating expenses, direct capital expenditures, and debt service costs are paid. However, water and sewage rates are based upon separate schedules and are established to cover the costs of each utility.

Description of Existing Facilities of the System

The Water Utility

The City’s water system provides exclusive treated water service to approximately 34,782 customers, most of whom are located within the corporate limits of the City. Treated water service is also currently provided on a wholesale basis to six rural water districts (one of which is on an emergency need basis) and the City of Baldwin, Kansas.

The City’s current water supply consists of ground water and surface water derived from three sources: two water intakes from the Kansas River, six wells located in the Kansas River basin, and an intake on Clinton Reservoir, located west of the City. The following sets forth the volume of water for which the City has approved applications and/or rights to appropriate water for beneficial use.

<u>Source</u>	<u>Acre Feet Per Year</u>
Kansas River	25,017.57
Clinton Reservoir	<u>15,305.60</u>
Total	40,323.17

The City’s rights to the Kansas River supply are protected from junior water rights holders under Kansas law. The Clinton Reservoir supply is pursuant to water supply contracts with the Kansas Water Office. In addition, the City (along with other major cities on the Kansas River) is a member of the Kansas River Water Assurance District. The Kansas River Water Assurance District was formed to purchase storage in upstream reservoirs to mitigate water supply problems during drought conditions.

The water utility service area is supplied from the Kaw Water Treatment Plant and the Clinton Water Treatment Plant. The Kaw Plant is a 16.0 million gallon per day (mgd) capacity water treatment plant located near the Kansas River at Third and Indiana Streets and has been in operation since 1917. The Clinton Plant is located near the Clinton Reservoir in the southwestern portion of the City and has been in operation since 1980. Subsequent expansions to the Clinton Plant in 2002, 2004, 2009, and to the raw water pump station in 2016 have increased the Clinton Plant’s original 10.0 mgd capacity to 25.0 mgd. The distribution system includes over 447.9 miles of water mains and 3,720 fire hydrants. The daily average volume of water treated was 11.0 mgd in 2023. The highest recorded amount of water treated was 24.6 mgd on July 6, 2012. The City uses conventional water treatment technology including lime softening, coagulation, and filtration.

The Wastewater Utility

The wastewater utility provides exclusive service to virtually the same customers that are served by the water utility. The City's wastewater collection system includes over 464.8 miles of sewers and includes lines up to 54 inches in diameter. The Department maintains 33 sewage lift stations. Primary and secondary treatment of collected sewage is provided at the 12.5 mgd capacity dry weather and 25.0 mgd wet weather wastewater treatment plant located on the Kansas River near the eastern edge of the City. The plant also has an excess flow treatment facility capable of treating an additional 40.0 mgd during peak wet weather flows. The plant was first placed in service in 1956 and upgraded in 2004 and 2013. The Kansas River Wastewater Treatment Plant is in the construction phase of a \$74 million project to upgrade the treatment process to Biological Nutrient Removal to meet regulatory permit requirements. The daily average treatment for 2023 was approximately 9.3 mgd.

The Wakarusa River Wastewater Treatment Plant and Conveyance Corridor system went into operation in March of 2018. The combined project cost was \$73.2 million. This project provides a second wastewater treatment plant with a 2.5 mgd Biological Nutrient Removal (BNR) process train and enhanced operational flexibility, with pump station functionality to divert flows between the two (2) wastewater treatment plants as needed to meet changing operational needs. The project provides for future community growth, meets the regulatory requirements for wet weather treatment and nutrient removal, and increases system reliability and resiliency in transporting and treating wastewater without negatively impacting the community or the environment.

Capital Improvement Plan

Each year, the City creates a five year capital improvement plan for the System. The existing FY 2025-2029 Capital Improvement Plan anticipates \$166 million of capital projects for the System. Proceeds from the Bonds will finance costs of the debt-financed portion of projects funded in FY 2025. The City expects to issue an additional \$110 million of Parity Bonds from FY 2025-2029 to fund the balance of the debt-financed portion of the existing capital improvement plan for the System. Approximately 87% of the total 2025-2029 Capital Improvement Plan for the System is anticipated to be debt financed with additional Parity Bonds, with the balance being funded with operating revenues of the System.

Regulatory Matters

The City is in compliance with both the Safe Water Drinking Act of 1996 and the Clean Water Act as amended by the Water Quality Act of 1990. The City is working on a program to meet the requirements of the Lead and Copper Rule Revisions implemented on August 4, 2022, which required the City to prepare and maintain an inventory of service line materials by October 16, 2024. The City has received a loan of up to \$500,000 (with 49% of the principal expected to be forgiven) from the Kansas Department of Health and Environment ("KDHE") to finance the costs of developing drinking water service line inventories. See "Outstanding Debt of the System – State Loan" herein. Wastewater effluent meets or exceeds EPA standards. The City tests for, and is in compliance with, all parameters required by KDHE.

Customers

Sales

The following table shows System water sales by type of customer for the most recently completed calendar year (2023):

<u>Customer Category</u>	<u>Water Sales Volume (Thousand Gallons)</u>	<u>Water Revenues</u>
Residential	1,736,759.80	\$16,738,763.60
Multifamily	409,024.00	3,521,243.90
Commercial	606,594.70	5,272,328.10
Industrial	446,064.70	3,474,154.70
Wholesale	<u>705,099.90</u>	<u>1,719,310.60</u>
Total	3,903,543.10	\$30,725,800.90

Historical Customers – Water

The following tables show the historic number of water customers served by the System for the years indicated, as well as the historical water sales volume by category.

<u>Year</u>	<u>Average Number of Water Service Connections</u>			
	<u>Residential</u>	<u>Multifamily</u>	<u>Other</u>	<u>Total</u>
2023	31,718	677	2,387	34,782
2022	31,637	656	2,395	34,688
2021	31,544	650	2,395	34,589
2020	31,275	661	2,404	34,340
2019	31,110	656	2,385	34,151

<u>Year</u>	<u>Water Sales Volume (Thousand Gallons)</u>					
	<u>Residential</u>	<u>Multifamily</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
2023	1,736,760	409,024	606,595	446,065	705,100	3,903,543
2022	1,713,683	409,945	595,939	439,131	626,912	3,785,610
2021	1,673,907	375,146	419,536	381,932	662,810	3,513,331
2020	1,720,510	368,470	503,696	314,070	719,685	3,626,431
2019	1,551,795	360,625	552,104	371,837	361,780	3,198,141

Historical Customers – Sewer

The following tables show the historic number of sewer customers served by the System for the years indicated, as well as the actual average daily treatment.

<u>Year</u>	<u>Service Connections</u>	<u>Actual Daily Average of Treatment (mgd)</u>
2023	34,111	9.3
2022	33,969	10.1
2021	33,863	11.0
2020	33,595	10.6
2019	33,358	12.3

Largest Customers

The top ten water consumers during 2023 are as follows:

<u>Customer</u>	<u>Water Sales Volume (in Gallons)</u>	<u>% of Total</u>	<u>Water Revenues</u>	<u>% of Total</u>
Kansas University	233,963,900	12.53%	\$1,811,574.64	11.26%
City of Baldwin	193,595,500	10.37	852,827.71	5.30
Rural Water District #4	67,732,500	3.63	298,313.55	1.85
Evergy	49,749,400	2.66	377,173.14	2.34
Rural Water District #1	44,492,500	2.38	196,211.37	1.22
Packer Plastics	40,030,300	2.14	304,600.88	1.89
ICL Specialty Products, Inc.	38,027,500	2.04	316,214.79	1.97
Lawrence Memorial Hospital	34,088,700	1.83	280,740.61	1.74
Rural Water District #2	30,922,300	1.66	136,269.94	0.85
The J M Smucker Company	24,254,500	2.36	184,351.14	1.72

Wholesale Contracts

The City has entered into wholesale contracts with the City of Baldwin City, Kansas, and five other rural water districts in the State of Kansas for the sale of treated water. During 2023, the City of Baldwin City, Kansas comprised approximately 5.3% of the total water revenues and 10.37% of the total water sales volume of the System. The City's agreement with the City of Baldwin City terminates in 2059. During 2023, Rural Water District #1 comprised approximately 1.22% of the total water revenues and 2.38% of the total water consumption of the System. Rural Water District #1 entered into a new contract with the City in December 2019, which expires in 2059 with 60 months' notice of cancellation by either party. In addition to treated water, the City also supplies raw water to Rural Water District #2, Rural Water District #4, and the City of Baldwin City.

Rates and Charges

General

All rates and charges related to the System are determined solely by the governing body of the City and are not subject to further regulatory approval. The governing body of the City annually reviews System rates and charges.

The City Commission has consistently approved rate increases over the past ten years. The table below describes the System revenue increases anticipated at the time the rate increases were approved.

Approved Revenue Increases

<u>Effective Date</u>	<u>Water and Sewer Revenue Increase</u>
November 15, 2017	8.00%
November 15, 2018	7.80%
January 1, 2020	7.75%
January 1, 2021	7.75%
January 1, 2022	7.50%
January 1, 2023	8.75%
January 1, 2024	10.25%
January 1, 2025	11.00% (Adopted, not in effect)

In 2022, the City completed a rate study to evaluate charges related to the System in consultation with Raftelis Financial Consultants and the Commission adopted rates for 2023, 2024 and 2025. For the 2024 and 2025 rates, the City in coordination with Raftelis performed a review of revenues and expenditures to ensure projections were in line with actuals and the adopted rates are expected to be adequate to support the System. The 2024 rate increases became effective on January 1, 2024 and are shown below.

Due to the City's rate structures (as more fully described below), the impacts on individual customers may be more or less than the total percentage increases shown above.

Water Service Charges

Monthly volume charges for water service to water service customers, including residential units, institutions, business or industry served by a single water meter, except rural water districts and other municipalities, effective on and after January 1, 2024, are shown below:

Customer Class	Inside City	Outside City
Residential Block 1	\$9.17/1,000 gal	\$10.09/1,000 gal
Residential Block 2	\$10.09/1,000 gal	\$11.10/1,000 gal
Residential Block 3	\$10.55/1,000 gal	\$11.61/1,000 gal
Multifamily	\$7.59/1,000 gal	\$8.35/1,000 gal
Commercial	\$8.78/1,000 gal	\$9.66/1,000 gal
Industrial	\$8.34/1,000 gal	\$9.18/1,000 gal
Irrigation	\$10.55/1,000 gal	\$11.61/1,000 gal

Monthly charges for water service to rural water districts and other municipalities are currently set at \$4.691/1,000 gallons effective as of January 1, 2024, or at such rates as contracted by the City.

Monthly water service charges per water meter, effective on and after January 1, 2024, are shown below:

Meter Size (Inches)	Inside City	Outside City
5/8	\$5.15	\$5.70
1	\$6.15	\$6.80
1 ½	\$7.10	\$7.80
2	\$9.75	\$10.70
3	\$29.00	\$31.90
4	\$36.10	\$39.70
6	\$53.55	\$58.95
8	\$72.00	\$79.20
10	\$94.40	\$103.85
12	\$109.85	\$120.85
15	\$146.50	\$161.15
Multi-Family (Per Unit)	\$5.15	\$5.70

Sewer Service Charges

For purposes of determining sewer charges for residential customers, a monthly average usage is computed based on the actual water usage for the billing periods falling in the months of December, January, and February. This average usage is used to calculate the monthly sewer charge for all subsequent months until a new average usage is calculated the following year. All nonresidential customers are charged based on monthly water use. The City considers applications for adjustments due to non-sewered water use.

Monthly volume charges for sewer service to wastewater customers, effective on and after January 1, 2024, are shown below:

Monthly Water Use	Inside City	Outside City
Volume Charge	\$11.02/1,000 gal	\$14.33/1,000 gal

Monthly sewer service charges per water meter, effective on and after January 1, 2024, are shown below:

Meter Size	Inside City	Outside City
All Meter Sizes	\$17.25	\$18.95

Surcharges are applied if the biochemical oxygen demand (“BOD”) strength or total suspended solids (“TSS”) strength of wastewater exceeds certain levels. The surcharges, effective on and after January 1, 2024, are shown below:

Inside City Unit Charge for BOD in dollars per pound	Inside City Unit Charge for TSS in dollars per pound	Outside City Unit Charge for BOD in dollars per pound	Outside City Unit Charge for TSS in dollars per pound
ICBOD	ICTSS	OCBOD	OCTSS
\$1.140	\$0.711	\$1.254	\$0.782

Outstanding Debt of the System (1)

Parity Bonds

<u>Dated Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 12-4-24</u>
4-28-15	\$89,900,000	Water & Sewage Improvements	11-1-2040	\$ 66,575,000
8-18-15	8,960,000	Water & Sewage Refunding	11-1-2025	955,000
6-29-16	60,310,000	Water & Sewage Improvements and Refunding	11-1-2036	39,300,000
12-28-17	17,195,000	Water & Sewage Improvements and Refunding	11-1-2037	12,015,000
11-28-18	20,070,000	Water & Sewage Improvements	11-1-2038	15,770,000
12-22-21	46,560,000	Water & Sewage Improvements	11-1-2042	44,100,000
12-14-23	37,840,000	Water & Sewage Improvements	11-1-2044	37,840,000
12-4-24	30,210,000 ⁽²⁾	Water & Sewage Improvements (the Bonds)	11-1-2054	<u>30,210,000(2)</u>
Total				\$246,765,000

(1) Excludes the principal payments made on November 1, 2024.

(2) Preliminary; subject to change.

State Loan

The City has entered into a Loan Agreement with KDHE pursuant to which KDHE agreed to loan up to \$500,000 to the City to finance the costs of developing drinking water service line inventories (the "KDHE Loan"). The City will be awarded principal forgiveness in an estimated amount of 49% of the principal amount of the KDHE Loan.

<u>Date of Loan Agreement</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Maturity Date</u>	<u>Est. Principal Outstanding As of 12-4-24</u>
5-5-23	\$500,000	KDHE Loan	2-1-2025	\$23,577

The KDHE Loan represents a general obligation of the City payable, ultimately, from the City's ability to levy unlimited ad valorem taxes; however, the City intends to provide for payments on the KDHE Loan with Net Revenues from the System. The KDHE Loan is subordinate to the Parity Bonds.

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Debt Service Requirement of the System

The following debt service schedule shows the projected calendar year principal and interest requirements for the City's Parity Bonds listed above, including the Bonds.

<u>Calendar Year</u>	<u>Principal(1)</u>	<u>Interest(1)</u>	<u>Total Principal and Interest(1)</u>	<u>Debt Service Reserve Funds</u>	<u>Total Net Debt Service(1)</u>
2024(2)	\$9,780,000	\$8,401,636	\$18,181,636	--	\$18,181,636
2025	11,480,000	9,462,389	20,942,389	\$ (896,000)	20,046,389
2026	11,875,000	9,088,463	20,963,463	--	20,963,463
2027	12,400,000	8,561,963	20,961,963	--	20,961,963
2028	12,945,000	8,011,613	20,956,613	--	20,956,613
2029	13,260,000	7,429,563	20,689,563	--	20,689,563
2030	13,800,000	6,897,300	20,697,300	--	20,697,300
2031	14,345,000	6,358,938	20,703,938	--	20,703,938
2032	13,655,000	5,798,563	19,453,563	--	19,453,563
2033	14,215,000	5,257,088	19,472,088	--	19,472,088
2034	14,730,000	4,739,313	19,469,313	--	19,469,313
2035	14,685,000	4,233,963	18,918,963	--	18,918,963
2036	15,195,000	3,720,675	18,915,675	--	18,915,675
2037	12,935,000	3,184,444	16,119,444	--	16,119,444
2038	12,355,000	2,704,763	15,059,763	--	15,059,763
2039	11,330,000	2,235,363	13,565,363	--	13,565,363
2040	11,760,000	1,806,513	13,566,513	(5,706,400)	7,860,113
2041	6,475,000	1,384,263	7,859,263	--	7,859,263
2042	6,695,000	1,167,231	7,862,231	--	7,862,231
2043	3,845,000	941,988	4,786,988	--	4,786,988
2044	4,015,000	770,213	4,785,213	--	4,785,213
2045	1,230,000	590,800	1,820,800	--	1,820,800
2046	1,280,000	541,600	1,821,600	--	1,821,600
2047	1,330,000	490,400	1,820,400	--	1,820,400
2048	1,385,000	437,200	1,822,200	--	1,822,200
2049	1,440,000	381,800	1,821,800	--	1,821,800
2050	1,495,000	324,200	1,819,200	--	1,819,200
2051	1,555,000	264,400	1,819,400	--	1,819,400
2052	1,620,000	202,200	1,822,200	--	1,822,200
2053	1,685,000	137,400	1,822,400	--	1,822,400
2054	1,750,000	70,000	1,820,000	--	1,820,000
Total	\$256,545,000	\$105,596,237	\$362,141,237	\$(6,602,400)	\$355,538,837

(1) Preliminary; subject to change.

(2) Includes all payments made in calendar year 2024.

Previous Defaults

There have been no defaults by the City on any System indebtedness.

Historic Revenues and Expenses

The following table shows the revenues, expenses, and changes in net assets from the Water and Sewer Fund for the last five years.

	2019	2020	2021	2022	2023
Revenues:					
Water and Sewer Charges	\$ 44,970,127	\$ 48,192,983	\$ 53,791,047	\$ 55,813,903	\$ 62,191,261
Other Revenues	273,443	302,817	52,013	73,823	109,093
Total Operating Revenues	\$ 45,243,570	\$ 48,495,800	\$ 53,843,060	\$ 55,887,726	\$ 62,300,354
Expenses:					
Administrative	\$ 7,712,967	\$ 6,663,898	\$ 8,797,291	\$ 8,325,476	\$ 1,556,782
Operation & Maintenance	22,653,061	22,734,203	24,196,199	27,755,040	34,521,573
Continuing Operations	-	-	601	661	-
Depreciation & Amortization	9,595,747	10,388,213	10,609,750	10,521,186	11,179,637
Total Operating Expenses	\$ 39,961,775	\$ 39,786,314	\$ 43,603,841	\$ 46,602,363	\$ 47,257,992
Non-Operating Revenues (Expenses):					
Gain (Loss) on Sale of Capital Assets	\$ 29,329	\$ (10,625)	\$ (52,757)	\$ 80,530	\$ 141,400
Interest Income	1,625,853	857,472	72,460	(65,218)	4,115,882
Interest/Amortization Expense	(5,802,462)	(6,009,372)	(5,872,822)	(6,491,903)	(6,918,272)
Intergovernmental Revenue	-	-	-	368,792	-
Rental Income	-	-	217,209	164,464	-
Miscellaneous	343,541	221,724	18,497	27,625	47,431
Total Non-Operating	\$ (3,803,739)	\$ (4,940,801)	\$ (5,617,413)	\$ (5,915,710)	\$ (2,613,559)
Capital Contributions	\$ -	\$ 13,056,004	\$ -	\$ -	\$ -
Transfers In	-	-	349,000	3,680,833	-
Transfers Out	(3,085,000)	(3,199,167)	(2,837,000)	(6,317,833)	(3,831,000)
Total Net Transfers	\$ (3,085,000)	\$ 9,856,837	\$ (2,488,000)	\$ (2,637,000)	\$ (3,831,000)
Change in Net Position:	\$ (1,606,944)	\$ 13,625,522	\$ 2,133,806	\$ 732,653	\$ 8,597,803
Net Position January 1, as Restated	\$ 146,402,325	\$ 144,795,381	\$ 158,420,903	\$ 160,554,709	\$ 164,925,126
Net Position December 31	\$ 144,795,381	\$ 158,420,903	\$ 160,554,709	\$ 161,287,362	\$ 173,522,929

The Net Position as of January 1, 2023 was \$3,637,764 higher than the Net Position as of December 31, 2022 due to an adjustment for capital assets that were previously expensed.

Liquidity

The following table shows the days of unrestricted cash on hand to pay operating and maintenance and administrative expenses for each of the past five years.

	2019	2020	2021	2022	2023
Operating and Maintenance Expense	\$22,653,061	\$22,734,203	\$24,196,800	\$27,755,701	\$34,521,573
Administrative Expenses	7,712,967	6,663,898	8,797,291	8,325,476	1,556,782
Operating Expenses	\$30,366,028	\$29,398,101	\$32,994,091	\$36,081,177	\$36,078,355
Days	365	365	365	365	365
Daily Operating Expenses	\$ 83,195	\$ 80,543	\$ 90,395	\$ 98,853	\$ 98,845
Total Cash and Investments	\$30,483,995	\$23,328,523	\$22,911,051	\$27,413,964	\$37,820,317
Days of Cash for Daily Operating Expenses	366	290	253	277	383

Historic Debt Service Coverage

The following table shows the history of Revenues, Expenses, and Net Revenues of the System for the years indicated. The revenues and expenses shown below have been calculated based on the final, audited information contained in the City's Annual Comprehensive Financial Reports for each year.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues(1)	\$47,212,964	\$49,574,996	\$54,151,226	\$56,014,597	\$66,463,667
Expenses(2)	<u>(30,366,028)</u>	<u>(29,398,101)</u>	<u>(32,994,091)</u>	<u>(36,081,177)</u>	<u>(36,078,355)</u>
Net Revenue Available for Debt Service	\$16,846,936	\$20,176,895	\$21,157,135	\$19,933,420	\$30,385,312
Total Annual Debt Service on Parity Bonds	\$14,580,129	\$14,576,338	\$14,570,038	\$15,225,552	\$16,615,294
Parity Bond Coverage(3)	1.16x(5)	1.38x	1.45x	1.31x	1.83x
Debt Service Including Subordinate Obligations(4)	\$18,169,798	\$18,162,975	\$18,156,425	\$15,988,052	\$17,156,043
Coverage Including Subordinate Obligations(4)	0.93x(5)	1.11x	1.17x	1.25x	1.77x

- (1) Revenues are calculated as defined in the Bond Resolution and include total operating revenues plus interest and rental income and certain other miscellaneous revenue, as applicable.
- (2) Expenses are calculated as defined in the Bond Resolution and include administrative and operation maintenance expenses and exclude depreciation and amortization.
- (3) Parity Bond Coverage is computed in accordance with Parity Resolutions to demonstrate compliance with provisions related to issuance of additional Parity Bonds. The Parity Resolutions require coverage of at least 1.20 of average annual debt service in order to issue Additional Bonds.
- (4) Includes Parity Bonds, and debt service on City's General Obligation Refunding Bonds, Series 2010-C (final maturity September 1, 2023) and General Obligation Refunding Bonds, Series 2016-A (final maturity November 1, 2021), which bonds were not Subordinate Lien Bonds but which the City paid from Net Revenue of the System available in the Surplus Account established pursuant to the Parity Resolutions.
- (5) For FY2019, the coverage calculations did not meet the requirements of 1.20 for Parity Bonds, and 1.00 for Parity Bonds plus Subordinate Lien Bonds. Pursuant to the Parity Resolutions, the City hired Raftelis Financial Consultants to complete a rate study and provide recommendations with respect to the rates and charges of the System.

Average Annual Debt Service on Parity Bonds, including the Bonds(1)	\$11,468,995
Parity Bond Coverage, including the Bonds(1)	2.66x

- (1) Based on 2023 Net Revenues of \$30,385,312. Parity Bond coverage is computed in accordance with Parity Resolutions to demonstrate compliance with provisions related to the issuance of additional Parity Bonds. The Parity Resolutions require coverage of at least 1.20 of average annual debt service in order to issue additional Parity Bonds.

GENERAL INFORMATION OF THE CITY

The City is the county seat of Douglas County in the northeastern portion of the State of Kansas, and is 38 miles west of the City of Kansas City, Missouri. The City encompasses an area of approximately 34.3 square miles (21,952 acres).

Population

The City’s population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2023 City Estimate	96,207	1.3%
2020 U.S. Census	94,928	8.3
2010 U.S. Census	87,643	9.4
2000 U.S. Census	80,098	22.1
1990 U.S. Census	65,608	24.4
1980 U.S. Census	52,738	--

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

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

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2023/24	16,900	36,349	30,238	13,269
2022/23	16,800	36,731	30,094	12,447
2021/22	17,418	38,224	30,801	12,222
2020/21	17,578	38,430	30,395	11,773
2019/20	18,151	38,727	29,706	11,148

Source: Claritas, LLC.

Transportation

The City is accessible by five major highways. I-70 runs east-west through the north part of the City; Highways 40, 59, 24, and 10 all run through the City. This highway network allows accessibility to the Lawrence Municipal Airport, the Kansas City International Airport, and the Topeka Municipal Airport.

Rail service is provided by Burlington Northern Santa Fe Railroad, Union Pacific Railroad, and AMTRAK. The City is also served by the Greyhound Bus Lines.

Major Employers

<u>Employer</u>	<u>Product or Service</u>	<u>Approximate Number of Employees</u>
University of Kansas	Higher Education	8,845
Lawrence Memorial Hospital (LMH Health)	Hospital	1,945
USD No. 497 (Lawrence)	K-12 Education	1,660
Berry Global	Manufacturer	1,115
Hallmark Cards	Manufacturer	885
City of Lawrence	City Government	860
Amarr Garage Doors	Manufacturer	730
Douglas County	County Government	480
Maximus (formerly GDIT)	Call Center	450
Lawrence Paper Company	Manufacturer	240

Source: Lawrence Chamber of Commerce.

Labor Force Data

	<u>Annual Average</u>				<u>August 2024</u>
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Labor Force:					
City of Lawrence	52,065	52,360	53,582	53,805	51,416
Douglas County	64,356	64,798	66,297	66,580	63,624
State of Kansas	1,503,002	1,500,677	1,504,932	1,510,988	1,510,324
Unemployment Rate:					
City of Lawrence	6.1%	3.2%	2.6%	2.6%	3.9%
Douglas County	5.9	3.2	2.6	2.6	3.9
State of Kansas	5.8	3.3	2.7	2.7	3.3

Source: Kansas Labor Information Center, <http://www.klic.dol.ks.gov>. 2024 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Lawrence

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2023/24	\$1,972,071	\$2,935,849	\$52,690
2022/23	2,070,424	3,236,911	56,887
2021/22	1,768,001	3,162,011	55,999
2020/21	1,722,639	2,522,585	47,717
2019/20	1,826,317	2,543,112	47,251

Douglas County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2023/24	\$2,273,365	\$3,765,985	\$56,418
2022/23	2,393,871	4,062,580	60,256
2021/22	2,044,904	4,118,715	60,373
2020/21	1,984,670	3,283,071	51,757
2019/20	2,129,341	3,313,928	51,940

The 2023/24 Median Household EBI for the State of Kansas was \$63,380. The 2023/24 Median Household EBI for the United States was \$67,310.

Source: Claritas, LLC.

Sales Tax

Effective April 1, 2019, the current total sales tax rate within the City is 9.30%, of which the State's portion is 6.50%, the County's portion is 1.25%, and the City's portion is 1.55%. By State law the City receives a portion of the County's 1.0% general sales taxes. In 2023, that proportion was approximately 36.97% of the County's general sales taxes. These receipts come directly from the State, are not restricted for specific purposes and are receipted in the City's General Fund.

Of the City's 1.55% sales tax, 1.0% is for general purposes and does not have a sunset provision. The proceeds of this sales tax are deposited into the General Fund.

On April 1, 2009, retailers in the City began collecting an additional 0.55% sales tax that was approved by voters in November 2008 and sunset March 31, 2019. The proceeds of this sales tax were restricted for Infrastructure and Emergency Equipment purposes (0.3%); Transit Operations (0.2%); and Transit Expansion (0.05%). A renewal of the 0.55% sales tax was approved by voters in November 2017. The renewed sales tax took effect April 1, 2019 and will sunset March 31, 2028. Proceeds of the renewed 0.55% sales tax are restricted for Infrastructure and Fire Apparatus/Equipment (0.3%); Transit Operations (0.2%); and Affordable Housing (0.05%). In November 2024, voters will decide whether to repeal and replace the 0.05% Affordable Housing sales tax with a 0.10% sales tax for the same purpose that would be implemented April 2025 and sunset in March 2035. If the measure is not passed, the existing Affordable Housing sales tax would continue.

The following table represents the City's share of the sales taxes generated from retail sales subject to local sales taxes.

<u>Year</u>	<u>City Sales and Use Tax</u>	<u>County Sales and Use Tax</u>
2024 (to 8-31)	\$24,587,183	\$10,471,576
2023	36,470,873	15,472,272
2022	35,151,718	14,378,282
2021	31,773,456	13,121,266
2020	28,495,556	11,636,281
2019	28,900,194	11,649,614
2018	28,060,812	11,309,470
2017	27,852,478	11,146,504
2016	27,396,576	11,037,450
2015	25,563,595	10,510,321
2014	24,635,194	10,155,857

Source: The City.

Permits Issued by the City

	New Single Family Residential		New Commercial/Industrial		Total Value(1) (All Permits)
	Number	Value	Number	Value	
2024 (to 8-31)	35	\$21,317,500	17	\$20,408,586	\$107,201,094
2023	99	28,854,650	19	38,525,672	163,929,336
2022	88	38,201,044	10	10,943,200	135,026,575
2021	171	58,325,560	24	43,380,668	218,944,276
2020	178	63,273,131	11	27,388,958	145,401,761
2019	153	45,173,958	13	39,216,051(2)	213,984,111
2018	285	99,343,420	14	99,478,244(3)	276,589,268
2017	173	60,503,549	16	39,056,790	165,923,864
2016	245	126,310,466	28	37,717,200	220,882,201
2015	246	140,936,024	22	35,494,368	227,899,792
2014	122	42,278,168	18	25,270,632	99,707,903

(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) Approximately \$15,500,000 of these permits are exempt from property taxation.

(3) Approximately \$10,450,000 of these permits are exempt from property taxation.

Source: The City.

Recent Development

The largest permitted projects to-date in 2024 were as follows:

<u>Project Description</u>	<u>Construction Valuation</u>
Commercial New Structure, New Hampshire Lofts	\$11,900,000
Commercial New Structure, LMH Cancer Center	10,000,000
Commercial Remodel, Kansas River WWTP	8,420,000
Commercial Remodel, Community Children's Center	5,440,000
New Residential Single Family	3,500,000
Commercial Remodel, Walmart Super Center	3,150,000
Commercial Remodel, Kansas River WWTP	2,709,000
Commercial Remodel, Avalon Treatment & Recovery	2,000,000
Commercial New Structure, KMO Burger LLC, Dba Whataburger	1,650,000
Commercial Remodel, LMH Health	1,600,000
Commercial Remodel, Kapp Alpha Theta Phase II	1,500,000
Commer New Structure, Truity Credit Union	1,500,000
Commercial Remodel, Douglas County Courthouse	1,397,787
Commercial New Structure, Kansas River WWTP Compressed Air Building	1,131,000
New Residential Single Family	1,100,000
New Residential Single Family	1,000,000

Education

Public Education

The following school district serves the residents of the City:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2023/24 Enrollment(1)</u>
USD No. 497 (Lawrence)	City of Lawrence	K-12	10,603

(1) 2024/25 enrollment figure is not yet available.

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

Post-Secondary Education

Post-secondary education is available to City residents at the University of Kansas and Haskell Indian Nations University, both located within the City; Washburn University, located in the City of Topeka, Kansas; and Baker University, located in the City of Baldwin City, Kansas.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

The City was founded in 1854 and became a City of the First Class in the year 1946. The City has had a Commissioner-City Manager form of government since 1951, with the five-member Commission being elected at large. The City Manager serves at the discretion of the Commission. Each year the Commission chooses one of its members to serve as the Mayor. There is a question on the November 5, 2024 election ballot that proposes the creation of a six-member Commission, with four Commissioners elected within four districts and two elected at large, each serving four-year, staggered terms. Additionally, the November 5, 2024 ballot question proposes direct election of the mayor for a four-year term.

The following individuals comprise the current City Commission:

		<u>Expiration of Term</u>
Bart Littlejohn	Mayor	December 2, 2025
Mike Dever	Vice Mayor	December 5, 2027
Brad Finkeldei	Commissioner	December 2, 2027
Lisa Larsen	Commissioner	December 7, 2025
Amber Sellers	Commissioner	December 5, 2027

Key Appointed Officials

		<u>Employed Since</u>
Craig Owens	City Manager	July 1, 2019
Rachelle Mathews	Finance Director	April 15, 2024
Sherri Riedemann	City Clerk	March 14, 2011
Melissa Sieben	Municipal Services and Operations Director	April 29, 2022
Toni R. Wheeler, Esq.	City Attorney	August 9, 1999

The daily administration of City operations is the responsibility of the appointed City Manager. Mr. Owens became the City Manager on July 1, 2019. Previously, Mr. Owens served as the City Manager of the City of Clayton, Missouri and over the past 25 years has held similar positions for the cities of Rowlett, Texas; O'Fallon, Illinois; and Hazelwood, Missouri. Mr. Owens holds a bachelor's degree from Knox College and a Master of Public Administration Degree from the University of Kansas. Mr. Owens is an International City/County Management Association (ICMA) Credentialed Manager.

Ms. Rachelle Mathews, Finance Director, is responsible for the City's financial services and oversees the various functions in the Finance Department including budget preparation, accounting, purchasing, customer billing & collections, debt issuance, and financial reporting. Ms. Mathews has been with the City since April 2024. Previously, Ms. Mathews worked for the City of Topeka, Kansas. She holds a bachelor's degree in business administration and accounting from Kansas Wesleyan University, a Master of Business Administration degree from Washburn University and is an IMA Certified Management Accountant.

The City has 984 regular full-time positions.

Services

The City provides a full range of services which include police and fire protection, construction and maintenance of infrastructure, community development and planning, and recreational and cultural activities. The City also operates both the water and sewage utilities. In addition, the City provides both residential and commercial sanitation services to its citizens. In October 2014, the City began a curbside recycling service. All revenues to enable the City to provide water, sewer and sanitation service are generated exclusively by user fees.

Other utility services in the City are provided by private companies. Natural gas is provided by Black Hills. Evergy, Inc. sells electricity to both urban and rural customers in and around the City. AT&T serves the City with over 34,000 access lines and 13 exchanges. In 1986, AT&T installed nearly 63 miles of underground fiber optics cable in the City. The current franchise agreement with AT&T was adopted on March 6, 2007. Equal carrier access is provided for long distance service outside the City. AT&T and Midco provide telephone, cable and internet services to the City. Cellular telephone service is also available.

Labor Contracts

Employees of the City have never been on strike against the management. The status of labor contracts in the City is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
Lawrence Police Officers Association	118	December 31, 2026
Local 696 Teamsters Union (Solid Waste)	62	December 31, 2024
Local 1596 International Association of Firefighters	124	December 31, 2024
Local 696 Teamsters Union (Streets, Stormwater, Traffic, Water/Wastewater)	<u>109</u>	December 31, 2025
Subtotal	413	
Non-unionized employees	<u>568</u>	
Total employees	<u>984</u>	

Employee union group adverse labor actions taken by the union during, or a result of negotiations could have an adverse impact on operations and net revenue of the City.

No negotiations are in process as of the date of this Official Statement.

Employee Pensions

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

The City has established membership in KP&F. KP&F is a division of and is administered by KPERS.

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

Other Postemployment Benefits

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

Federal Financial Assistance

As of the date of this Official Statement, the City has received \$19.3 million of American Rescue Plan Act (ARPA) funds, of which \$18.7 million has been spent as of August 31, 2024. In addition, the City has pursued and provided its citizens various grant funding opportunities.

BOOK ENTRY

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

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

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

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

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

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

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

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

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

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

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

PROPOSED FORM OF BOND COUNSEL OPINION

GILMORE & BELL, P.C.
Attorneys at Law

2405 Grand Boulevard
Suite 1100
Kansas City, Missouri 64108-2521

December __, 2024

Governing Body
City of Lawrence, Kansas

_____, _____

Re: \$[PRINCIPAL AMOUNT] Water and Sewage System Improvement Revenue
Bonds, Series 2024, of the City of Lawrence, Kansas, Dated December __, 2024

We have acted as Bond Counsel in connection with the issuance by the City of Lawrence, Kansas (the “Issuer”), of the above-captioned bonds (the “Series 2024 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.

The Series 2024 Bonds have been authorized pursuant to an Ordinance and Resolution adopted by the governing body of the Issuer (collectively, the “Bond Resolution”). Capitalized terms used and not otherwise defined in this opinion shall have the meanings assigned to those terms in the Bond Resolution.

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 Series 2024 Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding special obligations of the Issuer.

2. The Series 2024 Bonds are payable solely from the Net Revenues derived by the Issuer from the operation of the System. The Series 2024 Bonds do not constitute general obligations of the Issuer and do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision, limitation or restriction. The taxing power of the Issuer is not pledged to the payment of the Series 2024 Bonds.

3. The Bond Resolution has been duly adopted by the Issuer and constitutes a valid and legally binding obligation of the Issuer enforceable against the Issuer. The Bond Resolution creates a valid lien on the Net Revenues and other funds pledged by the Bond Resolution for the security of the Series 2024 Bonds on a parity with any Parity Bonds issued or to be issued, as provided in the Bond Resolution.

4. The interest on the Series 2024 Bonds [(including any original issue discount properly allocable to an owner of a Series 2024 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 Series 2024 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of these requirements may cause interest on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds. The Series 2024 Bonds have **not** been designated as “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 Series 2024 Bonds.

5. The interest on the Series 2024 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 Series 2024 Bonds (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding the perfection or priority of the lien on the Net Revenues or other funds pledged under the Bond Resolution or tax consequences arising with respect to the Series 2024 Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Series 2024 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 DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of December 4, 2024 (this “**Continuing Disclosure Undertaking**”), is executed and delivered by the **City of Lawrence, 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 **[\$Principal Amount] Water and Sewage System Improvement Revenue Bonds, Series 2024** (the “**Bonds**”), pursuant to an Ordinance and Resolution adopted by the governing body of the Issuer (collectively, the “**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 (the “**Rule**”). The Issuer is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the Issuer covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the 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.

“**System**” means the entire combined waterworks plant and system and sewerage plant and system owned and operated by the Issuer for the production, storage, treatment and distribution of water, and for the collection, treatment and disposal of sewage, to serve the needs of the Issuer and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the Issuer.

Section 2. Provision of Annual Reports.

- (a) The Issuer shall not later than June 30th following each fiscal year end, commencing with the fiscal year ending December 31, 2024, 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 generally accepted in the United States. 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, 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**.

- (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 Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 which is 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 which is 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 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 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 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.

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 LAWRENCE, KANSAS

By: _____
Title: Mayor

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The Operating Data in the sections and tables contained in the most recent Official Statement (with such modifications to the formatting and general presentation thereof as deemed appropriate by the Issuer) generally described as follows:

INFORMATION REGARDING THE SYSTEM

Customers

- Sales
- Historical Customers – Water
- Historical Customers – Sewer
- Largest Customers
- Wholesale Contracts

Rates and Charges

Outstanding Debt of the System

- Parity Bonds

Historic Revenues and Expenses

Historic Debt Service Coverage

SUMMARY OF BOND RESOLUTION

The following is a summary of certain provisions and covenants contained in the Ordinance and Bond Resolution authorizing the Series 2024 Bonds. In certain situations, the summary also summarizes the provisions of the Parity Resolutions. Such summary does not purport to be complete and is qualified in its entirety by reference to the foregoing documents.

DEFINITIONS

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used herein shall have the following meanings:

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, and K.S.A. 10-1201 *et seq.*, all as amended and supplemented from time to time.

“Additional Bonds” means any bonds secured by the Revenues hereafter issued pursuant to the Bond Resolution and any other similar provision in any Parity Resolution.

“Additional Obligations” means any leases or other obligations secured by the Revenues, other than Additional Bonds, hereafter issued pursuant to the Bond Resolution and any other similar provision in any Parity Resolution.

“Authorized Denomination” means \$5,000 or any integral multiples thereof.

“Average Annual Debt Service Requirements” means the average of the Debt Service Requirements as computed for the then current and all future fiscal years; provided that the Debt Service Requirements in the final Stated Maturity of any series of Parity Bonds shall be reduced by the value of cash and Permitted Investments on deposit in the applicable debt service reserve account, so long as such debt service reserve account is maintained at the applicable Debt Service Reserve Requirement.

“Balloon Indebtedness” means Long-Term Indebtedness, 25% or more of the original principal amount of which becomes due (either by maturity or mandatory redemption) during any consecutive twelve-month period, if such principal amount becoming due is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such twelve-month period.

“Beneficial Owner” of Series 2024 Bonds includes any Owner of Bonds and any other Person who, directly or indirectly has the investment power with respect to any such Series 2024 Bonds.

“Bond” or **“Bonds”** means the Series 2024 Bonds and any bonds secured by the Revenues, which (a) have been issued as Parity Bonds prior to the date of the Bond Resolution, or (b) are hereafter issued pursuant to the Bond Resolution and any other similar provision in any Parity Resolution.

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

“Bond Payment Date” means any date on which principal of or interest on any Series 2024 Bond is payable.

“Bond Register” means the books for the registration, transfer and exchange of Series 2024 Bonds kept at the office of the Bond Registrar.

“Bond Registrar” means: (a) with respect to the Series 2024 Bonds, the State Treasurer, and its successors and assigns; and (b) with respect to Additional Bonds, the entity designated as Bond Registrar in the supplemental resolution authorizing such Additional Bonds.

“Bond Resolution” means, collectively, the Bond Resolution relating to the Series 2024 Bonds and any supplemental resolution authorizing any Additional Bonds.

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

“Cede & Co.” means Cede & Co., as nominee of DTC and any successor nominee of DTC.

“City” means the City of Lawrence, Kansas.

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

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

“Consultant” means the Consulting Engineer, the Independent Accountant, or an independent consultant qualified and having a favorable reputation for skill and experience in financial affairs selected by the Issuer for the purpose of carrying out the duties imposed on the Consultant by the Bond Resolution.

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

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

“Dated Date” means December 4, 2024.

“Debt Service Coverage Ratio” means, for any Fiscal Year: (a) with respect to the rate covenants, the ratio determined by dividing (i) a numerator equal to the Net Revenues for such Fiscal Year by (ii) a denominator equal to the Debt Service Requirements for such Fiscal Year; and (b) with respect to Additional Bonds and Additional Obligations, the ratio determined by dividing (i) a numerator equal to the Net Revenues for such Fiscal Year by (ii) a denominator equal to the Average Annual Debt Service Requirements on all System Indebtedness that does not constitute Subordinate Lien Bonds.

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

“Debt Service Reserve Requirement” means (i) with respect to the Series 2015 Bonds, the sum of \$5,706,400.00; (ii) with respect to the Series 2015-B Bonds, the sum of \$896,000.00; and (iii) with respect to any Parity Bonds, the amount set forth in the Parity Resolution. For the avoidance of doubt, no Debt Service Reserve Requirement exists for the Series 2016-A Bonds, the Series 2017 Bonds, the Series 2018 Bonds, the Series 2021 Bonds, the Series 2023 Bonds or the Series 2024 Bonds.

“Defaulted Interest” means interest on any Series 2024 Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

- (a) Cash; or
- (b) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (c) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
 - (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
 - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;
 - (3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;
 - (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
 - (5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
 - (6) such obligations are rated in a rating category by Moody’s or Standard & Poor’s that is no lower than the rating category then assigned by that Rating Agency to United States Government Obligations

“Depreciation and Emergency Account” means the Water and Sewage System Depreciation and Emergency Account referred to in the Bond Resolution.

“Depreciation and Emergency Requirement” means an amount equal to \$50,000.00.

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

“Director of Finance” means the duly appointed and acting Director of Finance of the Issuer or, in the Director’s absence, the duly appointed Deputy, Assistant, Interim or Acting Director of Finance of the Issuer.

“Disclosure Undertaking” means the Issuer’s Continuing Disclosure Undertaking relating to certain obligations contained in the SEC Rule.

“Discount Indebtedness” means Long-Term Indebtedness that is originally sold at a price (excluding accrued interest, but without deduction of any underwriters’ discount) of less than 75% of the maturity amount including the amount of principal and interest to accrete at maturity of such Long-Term Indebtedness.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.

“Event of Default” means each of the following occurrences or events:

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

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

(c) The Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) Any substantial part of the System shall be destroyed or damaged to the extent of impairing its efficient operation or adversely affecting its Net Revenues and the Issuer shall not within a reasonable time commence the repair, replacement or reconstruction thereof and proceed thereafter to complete with reasonable dispatch the repair, replacement or reconstruction thereof; or

(e) Final judgment for the payment of money shall be rendered against the Issuer as a result of the ownership, control or operation of the System and any such judgment shall not be discharged within one hundred twenty (120) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(f) An order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or receivers of the System or any part thereof or of the revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(g) Any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Net Revenues of the System; or

(h) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Series 2024 Bonds or in the Bond Resolution (other than the covenants relating to continuing disclosure) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Series 2024 Bonds then Outstanding; or

(i) A monetary default shall have occurred on any System Indebtedness; or

(j) Any Event of Default, as defined in any Parity Resolution or Parity Obligation Documents.

“Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Indebtedness and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, employee’s health, hospitalization, pension and retirement benefits, costs of materials and supplies, paying agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, for System operation, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular Fiscal Year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System and transfers into the Debt Service Reserve Account and Depreciation and Emergency Account provided for in the Bond Resolution.

“Federal Tax Certificate” means the Issuer’s Federal Tax Certificate dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

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

“Funds and Accounts” means funds and accounts created pursuant to or referred to in the Bond Resolution.

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

“Index Rate” means the rate of interest set forth in *The Bond Buyer* Revenue Bond Index (or, in the event that *The Bond Buyer* does not compile such index or ceases publication, another comparable publication recognized in the municipal bond market) published for the week immediately preceding the date of determination.

“Interest Payment Date(s)” means (a) with respect to the Series 2024 Bonds, the Stated Maturity of an installment of interest on the Series 2024 Bonds which shall be May 1 and November 1 of each year, commencing May 1, 2025; and (b) with respect to Additional Bonds, the Stated Maturity of an installment of interest on such Additional Bonds, as set forth in the supplemental resolution authorizing such Additional Bonds.

“Interim Indebtedness” means System Indebtedness having a term not less than one year, and not in excess of five years, incurred or assumed in anticipation of being refinanced or refunded with Long-Term Indebtedness.

“Issue Date” means the date when the Issuer delivers the Series 2024 Bonds to the Purchaser in exchange for the Purchase Price.

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

“Junior Lien Obligations” means any Additional Bonds or Additional Obligations payable from, and secured by a lien on the Revenues, which lien is junior to that of any Parity Bonds, but senior to that of the Subordinate Lien Bonds.

“KDHE Loan” means the Loan Agreement between the Kansas Department of Health and Environment, acting on behalf of the State of Kansas (“KDHE”), and the City, effective as of May 5, 2023.

“Long-Term Indebtedness” means System Indebtedness having an original stated maturity or term greater than one year, or renewable or extendible at the option of the debtor for a period greater than one year from the date of original issuance or incurrence thereof.

“Maturity” when used with respect to any bond or other obligation means the date on which the principal of such bond or other obligation becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

“Mayor” means the duly elected and acting Mayor, or in the Mayor’s absence, the duly appointed and/or elected Vice Mayor or Acting Mayor of the Issuer.

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

“Net Revenues” means, for the period of determination, all Revenues less all Expenses.

“Official Statement” means the Issuer’s Official Statement relating to the Series 2024 Bonds.

“Operation and Maintenance Account” means the Water and Sewage System Operation and Maintenance Account.

“Ordinance” means the Ordinance of the Issuer authorizing the issuance of the Series 2024 Bonds, as amended from time to time.

“Outstanding” means:

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

(i) Bonds theretofore canceled by the paying agent for such Bonds or delivered to the paying agent for such Bonds for cancellation pursuant to the ordinance and resolution authorizing the issuance of such Bonds;

(ii) Bonds deemed to be paid in accordance with the provisions of the defeasance provisions of the Bond Resolution or any similar provisions of any resolution applicable to any such Bonds;

(iii) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the applicable resolution authorizing such Bonds;

(iv) Bonds, the principal or interest of which has been paid by a bond insurer; and

(b) with respect to any System Indebtedness that is not a Bond, as of the date of determination, all such System Indebtedness theretofore issued or incurred by the Issuer, except to the extent the obligation to make payments on such System Indebtedness has been discharged in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness.

“Owner” when used with respect to any Series 2024 Bond means the Person in whose name such Series 2024 Bond is registered on the Bond Register. Whenever consent of the Owners is required pursuant to the terms of the Bond Resolution, and the Owner of the Series 2024 Bonds, as set forth on the Bond Register, is Cede & Co., the term Owner shall be deemed to be the Beneficial Owner of the Series 2024 Bonds.

“Parity Bonds” means the Outstanding Series 2015 Bonds, Series 2015-B Bonds, Series 2016-A Bonds, Series 2017 Bonds, Series 2018 Bonds, Series 2021 Bonds, Series 2023 Bonds, Series 2024 Bonds and any Additional Bonds hereafter issued pursuant to the Bond Resolution and standing on a parity and equality with the Series 2024 Bonds with respect to the lien on the Net Revenues.

“Parity Obligations” means any Additional Obligations hereafter issued or incurred pursuant to the Bond Resolution and standing on a parity and equality with the Parity Bonds with respect to the lien on the Net Revenues.

“Parity Resolution” means the Series 2015 Resolution, the Series 2015-B Resolution, the Series 2016-A Resolution, the Series 2017 Resolution, the Series 2018 Resolution, the Series 2021 Resolution, the Series 2023 Resolution, the Bond Resolution and the ordinances and/or resolutions under which any Additional Bonds which constitute Parity Bonds are hereafter issued.

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

“Paying Agent” means: (a) with respect to the Series 2024 Bonds, the State Treasurer and its successors and assigns; and (b) with respect to Additional Bonds, the entity designated as Paying Agent in the supplemental resolution authorizing such Additional Bonds.

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

of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f); or (m) other investment obligations authorized by the laws of the State, all as may be further restricted or modified by amendments to applicable State law.

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

“Project” means, the acquisition, construction, reconstruction, alterations, repair, improvements, extensions or enlargements of the System referred to in the Preamble to the Ordinance.

“Purchaser” means the financial institution or investment banking firm that is the original purchaser of any series of Bonds.

“Put Indebtedness” means Long-Term Indebtedness which is (a) payable or required to be purchased or redeemed from the holder by or on behalf of the underlying obligor, at the option of the holder thereof, prior to its stated maturity date, or (b) payable or required to be purchased or redeemed from the holder by or on behalf of the underlying obligor, other than at the option of the holder, prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund, or other than by reason of acceleration upon the occurrence of an Event of Default under the Bond Resolution.

“Rating Agency” means any company, agency or entity that provides financial ratings for the Bonds.

“Rebate Fund” means the Rebate Fund for Water and Sewage System Improvement Revenue Bonds, Series 2024.

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

“Redemption Date” when used with respect to any Series 2024 Bond to be redeemed means the date fixed for the redemption of such Series 2024 Bond pursuant to the terms of the Bond Resolution.

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

“Refunding Bonds” means any bonds issued to refund any System Indebtedness.

“Revenue Fund” means the Water and Sewage System Revenue Fund.

“Revenues” means all income and revenues derived and collected by the City from the operation and ownership of the System, including investment and rental income, net proceeds from business interruption insurance, transfers from the Surplus Account to the Revenue Fund of Net Revenues derived in a prior Fiscal Year and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on System Indebtedness, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

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

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

“Series 2015 Bonds” means the Issuer’s Water and Sewage System Improvement Revenue Bonds, Series 2015, dated April 28, 2015.

“Series 2015 Resolution” means collectively the Issuer’s Ordinance No. 9102 and Resolution No. 7111, which authorized the Series 2015 Bonds.

“**Series 2015-B Bonds**” means the Issuer’s Water and Sewage System Refunding Revenue Bonds, Series 2015-B, dated August 18, 2015.

“**Series 2015-B Resolution**” means collectively the Issuer’s Ordinance No. 9131 and Resolution No. 7128, which authorized the Series 2015-B Bonds.

“**Series 2016-A Bonds**” means the Issuer’s Water and Sewage System Improvement and Refunding Revenue Bonds, Series 2016-A, dated June 29, 2016.

“**Series 2016-A Resolution**” means collectively the Issuer’s Ordinance No. 9249 and Resolution No. 7164, which authorized the Series 2016-A Bonds.

“**Series 2017 Bonds**” means the Issuer’s Water and Sewage System Improvement and Refunding Revenue Bonds, Series 2017, dated December 28, 2017.

“**Series 2017 Resolution**” means collectively the Issuer’s Ordinance No. 9429 and Resolution No. 7231, which authorized the Series 2017 Bonds.

“**Series 2018 Bonds**” means the Issuer’s Water and Sewage System Improvement Revenue Bonds, Series 2018, dated November 28, 2018.

“**Series 2018 Resolution**” means collectively the Issuer’s Ordinance No. 9574 and Resolution No. 7270, which authorized the Series 2018 Bonds.

“**Series 2021 Bonds**” means the Issuer’s Water and Sewage System Improvement Revenue Bonds, Series 2021, dated December 22, 2021.

“**Series 2021 Resolution**” means collectively the Issuer’s Ordinance No. 9896 and Resolution No. 7401, which authorized the Series 2021 Bonds.

“**Series 2023 Bonds**” means the Issuer’s Water and Sewage System Improvement Revenue Bonds, Series 2023, dated December 14, 2023.

“**Series 2023 Resolution**” means collectively the Issuer’s Ordinance No. 10013 and Resolution No. 7513, which authorized the Series 2023 Bonds.

“**Series 2024 Bonds**” means the Issuer’s Water and Sewage System Improvement Revenue Bonds, Series 2024, authorized and issued by the Issuer pursuant to the Ordinance and the Bond Resolution.

“**Series 2024 Costs of Issuance Account**” means the Costs of Issuance Account for Water and Sewage System Improvement Revenue Bonds, Series 2024 created pursuant to the Bond Resolution.

“**Series 2024 Debt Service Account**” means the Debt Service Account for the Series 2024 Bonds.

“**Series 2024 Project Fund**” means the Project Fund for the Series 2024 Bonds.

“**Short-Term Indebtedness**” means System Indebtedness having an original maturity less than or equal to one year from the date of original incurrence thereof, and not renewable or extendible at the option of the obligor thereon for a term greater than one year beyond the date of original issuance.

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

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

“**State**” means the state of Kansas.

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

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

“**Subordinate Lien Bonds**” means the KDHE Loan and any Additional Bonds or Additional Obligations payable from the Revenues on a subordinate lien basis to any Parity Bonds, Parity Obligations and Junior Lien Obligations, and which constitute general obligations of the Issuer.

“**Substitute Project**” means the substitute or additional projects of the Issuer as authorized by the Bond Resolution.

“**Surplus Account**” means the Water and Sewage System Surplus Account.

“**System**” means the entire combined waterworks plant and system and sewerage plant and system owned and operated by the Issuer for the production, storage, treatment and distribution of water, and for the collection, treatment and disposal of sewage, to serve the needs of the Issuer and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the Issuer.

“**System Indebtedness**” means collectively all Parity Bonds, all Parity Obligations, all Additional Bonds, all Additional Obligations, all Junior Lien Obligations and all Subordinate Lien Bonds which are payable out of, or secured by an interest in, the Revenues.

“**Treasurer**” means the duly appointed and/or elected Treasurer or, in the Treasurer’s absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

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

“**Variable Rate Indebtedness**” means any System Indebtedness which provides for interest to be payable thereon at a rate per annum that may vary from time to time over the term thereof in accordance with procedures provided in the instrument creating such System Indebtedness.

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

Creation of Funds and Accounts. The Bond Resolution establishes within the treasury of the Issuer the following Funds and Accounts:

- (a) Project Fund for Water and Sewage System Improvement Revenue Bonds, Series 2024.
- (b) Debt Service Account for Water and Sewage System Improvement Revenue Bonds, Series 2024.
- (c) Costs of Issuance Account for Water and Sewage System Improvement Revenue Bonds, Series 2024.
- (d) Rebate Fund for Water and Sewage System Improvement Revenue Bonds, Series 2024.

The above Funds and Accounts shall be administered in accordance with the provisions of the Bond Resolution so long as the Series 2024 Bonds are Outstanding.

The following separate Funds and Accounts created and established in the treasury of the Issuer are hereby ratified and confirmed and shall be administered in accordance with the provisions of the Parity Resolutions so long as any Parity Bonds are Outstanding in accordance with the Bond Resolution:

- (a) Water and Sewage System Revenue Fund;
- (b) Water and Sewage System Depreciation and Emergency Account;
- (c) Water and Sewage System Surplus Account; and
- (d) Water and Sewage System Operation and Maintenance Account.

The separate Funds and Accounts created and established in the treasury of the Issuer pursuant to each of the Parity Resolutions are hereby ratified and confirmed and shall be administered in accordance with the provisions of each of the Parity Resolutions so long as any of the Parity Bonds authorized by such Parity Resolution are outstanding.

Deposit of Series 2024 Bond Proceeds and Other Funds. The net proceeds received from the sale of the Series 2024 Bonds shall be deposited simultaneously with the delivery of the Series 2024 Bonds as follows:

- (a) All accrued interest, if any, received from the sale of the Series 2024 Bonds shall be deposited in the Series 2024 Debt Service Account.
- (b) An amount necessary to pay Costs of Issuance shall be deposited in the Series 2024 Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Series 2024 Bonds shall be deposited in the Series 2024 Project Fund.

Application of Moneys in the Series 2024 Project Fund. Moneys in the Series 2024 Project Fund shall be used for the sole purpose of: (a) paying the costs of the Project approved by the governing body of the Issuer; (b) making transfers to the Series 2024 Debt Service Account to pay interest on the Series 2024 Bonds during construction of the Project; and (c) transferring any amounts to the Rebate Fund as required by the Bond Resolution.

Upon completion of the Project, any surplus remaining in the Series 2024 Project Fund shall be deposited in the Series 2024 Debt Service Account.

Substitution of Projects. If the Issuer is prevented, hindered or delayed from proceeding with the acquisition or construction of the Project, the Issuer may elect to substitute or add other projects pursuant to this Section (the "Substitute Project") provided the following conditions are met: (1) the Substitute Project and the issuance of water and sewer system revenue bonds to pay the cost of the Substitute Project has been duly authorized by the governing body of the Issuer in accordance with the laws of the State, (2) a resolution authorizing the use of the proceeds of the Series 2024 Bonds to pay the Authorized Costs of the Substitute Project has been duly adopted by the governing body of the Issuer, (3) the Attorney General of the State has approved the amendment to the transcript of proceedings for the Series 2024 Bonds to include the Substitute Project and (4) the Issuer has received an opinion of Bond Counsel to the effect that the use of the proceeds of the Series 2024 Bonds to pay the cost of the Substitute Project will not adversely affect the tax-exempt status of the Series 2024 Bonds under State or federal law and the Substitute Project has been duly authorized pursuant to this Section and the laws of the State.

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

Application of Moneys in the Series 2024 Costs of Issuance Account. Moneys in the Series 2024 Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Series 2024 Costs of Issuance Account, after payment of all Costs of Issuance but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Series 2024 Bonds, shall be transferred to the Series 2024 Debt Service Account.

COLLECTION AND APPLICATION OF REVENUES

Revenue Fund. The Issuer covenants and agrees that from and after the delivery of the Series 2024 Bonds, and continuing as long as any of the Series 2024 Bonds remain Outstanding, all of the Revenues shall as and when received be paid and deposited into the Revenue Fund. Said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, Funds and Accounts of the Issuer and shall not be commingled with any other moneys, revenues, Funds and Accounts of the Issuer. On the first day of each month the Issuer shall administer and allocate all of the moneys then held in the Revenue Fund as follows:

(a) ***Operation and Maintenance Account.*** There shall first be paid and credited to the Operation and Maintenance Account an amount sufficient to pay the estimated cost of operating and maintaining the System during the ensuing 60-day period. All amounts paid and credited to the Operation and Maintenance Account shall be expended and used by the Issuer solely for the purpose of paying the Expenses.

Parity Resolutions. The following transfers shall be made on a parity of lien basis with the transfers and requirements of the Parity Resolutions.

(b) ***Series 2024 Debt Service Account.*** There shall next be paid and credited monthly to the Series 2024 Debt Service Account a proportionate amount necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Series 2024 Bonds. The amounts required to be paid and credited to the Series 2024 Debt Service Account shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service accounts established for the payment of the Debt Service Requirements on Parity Bonds and Parity Obligations under the provisions of the Parity Resolution(s). All amounts paid and credited to the Series 2024 Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the Debt Service Requirements of the Series 2024 Bonds as and when the same become due at Maturity and on each Interest Payment Date.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Series 2024 Debt Service Account and to the debt service accounts established to pay the principal of and interest on any Parity Bonds or Parity Obligations, the available moneys in the Revenue Fund shall be divided among such debt service accounts in proportion to the respective principal amounts of all other series of Parity Bonds and Parity Obligations at the time Outstanding which are payable from the moneys in said debt service accounts.

(c) ***Debt Service Accounts and Debt Service Reserve Accounts – Junior Lien Obligations.*** There shall next be paid and credited monthly to the debt service account(s) for any Junior Lien Obligations, to the extent necessary to meet on each Bond Payment Date an amount equal to the payment of all interest on and principal of any Junior Lien Obligations and then to any debt service reserve account(s) for any Junior Lien Obligations, any amount required to be paid into such debt service reserve account(s). The amounts required to be paid and credited to the debt service account(s) and debt service reserve account(s) for any Junior Lien Obligations shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to other debt service account(s) and debt service reserve account(s) established for the payment of the Debt Service Requirements on any Junior Lien Obligations.

(d) ***Debt Service Accounts and Debt Service Reserve Accounts-Subordinate Lien Bonds.*** There shall next be paid and credited monthly to the debt service account(s) for any Subordinate Lien Bonds, to the extent necessary to meet on each Bond Payment Date an amount equal to the payment of all interest on and principal of any Subordinate Lien Bonds and then to any debt service reserve account(s) for any Subordinate Lien Bonds, any amount required to be paid into such debt service reserve account(s). The amounts required to be paid and credited to the debt service account(s) and debt service reserve account(s) for any Subordinate Lien Bonds shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to other debt service accounts and debt service reserve account(s) established for the payment of the Debt Service Requirements on any Subordinate Lien Bonds.

(e) ***Depreciation and Emergency Account.*** Except as hereinafter provided, moneys in the Depreciation and Emergency Account shall be expended and used by the Issuer, if no other funds are available therefor, solely for the purpose of making emergency replacements and repairs in and to the System as may be necessary to keep the System in good repair and working order and to assure the continued effective and efficient operation thereof. If the Issuer is ever required to expend a part of the moneys in the Depreciation and Emergency Account for its authorized purposes and such expenditure reduces the amount of the Depreciation and Emergency Account below the Depreciation and Emergency Requirement, then the Issuer shall make monthly payments into said account in an amount not less than one thirty-sixth (1/36) of the amount of such deficiency into the Depreciation and Emergency Account until the Depreciation and Emergency Account again aggregates the Depreciation and Emergency Requirement.

(f) ***Surplus Account.*** After all payments and credits required at the time to be made under the provisions of the preceding subsections have been made, all moneys remaining in the Revenue Fund shall be paid and credited to the Surplus Account. Moneys in the Surplus Account may be expended and used for the following purposes as determined by the governing body of the Issuer:

(1) Paying the cost of the operation, maintenance and repair of the System to the extent that may be necessary after the application of the moneys held in the Operation and Maintenance Account under the provisions of paragraph (a) of this Section;

(2) Paying the cost of extending, enlarging or improving the System;

(3) Preventing default in, anticipating payments into or increasing the amounts in the Series 2024 Debt Service Account, any debt service account for Parity Bonds or Parity Obligations, any debt service reserve account for Parity Bonds or Parity Obligations, or the Depreciation and Emergency Account referred to in this provision, or any one of them, or establishing or increasing the amount of any debt service account or debt service reserve account created by the Issuer for the payment of any Parity Bonds or Parity Obligations;

(4) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the Issuer, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any bonds are callable), any System Indebtedness, including principal, interest and redemption premium, if any;

(5) Any other lawful purpose in connection with the operation of the System and benefiting the System;

(6) To make transfers to the Revenue Fund; or

(7) To make lawful transfers to any fund of the Issuer.

(g) ***Deficiency of Payments into Funds and Accounts.*** If at any time the Revenues are insufficient to make any payment on the date or dates hereinbefore specified, the Issuer will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues, such payments and credits being made and applied in the order hereinbefore specified in this provision.

Transfer of Funds to Paying Agent. The Treasurer of the Issuer shall withdraw from the Series 2024 Debt Service Account, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Series 2024 Bonds, from the Depreciation and Emergency Account and the Surplus Account, sums sufficient to pay the principal of and interest on the Series 2024 Bonds as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner which ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Resolution.

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.

Nonpresentation of Bonds. If any Series 2024 Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Series 2024 Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Series 2024 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 Series 2024 Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Resolution or on, or with respect to, said Series 2024 Bond. If any Series 2024 Bond is not presented for payment within four years following the date when such Series 2024 Bond becomes due at Maturity, the Paying Agent shall repay, without liability for interest thereon, to the Issuer the funds theretofore held by it for payment of such Series 2024 Bond, and such Series 2024 Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

DEPOSIT AND INVESTMENT OF MONEYS

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

Investments. Moneys held in any Fund or Account may be invested in accordance with the Bond Resolution and the Federal Tax Certificate, in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account; provided that, at the option of the Issuer, during the period of construction of the extensions and improvements to the System, all earnings on the investment of such funds derived from proceeds of the Series 2024 Bonds may be credited to the Series 2024 Project Fund. All earnings on investments held in the Depreciation and Emergency Account shall accrue to and become a part of the Depreciation and Emergency Account until the amount on deposit in the Depreciation and Emergency Account shall aggregate the Depreciation and Emergency Requirement; thereafter, all such earnings shall be credited to the Revenue Fund.

Valuation of Investments. In determining the amount held in any Fund or Account under the provisions of the Bond Resolution, Permitted Investments shall be valued at their market value. Such valuation shall be made as of the final Stated Maturity of principal of any Fiscal Year that the Series 2024 Bonds remain Outstanding.

GENERAL COVENANTS AND PROVISIONS

Efficient and Economical Operation. The Issuer will continuously own and will operate the System as a revenue producing facility in an efficient and economical manner and will keep and maintain the same in good repair and working order.

Rate Covenant. The Issuer, in accordance with and subject to applicable legal requirements, will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to (a) pay the Expenses; (b) pay the Debt Service Requirements on the Parity Bonds and Parity Obligations as and when the same become due at the Maturity thereof or on any Interest Payment Date; (c) enable the Issuer to have in each Fiscal Year, a Debt Service Coverage Ratio of not less than **1.20** on all Parity Bonds and Parity Obligations at the time Outstanding; **1.05** on any Junior Lien Obligations at the time Outstanding, and **1.00** on all Subordinate Lien Bonds at the time Outstanding; and (d) provide reasonable and adequate reserves for the payment of the Parity Bonds and Parity Obligations and the interest thereon and for the protection and benefit of the System as provided in any Parity Resolution or Parity Obligation Documents. The Issuer will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The Issuer will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations under the Bond Resolution and otherwise under the provisions of the Parity Resolutions or Parity Obligation Documents. If in any Fiscal Year, Net Revenues are an amount less than as hereinbefore provided, the Issuer will immediately employ a

Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the Clerk and shall be furnished to any Owner of the Series 2024 Bonds requesting a copy of the same, at the cost of such Owner. The Issuer shall, to the extent feasible, follow the recommendations of the Consultant.

Reasonable Charges for All Services. None of the facilities or services provided by the System will be furnished to any user (excepting the Issuer itself) without a reasonable charge being made therefor. If the Revenues derived from the System are at any time insufficient to pay the reasonable Expenses and also to pay the Debt Service Requirements of the System Indebtedness as and when the same become due, then the Issuer will thereafter pay into the Revenue Fund a fair and reasonable payment in accordance with effective applicable rates and charges for all services furnished to the Issuer or any of its departments by the System, and such payments will continue so long as the same may be necessary in order to prevent or reduce the amount of any default in the payment of the Debt Service Requirements of the System Indebtedness.

Restrictions on Mortgage or Sale of System. The Issuer will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the Issuer may dispose of certain assets in accordance with the Bond Resolution.

Insurance. The Issuer will carry and maintain insurance with respect to the System and its operations against such casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, public liability and worker's compensation insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other enterprises engaged in similar activities of comparable size and similarly situated; provided the amount of such liability insurance shall be in amounts not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the State's tort claims act or other similar future law (currently \$500,000 per occurrence). In the event of loss or damage, the Issuer, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or in paying the claims on account of which such proceeds were received, or if such reconstruction or replacement is unnecessary or impracticable, then the Issuer will pay and deposit the proceeds of such insurance into the Revenue Fund. The Issuer will annually review the insurance it maintains with respect to the System to determine that it is customary and adequate to protect its property and operations. The Issuer may elect to be self-insured for all or any part of the foregoing requirements. The cost of all insurance obtained pursuant to the requirements of this provision shall be paid as an Expense out of the Revenues of the System.

Books, Records and Accounts. The Issuer will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the Issuer) in which complete and correct entries will be made of all dealings and transactions of or in relation to the System. Such accounts shall show the amount of Revenues, the application of such Revenues, and all financial transactions in connection therewith.

Annual Budget. Prior to the commencement of each Fiscal Year, the Issuer will cause to be prepared and filed with the Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding Fiscal Year.

Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements System for the preceding Fiscal Year by an Independent Accountant to be employed for that purpose and paid from the Revenues. Said annual audit shall cover in reasonable detail the operation of the System during such Fiscal Year. As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review the report of such audit, and if the audit report discloses that proper provision has not been made for all of the requirements of the Bond Resolution and the Act, the Issuer will promptly cure such deficiency and will promptly proceed to modify the rates and charges to be charged for the use and services furnished by the System or take such other action as may be necessary to adequately provide for such requirements.

Right of Inspection. The Purchaser of the Series 2024 Bonds and any Owner or Owners of 10% of the principal amount of the Series 2024 Bonds then Outstanding shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and shall be furnished all such information concerning the System and the operation thereof which the Purchaser or such Owner or Owners may reasonably request.

Report on System Condition. The Issuer shall annually cause a qualified employee of the Issuer to make an examination of and report on the condition and operations of the System. At least every five years, the Issuer shall cause such examination and report to be made by the Consulting Engineer. Each such report shall make recommendations as to any changes in operations of the System deemed desirable and shall also make reference to any unusual or extraordinary items of maintenance and repair and any extensions, enlargements or improvements that may be needed in the period prior to the preparation of the next report required by this provision. A copy of each such report shall be filed in the office of the Clerk, and, upon written request, shall be sent to any Owner (at the expense of such Owner).

Parity Bond Certification. The Issuer represents and covenants that the Series 2024 Bonds directed to be issued by the Bond Resolution are so issued in full compliance with the restrictions and conditions upon which the Issuer may issue Additional Bonds payable out of the Revenues derived from the operation of the System and which stand on a parity with the Parity Bonds previously issued and Outstanding, as set forth and contained in all applicable Parity Resolutions, and that the Series 2024 Bonds are so issued in all respects on a parity and equality with the Parity Bonds heretofore issued and Outstanding.

ADDITIONAL BONDS AND OBLIGATIONS

Senior Lien Bonds. So long as any of the Parity Bonds or Parity Obligations remain Outstanding, the Issuer will not issue any System Indebtedness payable out of the Revenues which are superior to the Parity Bonds and Parity Obligations with respect to the lien on the Revenues.

Parity Bonds and Parity Obligations. The Issuer will not issue any System Indebtedness which stands on a parity or equality of lien against the Net Revenues with the Parity Bonds or Parity Obligations unless the following conditions are met:

(a) The Issuer shall not be in default in the payment of principal of or interest on any Parity Bonds or Parity Obligations at the time Outstanding or in making any payment at the time required to be made into the respective Funds and Accounts created by and referred to in the Bond Resolution or any Parity Resolution (unless such System Indebtedness is being issued to provide funds to cure such default) nor shall any other Event of Default have occurred and be continuing;

(b) The Issuer shall deliver the following:

(1) *Long-Term Indebtedness.* A certificate signed by the Issuer evidencing *either* of the following:

(i) The Debt Service Coverage Ratio for the Fiscal Year immediately preceding the issuance of such System Indebtedness, as reflected by information provided by the Independent Accountant, shall be not less than **1.20**, including the System Indebtedness proposed to be issued. In the event that the Issuer has instituted any increase in rates for the use and services of the System and such increase shall not have been in effect during the full Fiscal Year immediately preceding the issuance of such proposed System Indebtedness, the additional Net Revenues which would have resulted from the operation of the System during said preceding Fiscal Year had such rate increase been in effect for the entire period may be added to the stated Net Revenues for the calculation of the Debt Service Coverage Ratio, provided that such estimated additional Net Revenues shall be determined by a Consultant.

(ii) The estimated Debt Service Coverage Ratio (as determined by a Consultant), for the Fiscal Year immediately following the Fiscal Year in which the project, the cost of which is being financed by such System Indebtedness, is to be in commercial operation, shall be not less than **1.20**, including the System Indebtedness proposed to be issued. In the event that the Issuer anticipates additional Revenues as a result of expansion or modification of the System by such System Indebtedness, the Issuer may adjust the estimated Net Revenues in determining the Debt Service Coverage Ratio, by adding thereto any estimated increase in Net Revenues resulting from any increase in Revenues for the use and services of the System, which, in the opinion of the Consultant, are reasonable based on projected operations of the System for such Fiscal Year.

(2) *Short-Term Indebtedness.* A certificate signed by the Issuer evidencing any *one* of the following:

(i) The principal amount of all Outstanding Short-Term Indebtedness does not exceed 15% of the Revenues for the most recently ended Fiscal Year for which financial information is available from the Independent Accountant;

(ii) The Short-Term Indebtedness could be incurred assuming it was Long-Term Indebtedness.

(iii) There is delivered to the Issuer a certificate of a Consultant to the effect that it is such Consultant's opinion that it is reasonable to assume that the Issuer will be able to refinance such Short-Term Indebtedness prior to its Stated Maturity and the conditions are met with respect to such Short-Term Indebtedness when it is assumed that such Short-Term Indebtedness is Long-Term Indebtedness maturing over 20 years (or such shorter period as such Consultant indicates is reasonable to assume in such statement) from the date of issuance of the Short-Term Indebtedness and bears interest on the unpaid principal balance at the Index Rate and is payable on a level annual debt service basis over a 20-year period (or such shorter period as such Consultant indicates is reasonable to assume in such statement).

(3) *Interim Indebtedness.* A certificate signed by the Issuer evidencing *either* of the following:

(i) The Interim Indebtedness could be incurred assuming it was Long-Term Indebtedness.

(ii) There is delivered to the Issuer a certificate of a Consultant to the effect that it is such Consultant's opinion that it is reasonable to assume that the Issuer will be able to refinance such Interim Indebtedness prior to its Stated Maturity and the conditions are met with respect to such Interim Indebtedness when it is assumed that such Interim Indebtedness is Long-Term Indebtedness maturing over 20 years (or such shorter period as such Consultant indicates is reasonable to assume in such statement) from the date of issuance of the Interim Indebtedness and bears interest on the unpaid principal balance at the Index Rate and is payable on a level annual debt service basis over a 20-year period (or such shorter period as such Consultant indicates is reasonable to assume in such statement).

(c) When the issuance of System Indebtedness of equal stature and priority is permitted by the Statutes of the State.

(d) The ordinance and/or resolution authorizing such System Indebtedness shall contain or provide for substantially the same terms, conditions, covenants and procedures as established in the Bond Resolution.

Notwithstanding the foregoing restrictions, additional System Indebtedness may be issued if it is necessary: (1) in the opinion of the Consulting Engineer to do so to repair the System if damaged or destroyed by disaster to such extent necessary to keep it in good operating condition; or (2) in the opinion of the Issuer's legal counsel to remedy any deficiency of the System relating to environmental pollution matters or to comply with the requirements of any governmental agency having jurisdiction over the Issuer with respect thereto.

Additional System Indebtedness issued under the conditions hereinbefore set forth shall stand on a parity with the Parity Bonds and Parity Obligations and shall enjoy complete equality or lien on and claim against the Net Revenues, and the Issuer may make equal provision for paying the Debt Service Requirements on such System Indebtedness out of the Revenue Fund and may likewise provide for the creation of reasonable debt service accounts and debt service reserve accounts for the payment of the Debt Service Requirements on such System Indebtedness and the interest thereon out of moneys in the Revenue Fund.

Junior Lien Obligations. Nothing shall prohibit or restrict the right of the Issuer to issue Junior Lien Obligations for any lawful purpose in connection with the operation of and benefiting the System and to provide that the Debt Service Requirements on such Junior Lien Obligations shall be payable out of the Net Revenues, provided at the time of the issuance of such Junior Lien Obligations the Issuer is not in default in the performance of any covenant or agreement contained in the Bond Resolution (unless such System Indebtedness shall be issued to cure

such default and shall be junior and subordinate to the Parity Bonds and Parity Obligations) so that if at any time the Issuer shall be in default in paying either interest on or principal of the Parity Bonds or Parity Obligations, or of the Issuer is in default in making debt service, operation and maintenance or debt service reserve deposits or payments required to be made by it under the Bond Resolution, the Issuer shall make no payments of either principal or of interest on said Junior Lien Obligations until said default or defaults be cured.

Subordinate Lien Bonds. Nothing shall prohibit or restrict the right of the Issuer to issue Subordinate Lien Bonds for any lawful purpose in connection with the operation of and benefiting the System and to provide that the Debt Service Requirements on such Subordinate Lien Bonds shall be payable out of the Net Revenues, provided at the time of the issuance of such Subordinate Lien Bonds the Issuer is not in default in the performance of any covenant or agreement contained in the Bond Resolution (unless such System Indebtedness shall be issued to cure such default and shall be junior and subordinate to the Parity Bonds, Parity Obligations and Junior Lien Obligations) so that if at any time the Issuer shall be in default in paying either interest on or principal of the Parity Bonds, Parity Obligations and Junior Lien Bonds, or of the Issuer is in default in making debt service, operation and maintenance or debt service reserve deposits or payments required to be made by it under the Bond Resolution, the Issuer shall make no payments of either principal or of interest on said Subordinate Lien Bonds until said default or defaults be cured. Such Subordinate Lien Bonds may also constitute general obligations of the Issuer.

Refunding Bonds. The Issuer shall have the right, without complying with the provisions relating to Parity Bonds above, to refund any System Indebtedness under the provisions of any law then available, and the Refunding Bonds so issued shall enjoy complete equality of pledge as did the System Indebtedness being refunded; provided, however, that if only a portion of any series of System Indebtedness is refunded and if said System Indebtedness is refunded in such manner that the Refunding Bonds bear a higher average rate of interest or become due on a date earlier than that of the System Indebtedness which is refunded, then said System Indebtedness may be refunded without complying with the provisions relating to Parity Bonds and Parity Obligations above only by and with the written consent of the Owners of a majority in principal amount of the System Indebtedness that is not refunded; provided that such consent is not needed from Owners of Junior Lien Obligations or Subordinate Lien Bonds, nor is such consent needed if the System Indebtedness to be refunded constitutes Junior Lien Obligations or Subordinate Lien Bonds.

CALCULATION OF DEBT SERVICE REQUIREMENTS

Debt Service Requirements on Balloon, Put, Short-Term and Interim Indebtedness.

(a) The principal of Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness being treated as Long-Term Indebtedness or Interim Indebtedness shall be deemed due and payable at its Stated Maturity; provided, however, that at the election of the Issuer for the purpose of any computation of Debt Service Requirements, whether historical or projected, the principal deemed payable on Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness being treated as Long-Term Indebtedness or Interim Indebtedness, shall be deemed to be payable as set forth below:

(1) If the Issuer has obtained a binding commitment of a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated “A” or better by any Rating Agency) to refinance such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or a portion thereof, including without limitation, a letter of credit or a line of credit, the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or portion thereof to be refinanced, may be deemed to be payable in accordance with the terms of the refinancing arrangement;

(2) If the Issuer has entered into a binding agreement providing for the deposit by the Issuer with a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated “A” or better by any Rating Agency), in trust (herein called a “Special Redemption Fund”) of amounts, less investment earnings realized and retained in the Special Redemption Fund, equal in aggregate to the principal amount of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or a portion thereof, when due from the sums so deposited and investment earnings realized thereon, then the principal amount of the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or portion thereof, may be deemed to be payable in accordance with the terms of such agreement;

(3) If the Issuer has entered into arrangements or agreements with respect to the principal amount of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, other than those referred to in subsections (1) and (2) above, which a Consultant in a certificate filed with the Issuer determines, taking into account the interests of the Owners of System Indebtedness, provides adequate assurances that the Issuer will be able to meet the Debt Service Requirements due on such Indebtedness, the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness may be deemed to be payable in accordance with the terms of such arrangement or agreement; or

(4) Such Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness may be deemed to be System Indebtedness which, at the date of its original incurrence, was payable over a term not to exceed twenty (20) years in equal annual installments of principal and interest at the Index Rate.

A Consultant shall deliver to the Issuer a certificate stating that it is reasonable to assume that installment obligations of such term of the Issuer can be incurred and stating the interest rate then applicable to installment obligations of such term of comparable quality. Interim Indebtedness may be deemed to be Indebtedness which, at the date of its original incurrence, would meet the conditions specified in the statement of the Consultant; provided that the Consultant shall for each annual period that the Debt Service Requirement is computed, provide a supplemental statement that at such period, the certifications contained in the statement are reasonable.

(b) Interest that is payable prior to the Stated Maturity of any Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness shall be taken into account for such appropriate period in computation of Debt Service Requirements. Interest payable at maturity or early redemption on Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness may either be amortized over the anticipated maturity or such longer period as is permitted or may be treated as principal payable on the principal maturity date of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness.

(c) In measuring compliance with the applicable tests hereunder in connection with incurring Put Indebtedness and generally for purposes of determining the Debt Service Requirements relating thereto, Put Indebtedness shall be deemed to mature based upon the actual amortization requirements for the Put Indebtedness, only to the extent that the Issuer has a commitment to refinance such Put Indebtedness.

Debt Service Requirements on Discount Indebtedness. At the election of the Issuer for the purpose of any computation of Debt Service Requirements, whether historical or projected, the principal and interest deemed payable on Discount Indebtedness shall be deemed to be payable as set forth below:

(a) If the Issuer has obtained a binding commitment of a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated "A" or better by any Rating Agency) to refinance such Discount Indebtedness, or a portion thereof, including without limitation, a letter of credit or a line of credit, the Discount Indebtedness, or portion thereof to be refinanced, may be deemed to be payable in accordance with the terms of the refinancing arrangement;

(b) If the Issuer has entered into a binding agreement providing for the deposit with a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated "A" or better by any Rating Agency), in trust (herein called a "Special Redemption Fund") of amounts, less investment earnings realized and retained in the Special Redemption Fund, equal in aggregate to the principal amount of such Discount Indebtedness, or a portion thereof, and providing for the payment of such principal amount when due from the sums so deposited, and investment earnings realized thereon, then the Discount Indebtedness, or portion thereof, may be deemed to be payable in accordance with the terms of such agreement;

(c) If the Issuer has entered into arrangements or agreements with respect to the principal amount of such Discount Indebtedness, other than those referred to in subsections (a) and (b) above, which a Consultant in a certificate filed with the Issuer determines, taking into account the interests of the holders of System Indebtedness, provides adequate assurances that the Issuer will be able to meet the Debt Service Requirements due on such Indebtedness, the Discount Indebtedness may be deemed to be payable in accordance with the terms of such arrangement or agreement; or

(d) As of any time the maturity amount represented by Discount Indebtedness shall be deemed to be the accreted value of such Indebtedness computed on the basis of a constant yield to maturity.

Debt Service Requirements on Variable Rate Indebtedness. When calculating interest requirements on Variable Rate Indebtedness which bears a variable rate of interest for periods as to which the rate of interest has not been determined, the rate of interest on Outstanding Variable Rate Indebtedness shall be the average annual rate of interest which was payable on such Variable Rate Indebtedness during the twelve (12) months immediately preceding the date as of which the calculation is made; and the rate of interest on Variable Rate Indebtedness to be incurred (or incurred less than twelve (12) months preceding such date) shall be the average annual rate of interest which would have been payable on such Variable Rate Indebtedness had it been outstanding for a period of twelve (12) months immediately preceding the date as of which the calculation is made, as evidenced in a certificate of a Consultant, delivered to the Issuer.

DEFAULT AND REMEDIES

Remedies. The provisions of the Bond Resolution shall constitute a contract between the Issuer and the Owners of the Series 2024 Bonds. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Series 2024 Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Series 2024 Bonds similarly situated:

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

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

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Series 2024 Bonds.

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Series 2024 Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Series 2024 Bonds, all of which Series 2024 Bonds of any series shall be of equal rank and without preference or priority of one Series 2024 Bond over any other such Bond in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Series 2024 Bonds, except as to rate of interest, date of maturity and right of prior redemption. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided, or to enforce any right, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred. No waiver of any default or breach of duty or contract by the Owner of any Series 2024 Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the Issuer and the Owners of the Bonds shall be restored to their former positions and rights, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

No Obligation to Levy Taxes. Nothing contained in the Bond Resolution shall be construed as imposing on the Issuer any duty or obligation to levy any taxes either to meet any obligation incurred herein or to pay the principal of or interest on the Series 2024 Bonds.

DEFEASANCE

When any or all of the Series 2024 Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Resolution and the pledge of the Revenues hereunder and all other rights granted hereby shall terminate with respect to the Series 2024 Bonds or scheduled interest payments thereon so paid and discharged. Series 2024 Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Series 2024 Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal or Redemption Price of said Series 2024 Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Series 2024 Bonds, no such satisfaction shall occur until: (a) the Issuer has elected to redeem such Series 2024 Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with the Bond Resolution. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Series 2024 Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Series 2024 Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of the Bond Resolution.

TAX COVENANTS

General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2024 Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Issuer will adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Series 2024 Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Survival of Covenants. The covenants contained in the Bond Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Series 2024 Bonds pursuant to the Bond Resolution until such time as is set forth in the Federal Tax Certificate.

CONTINUING DISCLOSURE REQUIREMENTS

Disclosure Requirements. In the Bond Resolution the Issuer covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Undertaking and to make the provisions of the Disclosure Undertaking applicable to the Series 2024 Bonds. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

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

MISCELLANEOUS PROVISIONS

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Series 2024 Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Series 2024 Bonds then Outstanding. No such modification or alteration shall:

- (a) extend the Maturity of any payment of principal or interest due upon any Series 2024 Bond;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Series 2024 Bond;
- (c) permit preference or priority of any Series 2024 Bond over any other Series 2024 Bond;
- (d) reduce the percentage in principal amount of Series 2024 Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution; or
- (e) permit the creation of a lien on the Revenues prior or equal to the lien of the Parity Bonds or Parity Obligations.

Any provision of the Series 2024 Bonds or of the Bond Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the Issuer at any time in any legal respect with the written consent of the Owners of all of the Series 2024 Bonds at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more precisely identify the Project or provide for a Substitute Project, to conform the Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Series 2024 Bonds or of the Bond Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the governing body of the Issuer amending or supplementing the provisions of the Bond Resolution and shall be deemed to be a part of the Bond Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of the Bond Resolution shall always be kept on file in the office of the Clerk, and shall be made available for inspection by the Owner of any Series 2024 Bond authorized by the Bond Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental resolution or of the Bond Resolution will be sent by the Clerk to any such Owner or prospective Owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Clerk a copy of the resolution of the Issuer hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Owners of the Series 2024 Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The Issuer shall furnish to the Paying Agent a copy of any amendment to the Series 2024 Bonds or the Bond Resolution which affects the duties or obligations of the Paying Agent under the Bond Resolution.

Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing.

Inconsistent Provisions. In case any one or more of the provisions of the Bond Resolution or of the Series 2024 Bonds issued hereunder shall for any reason be inconsistent with the provisions of any Parity Resolution, Parity Bonds, Parity Obligations or Parity Obligation Documents: (a) the provisions of any Parity Resolution or Parity Obligation Document adopted prior to the Bond Resolution shall prevail with respect to Parity Bonds or Parity Obligations issued prior in time, so long as such Parity Bonds or Parity Obligations are Outstanding; and (b) the provisions of the Bond Resolution shall prevail with respect to any Parity Resolution or Parity Obligation Document

adopted subsequent to the Bond Resolution, so long as any Series 2024 Bonds issued under the Bond Resolution are Outstanding.

Electronic Transactions. The issuance of the Series 2024 Bonds and the transactions related thereto and described herein may be conducted and documents may be sent, received, executed and stored by electronic means or transmissions.

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

2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

The City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2023 may be accessed on the MSRB's EMMA website, located [here](#).

BIDDING INFORMATION: NOTICE OF BOND SALE AND BID FORM

NOTICE OF BOND SALE

\$30,210,000*

CITY OF LAWRENCE, KANSAS

WATER AND SEWAGE SYSTEM IMPROVEMENT REVENUE BONDS
SERIES 2024

Bids. Bids for the purchase of the above-referenced bonds (the “Bonds”), of the City of Lawrence, Kansas (the “Issuer”) herein described will be received on behalf of the undersigned Finance Director of the Issuer until 10:00 a.m., Central Time (the “Submittal Hour”), on

November 12, 2024

(the “Sale Date”). Bids may only be submitted via PARITY® or via email to the Municipal Advisor at bids@bakertilly.com. Facsimile bids and hand-delivered written bids will not be accepted. 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 governing body at its meeting to be held at 5:45 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 December 4, 2024 (the “Dated Date”), and will become due in principal installments on November 1 in the years as follows:

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount*</u>
2025	\$585,000	2040	\$ 965,000
2026	485,000	2041	1,010,000
2027	510,000	2042	1,060,000
2028	535,000	2043	1,115,000
2029	565,000	2044	1,170,000
2030	590,000	2045	1,230,000
2031	620,000	2046	1,280,000
2032	650,000	2047	1,330,000
2033	685,000	2048	1,385,000
2034	720,000	2049	1,440,000
2035	755,000	2050	1,495,000
2036	795,000	2051	1,555,000
2037	830,000	2052	1,620,000
2038	875,000	2053	1,685,000
2039	920,000	2054	1,750,000

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 May 1, 2025 (the “Interest Payment Dates”).

**Preliminary; subject to change as provided herein*

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 principal amount of any maturity may be adjusted by the Issuer in order to properly size the Bond issue based on the discount and interest rates bid on the Bonds. 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 date of delivery.

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 Registered 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 Registered 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 2035, and thereafter, will be subject to redemption and payment prior to maturity on November 1, 2034, 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 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 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 10-1201 *et seq.*, all as amended and supplemented (the “Act”), and an ordinance and a resolution adopted by the governing body of the Issuer (collectively, the “Bond Resolution”) for the purpose of paying a portion of the cost of certain repairs, alterations, extensions, reconstructions, enlargements or improvements (“the Project”) to the water and sewage system (the “System”) of the Issuer. The Bonds and the interest thereon will constitute special obligations of the Issuer, payable solely from, and secured as to the payment of principal and interest by a pledge of, the net revenues of the System (the “Net Revenues”) as prescribed by the Act on a parity with the Issuer’s future water and sewage system revenue bonds and the outstanding: Water and Sewage System Improvement Revenue Bonds, Series 2015, dated April 28, 2015; Water and Sewage System Refunding Revenue Bonds, Series 2015-B, dated August 18, 2015; Water and Sewage System Improvement and Refunding Revenue Bonds, Series 2016-A, dated June 29, 2016; Water and Sewage System Improvement and Refunding Revenue Bonds, Series 2017-A, dated December 28, 2017; Water and Sewage System Improvement Revenue Bonds, Series 2018; Water and Sewage System Improvement Revenue Bonds, Series 2021, dated December 22, 2021; and Water and Sewage System Improvement Revenue Bonds, Series 2023, dated December 14, 2023. The taxing power of the Issuer is not pledged to the payment of the Bonds either as to principal or interest. The Bonds shall not be or constitute a general obligation of the Issuer, nor shall they constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

Submission of Bids. 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 (the “Notice”). If provisions of this Notice conflict with those of PARITY[®], this Notice shall control. Email bids may be submitted to bids@bakertilly.com. 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, misdirection or error in the means of transmission selected by any bidder. *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 and from the following website: www.newissuehome.i-deal.com.

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 interest 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 1/8 or 1/100 of 1%. The initial reoffering price to the public for each maturity shall be 98.00% or greater. No bid for less than **100.00%** 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 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 \$604,200 payable to the order of the Issuer to secure the Issuer from any loss resulting from the failure of the Successful Bidder to comply with the terms of its bid.

The Deposit must be received by the Issuer by 2:00 p.m. applicable 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 information may be obtained from the Issuer or the Municipal Advisor at the addresses set forth below).

No interest on the Deposit will be paid by the Issuer. The Deposit 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 the Successful 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. 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, 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 supply an estimate 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 compute 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 not be considered. 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 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 outstanding water and sewage system bonds of the Issuer are rated "Aa2" by Moody's Investors Service. The Issuer has applied to Moody's Investors Service for a rating on the Bonds herein offered for sale.

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

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

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

Delivery and Payment. The Issuer will pay for preparation of the Bonds and will deliver the Bonds properly prepared, executed and registered without cost on or about December 4, 2024 (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 on the Sale Date 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 (1) 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, and (2) that it has an established industry reputation for underwriting municipal securities such as 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 20 minutes of a request by the Issuer, 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 the “hold-the-offering-price” option for determining the issue price of any remaining maturities, the Successful Bidder shall execute and deliver to the Issuer a written acknowledgement specifying the maturities to which “hold-the-offering-price” option shall apply, and 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 the “hold-the-offering-price” 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 the information described under “Establishment of Issue Price” 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 on or about November 1, 2024, “deemed final” by the Issuer except for the omission of certain information as provided in the Rule, copies of which may be obtained from the Clerk or from the Municipal Advisor. Upon the sale of the Bonds, the Issuer will adopt the final Official Statement and will furnish the Successful Bidder, without cost, within seven business days of the acceptance of the Successful Bidder’s proposal, with a sufficient number of copies thereof, which may be in electronic format, in order for the Successful Bidder to comply with the requirements of the Rule and Rule G-32 (collectively, the “Rules”). Additional copies may be ordered by the Successful Bidder at its expense. The Issuer’s acceptance, including electronic acceptance through PARITY®, of the Successful Bidder’s proposal for the purchase of the Bonds shall constitute a contract between the Issuer and the Successful Bidder for purposes of the Rules.

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.

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.

Electronic Transactions. The transactions described herein may be conducted and related documents may be sent, received and stored by electronic means or transmissions. All bid documents, closing documents, certificates, ordinances, resolutions and related instruments may be executed by electronic means or transmissions. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic means or transmissions) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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: November 1, 2024.

CITY OF LAWRENCE, KANSAS

By: Rachelle Mathews, Finance Director
City Hall
6 East 6th Street
Lawrence, Kansas 66044
Phone No.: 785- 832-3214
Email: rmathews@lawrenceks.org

Municipal Advisor - Email Bid Delivery Address:

Baker Tilly Municipal Advisors, LLC
30 East Seventh Street, Suite 3025
Saint Paul, Minnesota 55101
Attn: Bond Services
Phone No.: 651-223-3000
Email: bids@bakertilly.com

OFFICIAL BID FORM
PROPOSAL FOR THE PURCHASE OF CITY OF LAWRENCE, KANSAS
WATER AND SEWAGE SYSTEM IMPROVEMENT REVENUE BONDS
SERIES 2024

TO: Rachelle Mathews, Finance Director
 City of Lawrence, Kansas

November 12, 2024

For \$30,210,000* principal amount of Water and Sewage System Improvement Revenue Bonds, Series 2024, of the City of Lawrence, Kansas, to be dated December 4, 2024, as described in the Notice of Bond Sale dated November 1, 2024 (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>
2025	\$585,000	_____ %	2040	\$ 965,000	_____ %
2026	485,000	_____ %	2041	1,010,000	_____ %
2027	510,000	_____ %	2042	1,060,000	_____ %
2028	535,000	_____ %	2043	1,115,000	_____ %
2029	565,000	_____ %	2044	1,170,000	_____ %
2030	590,000	_____ %	2045	1,230,000	_____ %
2031	620,000	_____ %	2046	1,280,000	_____ %
2032	650,000	_____ %	2047	1,330,000	_____ %
2033	685,000	_____ %	2048	1,385,000	_____ %
2034	720,000	_____ %	2049	1,440,000	_____ %
2035	755,000	_____ %	2050	1,495,000	_____ %
2036	795,000	_____ %	2051	1,555,000	_____ %
2037	830,000	_____ %	2052	1,620,000	_____ %
2038	875,000	_____ %	2053	1,685,000	_____ %
2039	920,000	_____ %	2054	1,750,000	_____ %

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

Principal Amount	\$30,210,000.00*
Plus Premium (if any)	_____
Total Purchase Price	\$ _____
Total interest cost to maturity at the rates specified	\$ _____
Net interest cost (adjusted for Premium).....	\$ _____
True Interest Cost	_____ %
Average annual net interest rate	_____ %

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:

Maturity Date	Years	Amount*
November 1, _____	_____ to _____	\$ _____
November 1, _____	_____ to _____	\$ _____

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

* Preliminary; subject to change as provided in the Notice.

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, including delivery of a wire transfer in the amount of \$604,200 payable to the order of the Issuer, to be delivered by 2:00 p.m. Central Time, 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.

(LIST ACCOUNT MEMBERS ON REVERSE)

Submitted by: _____

By: _____

Telephone No. (____) _____

ACCEPTANCE

Pursuant to action duly taken by the Governing Body of the City of Lawrence, Kansas, the above proposal is hereby accepted on November 12, 2024.

Attest:

Clerk

Mayor

NOTE: No additions or alterations in the above proposal form shall be made, and any erasures may cause rejection of any bid. Email bids may be submitted to Baker Tilly Municipal Advisors, LLC at bids@bakertilly.com, or electronic bids may be submitted via **PARITY**[®], at or prior to 10:00 a.m. applicable Central Time, on November 12, 2024. Any bid received after such time will not be accepted or shall be returned to the bidder.