

OFFICIAL STATEMENT

NEW ISSUE – BOOK-ENTRY ONLY

NOT RATED

In the opinion of Gilmore & Bell, P.C., bond counsel to the City and the Issuer, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; (2) the interest on the Series 2016 Bonds is exempt from income taxation by the State of Kansas; and (3) the Series 2016 Bonds are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" in this Official Statement.

\$1,955,000

**CITY OF CIMARRON, KANSAS PUBLIC BUILDING COMMISSION
REFUNDING REVENUE BONDS
SERIES 2016**

Dated: November 14, 2016

Due: December 1, As shown on the inside cover

The Refunding Revenue Bonds, Series 2016 (the "Series 2016 Bonds") will be issued by the City of Cimarron, Kansas Public Building Commission (the "Issuer"), as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2016 Bonds. Purchases of the Series 2016 Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof (the "Authorized Denomination"). Purchasers will not receive certificates representing their interests in Series 2016 Bonds purchased. So long as Cede & Co. is the registered owner of the Series 2016 Bonds, as nominee of DTC, references herein to the Series 2016 Bond owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Series 2016 Bonds. Principal will be payable annually on December 1, beginning in 2017, and semiannual interest will be payable on June 1 and December 1, beginning on June 1, 2017 (the "Interest Payment Dates"). Principal will be payable upon presentation and surrender of the Series 2016 Bonds by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as paying agent and bond registrar (the "Paying Agent" and "Bond Registrar"). Interest payable on each Series 2016 Bond shall be paid to the persons who are the registered owners of the Series 2016 Bonds as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner, or in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Series 2016 Bonds, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Series 2016 Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

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

The Series 2016 Bonds shall be special limited obligations of the Issuer payable solely from, and secured as to the payment of Debt Service Requirements on the Series 2016 Bonds by a pledge of, the Pledged Property, which consists primarily of rental payments to be received by the Issuer from City of Cimarron, Kansas (the "City") pursuant to the Lease. **THE SERIES 2016 BONDS SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER, NOR SHALL THEY CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION, LIMITATION OR RESTRICTION. THE ISSUER HAS NO TAXING POWER.** See "THE SERIES 2016 BONDS – Security for the Series 2016 Bonds" herein. Additional Bonds may be issued by the Issuer on a parity with the Series 2016 Bonds.

MATURITY SCHEDULE LISTED ON INSIDE COVER PAGE

The payment of the Debt Service Requirements on the Series 2016 Bonds is subject to certain risk factors and investment considerations as described under the caption "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

The Series 2016 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2016 BONDS – Redemption Provisions" herein.

The Series 2016 Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, bond counsel to the City and the Issuer. Certain other legal matters will be passed upon by Curtis Campbell, Esq., counsel for the Issuer. It is expected that the Series 2016 Bonds will be available for delivery through the facilities of DTC on or about November 14, 2016.



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

The date of this Official Statement is October 25, 2016.

\$1,955,000
CITY OF CIMARRON, KANSAS PUBLIC BUILDING COMMISSION
REFUNDING REVENUE BONDS
SERIES 2016

MATURITY SCHEDULE

SERIAL BONDS

<u>Stated Maturity December 1</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Price</u>	CUSIP⁽¹⁾ Base: <u>17183R</u>
2017	\$180,000	1.20%	PAR	AN3
2018	185,000	1.40%	PAR	AP8
2019	185,000	1.60%	PAR	AQ6
2020	190,000	1.80%	PAR	AR4
2021	190,000	2.00%	PAR	AS2
2022	195,000	2.15%	PAR	AT0
2023	200,000	2.30%	PAR	AU7
2024	205,000	2.45%	PAR	AV5
2025	210,000	2.60%	PAR	AW3
2026	215,000	2.80%	PAR	AX1

(All plus accrued interest, if any)

⁽¹⁾ CUSIP numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of S&P Global, Inc., and are included solely for the convenience of the Owners of the Bonds. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2016 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2016 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SERIES 2016 BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2016 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE SERIES 2016 BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

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

CITY OF CIMARRON, KANSAS PUBLIC BUILDING COMMISSION

Mike Coast, President & Member
Shawn Harmon, Vice President & Member
Michelle Frink, Secretary & Member
Chad Burman, Member
Shannon Hoskinson, Member
Candis Hemel, Member
Tammy Richardson, Member

CITY OF CIMARRON, KANSAS

City Hall
119 S. Main St.
Cimarron, Kansas 67835
(620) 855-2215

GOVERNING BODY

Gilbert Benton, Mayor
Shawn Harmon, Councilmember
Darrell Dupree, Councilmember
Chris Wilson, Councilmember
Mike Coast, Councilmember
Amie Schilling, Councilmember

ADMINISTRATIVE OFFICERS

CITY CLERK

Patty Duncan

CITY ADMINISTRATOR

Jeff Acton

ISSUER'S COUNSEL

Curtis Campbell, Esq.

UNDERWRITER

Central States Capital Markets
Prairie Village, Kansas

BOND COUNSEL

Gilmore & Bell, P.C.
Wichita, Kansas

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CIMARRON

Kennedy McKee & Company LLP
Dodge City, Kansas

No dealer, broker, salesman or other person has been authorized by the Issuer, the City or the Underwriter to give any information or to make any representations with respect to the Series 2016 Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2016 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer and the City has been furnished by the Issuer, the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Official Statement does not constitute a contract between the Issuer, the City or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Series 2016 Bonds.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE SERIES 2016 BONDS.....	2
THE DEPOSITORY TRUST COMPANY	7
CITY OF CIMARRON, KANSAS PUBLIC BUILDING COMMISSION.....	8
THE CITY OF CIMARRON, KANSAS	8
THE REFUNDING PLAN	9
SOURCES AND USES OF FUNDS	9
RISK FACTORS AND INVESTMENT CONSIDERATIONS	9
BOND RATINGS	13
ABSENCE OF LITIGATION	13
LEGAL MATTERS.....	13
TAX MATTERS.....	13
VERIFICATION OF ESCROW	14
UNDERWRITING.....	15
AUTHORIZATION OF OFFICIAL STATEMENT.....	15
APPENDIX A INFORMATION CONCERNING CITY OF CIMARRON, KANSAS.....	1
<i>General</i>	A-1
<i>Economic Information</i>	A-2
<i>Financial Information</i>	A-4
<i>Debt Structure</i>	A-12
APPENDIX B CITY OF CIMARRON, KANSAS, FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS (FOR FISCAL YEAR ENDED 12/31/2015	
APPENDIX C SUMMARY OF FINANCING DOCUMENTS	

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$1,955,000
CITY OF CIMARRON, KANSAS PUBLIC BUILDING COMMISSION
REFUNDING REVENUE BONDS
SERIES 2016

INTRODUCTION

General Matters

The purpose of this Official Statement is to furnish information relating to the City of Cimarron, Kansas Public Building Commission (the “PBC” or “Issuer”), the City of Cimarron, Kansas (the “City”) and the Refunding Revenue Bonds, Series 2016 (the “Series 2016 Bonds”), dated November 14, 2016 (the “Dated Date”). The Issuer is a municipal corporation duly organized and existing under the laws of the State of Kansas (the “State”). The City is a municipal corporation duly organized and existing under the laws of the State. Additional information regarding the City is contained in **APPENDIX A** to this Official Statement.

The Series 2016 Bonds are being issued to refund the Issuer’s outstanding Revenue Bonds, Series 2012 (the “Series 2012 Bonds”); see “THE REFUNDING PLAN” herein. The Series 2012 Bonds were issued to finance the costs to construct and furnish a swimming pool facility (the “Facility” and with the real property thereon, the “Project”). In conjunction with the issuance of the Series 2012 Bonds, the PBC, as lessor, and the City, as tenant, entered into a Lease dated as of April 19, 2012 (the “2012 Lease”) whereby the PBC leased the Project to the City, and the City agreed to make rental payments to provide funds sufficient to meet the Debt Service Requirements of the Series 2012 Bonds and any Additional Bonds. In conjunction with the issuance of the Series 2016 Bonds, the PBC and the County will enter into a Supplemental Lease (the “2016 Supplemental Lease,” and collectively with the 2012 Lease, the “Lease”), dated as of the Dated Date, wherein the City will continue to make rental payments to the PBC to provide funds sufficient to meet the Debt Service Requirements of the Series 2016 Bonds and any Additional Bonds.

Brief descriptions of the Series 2016 Bonds, the Issuer, the City, the refunding plan and anticipated sources and uses of funds are included herein. Summaries of the principal financing documents relating to the authorizing, issuance of and security for the Series 2016 Bonds and the continuing disclosure undertakings of the Issuer and the City (collectively, the “Principal Financing Documents”) are described in “**APPENDIX C – SUMMARY OF PRINCIPAL FINANCING DOCUMENTS.**” Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and the Series 2016 Bonds are qualified in their entirety by the definitive forms thereof and the information with respect thereto included in **APPENDIX C**. Copies of such documents may be examined at the principal offices of the City, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

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

The materials contained on the cover page, in the body and in the Appendices to this Official Statement are to be read in their entirety. Except for the information expressly attributed to other sources deemed to be reliable, all information has been provided by the City. The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Except to the extent described under the section captioned “LEGAL MATTERS,” Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Definitions

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

Continuing Disclosure

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. In the continuing disclosure agreement, the Issuer and the City have agreed to make the Series 2016 Bonds subject to the provisions of the City’s Omnibus Continuing Disclosure Undertaking

(the “OCDU”), dated as of September 6, 2016, and the Adoption Agreement (defined below), wherein the City covenants to annually provide certain financial information and operating data, and to provide notices of the occurrence of certain enumerated events and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board (the “MSRB”). Pursuant to the OCDU, the City has agreed to file its financial information and operating data (collectively the “Annual Report”) with the national repository (“EMMA”) by October 1 of every year, commencing October 1, 2017. This covenant is for the benefit of and is enforceable by the owners of the Series 2016 Bonds. In conjunction with the issuance of the Series 2016 Bonds, the City will enter into an Adoption Agreement, dated as of the Dated Date (the “Adoption Agreement,” and collectively with the OCDU, the “Disclosure Undertaking”) which affirms, adopts and revises the OCDU as it relates to the Series 2016 Bonds. The City is the only obligated person for the Series 2016 Bonds under the Rule.

In certain prior years, the City has failed to file its Annual Report within the time period prescribed by the undertakings entered into in connection with previous issuances of bonds, including the Series 2012 Bonds (the “Prior Undertakings”). The statistical information included in the City’s Annual Reports contains the information described as Operating Data in the OCDU and contains most, but not all, of the information described as Operating Data in the Prior Undertakings. In 2016 the City hired a third-party firm to assist the Issuer in meeting its continuing disclosure obligations. The Issuer’s filings for such years are set forth on the table below.

Fiscal Year <u>Ending December 31</u>	Filing Time <u>Period (Days)</u>	Financial Information <u>Filing Date</u> ¹	Operating Data <u>Filing Date</u> ¹
2011	210	07-05-12	04-21-16
2012	210	10-08-13	04-21-16 / 09-19-16
2013	210	08-20-14	04-21-16 / 09-19-16
2014	210	04-21-16 / 09-19-16	04-21-16 / 09-19-16
2015	210	09-12-16 / 09-19-16	09-12-16 / 09-19-16

¹Represents the dates on which the City filed its Annual Report for its G.O. Refunding and Improvement Bonds, Series 2011. On September 19, 2016 the City separately filed substantially all of the information described as operating data in the continuing disclosure undertaking for the Series 2012 Bonds and incorporated by reference its financial information for the fiscal years ending December 31, 2014 and December 31, 2015.

While the City had the filing deficiencies referred to above, it issued general obligation bonds in 2011 and 2013. The official statements for such general obligation bonds were filed with and publicly available on EMMA.

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

For more information regarding the Disclosure Undertaking, see “**APPENDIX C – SUMMARY OF FINANCING DOCUMENTS – THE DISCLOSURE UNDERTAKING.**”

Additional Information

Additional information regarding the Issuer, the City or the Series 2016 Bonds may be obtained from the City Administrator at the address set forth in the preface to this Official Statement.

THE SERIES 2016 BONDS

Authority for the Series 2016 Bonds

The Series 2016 Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-116a, K.S.A. 10-620 *et seq.*, and K.S.A. 12-1757 *et seq.*, as amended by Charter Ordinance No. 10 of the City, all as amended and supplemented from time to time (the “Act”), and a resolution adopted by the governing body of the Issuer (the “Bond Resolution”).

Security for the Series 2016 Bonds

The Series 2016 Bonds and any Additional Bonds (collectively, the “Bonds”) shall be special limited obligations of the Issuer payable solely from, and secured as to the payment of the Debt Service Requirements on the Series 2016 Bonds by a pledge of, the Pledged Property established pursuant to the Bond Resolution. The term Pledged Property includes: (a) all right, title and interest of the Issuer in and to the Project; (b) all right, title and interest, of the Issuer in, to and under the Lease, all Basic Rent or Additional Rent derived by the Issuer pursuant to the Lease, subject to the provisions of the Lease; and (c) all moneys and Investment Securities from time to time held under the terms of the Bond Resolution, including, without limitation, Series 2016 Bond proceeds and income from the temporary investment thereof, proceeds from insurance and condemnation awards, any and all real or personal property of every kind and nature from time to time hereafter, by delivery or by right of any kind, pledged, assigned or transferred as and for additional security for the Series 2016 Bonds by the Issuer.

Pursuant to the Act, the obligations of the City to make Rental Payments under the Lease are legal, valid and binding obligations of the City specifically exempted from the provisions of the Kansas cash-basis and budget laws, are **not** subject to annual appropriation, early cancellation or termination and the City is obligated to pay such Rental Payments from whatever source is legally available and to levy ad valorem taxes without limit, if necessary, to make such Rental Payments.

THE SERIES 2016 BONDS DO NOT IN ANY RESPECT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FULL FAITH AND CREDIT OF THE ISSUER OR THE CITY (EXCEPT TO THE EXTENT THAT RENTALS PAYABLE BY THE CITY UNDER THE LEASE CONSTITUTES AN UNCONDITIONAL OBLIGATION OF THE CITY MAY BE MADE FROM TAX LEVIES).

Description of the Series 2016 Bonds

The Series 2016 Bonds shall consist of fully registered book-entry-only bonds in an Authorized Denomination and shall be numbered in such manner as the Bond Registrar shall determine. All of the Series 2016 Bonds shall be dated as of the Dated Date, become due in the amounts on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the inside cover page of this Official Statement (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

Designation of Paying Agent and Bond Registrar

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

The Treasurer of the State of Kansas, Topeka, Kansas (the “Bond Registrar” and “Paying Agent”) has been designated by the Issuer as paying agent for the payment of the Debt Service Requirements on the Series 2016 Bonds and bond registrar with respect to the registration, transfer and exchange of Series 2016 Bonds.

Method and Place of Payment of the Bonds

The Debt Service Requirements, or Redemption Price, of the Series 2016 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 Series 2016 Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Series 2016 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 Series 2016 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 Series 2016 Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing, any Defaulted Interest with respect to any Series 2016 Bond shall cease to be payable to the Owner of such Series 2016 Bond on the relevant Record Date and shall be payable to the Owner in whose name such Series 2016 Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2016 Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall notify the Issuer of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Series 2016 Bond entitled to such notice not less than 10 days prior to such Special Record Date.

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE BONDS, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See “THE SERIES 2016 BONDS – Book-Entry Bonds; Securities Depository.”

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Bonds: Securities Depository

The Series 2016 Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Series 2016 Bonds, except in the event the Bond Registrar issues Replacement Bonds. It is anticipated that during the term of the Series 2016 Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of Debt Service Requirements on the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraphs.

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Series 2016 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the 2016 Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interest in not less than 50% of the Series 2016 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 Series 2016 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2016 Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Series 2016 Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a 2016 Bond or Series 2016 Bonds for cancellation shall cause the delivery of the Series 2016 Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

Registration, Transfer and Exchange of Bonds

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

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

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Nonpresentment of Bonds

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

Redemption Provisions

Optional Redemption. At the option of the Issuer, upon instruction from the City, the Series 2016 Bonds maturing on December 1 in the years 2020, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on December 1, 2019, and thereafter, as a whole or in part (selection of maturities and the amount of Series 2016 Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

Selection of Bonds to be Redeemed. Series 2016 Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Series 2016 Bonds are to be redeemed and paid prior to their Stated Maturity, such Series 2016 Bonds shall be redeemed in such manner as the Issuer shall determine, Series 2016 Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in minimum Authorized Denomination in such equitable manner as the Bond Registrar may determine. In the case of a partial redemption of Series 2016 Bonds by lot when Series 2016 Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Series 2016 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 Series 2016 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 Series 2016 Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such minimum Authorized Denomination value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Series 2016 Bond or Series 2016 Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Series 2016 Bond. If the Owner of any such Series 2016 Bond fails to present such Series 2016 Bond to the Paying Agent for payment and exchange as aforesaid, such Series 2016 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 Series 2016 Bonds to be redeemed, if the Issuer shall call any Series 2016 Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Series 2016 Bonds to the Bond Registrar and the Underwriter. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Series 2016 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 Series 2016 Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Series 2016 Bonds, the respective principal amounts) of the Series 2016 Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Series 2016 Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Series 2016 Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Series 2016 Bonds that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Series 2016 Bonds or portions of Series 2016 Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Series 2016 Bonds or portion of Bonds shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Series 2016 Bonds, the Bond Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2016 Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Series 2016 Bond so affected, shall not affect the validity of the redemption of such Series 2016 Bond.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Undertaking. The Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Series 2016 Bond.

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”), New York, New York will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Series 2016 Bonds, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2016 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 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 Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2016 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 Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

6. Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Series 2016 Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Series 2016 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2016 Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of the Series 2016 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2016 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2016 Bonds to the Paying Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2016 Bond certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2016 Bond certificates will be printed and delivered to DTC.

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

CITY OF CIMARRON, KANSAS PUBLIC BUILDING COMMISSION

The Issuer was organized in 2012 pursuant to the Act by the governing body of the City. The Issuer's governing body consists of seven (7) members, appointed by the Mayor and confirmed by the City Council, and serve for the term as designated at appointment. The Issuer's principal function and responsibility is to finance the acquisition and construction of building facilities for lease to governmental entities. The Issuer has authority to issue the Series 2016 Bonds under the Act. The current members of the governing body are set forth on the inside cover of this Official Statement. As of the Dated Date, the Issuer has issued and has outstanding the following revenue bonds (including the Series 2016 Bonds and excluding the Refunded Bonds described below):

Description of Indebtedness	Series	Dated Date	Tenant	Original Principal Amount	Amount Outstanding
Revenue Bonds	2012	04/19/2012	City of Cimarron, Kansas	\$2,500,000	\$ 0
Refunding Revenue Bonds	2016	11/14/2016	City of Cimarron, Kansas	1,955,000	1,955,000

THE CITY OF CIMARRON, KANSAS

The City of Cimarron, Kansas, is a municipal corporation organized under the laws of the State. The current members of the governing body and certain other officials of the City are set forth on the inside cover of this Official Statement. General information and selected operating information with respect to the City is contained in **APPENDIX A** hereto. Attached hereto as **APPENDIX B** are the Audited Financial Statements of the City for the fiscal year ended December 31, 2015.

THE REFUNDING PLAN

Proceeds of the Series 2016 Bonds and certain other funds of the Issuer will be applied to retire the following Outstanding Bonds of the Issuer (the “Refunded Bonds”):

Revenue Bonds, Series 2012, Dated April 19, 2012

<u>Maturity</u> <u>Amount</u>	<u>Final Maturity</u> <u>Date</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
\$2,255,000	12/01/32	12/01/2017 ¹	100%

¹The portion of the Refunded Bonds maturing on 12/01/2016 and 12/01/2017 will be refunded to their stated maturities.

An Escrow Fund will be established for the Refunded Bonds pursuant to the terms of the Escrow Trust Agreement dated as of the Dated Date, by and between the Issuer and Security Bank of Kansas City, Kansas City, Kansas (the “Escrow Agent”). See “**APPENDIX C – SUMMARY OF FINANCING DOCUMENTS – THE ESCROW TRUST AGREEMENT**” for a discussion of the manner in which the Escrow Fund is administered.

SOURCES AND USES OF FUNDS

The following table summarizes the sources and uses of funds associated with the issuance of the Series 2016 Bonds:

Sources of Funds:

Principal Amount	\$1,955,000.00
Transfer from Debt Service Account	142,787.50
Available funds of the City	335,000.00
Underwriter’s Discount	<u>-27,370.00</u>
Total	<u>\$2,405,417.50</u>

Uses of Funds:

Deposit to Escrow Fund	\$2,366,452.64
Costs of Issuance	<u>38,964.86</u>
Total	<u>\$2,405,417.50</u>

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE SERIES 2016 BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE SERIES 2016 BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2016 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2016 BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR THE UNDERWRITER.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Series 2016 Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the City.

Debt Service Source

The Series 2016 Bonds are payable solely from the Pledged Property, including receipts of the Issuer arising out of or in connection with its interest in the Project, including the Basic Rental Payments payable by the City under the Lease. Under the Act, the City is authorized to enter into long term leases with the Issuer for use of facilities such as the Project.

Under existing law, the obligation of the City to make rental payments under the Lease is *not* subject to annual appropriations and is exempt from the application of the Kansas cash-basis and budget laws.

Tax Lid Legislation

As described in “*APPENDIX A – FINANCIAL INFORMATION – Accounting, Budgeting and Auditing Procedures*,” the City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the county appraiser. The Kansas Legislature passed legislation in 2015 and 2016 that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the “Tax Lid”). The Tax Lid is effective on January 1, 2017, and provides that, subject to certain exceptions, no city or county may approve an appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the immediately prior year, as adjusted to reflect the average changes in the consumer price index for the preceding five calendar years and provided that such average shall not be less than zero, unless approved by a majority vote of electors. The Tax Lid does not require an election in the following situations:

- “(1) Increased property tax revenues that, in the current year, are produced and attributable to the taxation of:
 - (A) The construction of any new structures or improvements or the remodeling or renovation of any existing structures or improvements on real property, which shall not include any ordinary maintenance or repair of any existing structures or improvements on the property;
 - (B) increased personal property valuation;
 - (C) real property located within added jurisdictional territory;
 - (D) real property which has changed in use;
 - (E) expiration of any abatement of property from property tax; or
 - (F) expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or any other similar property tax rebate or redirection program.
- (2) Increased property tax revenues that will be spent on:
 - (A) Bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016;
 - (B) payment of special assessments not exceeding the amount of ad valorem property taxes levied in support of such payments;
 - (C) court judgments or settlements of legal actions against the city or county and legal costs directly related to such judgments or settlements;
 - (D) expenditures of city or county funds that are specifically mandated by federal or state law with such mandates becoming effective on or after July 1, 2015, and loss of funds from federal sources after January 1, 2017, where the city or county is contractually obligated to provide a service;
 - (E) expenses relating to a federal, state or local disaster or federal, state or local emergency, including, but not limited to, a financial emergency, declared by a federal or state official. The board of county commissioners may request the governor to declare such disaster or emergency; or
 - (F) increased costs above the consumer price index for law enforcement, fire protection or emergency medical services.
- (3) Any increased property tax revenues generated for law enforcement, fire protection or emergency medical services shall be expended exclusively for these purposes but shall not be used for the construction or remodeling of buildings.
- (4) The property tax revenues levied by the city or county have declined:
 - (A) In one or more of the next preceding three calendar years and the increase in the amount of funding for the budget or appropriation from revenue produced from property taxes does not exceed the average amount of funding from such revenue of the next preceding three calendar years, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year; or
 - (B) the increase in the amount of ad valorem tax to be levied is less than the change in the consumer price index plus the loss of assessed property valuation that has occurred as the result of legislative action, judicial action or a ruling by the board of tax appeals.”

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

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

However, as described above, the Tax Lid provides a specific exception for “[b]ond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016. Because the Lease has an effective date of April 19, 2012, the City’s obligation to make payments to the PBC pursuant to the Lease existed prior to July 1, 2016, and therefore the City is permitted under the Tax Lid to levy unlimited ad valorem taxes as necessary to pay its Basic Rent payments required under the Lease. The City intends to make all payments of Basic Rent required under the Lease. As provided in the Lease, the Basic Rent payments are a binding obligation of the City, payable from any source of funds, and not subject to annual appropriation.

Neither the PBC nor the City can predict the impact of the Tax Lid on the ratings on the Series 2016 Bonds, or the general rating of the City. A change in the rating on the Series 2016 Bonds or a change in the general rating of the City may adversely impact the market price of the Series 2016 Bonds in the secondary market.

Title to Land

Other than the right of the Issuer to enforce the Lease, neither the Project nor any other property owned by the City or used in conjunction with the operation of the Project is pledged or mortgaged to secure payment of the Series 2016 Bonds. If there is a default in the payment of the Series 2016 Bonds, the owners of the Series 2016 Bonds will have no right to foreclose upon or otherwise obtain use or possession of the Project, other than to enforce the Issuer’s rights in the Lease.

Environmental Matters

Even though the City operations do not involve any unusual environmental hazards, and the City believes it is currently in compliance with all federal, state and local regulations regarding potential contaminants, the potential for spills and other contamination of the air, soil or groundwater on the Project or in the vicinity may result in potential exposure to liability under federal and state environmental and regulatory laws which require remedial action. No environmental site assessment of the Project has been conducted. Under some circumstances, lenders and other third parties may be named as “potentially responsible parties” and be subjected to liability for payment of cleanup costs. The liability of third parties to such exposure is not well defined. It is not currently possible to assess accurately either the nature or the extent of such potential liability. Pursuant to the Lease, the City has agreed to indemnify the Issuer and the Owners of the Series 2016 Bonds for costs or damages incurred in connection with such environmental hazards during the term of the Lease.

Liquidation of Security in the Event of Default

The Project consists of the Land and the Facility located thereon. In the event of a forced liquidation or other reletting or disposition of the Project, there is no assurance that such will produce funds sufficient to pay the principal of the respective Series 2016 Bonds and interest accrued thereon.

Abandonment of Project after Event of Default

The Issuer has certain remedies under the Lease if an Event of Default under the Lease occurs and continues, including the ability to take possession of the Project and relet it, with the proceeds being available to pay principal and interest on the Series 2016 Bonds. The Lease gives the Issuer the option, under such circumstances, not to re-enter or take possession of the Project, thereby abandoning a part of the security for the Series 2016 Bonds. In the event that the Project should become contaminated by the presence of Hazardous Substances, the Tenant is the subject of a remedial action under an Environmental Law as a result of such contamination, the Issuer would have the discretion to abandon the Project, and probably would abandon it if its market value were substantially impaired by the presence of the contamination or if re-entering or taking possession of the Project would probably expose the Issuer or the Owners to liability for costs of a remedial action under an Environmental Law.

Limitations on Remedies Available to Owners of Series 2016 Bonds

The enforceability of the rights and remedies of the owners of Series 2016 Bonds, and the obligations incurred by the Issuer in issuing the Series 2016 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 and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2016 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.

Kansas Public Employees Retirement System

As described in “*APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans*,” the City participates in the Kansas Public Employees Retirement System (“KPERs”), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERs administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The City participates in the Public Employees Retirement System – Local Group (the “Plan”). Under existing law, employees make contributions and the City makes all employer contributions to the Plan; neither the employees nor the City are directly responsible for any unfunded accrued actuarial liability (“UAAL”); however, Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERs’ Valuation Report, dated as of December 31, 2015, the Local Group had an UAAL of \$1.486 billion

Taxation of Interest on the Series 2016 Bonds

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Series 2016 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 Series 2016 Bonds includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Bond Resolution, and the City has covenanted in the Lease, and in other documents and certificates to be delivered in connection with the issuance of the Series 2016 Bonds to comply with the provisions of the Code, including those which require the Issuer and City to take or omit to take certain actions after the issuance of the Series 2016 Bonds. Because the existence and continuation of the excludability of the interest on the Series 2016 Bonds depends upon events occurring after the date of issuance of the Series 2016 Bonds, the opinion of Bond Counsel described under “*TAX MATTERS*” assumes the compliance by the Issuer and City with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Series 2016 Bonds in the event of noncompliance with such provisions. The failure of the Issuer or City to comply with the provisions described above may cause the interest on the Series 2016 Bonds to become includable in gross income as of the date of issuance.

Premium on Series 2016 Bonds

Any person who purchases a Series 2016 Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Series 2016 Bonds are subject to redemption at par under the various circumstances described under “*THE SERIES 2016 BONDS – Redemption Provisions*.”

Suitability of Investment

An investment in the Series 2016 Bonds involves a certain degree of risk. The interest rate borne by the Series 2016 Bonds (as compared to prevailing interest rates on more secure tax exempt bonds such as those which constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of risk. Furthermore, the tax exempt feature of the Series 2016 Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Series 2016 Bonds are an appropriate investment.

Market for the Series 2016 Bonds

Lack of Bond Rating. The Series 2016 Bonds are **not** rated and no application has been made for a rating.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Series 2016 Bonds. It is the present practice of the Underwriter, however, to make a secondary market as dealers in issues of municipal bonds which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Series 2016 Bonds, but is not obligated to do so. Prices of bonds traded in the secondary market, though, are subject to

adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in the Series 2016 Bonds as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the City, or a material adverse change in the financial condition of the City, whether or not the Series 2016 Bonds are in default as to the Debt Service Requirements, and other factors which in the opinion of the Underwriter may give rise to uncertainty concerning prudent secondary market practices.

BOND RATINGS

The Issuer has **not** applied for a rating on the Series 2016 Bonds herein offered for sale.

ABSENCE OF LITIGATION

The Issuer certifies that there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer, the right or title of any of its officers to their respective offices, the legality of any official act, the constitutionality or validity of the indebtedness represented by the Series 2016 Bonds, the validity of said Series 2016 Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof.

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 effect the financial position of the City.

The City certifies that there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the 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 or the constitutionality or validity of the indebtedness represented by the Series 2016 Bonds or the validity of said Series 2016 Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to meet the rental payments due under the Lease.

LEGAL MATTERS

Approval of Series 2016 Bonds

All matters incident to the authorization and issuance of the Series 2016 Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, bond counsel to the City and the Issuer (“Bond Counsel”). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the Official Statement but expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned “THE SERIES 2016 BONDS,” “LEGAL MATTERS,” “TAX MATTERS” and “*APPENDIX C – SUMMARY OF FINANCING DOCUMENTS.*” Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Series 2016 Bonds. Certain legal matters have been passed on for the Issuer and the City by Curtis Campbell, Esq.

TAX MATTERS

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Series 2016 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2016 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2016 Bonds in the secondary market at a premium or a discount. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2016 Bonds.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the issue date of the Series 2016 Bonds:

Federal Tax Exemption. The interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the Series 2016 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The Series 2016 Bonds are “qualified tax-exempt obligations” (within the meaning of Code § 265(b)(3)).

Kansas Tax Exemption. The interest on the Series 2016 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 Series 2016 Bonds, subject to the condition that the Issuer and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2016 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer and the City have each covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2016 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2016 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2016 Bonds.

Other Tax Consequences

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2016 Bond, an owner of the Series 2016 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2016 Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Series 2016 Bond. To the extent the Series 2016 Bonds are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2016 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 Debt Service Requirements paid on Series 2016 Bonds, and to the proceeds paid on the sale of Series 2016 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2016 Bonds should be aware that ownership of the Series 2016 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2016 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2016 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2016 Bonds, including the possible application of state, local, foreign and other tax laws.

VERIFICATION OF ESCROW

The accuracy of the mathematical computations of: (a) the adequacy of cash and certain Escrowed Securities to be held by the Escrow Agent pursuant to the Escrow Agreement, together with the interest to be earned thereon, to pay the Debt Service Requirements due and to become due on the Refunded Bonds to and including the applicable optional redemption date or date of final maturity, and (b) certain yield calculations relating to the Series 2016 Bonds and the Escrowed Securities made in accordance with Code § 148, will be verified by Robert Thomas CPA LLC, Shawnee Mission, Kansas. Such

verification of the accuracy of such mathematical computations will be based upon information supplied by the Underwriter and on interpretations of the Code provided by Bond Counsel.

UNDERWRITING

The Series 2016 Bonds are being purchased for reoffering by Central States Capital Markets, LLC, Prairie Village, Kansas (the “Underwriter”) at a price equal to the principal amount of the Series 2016 Bonds, less an underwriting discount of \$27,370.00. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2016 Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2016 Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Series 2016 Bonds will be offered to the public initially at the prices determined to produce the yield to maturity or applicable redemption date set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Series 2016 Bonds to certain dealers (including dealers depositing the Series 2016 Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Series 2016 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

AUTHORIZATION OF OFFICIAL STATEMENT

The preparation of this Official Statement and its distribution has been authorized by the governing body of the Issuer as of the date on the cover page hereof. This Official Statement is submitted in connection with the issuance of the Series 2016 Bonds and may not be reproduced or used as a whole or in part for any other purpose. This Official Statement does not constitute a contract between the Issuer, the City or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Series 2016 Bonds

**CITY OF CIMARRON, KANSAS
PUBLIC BUILDING COMMISSION**

CITY OF CIMARRON, KANSAS

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

INFORMATION CONCERNING THE CITY OF CIMARRON, KANSAS

GENERAL

The City of Cimarron, Kansas Public Building Commission (the “PBC” or “Issuer”) does not possess authority to levy taxes or raise revenue to provide for the repayment of the Series 2016 Bonds, other than from certain rental payments it receives from the City of Cimarron, Kansas (the “City”). The City is solely responsible for making the rental payments that are to be used by the Issuer to provide for the payment of the Series 2016 Bonds. The following sections contain financial, economic, demographic and other data related to the City and Gray County, Kansas (the “County”).

Size and Location

The City of Cimarron is the county seat of Gray County, Kansas, and is located approximately 15 miles from Dodge City, Kansas on U.S. Highway 50. The City encompasses approximately 1.139 square miles and has a current estimated population of 2,262 persons.

Government and Organization of the Issuer

The City was incorporated in 1878 and is a city of the third class.

The City operates under the Mayor-Council form of government. The five (5) Council members elected at large, serve four (4) year terms. The Mayor, elected at large, for four (4) year terms, presides over Council meetings and appoints certain City officials, subject to Council approval. The City Administrator is appointed by the Mayor, subject to Council approval and is charged with the efficient and effective administration of the City.

Municipal Services and Utilities

The City owns and operates its own water, sewer, and electric distribution utility systems. Black Hills Energy supplies natural gas and Victory supplies electricity to the City. Telephone, cable and internet service is provided by United Wireless.

The City has no sworn police officers. Law enforcement is provided by the Gray County Sheriff’s Department. The City is served by volunteer firefighters and volunteer paramedic and emergency ambulance service.

Transportation and Communication Facilities

The City is located on U.S. Highway 50. Commercial air transportation is provided at Wichita’s Mid-Continent Airport. General aviation services are provided by the Cimarron Airport located adjacent to the City, the Dodge City Airport located approximately 15 miles to the east of the City and the Garden City Regional Airport located approximately 24 miles northwest of the City.

Educational Institutions and Facilities

Unified School District No. 102 operates one elementary schools, one junior/senior high school in the City. As of September 20, 2015, the district had a total enrollment of approximately 663 students. Dodge City Community College is located approximately 15 miles east of the City and Garden City Community College located approximately 30 miles west of the City each provide a two-year curriculum and vocational and technical courses of study. Fort Hays State University in Hays, Kansas is located within 125 miles of the City, and Wichita State University in Wichita, Kansas is located within 185 miles of the City. Both Universities offer a four-year curriculum and post-graduate degrees.

Medical and Health Facilities

Western Plains Primary Care is located in the City and is operated by Western Plains Medical Center. Major medical service is available at Western Plains Medical Center, located within 15 miles of the City, and St. Catherine Hospital in Garden City, Kansas located within 35 miles of the City.

Recreational, Cultural and Religious Facilities

There is recreation available in the area including a park with baseball diamonds, swimming pool, country club with golf course and the Gray County Recreation Center with exercise programs and basketball and racquetball courts. Additionally, cultural opportunities such as a community theater, movie theaters and museums are located in Dodge City and Garden City. Five churches serve the community.

ECONOMIC INFORMATION

Agriculture and the cattle industry form the economic foundation of the area with cattle feeding and beef processing as the primary industry in nearby Dodge City, Kansas.

Major Employers

Listed below are the major employers located in City and the number employed by each:

<u>Major Employers</u>	<u>Product/Service</u>	<u>Number of Full- & Part-time Employees</u>
1. USD 102 Gray County, Kansas (Cimarron)	School	112
2. Gray County, Kansas	Government	110
3. Irsik & Doll	Business Off/Elevator	85
4. SONIC	Fast Food	40
5. Davis Electric	Electric	34
6. Whites Foodliner	Grocery Store	30
7. First National Bank	Banking	26
8. City of Cimarron	Government	18
9. Clark Pharmacy	Pharmacy	13
10. Benton Accounting	Accounting	12

Source: City Clerk

Labor Force

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

GRAY COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2011	3,585	3,466	119	3.3%
2012	3,558	3,447	111	3.1%
2013	3,487	3,382	105	3.0%
2014	3,500	3,405	95	2.7%
2015	3,589	3,505	84	2.3%

STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2011	1,491,087	1,394,082	97,005	6.5%
2012	1,483,574	1,398,474	85,100	5.7%
2013	1,485,405	1,406,374	79,031	5.3%
2014	1,494,188	1,425,970	68,218	4.6%
2015	1,499,009	1,435,884	63,125	4.2%

Source: Kansas Department of Labor

Retail Sales Tax Collections

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

<u>Year</u>	<u>Sales Tax Collections</u>	<u>Per Capita Sales Tax</u>
2011	\$3,187,522.70	\$498.05
2012	4,061,399.36	576.76
2013	3,313,793.64	639.30
2014	3,297,742.91	543.66
2015	2,971,550.19	526.96

The statewide sales and use tax was increased from 4.25% to 4.90% effective July 1, 1992. It was subsequently increased to 6.3%, effective July 1, 2010, and decreased to 6.15%, effective July 1, 2013. Effective July 1, 2015, the statewide sales and use tax was increased to 6.50%.

Source: Kansas Statistical Abstract

Local Option Sales Tax

In 1985 the County voters approved a sales tax on retail sales within the County limits. The County shares a portion of its sales tax collections with the City. In 2012, the City approved a 1.25% General Retailers Sales Tax. The Sales Tax was implemented in July of 2012.

The following table provides the amount of local sales tax collected and received by the City during the years indicated.

<u>Year</u>	<u>Receipts</u>
2012	\$ 87,079.61
2013	245,356.44
2014	238,388.45
2015	249,706.89

Source: Kansas Department of Revenue

Oil Production

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

<u>Year</u>	<u>Oil Production</u>
2011	90,190
2012	214,865
2013	279,751
2014	236,751
2015	208,474

Source: Kansas Geological Survey

Financial and Banking Institutions

There are currently three (3) banks located in Gray County. For the years listed, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u>
2011	\$172,000,000
2012	178,000,000
2013	178,000,000
2014	171,000,000
2015	163,000,000

Source: Kansas Statistical Abstract, FDIC - 2015

Building Permits

The following table indicates the number of building permits and total valuation of these permits issued within the City for the years indicated. These numbers reflect permits issued either for new construction or for major renovation.

<u>Year</u>	Number of Permits Issued	
	<u>Residential</u>	<u>Non-Residential</u>
2012	14	0
2013	6	1
2014	6	0
2015	2	4
2016	3	1

Source: City Clerk

Population Trends

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

<u>Year</u>	<u>City Population</u>	<u>Gray County Population</u>
1980	1,491	5,138
1990	1,626	5,396
2000	1,934	5,904
2010	2,184	6,006
2011	2,222	6,113
2012	2,204	6,030
2013	2,236	6,009
2014	2,240	6,082
2015	2,262	6,133

The median age of persons in Gray County and the State of Kansas is 34.7 and 36, respectively, per the 2010 Census.

Source: 1980, 1990, 2000 and 2010 data: U.S. Census Bureau; 2011 – 2015 data: Kansas Division of Budget

Personal Income Trends

Gray County personal and per capita income and the State of Kansas per capita income are listed for the years indicated, in the following table.

<u>Year</u>	<u>Gray County Personal Income</u>	<u>Gray County Per Capita Income</u>	<u>State of Kansas Per Capita Income</u>
2010	\$290,808	\$48,259	\$39,235
2011	363,129	59,471	42,403
2012	350,706	58,510	43,725
2013	430,407	71,651	44,311
2014	425,276	69,924	44,891

Source: U.S. Department of Commerce – Bureau of Economic Analysis

FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

The City follows a modified accrual basis of accounting for all tax supported funds of the City, including the General Fund. The City follows a cash receipts and disbursement basis of accounting which is adjusted for the issuing of statements, to the accrual or modified accrual basis, as appropriate.

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

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser. The Kansas Legislature passed legislation in 2015 and 2016 that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the "Tax Lid"). The Tax Lid is effective on January 1, 2017, and provides that, subject to certain exceptions, no city or county may approve an appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the immediately prior year, as adjusted to reflect the average changes in the consumer price index for the preceding five calendar years and provided that such average shall not be less than zero, unless approved by a majority vote of electors. The Tax Lid does not require an election in the following situations:

- “(1) Increased property tax revenues that, in the current year, are produced and attributable to the taxation of:
 - (A) The construction of any new structures or improvements or the remodeling or renovation of any existing structures or improvements on real property, which shall not include any ordinary maintenance or repair of any existing structures or improvements on the property;
 - (B) increased personal property valuation;
 - (C) real property located within added jurisdictional territory;
 - (D) real property which has changed in use;
 - (E) expiration of any abatement of property from property tax; or
 - (F) expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or any other similar property tax rebate or redirection program.
- (2) Increased property tax revenues that will be spent on:
 - (A) Bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016;
 - (B) payment of special assessments not exceeding the amount of ad valorem property taxes levied in support of such payments;
 - (C) court judgments or settlements of legal actions against the city or county and legal costs directly related to such judgments or settlements;
 - (D) expenditures of city or county funds that are specifically mandated by federal or state law with such mandates becoming effective on or after July 1, 2015, and loss of funds from federal sources after January 1, 2017, where the city or county is contractually obligated to provide a service;
 - (E) expenses relating to a federal, state or local disaster or federal, state or local emergency, including, but not limited to, a financial emergency, declared by a federal or state official. The board of county commissioners may request the governor to declare such disaster or emergency; or
 - (F) increased costs above the consumer price index for law enforcement, fire protection or emergency medical services.
- (3) Any increased property tax revenues generated for law enforcement, fire protection or emergency medical services shall be expended exclusively for these purposes but shall not be used for the construction or remodeling of buildings.
- (4) The property tax revenues levied by the city or county have declined:
 - (A) In one or more of the next preceding three calendar years and the increase in the amount of funding for the budget or appropriation from revenue produced from property taxes does not exceed the average amount of funding from such revenue of the next preceding three calendar years, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year; or
 - (B) the increase in the amount of ad valorem tax to be levied is less than the change in the consumer price index plus the loss of assessed property valuation that has occurred as the result of legislative action, judicial action or a ruling by the board of tax appeals.”

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

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

However, as described above, the Tax Lid provides a specific exception for “[b]ond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016. Because the Lease has an effective date of April 19, 2012, the City’s obligation to make payments to the PBC pursuant to the Lease existed prior to July 1, 2016, and therefore the City is permitted under the Tax Lid to levy unlimited ad valorem taxes as necessary to pay its Basic Rent payments required under the Lease. The City intends to make all payments of Basic Rent required under the Lease. As provided in the Lease, the Basic Rent payments are a binding obligation of the City, payable from any source of funds, and not subject to annual appropriation.

Neither the PBC nor the City cannot predict the impact of the Tax Lid on the ratings on the Bonds, or the general rating of the City. A change in the rating on the Bonds or a change in the general rating of the City may adversely impact the market price of the Bonds in the secondary market.

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Kennedy, McKee & Company LLP, Dodge City, Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ending 2015 is attached hereto as **APPENDIX B**.

The financial information contained in the Appendices to this Official Statement are an integral part of this document and are intended to be read in conjunction herewith.

Sources of Revenue

The City finances its general operations through the local property tax levy, a variety of license and permit fees and other miscellaneous sources as indicated below for the current Fiscal Year:

<u>Source</u>	<u>Amount</u>
Local property tax	36.0%
Franchise fees	1.0%
Sales Tax	4.0%
License and permits	0.0%
Fines and penalties	2.0%
Payments made by utility enterprises	53.0%
Federal and State grants	3.0%
Miscellaneous	<u>1.0%</u>
<i>Total</i>	<i>100.00%</i>

Source: City Clerk

Property Valuations

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

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

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

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

Fair Market Value

The following table shows the fair market value of the taxable property within the City for the following years:

<u>Year</u>	<u>Fair Market Value</u>
2012	\$101,064,320
2013	104,622,610
2014	113,923,560
2015	122,506,580
2016	120,753,210

Source: County Clerk
2016: Preliminary numbers

Assessed Valuation

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

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2012	\$10,984,754	\$629,557	\$463,566	\$864,819	\$12,942,696
2013	11,421,694	586,023	489,782	889,110	13,386,609
2014	12,373,732	409,132	446,346	877,550	14,106,760
2015	12,725,075	397,900	401,316	911,100	14,435,391
2016	12,869,352	404,347	344,995	911,100*	14,529,794

Source: County Clerk
 *2016: Estimated Numbers

Property Tax Levies and Collections

Tax Collections:

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

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

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

Tax Rates:

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

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

<u>Year</u>	<u>General Fund</u>	<u>Library Fund</u>	<u>Bond & Interest</u>	<u>Total Levy</u>
2011/12	43.306	10.001	2.984	56.291
2012/13	43.293	10.000	2.818	56.111
2013/14	41.808	9.959	4.114	55.881
2014/15	40.473	10.024	5.517	56.014
2015/16	42.279	10.015	3.786	56.080

Source: Kansas Department of Administration - County Tax Levy Sheets

Aggregate Tax Levies:

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

<u>Year</u>	<u>City</u>	<u>Gray County</u>	<u>USD 102</u>	<u>State</u>	<u>Total Levy</u>
2011/12	56.291	74.129	43.390	1.5	175.310
2012/13	56.111	71.680	45.272	1.5	174.563
2013/14	55.881	58.062	45.124	1.5	160.567
2014/15	56.014	56.502	45.153	1.5	159.169
2015/16	56.080	56.486	43.834	1.5	157.900

Source: Kansas Department of Administration - County Tax Levy Sheets

Tax Collection Record:

The following table sets forth tax collection information for the City for the years indicated:

<u>Year</u>	<u>Total Levy</u>	<u>Total Taxes Levied</u>	<u>Current Taxes Collected</u>	
			<u>Amount</u>	<u>Percentage</u>
2011/12	56.291	647,241.29	638,722.67	98.68%
2012/13	56.111	683,285.12	669,898.57	98.04%
2013/14	55.881	703,722.62	694,757.78	98.73%
2014/15	56.014	745,426.48	735,901.37	98.72%
2015/16	56.080	761,723.78	751,572.73	98.67%

Source: County Treasurer

Major Taxpayers:

The following table sets forth the ten largest taxpayers in the City for taxes levied in the most recent tax collection period:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
1. Cimarron Estates	\$581,437	\$152,521.70
2. Individual	275,606	75,343.02
3. United Suppliers, Fertilizer Division	346,900	55,677.46
4. Individual	172,024	37,007.06
5. Individual	202,327	32,473.54
6. Individual	179,469	31,218.94
7. Individual	1,470	28,302.88
8. First National Bank	172,793	27,733.32
9. Individual	149,362	23,926.60
10. United Telephone	146,470	23,508.44

Source: County Clerk

Risk Management

The City is insured against the risks arising from general liability by EMC. The City also offers employee medical insurance coverage through Blue Cross / Blue Shield of Kansas.

The Cimarron Firemen’s Relief Association was established for the benefit of the members of the Association or their designate beneficiary. The Association purchases life and disability insurance on the firemen with 85% of the premiums paid by the Association and 15% by the City of Cimarron on behalf of the volunteer firemen. Additional information on the finances of the Association are contained in **Appendix B** hereto.

History of Employment

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

<u>Year</u>	<u>Total Full-Time Employees</u>	<u>Total Part-Time Employees</u>	<u>Total</u>
2011	13	9	22
2012	15	7	22
2013	17	8	25
2014	12	7	19
2015	13	7	20

Source: City Clerk

Employee Relations

The City has 18 employees as of September 9, 2016. The working conditions are characterized as good.

Pension and Employee Retirement Plans

The Issuer participates in the Kansas Public Employees Retirement System (“KPERS”) established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERS is governed by a board of trustees consisting of nine members, including four members appointed by the Governor subject to confirmation by the State Senate, one appointed by the President of the Senate, one appointed by the Speaker of the House of Representatives, two elected by members and retirants of the retirement system, which must be members of such system, and the State Treasurer. Members of the board of trustees serve four-year terms and elect a chairperson annually. The board of trustees appoints an Executive Director to serve as the managing officer of KPERS and employs a staff of approximately 95 people.

As of December 31, 2015, KPERS serves over 299,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

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

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

(a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, 85% of which comes from the State General Fund. State legislation enacted in 2003 made certain pre-1962 Board employees (which are part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the “TIAA Group”), special members of the State/School Group.

(b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate. State legislation enacted in 2003 made certain pre-1962 employees of the University of Kansas Hospital Authority (which are a part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the “TIAA Group”), special members of the Local Group.

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

In 2012, the Legislature created a new KPERS Tier 3 category (covered employment on or after January 1, 2015) based on a cash balance plan. Each Tier 3 member shall have a retirement annuity account to which such participant shall contribute 6% of their gross salary to the plan. The employer or State contribution varies based on longevity of participant service: (a) 3% for less than 5 years; (b) 4% for at least 5 years but less than 12 years; (c) 5% for at least 12 years but less than 24 years; and (d) 6% for 24 or more years. Such account shall receive an interest credit of 5.25% per annum, and under certain circumstances, shall receive additional interest credits. Subject to certain exceptions, a Tier 3 member, upon retirement, shall receive a single life annuity benefit.

Also in 2012, the Legislature adopted a number of other changes to KPERS including: (a) increasing the statutory maximum employer contribution annual increase from 0.6% per year (status quo) to 0.9% per year in 2014, 1.0% in 2015, 1.1% in 2016 and 1.2% per year in 2017 and thereafter, (b) eliminating COLA adjustments for Tier 2 member with corresponding benefit adjustments (effective January 1, 2014), (c) providing additional flexibility for alternative investments for the plan, and (d) providing additional contribution flexibility for Tier 1 members with corresponding benefit adjustments effective January 1, 2014, subject to approval by the IRS (the IRS issued a private letter ruling stating the election granted to Tier 1 members was impermissible; therefore, employee contributions for Tier 1 members increased to 5% of compensation effective January 1, 2014, and to 6% of compensation effective January 1, 2015).

In 2015, the Legislature authorized, subject to certain conditions, the issuance of revenue bonds in an amount not to exceed \$1 billion (plus associated costs of issuance) (the "Revenue Bonds"), the proceeds of which must be applied to the unfunded actuarial pension liability as directed by KPERS. The repayment of the Revenue Bonds shall be subject to legislative annual appropriation, shall not be an obligation of the KPERS system, and the full faith and credit or taxing power of the State shall not be pledged to the repayment of the Revenue Bonds. Additionally, the statutory maximum annual increases to employer contributions for State/School Group and certain employees of the State department of corrections were modified as follows: (a) if the Revenue Bonds are issued and finance capitalized interest, an increase of 1.1% in 2015 and 1.2% in 2016 and thereafter; or (b) if such Revenue Bonds are not issued to finance capitalized interest, such rate of contribution shall be 10.91% in 2015 and 10.81% in 2016. The Revenue Bonds in the aggregate principal amount of \$1,005,180,000 were issued on August 20, 2015, to finance a portion of the unfunded actuarial pension liability and costs of issuance, but did not finance capitalized interest.

The Issuer's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The Issuer's contribution is 9.18% of the employee's gross salary for calendar year 2016. In addition, the Issuer contributes 0% of the employee's gross salary for Death and Disability Insurance for covered employees for the period beginning April 1, 2016, through June 30, 2017, and 1% of the employee's gross salary for Death and Disability Insurance for covered employees for the period beginning July 1, 2017.

According to the Valuation Report as of December 31, 2015 (the "2015 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of \$1.485 billion at the end of 2015. The 2015 Valuation Report includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group, and is available on the KPERS website at kpers.org/about/reports.html. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2015 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2015 Valuation Report sets the employer contribution rate for the period beginning January 1, 2018, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 8.39% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by 2033, the end of the actuarial period. The statutory contribution rate of employers currently equals the 2015 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. KPERS' actuaries project the required employer contribution rate to increase by the maximum statutorily allowed rate, which is 1.1% in fiscal year 2016 and 1.2% in fiscal year 2017 and thereafter.

DEBT STRUCTURE

Debt Summary

The following table summarizes certain key statistics with respect to the City's general obligation debt:

Debt Summary (As of November 14)	City Debt
Fair Market Value of Taxable Property ¹	\$120,753,210
Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations ²	\$14,529,794
Legal limitation of Bonded Debt ³	\$4,358,938
Outstanding General Obligation Debt.....	\$1,860,000
Statutory Exempt Debt.....	\$1,412,500
Net Debt against Debt Limit Capacity	\$447,500
Additional Debt Capacity.....	\$3,911,438
Direct Debt Per Capita (Population = 2,262)	\$822.28
Direct and Overlapping Debt Per Capita.....	1,717.47
Direct Debt as a Percentage of Assessed Valuation.....	12.80%
Direct and Overlapping Debt as a Percentage of Assessed Valuation	26.74%
Statutory Direct Debt as a Percentage of Assessed Valuation	3.08%
Direct Debt as a Percentage of Actual Fair Market Value	1.54%
Direct and Overlapping Debt as a Percentage of Actual Fair Market Value	3.22%

¹ See "Property Valuations" *infra*.

² The assessed value of all tangible taxable property within the City, as certified to the County Clerk on the preceding August 25. Also includes the taxable value of motor vehicles within the City. 2016 motor vehicle valuation not yet available; 2015 data used for estimation purposes only. See K.S.A. 10-301 *et seq.*

³ See K.S.A. 10-301 *et seq.*

Current Indebtedness of the Issuer

The following table sets forth as of the date of issuance of the Series 2016 Bonds all of the outstanding obligations of the City:

GENERAL OBLIGATION BONDS

Description of Indebtedness	Dated Date	Final Maturity	Original Principal Amount	Amount Outstanding	Exempt From Debt Limit
Taxable General Obligation Bonds, Series 2007	12/11/07	09/01/23	\$366,709	\$ 25,000	\$ 1,500
General Obligation Bonds, Series 2013	09/26/13	09/01/34	525,000	510,000	510,000
General Obligation Refunding Bonds, Series 2016	10/13/16	09/01/31	1,315,000	<u>1,315,000</u>	<u>901,000</u>
Total				<u>\$1,860,000</u>	<u>\$1,412,500</u>

PUBLIC BUILDING COMMISSION REVENUE BONDS

Description of Indebtedness	Dated Date	Final Maturity	Original Principal Amount	Amount Outstanding
Swimming Pool, Series 2012 ¹	05/10/12	12/01/17	\$2,500,000	\$ 0
Refunding Revenue Bonds, Series 2016(this issue)	11/14/16	12/01/26	\$1,955,000	<u>1,955,000</u>
Total				<u>\$1,955,000</u>

¹Excludes Bonds being refunded

History of General Obligation Indebtedness

The following table sets forth general obligation debt information pertaining to the Issuer as of the end of each of the years indicated:

<u>Year</u>	<u>Total Debt</u>	<u>Debt As Percentage of Assessed Value</u>	<u>Debt Per Capita</u>
2012	\$5,483,411	42.37%	\$2,447.95
2013	5,662,926	42.30%	2,528.09
2014	5,248,257	37.21%	2,342.97
2015	4,752,564	32.92%	2,121.68
2016	4,360,000	32.01%	1,927.49

Source: City Clerk

The City has never in its history defaulted on the payment of any of its debt obligations.

Lease Obligations

In addition to the foregoing debt obligations, the City has entered into the following lease obligations. Lease obligations of the City constitute valid and binding obligations of the City in accordance with their terms subject to funds budgeted and appropriated for that purpose during the City's current budget year or funds made available from any lawfully operated revenue producing source as per K.S.A. 10-1116b.

<u>Purpose of Indebtedness</u>	<u>Dated Date</u>	<u>Final Payment Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
NONE				

Source: Clerk

State Loans

The City has entered into the following Loan Agreements (collectively the "Loan") with the Kansas Department of Health and Environment to finance improvements in the City. The terms of each Loan are set forth below, and each Loan provides for approximately level annual debt service payments. The final principal amount of the Loans were calculated upon completion and the Loan repayment terms were amortized over the remainder of the term.

<u>Purpose of Indebtedness</u>	<u>Dated Date</u>	<u>Final Payment Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u> ¹
Sewer Loan	09/15/95	03/01/17	\$899,093	\$ 91,143
Highway Loan	03/15/10	08/01/29	220,000	141,421

¹ Current principal advanced.

Source: City Clerk

*as of 12/31/15

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of November 14, 2016, and the percent attributable (on the basis of assessed valuation) to the City:

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to Issuer</u>	<u>Amount Applicable to Issuer</u>
Gray County	\$92,739,216	\$ 0	0.00%	\$ 0
U.S.D. No. 102	39,357,759	5,485,000	36.92%	2,024,910
		<i>Total</i>		<i>\$2,024,910</i>

Source: County Clerk

Future Indebtedness

The City has no current plans to issue further debt.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**CITY OF CIMARRON, KANSAS
FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
(FOR THE FISCAL YEAR ENDED 12/31/2015)**

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS