

**NEW ISSUE
BANK QUALIFIED**

**BOOK-ENTRY ONLY
RATINGS: Standard & Poor's: "AA"**

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the Interest Portion of Basic Rent Payments paid by Kansas City Kansas Community College, Wyandotte County, Kansas and distributed to the registered owners of the Certificates is: (a) excluded from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of 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. The Interest Portion of Basic Rent Payments paid and distributed to the registered owners of the Certificates is exempt from income taxation by the State of Kansas. The Certificates and Lease have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.

\$5,520,000

**KANSAS CITY KANSAS COMMUNITY COLLEGE
WYANDOTTE COUNTY, KANSAS
CERTIFICATES OF PARTICIPATION, SERIES 2013**

**Evidencing Proportionate Interests In and Rights to Receive Payment Under a
Lease Purchase Agreement Between the College and UMB Bank, N.A., Kansas City, Missouri, As Trustee**

Dated: July 1, 2013

Due: June 1, as shown below

The Certificates are issuable in fully registered form 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 Certificates. Purchases of the Certificates will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof not exceeding the principal amount of Certificates in each maturity. Purchasers will not receive certificates representing their interests in Certificates purchase. So long as Cede & Co. is the registered owner of the Certificates, as nominee of DTC, references herein to the Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Certificates. Interest portions of Basic Rent represented by the Certificates are payable semi-annually on June 1 and December 1 in each year, beginning December 1, 2013, by check or draft to the registered owners of the Certificates by UMB Bank, N.A., Kansas City, Missouri (the "Trustee"). The Principal portions of Basic Rent represented by the Certificates are payable upon presentation and surrender of the Certificates at the principal corporate office of the Trustee. The Certificates mature, bear interest, and are priced according to the schedule on the inside cover page.

The Certificates are subject to redemption prior to maturity as described herein under the caption "THE CERTIFICATES-Redemption Provisions." The Certificates are also subject to Mandatory Redemption as described herein. See "THE CERTIFICATES-Redemption Provisions" herein.

The Certificates evidence the ownership of proportionate interest in, and rights to receive Basic Rent payments under that certain Lease Purchase Agreement, dated as of December 1, 2010 (the "Original Lease"), as amended and supplemented by Supplemental Lease No. 1, dated as of July 1, 2013 (the "Supplemental Lease No. 1," and, with the Original Lease, jointly, the "Lease"), entered into between the Trustee, as lessor, acting as fiduciary for the owners of the Certificates, and the Kansas City Kansas Community College, Wyandotte County, Kansas, as Lessee (the "Lessee" and/or the "College"). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of December 1, 2010 (the "Original Declaration of Trust"), as amended and supplemented by Supplemental Declaration of Trust No. 1, dated as of July 1, 2013 (the "Supplemental Declaration of Trust No. 1," and, with the Original Declaration of Trust, jointly, the "Declaration of Trust"), by the Trustee. The net proceeds from the sale of the Certificates will be used to acquire, construct and install improvements to and in connection with the technical education center on the College's campus located at 6500 State Avenue, Kansas City, Kansas (the "Improvements"), and to pay certain costs associated with the issuance of the Certificates, as more fully described under the caption "THE IMPROVEMENTS".

NEITHER THE CERTIFICATES NOR THE LEASE PURCHASE AGREEMENT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COLLEGE OR THE STATE OF KANSAS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR PROVISION. THE COLLEGE'S OBLIGATION UNDER THE LEASE IS NOT SUBJECT TO ANNUAL APPROPRIATION UNDER THE KANSAS CASH BASIS LAW AND K.S.A. 71-201. Upon termination of the Lease Purchase Agreement, the Certificates will be payable solely from the monies, if any, held by the Trustee under the Declaration of Trust, and any amount resulting from the reletting or other disposition of the Improvements. See "CERTIFICATES-Source and Security for Payments" and "RISK FACTORS" herein. This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement of obtain information essential to the making of an informed investment decision.

The Certificates are offered when, as and if issued and delivered to the Underwriter, subject to delivery of an approving opinion by Gilmore & Bell, P.C., Wichita, Kansas, Special Tax Counsel, and certain other condition. Certain matters will be subject to approval by McAnany, Van Cleave, & Phillips, P.A., Kansas City, Kansas as counsel for the College. It is expected that the Certificates will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about July 1, 2013.

PiperJaffray®

The date of this Official Statement is June 18, 2013.

\$5,520,000

**KANSAS CITY KANSAS COMMUNITY COLLEGE
WYANDOTTE COUNTY, KANSAS
CERTIFICATES OF PARTICIPATION, SERIES 2013**

**Evidencing Proportionate Interests In and Rights to Receive Payment Under a
Lease Purchase Agreement Between the College and UMB Bank, N.A., Kansas City, Missouri, As Trustee**

MATURITY SCHEDULE

SERIAL CERTIFICATES

<u>MATURITY</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>PRICE</u>	<u>CUSIP⁽¹⁾</u> <u>Base: 484678</u>
06/01/2014	\$345,000	2.000%	101.416%	BB 2
06/01/2015	350,000	2.000%	102.663	BC 0
06/01/2016	345,000	2.000%	103.159	BD 8
06/01/2017	350,000	2.000%	102.857	BE 6
06/01/2018	360,000	2.000%	102.121	BF 3
06/01/2019	370,000	3.000%	106.416	BG 1
06/01/2020	380,000	3.000%	106.096	BH 9
06/01/2021	390,000	3.000%	105.038	BJ 5
06/01/2022	400,000	3.125%	104.462	BK 2
06/01/2023	415,000	3.250%	103.895	BL 0

TERM CERTIFICATES

<u>MATURITY</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>PRICE</u>	<u>CUSIP⁽¹⁾</u> <u>Base: 484678</u>
06/01/2025	\$875,000	3.625%	104.373%	BN 6
06/01/2027	940,000	4.000%	105.195	BQ 9

(Plus accrued interest)

⁽¹⁾ CUSIP numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, 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.

\$5,520,000

**KANSAS CITY KANSAS COMMUNITY COLLEGE
WYANDOTTE COUNTY, KANSAS
CERTIFICATES OF PARTICIPATION, SERIES 2013
Evidencing Proportionate Interests In and Rights to Receive Payment Under a
Lease Purchase Agreement Between the College and Trustee**

BOARD OF TRUSTEES

Donald Ash, Chairperson
Wendel Maddox, Vice Chairperson
Cathy Briedenthal, Trustee
Dr. Ray Daniels, Trustee
MaryAnn Flunder, Trustee
John Rios, Trustee
Clyde Townsend, Trustee
Dr. Doris Givens, Secretary
Brian Bode, Treasurer

COLLEGE STAFF

Dr. Doris Givens, College President
Dr. Tamara Agha-Jaffar, Vice President for Academic Affairs
Brian Bode, Vice President for Student and Administrative Services

COLLEGE ATTORNEY

McAnany, Van Cleave, & Phillips, P.A.
Kansas City, Kansas

TRUSTEE

UMB Bank, N.A.
Kansas City, Missouri

SPECIAL TAX COUNSEL

Gilmore & Bell, P.C.
Wichita, Kansas

FINANCIAL ADVISOR

Ranson Financial Consultants, L.L.C.
Wichita, Kansas

UNDERWRITER

Piper Jaffray & Co.
Leawood, Kansas

THE SERIES 2013 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE CERTIFICATES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COLLEGE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY A FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

No dealer, salesman or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorized by the College, or the Underwriter. The information in the Official Statement, and no sale hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the College or others since the date thereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the College and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The delivery of the Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

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\$5,520,000
KANSAS CITY KANSAS COMMUNITY COLLEGE, WYANDOTTE COUNTY, KANSAS
CERTIFICATES OF PARTICIPATION, SERIES 2013
Evidencing Proportionate Interests In and Rights to Receive Payment Under a
Lease Purchase Agreement Between the College and Trustee

INTRODUCTION

This Official Statement, including its cover page and Appendices, is furnished in connection with the offering and sale of \$5,520,000 aggregated principal amount of Certificates of Participation, Series 2013 (the "Certificates"), evidencing ownership of proportionate interest in, and rights to receive certain payments under that certain Lease Purchase Agreement, dated as of December 1, 2010 (the "Original Lease"), as amended and supplemented by Supplemental Lease No. 1, dated as of July 1, 2013 (the "Supplemental Lease No. 1," and, with the Original Lease, jointly, the "Lease"), entered into between UMB Bank, N.A., Kansas City, Missouri (the "Trustee"), as lessor acting as fiduciary for the owners of the Certificates, and Kansas City Kansas Community College (the "Lessee," "Issuer" or the "College"). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of December 1, 2010 (the "Original Declaration of Trust"), as amended and supplemented by Supplemental Declaration of Trust No. 1, dated as of July 1, 2013 (the "Supplemental Declaration of Trust No. 1," and, with the Original Declaration of Trust, jointly, the "Declaration of Trust"), by the Trustee. The net proceeds from the sale of the Certificates will be used to acquire, construct and install improvements to and in connection with the technical education center on the College campus (the "2013 Additional Improvements," and, with the improvements financed under the Original Lease, jointly, the "Improvements"), as more fully described under the caption "THE IMPROVEMENTS", and to pay costs of issuance of the Certificates. The Improvements are located on a site currently owned by the College (the "Real Property"). The Real Property is being leased to the Trustee pursuant to a Site Lease, dated December 1, 2010 (the "Site Lease"). The Site Lease term extends to June 1, 2027, subject to earlier termination as specified therein.

Pursuant to the terms and conditions of the Lease and the Declaration of Trust, the Trustee and the College have agreed that the Trustee will finance, but solely from proceeds of the sale of Certificates, the cost of the Improvements, which is to be accomplished by the College on behalf of the Trustee. In the event the proceeds from the sale of the Certificates and any earnings from the investments thereof are insufficient to pay the entire costs of the improvements and of issuing the Certificates, the College has covenanted and agreed that it will pay all such additional costs.

The Certificates are payable, except to the extent payable from the proceeds of the Certificates (and income from the investment thereof), solely from Basic Rent Payments to be paid by the College under the Lease; to the extent received by the Trustee, Net Proceeds of certain insurance policies and condemnation awards or proceeds from the liquidation of interest or enforcement of claims in connection with the Improvements. NEITHER THE CERTIFICATES NOR THE LEASE GIVE RISE TO A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COLLEGE, THE STATE OF KANSAS, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR PROVISION. THE OBLIGATION OF THE COLLEGE TO PAY BASIC RENT PAYMENTS CONSTITUTES AN OBLIGATION FOR WHICH THE COLLEGE HAS OBLIGATED ITSELF TO LEVY TAXATION, IF NECESSARY, AND IS NOT SUBJECT TO ANNUAL APPROPRIATION. The term of the Lease extends to June 30, 2023, with annual renewals extending the term to June 1, 2027. The College is authorized by K.S.A. 71-201 *et seq.* to enter into lease purchase agreements for a term not exceeding 10 years and such leases are not subject to the Kansas Cash Basis Law, nor are they subject to non-appropriation. The Lease is, however, subject to change or termination at any time by action of the Kansas Legislature (see "RISK FACTORS"). Upon termination of the Lease prior to the end of its term, the Certificates will be payable solely from the proceeds of the reletting by the Trustee of the Improvements, or the sale or assignment of its interest therein, together with certain monies, if any, held by the Trustee under the Declaration of Trust, and any monies available therefor may be less than the principal amount of the Certificates outstanding and interest thereon. A prospective purchaser of the Certificates described herein should be aware that there are certain risks associated with the Certificates which must be recognized. Reference is made to the discussion herein under the heading "RISK FACTORS."

The Trustee does not have any obligation to make, and will not make, any payment from the Trustee's own funds on the Certificates or pursuant to the Lease.

This Official Statement contains a description of the Certificates, the Lease and the Declaration of Trust. Reference is made to the discussion herein under the heading "DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS" for the definitions of certain terms used in such documents and in this Official Statement. These descriptions do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of such documents, which documents are available at the principal offices of the College or Trustee.

THE CERTIFICATES

General

The Certificates are dated July 1, 2013, and mature on June 1 of each of the years, in the amounts and bearing interest at the rates set forth on the cover page of this Official Statement. The Certificates are issuable in fully registered form in denominations of \$5,000 each

or any integral multiple thereof in the aggregated principal amount of \$5,520,000. Interest portions of Basic Rent payments represented by the Certificates is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2013.

The Principal portions of and Interest portions of Basic Rent payments represented by the Certificates will be payable in lawful money of the United States of America by check or draft of the Trustee, to the registered owners thereof whose names appear on the registration books of the Trustee as of the Fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date.

Source and Security for Payment

Each Certificate evidences ownership of a proportionate interest in, and right to receive certain payments under, the Lease. The Trustee is acting in a fiduciary capacity as both Lessor (under the Lease) and Trustee (under the Declaration of Trust). The Trustee agrees to hold and exercise its rights to receive Basic Rent Payments and other monies under the Lease in trust solely for the benefit of the Certificate Owners.

The payments due on the Certificates are to be made by the Trustee from the Basic Rent Payments paid to it by the College pursuant to the Lease, from the proceeds of the sale of the Certificates (including that amount collected as accrued interest), and from certain investment proceeds earned from the investment of monies being held in the various trust funds, as hereinafter described.

The College has covenanted and agreed in the Lease to budget and appropriate in each budget year monies sufficient to satisfy and discharge the College's obligations under the Lease. The College's obligations under the Lease are not subject to annual appropriation under the Kansas Cash Basis Law and K.S.A. 71-201. The obligation of the College to pay Basic Rent Payments constitutes a limited obligation of the College, payable from available revenues of the College, including unlimited taxation, if necessary, subject to cancellations and modifications by act of the Kansas Legislature per K.S.A. 71-201. The obligation of the College to pay Basic Rent Payments does not constitute an indebtedness of the College, the State of Kansas, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation restriction.

The College is obligated for the term of the Lease to cause insurance to be maintained with respect to the Project as more fully described under "DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS--SUMMARY OF THE LEASE--Insurance".

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

Book-Entry Certificates: Securities Depository

The Certificates 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 Certificates, except in the event the Trustee issues Replacement Certificates. It is anticipated that during the term of the Certificates, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Certificates to the Participants until and unless the Trustee authenticates and delivers Replacement Certificates to the Beneficial Owners as described in the following paragraphs.

(a) If the College 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 Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Certificates; or

(b) If the Trustee receives written notice from Participants having interest in not less than 50% of the Certificates 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 Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Certificates, then the Trustee shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Certificates 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 College, with the consent of the Trustee, 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 Certificate. Upon the issuance of Replacement Certificates, 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 Trustee, to the extent applicable with respect to such Replacement Certificates. If the Securities Depository resigns and the College, the Trustee or Owners are unable to locate a qualified successor of the Securities Depository, then the Trustee shall authenticate and cause delivery of Replacement Certificates to Owners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Certificates. The cost of printing, registration, authentication, and delivery of Replacement Certificates shall be paid for by the College.

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 College may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee 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 Trustee upon its receipt of a Certificate or Certificates for cancellation shall cause the delivery of the Certificates to the successor Securities Depository in appropriate denominations and form as provided in the Declaration of Trust.

Prepayment Provision

The Certificates shall be subject to prepayment and redemption prior to the stated maturity thereof, as follows:

(a) *Prepayment in the Event of Damage, Destruction, Condemnation, and Certain Other Events.* The Certificates are callable for prepayment and redemption prior to maturity in whole or in part in the event that (i) any of the Improvements is substantially damaged or destroyed, or taken in a condemnation proceeding (other than condemnation by the College), or title to or the use of substantially all of the Improvements shall be lost by reason of a defect in title thereto, or if, as a result of changes in the Constitution of Kansas or legislative or administrative action by the State or the United States, the Site Lease or Lease terminates or becomes unenforceable, and (ii) the College exercises its option to prepay Rent Payments under the Lease (See "DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS--SUMMARY OF THE LEASE--Damage, Destruction and Condemnation").

(b) *Optional Prepayment.* The Certificates maturing on June 1, 2022, and thereafter shall be subject to optional prepayment, as a whole or in part on June 1, 2021, or any date thereafter, at the prepayment price of the Principal Portion of Basic Rent being prepaid, plus Interest Portion of Basic Rent accrued to the prepayment date.

(c) *Mandatory Prepayment—Term Certificates.* The Series 2013 Certificates that evidence Principal Portions of Basic Rent payable to Certificate Owners on June 1, 2025, shall be subject to mandatory prepayment on June 1, 2024, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2013 Certificates being prepaid plus the Interest Portion of Basic Rent accrued thereon to the Prepayment Date, as follows:

<u>Principal Amount</u>	<u>Prepayment Date</u>
\$430,000	June 1, 2024
445,000*	June 1, 2025*

*Final Certificate Maturity

The Series 2013 Certificates that evidence Principal Portions of Basic Rent payable to Certificate Owners on June 1, 2027, shall be subject to mandatory prepayment on June 1, 2026, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2013 Certificates being prepaid plus the Interest Portion of Basic Rent accrued thereon to the Prepayment Date, as follows:

<u>Principal Amount</u>	<u>Prepayment Date</u>
\$460,000	June 1, 2026
480,000*	June 1, 2027*

*Final Certificate Maturity

Selection of Certificate for Partial Prepayment.

Whenever provision is made in the Declaration of Trust for partial prepayment of Certificates, those not previously paid or called for prepayment shall be selected for prepayment upon instructions from the College in such equitable manner as the Trustee determines. If less than all of the Outstanding Certificates are called for prepayment, the Trustee shall select the Certificates or any given portion thereof to be prepaid, from the Outstanding Certificates in such manner as instructed by the College in writing, or if not instructed, in inverse order of maturity, and within a maturity by lot (or in such other equitable manner as the Trustee shall determine) in principal amounts of \$5,000 or integral multiples thereof.

Partial Prepayment of a Certificate.

Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the College, a new Certificate or Certificates of authorized denomination equal in aggregate principal amount to the unpaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

Notice of Prepayment.

Unless otherwise provided in the Declaration of Trust, notice of prepayment shall be given by the Trustee, not less than 30 nor more than 60 days prior to the Prepayment Date, to the College and the Owner of each Certificate affected at the address shown on the Certificate register on the date such notice is mailed. Each notice of prepayment shall state the Prepayment Date, the place of prepayment, the Prepayment Price and, if less than all Certificates are prepaid, the numbers of the Certificates to be prepaid. Such notice shall also state that the Interest Portion of the Basic Rent represented by the Certificates designated for prepayment shall cease to accrue from and after such Prepayment Date and that on said date the Prepayment Price of each of said Certificates will become due and payable. The failure of the Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as herein provided shall not affect or invalidate the prepayment of such Certificate.

The Trustee is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Certificate to be prepaid.

For so long as the Securities Depository is effecting book-entry transfers of the Certificates, the Trustee 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 Certificate (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Certificate so affected, shall not affect the validity of the prepayment of such Certificate.

Effect of Notice of Prepayment.

Notice of prepayment having been duly given as aforesaid, and funds for payment of the Prepayment Price of such Certificates (or portions thereof) being held by the Trustee, on the Prepayment Date designated in such notice, the Certificates (or portions thereof) so called for prepayment shall become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit under this Declaration of Trust and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the Prepayment Price.

All Certificates prepaid pursuant to the provisions above shall be cancelled upon surrender thereof and destroyed by the Trustee.

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”, New York, New York, will act as securities depository for the Certificates. The Certificates 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 Certificates, 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 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard

& Poor's rating of AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

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

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

6. Redemption notices shall be sent to DTC. If less than all of the Certificates 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 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the College 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Certificates 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 College or Trustee, 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 Trustee, or the College, 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 College or Trustee, 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. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the College or Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered.

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

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

CONTINUING DISCLOSURE

The Securities and Exchange Commission (the "SEC"), Rule 15c2-12 (the "Rule"), requires continuous secondary market disclosure respecting certain municipal securities issues. By Resolution, the College has approved an Omnibus Continuing Disclosure Undertaking (the "Disclosure Undertaking") wherein the College has covenanted to provide annually certain financial information and

operating data and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. In the Lease, the College has covenanted with the Underwriter and the beneficial owners to apply the provisions of the Disclosure Undertaking to the Certificates. This covenant is for the benefit of and is enforceable by the owners of the Certificates. In the past the College has failed to file its Annual Report within the time period stipulated in previous undertakings under the Rule. However, the College has taken remedial action and is now in compliance with such filing requirements. For more information regarding the College's continuing disclosure undertaking, see *APPENDIX B - "DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS*–Summary of the Disclosure Undertaking."

SCHEDULE OF BASIC RENT PAYMENTS

Set forth below is an estimated schedule of the Basic Rent Payments required to be paid by the College pursuant to the Lease, including the Principal and Interest Portions thereof.

DATE	PRINCIPAL PORTION	SEMI-ANNUAL		FISCAL BASIC RENT PAYMENT
		INTEREST PORTION	BASIC RENTAL	
12/01/2013		\$ 68,544.27	\$68,544.27	
06/01/2014	\$ 345,000	82,253.13	427,253.13	\$495,797.40
12/01/2014		78,803.13	78,803.13	
06/01/2015	350,000	78,803.13	428,803.13	507,606.26
12/01/2015		75,303.13	75,303.13	
06/01/2016	345,000	75,303.13	420,303.13	495,606.26
12/01/2016		71,853.13	71,853.13	
06/01/2017	350,000	71,853.13	421,853.13	493,706.26
12/01/2017		68,353.13	68,353.13	
06/01/2018	360,000	68,353.13	428,353.31	496,706.26
12/01/2018		64,753.13	64,753.13	
06/01/2019	370,000	64,753.13	434,753.13	499,506.26
12/01/2019		59,203.13	59,203.13	
06/01/2020	380,000	59,203.13	439,203.13	498,406.26
12/01/2020		53,503.13	53,503.13	
06/01/2021	390,000	53,503.13	443,503.13	497,006.26
12/01/2021		47,653.13	47,653.13	
06/01/2022	400,000	47,653.13	447,653.13	495,306.26
12/01/2022		41,403.13	41,403.13	
06/01/2023	415,000	41,403.13	456,403.13	497,806.26
12/01/2023		34,659.38	34,659.38	
06/01/2024	430,000	34,659.38	464,659.38	499,318.76
12/01/2024		26,865.63	26,865.63	
06/01/2025	445,000	26,865.63	471,865.63	498,731.26
12/01/2025		18,800.00	18,800.00	
06/01/2026	460,000	18,800.00	478,800.00	497,600.00
12/01/2026		9,600.00	9,600.00	
06/01/2027	480,000	9,600.00	489,600.00	499,200.00
TOTAL	<u>\$5,520,000</u>	<u>\$1,452,303.76</u>	<u>\$6,972,303.76</u>	<u>\$6,972,303.76</u>

SOURCES AND USES OF FUNDS

It is contemplated that funds used in the transaction financed with the proceeds of the Certificates will be derived and applied approximately as follows:

Sources of Funds

Principal Amount of Certificate	\$5,520,000.00
Original Issue Premium	230,400.55
TOTAL SOURCES OF FUNDS	<u>\$5,750,400.55</u>

Uses of Funds:

Project Fund	\$5,625,000.00
Cost of Issuance	84,000.55
Underwriter's Discount	41,400.00
TOTAL FUNDS APPLIED	<u>\$5,750,400.55</u>

RISK FACTORS AND INVESTMENT CONSIDERATIONS

THERE ARE CERTAIN RISKS ASSOCIATED WITH THE CERTIFICATES WHICH MUST BE RECOGNIZED. EACH PROSPECTIVE INVESTOR IN THE CERTIFICATES IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE MARKET PRICE AND PAYMENT OF THE CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED:

Security for the Certificates. Neither the Certificates nor the interest thereon constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by the State of Kansas or any governmental subdivision, agency or instrumentality. The Certificates and the interest thereon are payable solely and only from the Trust Estate and sources identified pursuant to the Declaration of Trust, including the revenues received by the Trustee from the Basic Rent Payments paid during the term of the Lease together with monies attributable to Certificate proceeds and the investment thereof and, under circumstances, the proceeds of subletting, sale of property, insurance or condemnation awards received pursuant to the Declaration of Trust and not from any other fund or source. As mentioned below, in "THE IMPROVEMENTS," in connection with the Original Lease, the College also entered into an Equipment Lease Purchase Agreement with the Trustee, pursuant to which certain equipment was acquired and financed, and thereby made part of the Trust Estate. That Equipment Lease Purchase Agreement has now been paid in full and terminated, and it, and the rights and property thereunder, are no longer part of the Trust Estate. The obligations of the College under the Lease, however, are not subject to annual appropriation under the Kansas Cash Basis Law and K.S.A. 71-201. As such, the obligation of the College to make Basic Rent Payments under the Lease is a special, limited obligation for which the College can, if necessary, levy ad valorem taxation.

Lease Extensions. Under K.S.A. 71-201, as amended, the College cannot be the lessee under a lease that has a term that exceeds 10 years. The Lease has a current term extending to June 30, 2023, a term of not more than 10 years, and provides for an annual extension of that term for one additional year after the expiration of the current term and in a similar fashion each year until June 1, 2027, so that the Lease, as so extended, will remain in effect for a period that will extend to the final maturity date of the Certificates. The College has the right to not make any of the extensions of the term of the Lease, and in such event the Basic Rent Payments in the final year of the term of the Lease shall be sufficient to pay all of the principal and interest on the Certificates.

Termination of Lease Purchase Agreement. The Site Lease and Lease are subject to change or termination at any time by action of the Kansas Legislature. The Lease may also be terminated by reason of the occurrence of an Event of Default as defined in the Lease. See "DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS-SUMMARY OF THE LEASE - Events of Default."

Results of a Termination of the Lease Purchase Agreement. The termination of the Lease caused by action of the Kansas Legislature or default by the College will relieve the College from any further obligation under the Lease. In the Event of Default, the College may remain liable for certain deficiencies in the payment of amounts due under the Lease. Upon a termination of the Lease by reason of a default, the College is required to surrender possession of the Project after notice from the Trustee. Thereafter, the Trustee is required to liquidate its interest in the Project by selling its interest in the Lease, subject to the Site Lease. The net proceeds therefrom along with other monies then held by the Trustee under the Declaration of Trust (with certain exceptions as provided in the Lease and the Declaration of Trust), are required to be used to redeem the Certificates, to the extent of such monies. See "DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS - SUMMARY OF THE LEASE - Events of Default" for a discussion of the results of a default. The Proceeds therefrom along with other monies then held by the Trustee under its Declaration of Trust (with certain exceptions as provided in the Lease and the Declaration of Trust) are required to be used to redeem the Certificates. See "THE CERTIFICATES-Redemption Provisions."

Special Tax Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease. If the Lease is terminated, there is no assurance that the Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

In addition, Special Tax Counsel has rendered no opinion as the treatment for federal income tax purpose of any monies received by an Owner of the Certificates subsequent to a termination of the Lease. There is no assurance that any monies received by the holders of the Certificates subsequent to such event will be excludable from federal income taxation.

Limited Value of the Improvements. Since the Improvements consist of facilities designed for use by the College, the value of the Improvements to anyone other than the College may be limited in the event of default or the termination of the Lease. The Improvements have been designed and constructed for special use purposes and therefore the number of entities that could be expected to use the Improvements is limited. A POTENTIAL PURCHASER OF THE CERTIFICATES SHOULD NOT ASSUME THAT IT WILL BE POSSIBLE TO RELET THE IMPROVEMENTS OR SELL THE TRUSTEE'S INTEREST IN THE IMPROVEMENTS AFTER A TERMINATION OF THE LEASE.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Certificates. 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 Certificates, but is not obligated to do so. Prices of securities 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 Certificates as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the College, or a material adverse change in the financial condition of the College, whether or not the Certificates are in default as to principal and interest payments, and other factors which in the opinion of the Underwriter may give rise to uncertainty concerning prudent secondary market practices.

Possible Insufficiency of Casualty Insurance Proceeds. The Improvements are to be insured by policies of casualty and property damage. In the event of damage to or destruction of the Improvements, the Net Proceeds from such insurance policies or certain other sources may not be sufficient to repair or replace the Improvements.

THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE CERTIFICATES. PROSPECTIVE PURCHASERS OF THE CERTIFICATES 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 COLLEGE OR THE TRUSTEE.

THE IMPROVEMENTS

Proceeds from the sale of the Series 2013 Certificates will be used to pay the costs of the 2013 Additional Improvements, including the acquisition, construction and installation of improvements to and in connection with the technical education center on the College's campus located at 6500 State Avenue, Kansas City, Kansas, located just down the street from the College's main campus, and to pay certain costs associated with the issuance of the Series 2013 Certificates. The Original Lease financed the acquisition, construction, installation, extension, remodeling, and equipping of a technical education center, fine arts building, exterior improvements, and other main campus building improvements, and these improvements, along with the 2013 Additional Improvements, jointly constitute the "Improvements," under the Lease and Declaration of Trust. In connection with the Original Lease, the College also entered into an Equipment Lease Purchase Agreement with the Trustee, pursuant to which certain equipment was acquired and financed, and thereby made part of the Trust Estate. That Equipment Lease Purchase Agreement has now been paid in full and terminated, and it, and the rights and property thereunder, are no longer part of the Trust Estate.

GENERAL INFORMATION CONCERNING THE COLLEGE

General Information Concerning the College

Kansas City Kansas Community College, with an enrollment of over 4,720 students each fall and spring, offers academic courses, with liberal arts and sciences and vocational courses at numerous locations. The College encompasses a two-county service area and one off-campus site located in Leavenworth, Kansas. The College is fully accredited by the North Central Association of Colleges and Schools. The College has 123 full-time and approximately 250 part-time faculty members.

Size and Location.

The main campus of Kansas City Kansas Community College is located at 7250 State Avenue in Kansas City, Kansas, a city of approximately 146,453 residents. Kansas City, Kansas is a part of the Greater Kansas City metropolitan area of over one million residents. The Community College moved to the current location in 1972. The campus consists of 15 buildings with additional off-campus leased space including a rapidly growing branch in Leavenworth, Kansas.

History

Kansas City Kansas Community College was established in 1923 as part of the Public School System of Kansas City, Kansas. In 1966, a county-wide election was held and the tax base for the College was expanded to include all of Wyandotte County. In 1967, the first Board of Trustees was elected. In 1968, the Trustees authorized a \$5.7 million bond election for the construction of a new campus closer to the center of the County. In 1972, the new campus opened. In July, 2009 the college assumed operational control of the Kansas City Area Technical School from USD 500, Kansas City, Kansas. This merger of the technical programs at the ATS was a result of legislation passed by the Kansas legislature directing that technical schools either merge with their local community college or become independent Technical Colleges. KCKCC renamed the Area Technical School the KCKCC Technical Education Center and now controls all curriculum, administration, and fiscal processes.

Organization and Operation

Kansas City Kansas Community College District consists of all of Wyandotte County, Kansas. The College is under general control and management of the Board of Trustees consisting of seven voting members. Each member is elected for a four-year term by Wyandotte County residents.

Board of Trustees and Administration

The College is governed by the Board of Trustees of seven members, all being elected at large. Responsibilities of the Trustees include the selection of a president, the establishment of a basic policy of the College district, and the overall welfare of the College. Members of the Board of Trustees as of July 1, 2013 are as follows:

<u>BOARD MEMBER</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Donald Ash	Chairperson	2015
Wendel Maddox	Vice-Chairperson	2017
Cathy Briedenthal	Trustee	2017
Dr. Ray Daniels	Trustee	2015
MaryAnn Flunder	Trustee	2015
John Rios	Trustee	2017
Clyde Townsend	Trustee	2015
Dr. Doris Givens	Secretary	N/A
Brian Bode	Treasurer	N/A

The Board of Trustees appoints the President, who is the chief executive officer of the College. The current President is Dr. Doris Givens who was appointed President in the year 2011. Other principal staff members and their current positions are as follows:

<u>NAME</u>	<u>POSITION</u>
Dr. Tamara Agha-Jaffar	Vice President for Academic Affairs
Brian Bode	Vice President for Student and Administrative Services

Administrative Organization

Elected by the voters, the Board of Trustees directs the President of the College, Dr. Doris Givens, to oversee all aspects of the College.

Accreditation of the College

In 1951 Kansas City Kansas Community College received its first accreditation from the North Central Association of Colleges and Schools Commission on Institutions of Higher Education. The College was reaccredited in 1964, 1971, 1975, 1985 and 1995. The most recent accreditation visit occurred in 2005. In addition, individual programs are accredited by professional organizations including: the Business Division by the Association of Collegiate Business Schools and programs, Mortuary Science by the Americas Board of Funeral Service Education, and Nursing Education by the Kansas State Board of Nursing.

Buildings

The College Campus located at 7250 State Avenue in Kansas City, Kansas, was built in 1972; since that time, additional buildings were constructed. In 1996, most buildings on campus were renamed. In 1977, the Performing Arts Center, which houses a 363-seat Little Theater, was dedicated. The Nursing Building was completed and dedicated in March 1981. The Community Education Building was completed in the fall of 1986. In 1988, the Kansas City Kansas Community College – Leavenworth Center was opened in downtown Leavenworth, Kansas. The Jack Flint Hi-Tech Building was completed and dedicated in the spring of 1992. The Wellness Center was opened in the spring of 1992 in the gymnasium, quickly outgrew its space, and has been located in the Allied Health Building since 1996. Construction on the new Jewell Student Center began in the fall of 1994, and by the spring break of 1996, all Student Services had relocated to the new center.

Historical Headcount Enrollment

<u>Year</u>	<u>Total Headcount</u>
2012-13	4,720
2011-12	4,845
2010-11	4,945
2009-10	4,818
2008-09	4,478

Source: College

Credit Hours Summary

The following table displays total student credit hours for the past five academic years ending June 30:

<u>Years</u>	<u>Total Credit Hours</u>
2012-2013	141,608
2011-2012	145,363
2010-2011	148,339
2009-2010	144,545
2008-2009	134,326

Source: College

Student Fees

The following table sets forth the last five years of tuition and fee charges per credit hour:

<u>Year</u>	<u>Tuition*</u>			<u>Incidental Fee*</u>	<u>Student Center Fee*</u>	<u>Total</u>
	<u>In-state</u>	<u>Out-state</u>	<u>Metro**</u>			
2013-2014	\$68	\$192	\$93	\$10	\$5	\$78/\$202/\$103
2012-2013	62	174	N/A	8	5	\$75/\$182
2011-2012	61	165	N/A	8	5	\$74/\$173
2010-2011	56	144	N/A	5	5	\$66/\$149
2009-2010	49	147	N/A	5	5	\$54/\$152

* Tuition and fee charges are established by the Board of Trustees.

** Metro area includes Platte, Johnson, Jackson, Clay and Cass Counties in Missouri.

Programs

Kansas City Kansas Community College is a two-year locally supported institution providing a blend of associate degrees. In addition, the College offers one-year certificates, vocational programs, adult continuing education programs, and business and industry training programs:

Allied Health and Nursing Education

Associate in Applied Science

Fire Medic
 LPN to RN Articulation Program
 Mortuary Science
 MICT/RRT to RN Bridge Program
 Nursing/Registered Nurse
 Paramedic (Fire Medic)
 Physical Therapist Assistant
 Respiratory Care—Registered
 Respiratory Therapist AAS Degree
 Respiratory Care—Certified
 Respiratory Therapist AAS Degree

Associate in Science

Pre-Exercise Science
 Pre-Nursing
 Pre-Physical Therapy
 Pre-Radiologic Technology
 Pre-Occupational Therapy
 Pre-Respiratory Therapy

One-Year Certificate

Exercise Leader

Business and Continuing Education

Associate in Applied Science

Accounting
 Administrative Office Professionals
 Business Administration
 Marketing/Mid Management

Associate in Science

Pre-Business
 Certificate in Continuing Career Studies
 Nursing Home Administration

One-Year Certificates

Administrative Office Professionals
 Clerical
 Nursing Home Administration
 Supervision

Math, Science and Technology

Associate in Applied Science

Computer Engineering Technology
 (Web Emphasis)
 Computer Software Technology
 Computer Systems Networking
 Drafting (CAD)
 Fire Science/Fire Fighting
 Hazardous Materials

Associate in Arts

Environmental Studies
 Fire Science
 Forensic Science

Associate in Science

Biology
 Chemistry
 Computer Engineering Technology
 Environmental Studies
 Fire Science

Forensic Chemistry

Physics/Physical Science

Pre-Agriculture

Pre-Chiropractic

Pre-Dental

Pre-Engineering

Pre-Medical Optometry

Pre-Medical Technology

Pre-Nutrition

Pre-Veterinary

One-Year Certificate

Computer Information System

Data warehousing

Emergency Medical Technician

Fire Administration

Fire Investigation

Telecommunication Technology

Technical Certificate

Computer Engineering Technology—

Web page Design/Development

Computer Software Technology

Computer Systems Networking

Technology

Fire Administration

Fire Investigation

Homeland Security

Humanities and Fine Arts

Associate in Arts

- Journalism
- Music
- Theatre
- Visual Arts

Associate of Applied Science

- Audio Engineering
- Digital Imaging Design

Associate in General Studies

- Journalism
- Theatre Technology

Social Science

Associate in Applied Science

- Substance Abuse/Addiction Counseling
- Corrections
- Early Childhood Education
- Paralegal
- Political Science
- Victim – Survivor Services

Associate in Arts

- Addiction Counselor
- Criminal Justice
- Elementary Education
- Pre-Law

- Pre-Social Work
- Secondary Education
- Victim – Survivor Services
- One Year-Certificates**
- Addiction Counseling
- Corrections
- Early Childhood Education
- Juvenile Justice
- Police Science
- Probation – Parole
- Victim/Survivor Services

FINANCIAL INFORMATION CONCERNING THE COLLEGE

Community colleges in the State of Kansas finance their operations through student tuition, auxiliary operations, student fees, and a property tax levy, as well as State aid. For the fiscal year ending June 30, 2012, the College estimates it received 43.94% of its total general fund revenue from federal grants and contracts, 38.59% from student charges, 11.56% from auxiliary enterprise revenue, 1.92% from state grants and contracts, and the remainder from local sources, interest earnings and other miscellaneous sources.

Under K.S.A. 71-601 *et seq.* and K.S.A. 71-1801 *et seq.*, the community college state funding is on the basis of an annual operating grant and state aid from the State general fund, in an amount determined by the State Board of Education. The operating grant relates to students who are Kansas residents and to “non-tiered” course credit hours, with non-tiered describing courses that are not technical in nature, and are instead generally designed to contribute to academic knowledge or skills across multiple disciplines, such as mathematics, writing, humanities and sciences. The state aid relates to students who are Kansas residents and to “tiered technical” course credit hours, and is determined by considering (1) costs of high-demand, high-tech training, (2) target industries critical to Kansas, (3) program growth, (4) local taxing authority for credit-hours generated by students from the College taxing district and (5) other factors deemed necessary or advisable by the State Board of Education. The operating grant is distributed by method established by the State Board of Education, while the state aid is distributed on each August 1 and January 1, with one half of the aid being distributed on each of such dates.

The College maintains seven basic fund groups, consisting of 38 separately identifiable funds. All funds (the "Funds") are segregated for accounting purposes. In the current fiscal year, property taxes are levied for the general fund only.

Property tax revenues for each tax-supported Fund are set and a budget is adopted by the Board, after a public hearing. The Board then certifies the property tax revenues to the County Clerk not later than August 25. The County Clerk receives assessments of real and personal property from the County Assessor and certifies such assessments and the total levy for all purposes (state, county, city, school and other taxing jurisdictions) to the County Treasurer, who is charged with the levying and collection to taxes. See “**Property Tax Levies and Collections--Tax Collections**” for information regarding the property tax imposition and payment process.

Accounting, Budgeting and Auditing Procedures

The College follows an accrual basis of accounting for all funds of the College.

The Kansas statutes require the adoption of budgets for all funds on an 18-month basis unless exempted by a specific statute. Under state law, budgetary control is exercised at the fund level. Upon publishing appropriate notice, the Board conducts a public hearing to approve the budget. The College uses program-based budgeting for all governmental funds, except the Capital Projects Fund, in order to measure more accurately the results of educational programs. Budgets are prepared under the modified accrual basis of accounting, further modified by the encumbrance method of accounting in which purchase orders, contracts and commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation. Open encumbrances that do not lapse are reported as reservations of funds balances because the commitment will be honored through subsequent years; budget appropriations.

The financial records of the College are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. The annual audit for fiscal year ended June 30, 2012, is included in this Official Statement as **APPENDIX A**. A summary of significant accounting policies of the College is contained in the notes accompanying the financial statements in the appendices hereto.

Assessed Valuation

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 Wyandotte County Appraiser's office determines the assessed valuation that is to be used as a basis for the mill levy on property located in the College taxing district.

All property in the State of Kansas has been reevaluated as a result of a bill passed by the 1985 session of the Kansas Legislature requiring county appraisers to reassess property for tax purposes, with an effective date of January 1, 1989.

In conjunction with the November 1986 general election, Kansas voters approved a proposition to modify the state constitution with respect to classification of property for ad valorem taxation, for taxable years 1989 through 1992, real and personal property was divided into classes and assessed at different percentages of fair market value. Land devoted to agricultural use was valued on the basis of its agricultural income or productivity and assessed at 30% of the value so obtained; commercial and industrial machinery and equipment was assessed at 20% of its fair market value; residential property and vacant lots were assessed at 12% of fair market value; and all other property was assessed at 30% of fair market value, farm machinery and equipment, merchants' and manufacturers' inventories, and livestock were exempt from property taxation.

In conjunction with November, 1992 general election, Kansas voters approved a proposition to further modify the state constitution with respect to classification of property for ad valorem taxation. The modified classification provisions are effective for assessment and taxation of property for ad valorem taxation. The modified classification provisions are effective for assessment and taxation of 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: (1) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except railroads real property, assessed at the average rate that all other commercial and industrial property is 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 railroads personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 20%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent, and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utilities 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 following table shows the assessed valuation of the taxable tangible property within the College taxing district for each of the last five years.

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicle Valuation</u>	<u>Equalized Assessed Valuation</u>
2012	\$927,243,259	\$94,797,562	\$71,302,534	\$113,847,934	\$1,207,191,289
2011	914,682,119	97,759,966	65,236,304	113,607,923	1,191,286,312
2010	927,030,390	108,560,874	63,329,809	117,043,311	1,215,964,384
2009	966,053,674	121,906,655	55,937,343	120,485,596	1,264,383,268
2008	1,069,442,741	140,997,701	59,613,262	124,956,114	1,395,009,818

Source: County Clerk's Office

Property Tax Levies and 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 the State 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.

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

The following is a summary of tax collections levied for the College's budget. Property taxes levied upon the 2012 tax rolls are collected in December 2012 and May 2013 and used to finance the College's fiscal year end 2013 budget.

<u>Year</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>	<u>Percentage Collected</u>
2012	\$25,354,994	In Process	N/A
2011	25,430,313	\$23,477,053	92.32%
2010	25,826,510	23,577,279	91.29%
2009	22,926,675	20,223,572	88.21%
2008	24,559,403	22,757,492	92.66%

Source: County Clerk

**Mill Levy
(Per \$1,000 Assessed Valuation)
(2008-2012, inclusive)**

The following tables show the College's mill levies by fund (per \$1,000 of assessed valuation) for each of the years indicated:

<u>Tax Year</u>	<u>General</u>	<u>Employee Benefit</u>	<u>Capital Outlay</u>	<u>Vocational Education</u>	<u>Total Mill Levy</u>
2012	22.091	0.000	1.489	0.000	23.580
2011	22.059	0.000	1.487	0.000	23.546
2010	21.975	0.000	1.481	0.000	23.456
2009	18.151	0.000	1.840	0.000	19.991
2008	17.520	0.000	1.776	0.000	19.296

Source: County Clerk

Major Taxpayers

Some of the largest taxpayers in the College's taxing district for 2012 are set forth in the following table. No taxpayer accounts for more than four percent of the College's total assessed valuation.

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
Kansas Entertainment LLC	\$43,200,001	\$7,565,541
General Motors LLC	27,224,335	5,148,707
Legends of KC LP	23,871,842	4,113,188
Unified Government WY CO/KCK	19,051,638	3,455,531
Union Pacific Railroad Co	12,971,059	2,356,629
Magellan Pipeline LLC	12,985,847	2,330,276
BNSF Railroad	11,839,250	2,233,112
NFM of Kansas Inc.	11,000,001	1,908,716
Southwestern Bell Telephone Co	8,446,584	1,467,999
Kansas Gas Service	7,648,033	1,361,072

Source: County Clerk

Risk Management

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Defined Benefit Pension Plan

The College 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 June 30, 2012, KPERS serves about 281,000 members and 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 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 (more common in the private sector), which are funded solely by employer contributions. The College's employees annually contribute: (a) 4% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), or (b) 6% of their gross salary to the plan if such employees are KPERS Tier 2 members (covered employment on or after July 1, 2009). The College'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 College's contribution for fiscal years ended June 30, 2010, 2011, and 2012 were \$1,031,825, \$1,070,160, and \$1,098,714, respectively

According to the Valuation Report as of December 31, 2010 (the "Valuation Report") the KPERS Local Group, of which the College is a member, carried an unfunded accrued actuarial liability ("UAAL") of \$1.395 billion at the end of 2010. KPERS' actuaries identified that an employer contribution rate of 9.43% 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. Because the annual growth in employer contribution rates is limited by State law, the actual contribution rate permitted at the time of calculation was only 7.94%. As a result, members of the Local Group are underfunding their projected actuarial liabilities and the UAAL can be expected to grow over time. KPERS' actuaries project the required employer contribution rate to increase by the maximum, 0.60%, each year until such time as the permitted rate equals the actuarial rate. The authors of the Valuation Report expect this to occur in approximately 2017 based upon the actuarial assumptions made by the authors.

The 2012 Kansas legislature adopted a number of changes to KPERS, including:

(a) Effective January 1, 2015, the creation of a new KPERS Tier 3 category (covered employment on or after January 1, 2015) based on a cash balance plan. Each Tier 3 participant 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:

(1) 3% for less than 5 years; (2) 4% for at least 5 years but less than 12 years; (3) 5% for at least 12 years but less than 24 years; and (4) 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 participant, upon retirement, shall receive a single life annuity benefit.

(b) 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 by 2017.

(c) Effective January 1, 2014, providing additional contribution flexibility for Tier 1 participants with corresponding benefit adjustments.

(d) Effective January 1, 2014, eliminate COLA adjustments for Tier 2 participants with corresponding benefit adjustments.

(e) Provide additional flexibility for alternative investments for the plan

(f) Provide for a single actually-determined employer contribution rate covering all three KPERS Tiers, calculated for each KPERS group.

(g) Provide new State funding sources to assist in reducing UAAL.

The 2012 legislation, which is pending Governor approval, did not address changes for the Kansas Police and Firemen's Retirement System or the Kansas Retirement System for Judges.

FINANCIAL OVERVIEW

(As of July 1, 2013)

Equalized Assessed Valuation	\$1,207,191,289
Outstanding General Obligation Bonds	\$0
Population (2011 estimated)	158,224
Per Capita General Obligation Bonded Indebtedness	\$0
Ratio of General Obligation Debt to Assessed Valuation	0.00%
Underlying and Overlapping Debt	\$489,366,592
Direct and Overlapping Debt	\$489,366,592
Per Capita Direct and Estimated Underlying and Overlapping Debt	\$3,092
Ratio of Direct and Overlapping Debt to Assessed Valuation	40.54%

DEBT STRUCTURE OF THE COLLEGE

General Obligation Indebtedness of the College

As of July 1, 2013, the College has no outstanding general obligation bonds

Certificates of Participation/Leases

The following table sets forth as of July 1, 2013 all of the outstanding capital lease obligations of the College including the Certificates of Participation:

<u>Purpose</u>	<u>Series</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Ref. Certificates of Participation	2010	\$3,080,000	\$ 2,325,000
Certificates of Participation	2010-B	25,940,000	23,405,000
Certificates of Participation*	2013	5,520,000	<u>5,520,000</u>
Total			\$31,250,000

* This issue.

Loan Obligations

The following table sets forth as of July 1, 2013 all of the outstanding loan obligations of the College:

<u>Purpose</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
KBOR Loan	07/01/2008	\$4,583,224	\$1,396,771
Total			

Revenue Bonds

As of July 1, 2013, the College has no outstanding revenue bond obligations

Overlapping/Underlying General Obligation Indebtedness

The College's taxing district is the same as Wyandotte County, Kansas, and therefore the assessed valuations for the College and Wyandotte County are the same and all underlying debt is 100% applicable to the County's taxing district. Set forth below is an estimated summary of all governmental entities in Wyandotte County with an estimated outstanding general obligation debt as of July 1, 2013.

<u>Jurisdiction</u>	<u>2012 Assessed Valuation</u>	<u>G.O. Debt Outstanding</u>
City of Bonner Springs	\$ 66,191,093	\$ 19,180,852
City of Edwardsville	44,140,389	8,290,000
City of Kansas City	984,110,995	285,965,000
U.S.D. No. 202	119,889,367	27,223,884
U.S.D. No. 203	148,923,622	27,835,000
U.S.D. No. 204	162,531,620	32,111,856
U.S.D. No. 500	665,360,130	88,235,000
Wyandotte County	1,093,343,355	<u>525,000</u>
Total		\$489,366,592

Several cities and water districts have issued utility revenue bonds which are paid from receipt of the utility service being sold. Several cities have also issued industrial revenue bonds which are paid by the industry for which the bonds are issued. Revenue bonds are not considered general obligation indebtedness under Kansas law and are not included in the total stated herein for underlying indebtedness.

Source: County Clerk's Office

REGIONAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY

Major Employers

Listed below are the major employers located in or near the College and the number employed by each:

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
University of Kansas Hospital	Hospital	4,500+
General Motors Corporation	Auto Manufacturer	3,500-4,000
University of Kansas Medical Center	Medical Teaching/Research Center	3,500-4,000
Unified School District No. 500	Public Education	3,500-4,000
Unified Govt. of Wyandotte County/Kansas City	Municipal Government	1,000-2,499
Burlington Northern/Santa Fe Railroad	Railroad	1,000-2,499
Nebraska Furniture Mart	Furniture & Appliances	1,000-2,499
Associated Wholesale Grocers	Food Distributor	1,000-2,499
Providence Medical Center	Hospital	750-999
Hollywood Casino	Casino	750-999
United Parcel Service	Parcel post	500-749
Kansas City, Kansas Community College	Post-Secondary Education	500-749
Wal-Mart	Retailer	500-749
Board of Public Utilities	Public Utility	500-749
Unified School District No. 202	Public Education	500-749
Wyandotte Center for Community Behavioral Healthcare Inc.	Health Care	500-749
FedEx Freight	Parcel post	400-499
Kellogg Corp.	Food Manufacturing	400-499
Bulk Mail Center – U.S. Post Office	Federal Agency/Delivery	300-399
Liberty Fruit	Food Manufacturing	300-399
Kansas Speedway*	Auto Raceway	300-399
Unified School District No. 204	Public Education	300-399
Cabela's Retail	Outdoor/Recreation Retailer	300-399
Great Wolf Lodge	Accommodation/Food Services	300-399

*The majority of Speedway employees are temporary staff hired for the race events.

Source: Unified Government Research Division

Labor Force

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

WYANDOTTE COUNTY				
<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2011	71,625	64,515	7,110	9.9%
2010	71,234	63,843	7,391	10.4%
2009	70,196	62,352	7,844	11.2%
2008	70,161	64,715	5,446	7.8%
2007	70,811	65,591	5,220	7.4%

STATE OF KANSAS				
<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2011	1,505,046	1,404,340	100,706	6.6%
2010	1,504,897	1,397,213	107,684	7.7%
2009	1,507,661	1,399,361	108,300	7.7%
2008	1,480,880	1,415,472	65,408	4.4%
2007	1,471,975	1,411,391	60,584	4.4%

Source: Kansas Statistical Abstract

Retail Sales Tax Collections

The following table lists Wyandotte County's state sales tax collections over a five-year period.

<u>Year</u>	<u>Sales Tax Collections</u>	<u>Per Capita Sales Tax</u>
2011	\$117,776,935	\$722.26
2010	103,618,272	597.51
2009	92,868,591	625.60
2008	99,480,729	652.49
2007	99,811,032	635.12

Source: Kansas Statistical Abstract

Financial Institutions

There are currently nineteen banks located in Wyandotte County. During a five-year period, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits (\$000)</u>
2011	\$2,568,000
2010	2,473,000
2009	2,219,000
2008	3,578,000
2007	2,158,000

Source: Kansas Statistical Abstract

Population Trends

The following table shows the approximate population of Wyandotte County in the years indicated:

<u>Year</u>	<u>Wyandotte County Population</u>
2011	158,224
2010	157,811
2009	156,416
2008	155,092
2007	154,267

Source: Kansas Statistical Abstract

Personal Income Trends

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

<u>Year</u>	<u>Wyandotte County Personal Income (\$000)</u>	<u>Wyandotte County Per Capita Income</u>	<u>State of Kansas Per Capita Income</u>
2010	\$4,320,558	\$27,378	\$38,977
2009	4,335,817	27,720	38,301
2008	4,415,768	28,472	40,466
2007	4,223,792	27,380	37,663
2006	3,970,858	25,837	35,678

Source: Kansas Statistical Abstract

ABSENCE OF LITIGATION

At the present time there is no controversy, suit or other proceedings of any kind pending or threatened whereby any question is raised or may be raised questioning or affecting in any way the legal organization of the College or the legality of any official act shown to have been done in the Transcript of Proceedings leading up to the issuance of the Certificates, or the constitutionality or validity of the indebtedness represented by the Certificates shown to be authorized in said Transcript, or the validity of the Certificates or any of the proceedings in relation to the issuance or sale thereof, or the levying and collection of taxes to pay the principal and interest thereof.

LEGAL MATTERS

Approval of Certificates

All matters incident to the authorization and issuance of the Certificates are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas (“Special Tax Counsel”). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the College and its certified public accountants, as referred to herein. Special Tax 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 CERTIFICATES,” “LEGAL MATTERS,” “TAX MATTERS” and “**APPENDIX B** – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS.” Payment of the legal fee of Special Tax Counsel is contingent upon the delivery of the Certificates. Certain legal matters have been passed on for the College by McAnany, Van Cleave, & Phillips, P.A., Kansas City, Kansas.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Certificates. 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 Certificates 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 Certificates 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 Certificates.

Opinion of Special Tax Counsel

In the opinion of Special Tax Counsel, under the law existing as of the issue date of the Certificates:

Federal Tax Exemption. The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates is excluded from gross income for federal income tax purposes.

Alternative Minimum Tax. The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates 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 Lease is a “qualified tax-exempt obligation” for purposes of Code § 265(b)(3), and, in the case of certain financial institutions (within the meaning of Code § 265(b)(5)), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to the Interest Portion of Basic Rent Payments represented by the Certificates.

Kansas Tax Exemption. The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates is excluded from computation of Kansas adjusted gross income.

No Other Opinions. Special Tax Counsel’s opinions are provided as of the date of the original issue of the Certificates, subject to the condition that the College comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Certificates in order that said Interest Portion of Basic Rent Payments be, or continue to be, excluded from gross income for federal income tax purposes. The College has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Portion of Basic Rent Payments represented by the Certificates in gross income for federal income tax purposes retroactive to the date of issuance of the Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Lease and Certificates.

Other Tax Consequences

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

Sale, Exchange or Retirement of Certificates. Upon the sale, exchange or retirement (including redemption) of a Certificate, an owner of the Certificate 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 Certificate (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Certificate. To the extent the Certificates 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 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Certificates, and to the proceeds paid on the sale of Certificates, 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 Certificates should be aware that ownership of the Certificates 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 Certificates. Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of Certificates 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 Certificates, including the possible application of state, local, foreign and other tax laws.

BOND RATINGS

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. has assigned an independent rating of "AA" to the Certificates. Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any bonds, including the Certificates, or as to the market price or suitability thereof for a particular investor. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Certificates.

FINANCIAL ADVISOR

Ranson Financial Consultants, LLC, Wichita, Kansas, has acted as Financial Advisor to the Issuer in connection with the sale of the Certificates. The Financial Advisor is a “municipal advisor” as defined in the Dodd-Frank Wall Street Reform and Consumer

Protection Act of 2010. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Certificates. The fees of the Financial Advisor are contingent upon the issuance of the Certificates.

UNDERWRITING

The Underwriter has agreed to purchase all of the Certificates from the College upon the satisfaction of certain conditions as set forth in the Certificate Purchase Agreement entered into among the College and the Underwriter, and will offer the Certificates to the public initially at the offering prices stated on the inside cover page hereof. Assuming the Certificates are delivered to the Underwriter on the date anticipated and the Certificates are redelivered at the prices shown on the inside cover page of this Official Statement, the gross underwriting spread - expense not deducted - would be 0.75% of the principal amount of the Certificates, computed in accordance with Rule G-31 (ii)A of the Municipal Securities Rulemaking Board. The Underwriter has further agreed that it will pay the aggregate purchase price for all of the Certificates at par plus an original issue premium of \$230,400.55 less an underwriter's discount of \$41,400.00 plus accrued interest. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) at prices other than the prices stated on the inside cover hereof.

Piper Jaffray & Co., the Underwriter of the Certificates, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co will purchase Bonds from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Certificates that CS&Co sells.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Certificates. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

TRUSTEE

The Trustee is UMB Bank, N.A., Kansas City, Missouri.

The Trustee is not liable for the payment of Basic Rent Payments, and the Owners have no right to look to the Trustee for any payments of the Certificates or for any other payments other than from funds held under the Declaration of Trust.

MISCELLANEOUS

The reference herein to the Declaration of Trust, Lease and other documents referred to in this Official Statement are brief summaries of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions, reference is made to such documents.

The agreement of the Trustee and the College with the owners of the Certificates is fully set forth in the Declaration of Trust and the Lease, and neither any advertisement of the Certificates nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Certificates. So far as any statements are made in this Official Statement involving matters of opinion, estimates, projections or forecasts, whether or not expressly stated as such, they are not to be construed as representations of fact. Copies of the documents mentioned under this caption are on file at the office of the Financial Advisor and, following delivery of the Certificates, will be on file with the Trustee, the College and the Underwriter.

The Appendices attached hereto are an integral part of this Official Statement and must be read together with all of the foregoing statements.

AUTHORIZATION OF OFFICIAL STATEMENT

The preparation of this Official Statement and its distribution has been authorized by the College. This Official Statement is approved by the governing body of the College as of the date on the cover page hereof.

**KANSAS CITY KANSAS COMMUNITY COLLEGE
WYANDOTTE COUNTY, KANSAS**

Donald Ash, Chairperson

\$5,520,000
KANSAS CITY KANSAS COMMUNITY COLLEGE
WYANDOTTE COUNTY, KANSAS
CERTIFICATES OF PARTICIPATION, SERIES 2013
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

Appendix A

AUDITED FINANCIAL STATEMENTS

KANSAS CITY KANSAS COMMUNITY COLLEGE

**REPORT AND
FINANCIAL STATEMENTS**

June 30, 2012

B E P O S I  I V E .

KANSAS CITY COMMUNITY COLLEGE

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KANSAS CITY KANSAS COMMUNITY COLLEGE

Management's Discussion and Analysis

Introduction

Management's discussion and analysis is an overview of the financial position and financial activities of Kansas City Kansas Community College (the College) for the fiscal years ended June 30, 2012 and June 30, 2011. The College's management prepared this discussion. It should be read in conjunction with the College's combined financial statements and notes that follow.

The College prepared the financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires the financial statements be presented on a consolidated basis to focus on the College as a whole. Previously, the College's financial statements focused on the accountability of individual fund groups rather than on the College as a whole. The accompanying combined financial statements include the accounts of the College.

There are three comparative financial statements presented: The Combined Statements of Net Assets; the Combined Statements of Revenues, Expenses, and Changes in Net Assets; the Combined Statements of Cash Flows. In addition the report also includes supplemental schedules as noted in the table of contents. The emphasis of the discussion about the financial statements, and supplementary information is designed to focus on current activities, resulting changes and currently known facts.

Combined Statements of Net Assets

The Combined Statements of Net Assets present the assets, liabilities, and net assets of the College at June 30, 2012 and 2011. The purpose of the Combined Statements of Net Assets is to present a snapshot of the financial condition of the College. Total net assets, which are the difference between total assets and total liabilities, is one of the indicators of the current financial condition of the College.

The assets and liabilities are categorized between current and noncurrent. The difference is that current assets and current liabilities mature or become payable within the normal 12-month accounting cycle versus noncurrent assets and liabilities which mature or become payable after 12 months. For example, at June 30, 2012 and 2011, the College's current assets consist primarily of cash, short-term investments, property tax receivables and trade receivables, while noncurrent assets consist primarily of capital assets. Capital assets are the property, plant, and equipment owned by the College.

Net assets are presented in three major categories. The first is invested in capital assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is restricted while the third is unrestricted.

KANSAS CITY KANSAS COMMUNITY COLLEGE

Restricted net assets are funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted net assets are further categorized between expendable and nonexpendable. Restricted expendable net assets are available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted nonexpendable net assets are endowments for which only the interest portion can be spent. The College had no restricted nonexpendable net assets at June 30, 2012 and 2011.

Unrestricted net assets are available to the College for any lawful purpose. The following schedule is prepared from the College's combined statements of net assets (page 9), which are presented on an accrual basis of accounting, whereby assets are capitalized and depreciated.

Summary of Net Assets
As of June 30
(Dollars in Millions)

	<u>2012</u>	<u>2011</u>	Increase (Decrease)	Percent Change
Assets:				
Current assets	\$ 43.6	\$ 53.4	\$ (9.8)	(18.4)%
Noncurrent assets	<u>35.7</u>	<u>28.5</u>	<u>7.2</u>	25.3%
Total Assets	<u>\$ 79.3</u>	<u>\$ 81.9</u>	<u>\$ (2.6)</u>	3.2%
Liabilities:				
Current liabilities	\$ 12.7	\$ 12.0	\$ 0.7	5.8%
Noncurrent liabilities	<u>30.7</u>	<u>33.4</u>	<u>(2.7)</u>	(8.1)%
Total Liabilities	<u>\$ 43.4</u>	<u>\$ 45.4</u>	<u>\$ (2.0)</u>	(4.4)%
Net Assets:				
Invested in capital assets, net of related debt	\$ 21.5	\$ 13.4	\$ 8.1	60.4%
Restricted – expendable	4.8	7.2	(2.4)	(33.3)%
Unrestricted	<u>9.6</u>	<u>15.9</u>	<u>(6.3)</u>	(39.6)%
Total Net Assets	<u>\$ 35.9</u>	<u>\$ 36.5</u>	<u>\$ (0.4)</u>	(1.4)%

Total net assets at June 30, 2012 decreased to \$35.9 million from \$36.5 million at June 30, 2011. Net assets, invested in capital assets, net of related debt, increased by \$8.1 million and net assets, restricted-expendable, decreased by \$2.4 million. Net assets, unrestricted, also decreased by \$6.3 million during the period.

Current assets have decreased as the result of the Certificates of Participation escrow being utilized to fund construction for the College.

Current liabilities increased by .7 million while noncurrent liabilities decreased by \$2.7 million.

KANSAS CITY KANSAS COMMUNITY COLLEGE

Combined Statements of Revenues, Expenses, and Changes in Net Assets

The Combined Statements of Revenues, Expenses, and Changes in Net Assets present the College's financial results for the fiscal years ended June 30, 2012 and 2011. The statements include the College's revenues and expenses, both operating and nonoperating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Nonoperating revenues and expenses are those that exclude specific, direct exchanges of goods and services. County property tax revenue and state aid are two examples of nonoperating revenues where the local taxpayers and state legislature, respectively, do not directly receive goods and services for the revenue.

The following summary is prepared from the College's Combined Statements of Revenues, Expenses, and Changes in Net Assets (page 11).

Summary of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30
(Dollars in Millions)

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating revenues	\$ 33.1	\$ 32.3	\$ 0.8	2.5%
Operating expenses	<u>70.6</u>	<u>66.7</u>	<u>3.9</u>	5.8%
Operating gain/(loss)	(37.5)	(34.4)	(3.1)	(9.0)%
Nonoperating revenues, net	<u>36.9</u>	<u>37.0</u>	<u>(0.1)</u>	(0.3)%
Increase in net assets	(0.5)	2.6	(3.1)	(119.2)%
Net assets, beginning of year	<u>36.4</u>	<u>33.9</u>	<u>2.5</u>	7.4%
Net assets, end of year	<u>\$ 35.9</u>	<u>\$ 36.5</u>	<u>\$ (0.4)</u>	(1.4)%

One of the financial strengths of the College is the diverse stream of revenues that supplement its student tuition and fees. The following summary is prepared from the College's Combined Statements of Revenues, Expenses, and Changes in Net Assets (page 11).

KANSAS CITY KANSAS COMMUNITY COLLEGE

Summary of Revenues
For the Years Ended June 30
(Dollars in Millions)

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues:				
Student tuition and fees	\$ 12.8	\$ 12.4	\$ 0.4	3.2%
Grants and contracts	14.5	14.2	0.3	2.1%
Auxiliary enterprise revenues	3.8	3.9	(0.1)	(2.6)%
Other operating revenues	<u>2.0</u>	<u>1.7</u>	<u>0.3</u>	17.6%
Total Operating Revenues	<u>\$ 33.1</u>	<u>\$ 32.2</u>	<u>\$ 0.9</u>	2.8%
Nonoperation Revenues (Expenses):				
County property taxes	\$ 28.4	\$ 27.8	\$ 0.6	2.2%
State aid	9.5	9.7	(0.2)	(2.1)%
Investment income	-	0.2	(0.2)	(100.0)%
Interest on capital asset debt	<u>(0.9)</u>	<u>(0.6)</u>	<u>(0.3)</u>	50.0%
Total Nonoperation Revenues (Expenses)	<u>\$ 37.0</u>	<u>\$ 37.1</u>	<u>\$ (0.1)</u>	(0.3)%

The total operating expenses for the College for the years ended June 30, 2012 and 2011 were as follows:

Summary of Operating Expenses
For the Years Ended June 30
(Dollars in Millions)

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Expenses:				
Salaries and benefits	\$ 39.4	\$ 39.9	\$ (0.5)	(1.3)%
Supplies and services	11.7	9.0	2.7	30.0%
Depreciation and amortization	3.5	2.7	0.8	29.6%
Scholarship and financial aid	13.9	12.8	1.1	8.6%
Other Operating Expenses	<u>2.1</u>	<u>2.3</u>	<u>(0.2)</u>	(8.7)%
Total Operating Expenses	<u>\$ 70.6</u>	<u>\$ 66.7</u>	<u>\$ 3.9</u>	5.8%

KANSAS CITY KANSAS COMMUNITY COLLEGE

The total operating expenses of the College by function for the years ended June 30, 2012 and 2011 were as follows:

Summary of Operating Expenses by
Functional Expenditure Classification
For the Years Ended June 30
(Dollars in Millions)

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Expenses:				
Instruction	\$ 29.2	\$ 26.0	\$ 3.2	12.3%
Research	0.2	0.2	-	-
Community services	-	0.4	(0.4)	(100.0)%
Academic support	1.7	2.4	(0.7)	(29.2)%
Student services	4.9	5.9	(1.0)	(16.9)%
Institutional support	-	7.8	(7.8)	(100.0)%
Student financial aid	13.9	12.8	1.1	8.6%
Plant and maintenance	5.6	4.6	1.0	21.7%
Auxiliary	11.7	3.9	7.8	200.0%
Depreciation	3.4	2.7	0.7	25.9%
Total Operating Expenses	<u>\$ 70.6</u>	<u>\$ 66.7</u>	<u>\$ 3.9</u>	5.8%

KANSAS CITY KANSAS COMMUNITY COLLEGE

Combined Statements of Cash Flows

The Combined Statements of Cash Flows present information about the cash activity of the College. The statements show the major sources and uses of cash. The following summary is prepared from the College's Combined Statements of Cash Flows (page 13).

Summary of Cash Flows
For the Years Ended June 30
(Dollars in Millions)

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Cash provided by (used in):				
Operating activities	\$ (35.4)	\$ (28.8)	\$ (6.6)	22.9%
Noncapital financing activities	37.9	37.4	0.5	1.3%
Capital and related financing Activities	(6.7)	(7.3)	0.6	(8.2)%
Investment activities	<u>0.1</u>	<u>0.2</u>	<u>(0.1)</u>	(50.0)%
Net Change in Cash	(4.1)	1.5	(5.6)	(373.3)%
Cash, beginning of year	<u>17.8</u>	<u>16.3</u>	<u>1.5</u>	9.2%
Cash, end of year	<u>\$ 13.7</u>	<u>\$ 17.8</u>	<u>\$ (4.1)</u>	(23.0)%

Economic Outlook

The assessed valuation of property in Wyandotte County rose 1.6% in 2012. The College anticipates that valuation will remain stagnant in 2013. The Board of Trustees held the mill levy at 2011 levels for the 2012 tax year. A tuition increase of \$5 per credit hour was approved to increase revenues.

The number of students enrolled remained steady in 2012. With no growth for nearly 2 years, it is anticipated that student enrollment has maxed out and that 2013 will see a reduced number of students enrolling. The increased tuition of 2012 sustained operations in this time of little student growth. Expenses for 2012 grew, largely due to the renovation of properties purchased over the past 3 years.

State revenues were slightly better than anticipated, with the new "tiered funding" system beginning to effect distribution of State funding. Unfortunately, until several cycles of funding are run through this system, predicting State funding is going to be even more difficult.

The 2 mill property tax increase to provide funding to pay off the 2011 bond issue has proven to be sufficient and will continue for the life of the bonded indebtedness.



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Kansas City Kansas Community College

We have audited the accompanying combined financial statements of Kansas City Kansas Community College (the College), as of and for the years ended June 30, 2012 as listed in the table of contents. The discretely presented component unit of Kansas City Kansas Community College (Kansas City Kansas College Endowment Association) audited financial statements-modified cash basis, as of and for the year ended June 30, 2012 and 2011 are included in this report. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. The financial statements- modified cash basis of the Kansas City Kansas Community College Endowment Association for the years June 30, 2012 and 2011 were audited by other auditors whose report, dated November 28, 2012, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and with the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Kansas City Kansas Community College Endowment Association were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Note M, the financial statements of the Kansas City Kansas Community College Endowment Association were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles and the effect cannot be determined.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas City Kansas Community College as of June 30, 2012 and the results of its operation and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The financial statements of the College as of June 30, 2011, were audited by other auditors whose report dated December 21, 2011 expressed an unqualified opinion on those statements.

In accordance with Government Auditing Standards, we have also issued our report as of and for the year ended June 30, 2012 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements of Kansas City Kansas Community College, taken as a whole. Management's Discussion and Analysis (MD&A) on pages 1 through 6 is not a required part of the combined financial statements but is supplementary information required by generally accepted accounting principles generally accepted in the United States of America.

We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods and measurement and presentation of the supplementary information. However, such information has not been subjected to the auditing procedures applied in our audit of the combined financial statements and, accordingly, we express no opinion on it. The other financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in our audit of the combined financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Nook Bishop, C.

January 21, 2013

KANSAS CITY KANSAS COMMUNITY COLLEGE
COMBINED STATEMENT OF NET ASSETS
June 30, 2012 and 2011

	2012	2011
Assets:		
Current assets -		
Cash and temporary investments	\$ 13,670,471	\$ 17,742,131
Investments	6,500,000	6,500,000
Certificate of Participation Escrow	16,134,982	22,928,208
Tuition receivable, net of allowance for uncollectible amount of \$1,200,000 and \$985,000, respectively	5,409,137	3,170,156
Other receivables, net of allowance for uncollectible amount of \$260,000 and \$260,000, respectively	1,172,544	2,439,911
Inventory	695,674	604,490
Prepaid expenses	60,090	60,468
Total Current Assets	43,642,898	53,445,364
Noncurrent Assets -		
Refinancing expenses, net of accumulated amortization of \$458,320 for 2012 and \$425,091 for 2011	261,641	294,905
Capital assets not being depreciated	10,587,224	6,901,061
Capital assets, being depreciated Less accumulated depreciation	58,544,782 (33,677,641)	51,457,424 (30,245,615)
KBOR Loan Receivable	-	65,206
Total noncurrent assets	35,716,006	28,472,981
Total assets	\$ 79,358,904	\$ 81,918,345
Current Liabilities:		
Accounts payable -	\$ 1,920,528	\$ 2,109,732
Accrued compensated absences	2,695,145	2,615,079
Accrued interest	227,035	537,820
Funds held for others	889,263	815,969
Deferred revenue	3,227,032	2,987,542
Current portion of early retirement payable	1,038,113	951,716
Current portion of certificates of participation/ bonds payable	305,000	295,000
Current portion of loan payable	577,676	585,545
Current portion of certification of participation-capital lease obligations	1,435,000	1,100,000
Current portion of lease obligations	7,164	20,740
Other current Liabilities	336,795	-
Total Current Liabilities	12,658,751	12,019,143
Noncurrent Liabilities -		
Early retirement payable	3,034,433	3,403,337
Certificates of Participation/Bonds payable	2,325,000	2,630,000
Loans payable	1,992,494	2,549,161
Certification of participation-capital lease obligation	23,405,000	24,840,000
Capital lease obligations	-	7,164
Total Noncurrent Liabilities	30,756,927	33,429,662
Total Liabilities	43,415,678	45,448,805
Invested In Capital Assets, net of related debt:	21,549,149	13,393,973
Restricted, expendable for -		
Capital projects	4,483,003	4,153,220
Debt service	261,641	2,639,781
Other	39,771	367,010
Unrestricted	9,609,662	15,915,556
Total Net Assets	35,943,226	36,469,540
Total Liabilities and Net Assets	\$ 79,358,904	\$ 81,918,345

The accompanying notes are an
integral part of these statements.

KANSAS CITY KANSAS COMMUNITY
COLLEGE ENDOWMENT ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND
NET ASSETS – MODIFIED CASH BASIS
June 30, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Cash	\$ 969,938	\$1,093,685
Certificate of deposit	11,100	11,037
Student Loans Receivable	350	-
Property and Equipment, Net	<u>73,645</u>	<u>73,645</u>
Total Assets	<u>\$1,055,033</u>	<u>\$1,178,367</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Deposits held for others	\$ 77,058	\$ 93,424
Accrued expenses	<u>7,995</u>	<u>2,201</u>
Total Liabilities	85,053	95,625
Net Assets:		
Unrestricted	27,315	211,587
Temporarily restricted	<u>942,665</u>	<u>871,155</u>
Total Net Assets	<u>969,980</u>	<u>1,082,742</u>
Total Liabilities and Net Assets	<u>\$1,055,033</u>	<u>\$1,178,367</u>

The accompanying notes are
an integral part of these statements.

KANSAS CITY KANSAS COMMUNITY COLLEGE
 COMBINED STATEMENTS OF REVENUES,
 EXPENSES AND CHANGES IN NET ASSETS
 June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$ 737,581 and \$629,110, respectively	\$ 12,774,583	\$ 12,428,632
Federal grants and contracts	14,546,228	14,245,080
State grants and contracts	634,365	706,994
Private gifts, grants, and contracts	360,684	139,163
Local grants and contracts	17,021	74,033
Auxilliary enterprise revenue	3,826,794	3,937,513
Other operating revenue	<u>946,625</u>	<u>730,340</u>
Total operating revenues	<u>33,106,300</u>	<u>32,261,755</u>
Operating expenses:		
Salaries	30,281,736	31,084,037
Benefits	9,137,239	8,836,866
Contractual services	1,877,153	1,108,793
Supplies and other operating expenses	9,789,660	7,923,932
Utilities	1,522,212	1,317,836
Repairs and maintenance to plant	605,744	927,980
Scholarships and financial aid	13,931,248	12,789,076
Depreciation and amortization	<u>3,465,325</u>	<u>2,721,439</u>
Total operating expenses	<u>70,610,317</u>	<u>66,709,959</u>
Operating loss	<u>(37,504,017)</u>	<u>(34,448,204)</u>
Nonoperating revenues (expenses):		
County property taxes	28,396,434	27,758,096
State aid	9,479,917	9,670,477
Investment income	67,200	221,236
Interest expense on capital asset debt	<u>(965,848)</u>	<u>(594,864)</u>
Total nonoperating revenues	<u>36,977,703</u>	<u>37,054,945</u>
Increase in net assets	(526,314)	2,606,741
Net assets, beginning of year	<u>36,469,540</u>	<u>33,862,799</u>
Net assets, end of year	<u>\$ 35,943,226</u>	<u>\$ 36,469,540</u>

The accompanying notes are an integral part of these statements.

B E P O S I  I V E .

KANSAS CITY KANSAS COMMUNITY
COLLEGE ENDOWMENT ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS – MODIFIED CASH BASIS
June 30, 2012 and 2011

	2012			2011 Total
	Unrestricted	Temporarily Restricted	Total	
Support and Revenue:				
Contributions	\$ 81,403	\$ 188,149	\$ 269,552	\$ 274,315
Interest income	3,194	-	3,194	4,995
Miscellaneous income	205	-	205	354
Net assets released from restrictions	<u>116,639</u>	<u>(116,639)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>201,441</u>	<u>71,510</u>	<u>272,951</u>	<u>279,664</u>
Expenses:				
Schoolships	232,049	-	232,049	181,856
Personal	95,588	-	95,588	100,276
Fundraising events	27,476	-	27,476	22,928
General and administrative	28,977	-	28,977	18,211
Miscellaneous	<u>1,623</u>	<u>-</u>	<u>1,623</u>	<u>462</u>
Total Expenses	<u>385,713</u>	<u>-</u>	<u>385,713</u>	<u>323,733</u>
Change in Net Assets	(184,272)	71,510	(112,762)	(44,069)
Net Assets at Beginning of Year	<u>211,587</u>	<u>871,155</u>	<u>1,082,742</u>	<u>1,126,811</u>
Net Assets at End of Year	<u>\$ 27,315</u>	<u>\$ 942,665</u>	<u>\$ 969,980</u>	<u>\$ 1,082,742</u>

The accompanying notes are
an integral of these statements.

KANSAS CITY KANSAS COMMUNITY COLLEGE
 COMBINED STATEMENTS OF CASH FLOWS
 June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Student tuition and fees	\$ 10,775,092	\$ 12,995,943
Grants and contracts	16,825,665	29,568,166
Cash received from customers	3,826,794	3,937,513
Payments to employees	(30,201,670)	(31,045,901)
Payments to suppliers	(14,183,486)	(10,100,254)
Scholarships and financial aid	(13,931,248)	(27,470,167)
Employee benefits	(9,412,582)	(7,456,495)
Other receipts	946,625	730,340
Net cash used in operating activities	(35,354,810)	(28,840,855)
Cash flows from noncapital financing activities:		
County property taxes	28,396,434	27,758,097
State aid	9,479,917	9,670,477
Funds held for others	73,294	3,165
Net cash provided by noncapital financing activities	37,949,645	37,431,739
Cash flows capital and related financing activities:		
Purchase of capital assets & Construction in Progress	(10,773,528)	(10,065,230)
Principal and interest paid on bonds payable	(295,000)	(176,974)
Bond Escrow	6,793,226	(22,928,208)
Principal and interest paid on capital leases	(1,100,000)	(467,290)
KBOR Loan Payment	(564,536)	(570,177)
Loan proceeds	-	25,940,000
KBOR Loan Proceeds	65,206	919,518
Interest Payments	(1,276,633)	-
Other current liabilities and lease obligations	417,570	-
Net cash used in capital and related financing activities	(6,733,695)	(7,348,361)
Cash flows from investing activities:		
Interest on investments	67,200	221,236
Investments (purchased) redeemed	-	-
Net cash used in investing activities	67,200	221,236
 Net increase(decrease) in cash	 (4,071,660)	 1,463,759
Cash and cash equivalents, beginning of year	17,742,131	16,278,372
Cash and cash equivalents, end of year	\$ 13,670,471	\$ 17,742,131

SUPPLEMENTAL DISCLOSURES

No items were donated to the College during the fiscal year ended June 30, 2012 and 2011

The accompanying notes are an integral part of these statements.

B E P O S I  I V E .

KANSAS CITY KANSAS COMMUNITY COLLEGE
 COMBINED STATEMENTS OF CASH FLOWS
 June 30, 2012 and 2011

	2012	2011
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (37,504,017)	\$ (34,448,204)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation & amortization expense	3,465,325	2,721,439
Donated equipment	-	-
Merger of Technical Education Center Contribution	-	-
Changes in assets and liabilities -		
Tuition receivable	(2,238,981)	4,917
Other receivables	1,267,367	(278,195)
Prepaid expenses	350	(4,678)
Inventories	(91,184)	(12,881)
Accounts payable	(297,883)	1,195,846
Accrued compensated absences	80,066	38,136
Deferred tuition and fees	239,490	562,394
Current Portion Early Retirement	86,397	285,364
Long Term Portion of Early Retirement	(361,740)	1,095,007
Net cash used in operating activities	\$ (35,354,810)	\$ (28,840,855)

The accompanying notes are an integral part of these statements.

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - Kansas City Kansas Community College (the "College"), a municipal corporation, was organized in 1923 and is governed pursuant to provisions of the Kansas State Statutes by a seven-member board of trustees. The College's service area is located in Wyandotte and Leavenworth Counties, including the Kansas City, Kansas metropolitan area. The College is a public two-year community college and was established to provide associate degree programs in various professional and technical fields.

The College has implemented GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units. This Statement amends GASB Statement No. 14, The Financial Reporting Entity, to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College.

As defined by accounting principles generally accepted in the United States of America established by GASB, the financial reporting entity consists of the College, as well as its discretely presented component unit, the Kansas City Kansas Community College Endowment Association (the Association).

Discretely Presented Component Unit - The Association is considered to be a related organization to the College. The Association is a legally separate, tax-exempt organization that acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Association, the majority of resources, or income thereon that the Association holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Association can only be used by, or for the benefit of, the College, the Association is considered a component unit of the College and is discretely presented in the College's financial statements.

The Association is reported in separate financial statements because of the differences in its reporting model, as further described below.

The Association is a not-for-profit organization that reports its financial results under FASB standards. Most significant to the Association's operations and reporting model are FASB Codification ASC 958, *Not-for-Profit Entities*, and FASB Codification ASC 958-605, *Revenue Recognition – Contributions Received*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Association's financial information in the College's financial reporting entity for these differences; however significant note disclosures (see Note M) to the Association's financial statements have been incorporated into the College's notes to the financial statements.

Financial statements for the Association can be obtained by contacting the Association.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The accounting policies of the College conform to accounting principles generally accepted in the United States as applicable to colleges and universities. The College reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies.

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In December 1998, GASB released Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, which revised reporting of property tax revenue. In November 1999, the GASB approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, followed by Statement No. 35, Basic Financial Statements – and the Management’s Discussion and Analysis – for Public Colleges and Universities. The College, as required, has implemented these changes in past years. The change in financial statement presentation provides a comprehensive one-line look at the total college and requires capitalization of assets and recording of depreciation. The significant changes made in order to comply with the new requirements were elimination of internal revenue and expense charges, recording scholarship credit to student accounts as tuition and fee allowances, removal of capital related items from revenues and expenses, recording of depreciation, reporting summer school revenue and expense between fiscal years rather than in one fiscal year, and the recording of property tax revenues on an accrual basis rather than on a modified accrual basis.

The College’s combined financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The College maintains an encumbrance system for tracking outstanding purchase orders and other commitments for material or services not received during the year. Encumbrances at June 30, 2012 and 2011 were \$16,964,018 (including construction contracts of \$15,779,851) and \$1,800,270, respectively, which represents the estimated amount of expenses ultimately to result if unperformed contracts in process at fiscal year-end are completed. Encumbrances outstanding at June 30, 2012 do not constitute expenses or liabilities and are not reflected in these combined financial statements.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include depreciation of fixed assets, allowances for collectability of accounts, compensated absences, and certain post-employment obligations. Actual results could differ from those estimates.

Property Taxes – The County Treasurer serves as the tax collection agent for the College. Taxes are levied based on assessed valuations as determined by the County Appraiser on a calendar year basis. Under Kansas Statute taxes are levied and become a lien on the property on November 1st in the year of assessment and are revenue for the fiscal year the following June 30.

Property taxes are collected by the county treasurer, who remits to the College its’ respective share of the collections. Taxes levied in one year become due and payable in two installments, generally on December 20 and May 20, followed by major distributions to the College on approximately January 20 and June 5th. Smaller distributions are made to taxing units in March, May, September, and October each year.

KANSAS CITY KANSAS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

The tax rates for the fiscal year ended June 30, 2012 and 2011, per \$100 of assessed valuation, are reflected in the following table:

Fund	2012 Tax Levy Rate	2011 Tax Levy Rate
General	22.059	22.018
Capital outlay	1.487	1.484
Total Mill Levy	23.546	23.502

Cash and Cash Equivalents - The College considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2012 and 2011.

Capital Assets - Capital assets are defined by the College as assets with initial, individual costs of more than \$5,000 and an estimated useful life in excess of two years. These assets generally include land, works of art, buildings, improvements, equipment and vehicles. Purchases or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvement are capitalized as projects are constructed.

Capital assets subject to depreciation by the College are depreciated using the straight-line method over the following useful lives (See Note C for further detail):

Assets	Years
Building	40
Building improvements	15
Land improvements	10
Furniture	5
Computer technology	4

Capital assets not subject to depreciation include certain land, construction in progress, and works of art.

Inventories - The College bookstore maintains an inventory of textbooks and supplies, which are sold to students, the general public, and other college bookstores. The inventory on hand at June 30, 2012 and 2011 was \$695,674 and \$604,490, respectively. This valuation is based on the lower of cost (determined on first-in, first-out basis) or market.

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Tuition and Fee Revenue - Tuition and fee revenue received and related to courses starting after June 30, 2012 and 2011 have been deferred.

Net Assets - Net assets are presented in three major categories. The first is invested in capital assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is restricted while the third is unrestricted.

Restricted net assets are funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted net assets are further categorized between expendable and nonexpendable. Restricted expendable net assets are available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted nonexpendable net assets are endowments for which only the interest portion can be spent. The College has no restricted nonexpendable net assets at June 30, 2012.

Unrestricted net assets are available to the College for any lawful purpose. The College first applies restricted sources when an expense or outlay is incurred for purposes for which both restricted and unrestricted sources are available.

Compensated Absences - The College records a liability for employees' vacation and sick leave earned, but not taken. Employees are allowed to carry over a limited number of vacation and sick days from year to year. At June 30, 2012 and 2011, the College had recorded a compensated absences liability of \$2,695,145 and \$2,615,079, respectively.

Advertising - Advertising costs, which consist primarily of schedule and course offering advertising, are included in supplies and other operating expenses and are expensed in the period the costs are incurred. Advertising expenses for the years ended June 30, 2012 and 2011 were \$267,726 and \$211,625, respectively. Advertising, generally, does not benefit future years.

NOTE B - CASH AND CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

Cash and cash equivalents include deposits held at banks plus small amounts of cash maintained for change funds. State statute, K.S.A. 12-1675, authorizes the College to invest in temporary notes, time deposits, open accounts, certificates of deposit, repurchase agreements, the State of Kansas Municipal Investment Pool (the Pool), or United States treasury bills or notes. At June 30, 2012 and 2011, the carrying amount of the Colleges deposits was \$13,670,471 and \$17,742,131, respectively. The bank balance at June 30, 2012 and 2011 was \$13,815,971 and \$20,367,679 respectively. The difference between carrying amounts and bank balances represent primarily checks which have not cleared the bank. The College had investments of \$6,500,000 in certificates of deposits for the years ended June 30, 2012 and 2011.

Custodial Credit Risk – The College is subject to custodial credit risk, which is the risk that in the event of a bank failure, an entity's deposits may not be returned. The College's deposit policy for credit risk requires depository banks to pledge qualified securities with a market value exceeding deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage. The College's cash and temporary investments at June 30, 2012 and 2011 were secured by federal depository insurance and collateral held by the College's custodial financial institution in the College's name.

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE C – CAPITAL ASSETS

Capital assets consist of the following categories at June 30, 2012 and 2011:

	July 1, 2011 Beginning Balance	Additions	Retirements	July 30, 2012 Ending Balance
Capital Assets not being depreciated:				
Land	\$ 1,105,094	\$ 50,849	\$ -	\$ 1,155,943
Construction in progress	5,728,062	3,635,314	-	9,363,376
Works of art	<u>67,905</u>	<u>-</u>	<u>-</u>	<u>67,905</u>
Total Capital assets not being depreciated	<u>6,901,061</u>	<u>3,686,163</u>	<u>-</u>	<u>10,587,224</u>
Capital Assets being depreciated:				
Buildings	25,156,017	2,185,224	-	27,341,241
Improvements	9,326,223	3,354,900	-	12,681,123
Equipment and vehicles	<u>16,975,184</u>	<u>1,836,032</u>	<u>(288,798)</u>	<u>18,522,418</u>
Total Capital Assets being depreciated	51,457,424	7,376,156	(288,798)	58,544,782
Less Accumulated Depreciation	<u>(30,245,615)</u>	<u>(3,432,026)</u>	<u>-</u>	<u>(33,677,641)</u>
Capital Assets, net	<u>\$28,112,870</u>	<u>\$7,630,293</u>	<u>\$ (288,798)</u>	<u>\$ 35,454,365</u>
	July 1, 2010 Beginning Balance	Additions	Retirements	July 30, 2011 Ending Balance
Capital Assets not being depreciated:				
Land	\$ 1,105,094	\$ -	\$ -	\$ 1,105,094
Construction in progress	-	5,728,062	-	5,728,062
Works of Art	<u>64,105</u>	<u>3,800</u>	<u>-</u>	<u>67,905</u>
Total Capital assets not being depreciated	1,169,199	5,731,862	-	6,901,061
Capital Assets being depreciated:				
Buildings	22,620,932	2,535,085	-	25,156,017
Improvements	8,939,006	387,217	-	9,326,223
Equipment and vehicles	<u>15,757,768</u>	<u>1,411,068</u>	<u>(193,652)</u>	<u>16,975,184</u>
Total Capital Assets being Depreciated	47,317,706	4,333,370	(193,652)	51,457,424
Less Accumulated Depreciation	<u>(27,751,057)</u>	<u>(2,688,210)</u>	<u>193,652</u>	<u>(30,245,615)</u>
Capital Assets, net	<u>\$20,735,848</u>	<u>\$7,377,022</u>	<u>\$ -</u>	<u>\$ 28,112,870</u>

KANSAS CITY KANSAS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE D – REVENUE BONDS AND CERTIFICATES OF PARTICIPATION PAYABLE

The Refunding Certification of Participation, Series 2010 payable as of June 30, 2012, and 2011 consist of the following:

	2012	2011
Student center building	\$2,630,000	\$2,925,000
Less current portion	(305,000)	(295,000)
Noncurrent revenue bonds payable	\$2,325,000	\$2,630,000

In August 2010, the College refinanced the Series 2004 bond issue with Lease Agreement Refunding Certificates of Participation, Series 2010. The refinanced debt will retain the same maturity date as the Series 2004 bond issue with final maturity of May 15, 2020 but with lower interest rate ranging from 2% to 3.125% resulting in a cash savings of \$178,641. The refunding certificates of participation will continue to be retired from a \$5 student fee per credit hour.

The \$21,798 cost of the Series 2010 refunding has been added to the unamortized balance of the previous refunding of \$531,667. The total of \$553,465 is being amortized over the life of the new debt, which is the same as the remaining life of the old bonds. The accumulated amortization amounted to \$458,320 and \$425,091 at June 30, 2012 and 2011, respectively.

Future maturities of the Certificates of Participation are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	\$ 305,000	\$ 70,775	\$ 375,775
2014	310,000	64,675	374,675
2015	315,000	58,475	373,475
2016	325,000	50,600	375,600
2017	330,000	40,850	370,850
2018-2020	1,045,000	63,800	1,108,800
	\$ 2,630,000	\$ 349,175	\$ 2,979,175

NOTE E – COMMITMENTS AND CONTINGENCIES

Operating Leases - The College has three non-cancellable operating leases for office space and educational facilities. The Police Academy facility lease was extended through December 31, 2011, at which time the academy moved into the College's newly constructed facility on campus. The Leavenworth campus lease was extended through December 31, 2012 and calls for annual adjustments to the lease rate by an amount equal to the most recent 12 month increase in the Consumer Price Index, All Urban Consumers. The College entered into a lease for classroom space in Kansas City, Kansas for their English as a Second Language (ESL) program. The ESL facility lease period is September 15, 2008 through September 14, 2013.

KANSAS CITY KANSAS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE E – COMMITMENTS AND CONTINGENCIES (Continued)

The future minimum lease commitments under these leases are as follows:

Year Ending June 30,	
2012	\$257,544
2013	154,372
2014	<u>13,812</u>
	<u>\$425,728</u>

On October 14, 2000, the College leased 2,955 square feet of its space to the KBI (Kansas Bureau of Investigation) for a crime lab. The term of the lease is for a 15-year period (180 months) and ends October 13, 2014, with one lease payment of \$5 plus reimbursement for renovation of the space in the amount of \$459,467 in the year ending June 30, 2000. There are no future lease payments under this lease.

The College has four operating leases for copier equipment, one a 36 month lease and three for 60 month leases. Three leases began April, 2008 and terminated in 2013. The fourth lease began in September, 2009 and ends in 2014.

The future minimum lease commitments under these leases are as follows:

Year Ending June 30,	
2012	\$ 30,062
2013	28,082
2014	<u>4,570</u>
	<u>\$ 62,714</u>

Capital Leases - December 1, 2010 the College issued Certificates of Participation Series 2010-B in the amount of \$25,940,000 for facility renovations to the new Technical Education Center, the Sports Complex, the Performing Arts Center and other facility improvements. The obligation has a 15 year maturity with payments beginning April 1, 2012 and a final payment due April 1, 2026. Interest will be paid semiannually at rates varying from 3.00% to 4.125% beginning October 1, 2011 and a final payment April 1, 2026. The College entered into 2 lease agreements with UMB Bank, the provider of funds for the construction of improvements and the purchase of equipment. The lease begins December 1, 2010 and shall terminate upon the full payment of all rent payments which are in an amount to cover all payments due on the Certificates of Participation Series 2010-B.

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE E – COMMITMENTS AND CONTINGENCIES(Continued)

Capital lease obligations outstanding at June 30, 2012 and 2011 consist of the following:

	Original Amount	2012	2011
Bizhub printing equipment (Capital cost of \$95,080), 5.39% interest due in monthly installments of \$1,811, including interest, through October 26, 2012	108,679	7,164	27,903
TEC building improvements and equipment – Certificates of Participation, Series 2010 capital cost of \$25,940,000, 3-4 .125% interest paid semi- annual principal payments vary at approximately \$2,306,000 including interest through April, 2026	<u>25,940,000</u>	<u>24,840,000</u>	<u>25,940,000</u>
Total Capital Lease Obligations	<u>\$27,529,825</u>	<u>\$24,847,164</u>	<u>\$25,967,903</u>

The minimum lease commitments for capital lease obligations at June 30, 2012 are as follows:

Fiscal Year	Principal	Interest	Capital Leases
2013	1,442,164	872,446	2,314,610
2014	1,480,000	829,315	2,309,315
2015	1,520,000	784,915	2,304,915
2016	1,565,000	739,315	2,304,315
2017	1,615,000	692,365	2,307,365
2018-2026	<u>17,225,000</u>	<u>3,530,599</u>	<u>20,755,599</u>
	<u>\$24,847,164</u>	<u>\$7,448,955</u>	<u>\$32,296,119</u>

The College has accounted for the transactions as capital leases and recorded the cost of the improvements and equipment as assets and the corresponding obligations as liabilities. The TEC improvements had just started construction during the current year.

Loan Payable - Loan obligations as of June 30, 2012 and 2011 consist of the following:

	2012	2011
Kansas Board of Regents (KBOR) Postsecondary Educational institution loan, \$4,610,975, interest free with payments of \$315,625 due December 1,2009 and \$577,676 annually thereafter. Final principle payment is due December 16, 2016.	\$2,570,170	\$3,134,706
Less current portion of the loan obligation	<u>577,676</u>	<u>585,545</u>
Noncurrent loan obligation	<u>\$1,992,494</u>	<u>\$2,549,161</u>

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE E – COMMITMENTS AND CONTINGENCIES(Continued)

The College entered into an interest free loan agreement with the Kansas Board of Regents (KBOR) to finance certain costs of infrastructure improvement projects. A loan receivable of \$ -0- and \$65,206 as of June 30, 2012 and 2011, is reflected as a noncurrent asset and represents the amount of the loan which had not been drawn down at each year end. The College is obligated to pay the full loan obligation and therefore, it is reflected as a loan payable.

NOTE F - CONTINGENCIES

The College is party to various legal proceedings arising principally in the normal course of operations. In the opinion of the administration, the outcome of these proceedings will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

NOTE G – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; or acts of God.

The College pays an annual premium to Kansas Association of School Boards (KASB) for workmen's compensation insurance coverage. The agreement to participate provides that the KASB will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$400,000 for each insured event related to workmen's compensation coverage.

The College maintains commercial insurance for risks of loss not covered by KASB, including property, general and automobile liability, public officials, errors and omissions, and employee health and accident insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

NOTE H – DEFINED BENEFIT PENSION PLAN

Plan Description - The College participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas Avenue, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737. The report is also available online by visiting the KPERs home page at www.kpers.org.

Funding Policy - K.S.A. 74-4919 establishes a two tier benefit structure. Tier 1 members include active members hired before July 1, 2009. The member-employee contribution rate for tier 1 members is 4%. Tier 2 members include those first employed in a KPERs covered position on or after July 1, 2009. The member-employee contribution rate for tier 2 members is 6%. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. State law sets a limitation on annual increases in the contribution rates. For the fiscal year 2012, the State of Kansas contributed 9.77% for the period of July 1, 2011 through March 31, 2012 and 8.77% for the period April 1, 2012 through June 30, 2012 of covered payroll. For fiscal year 2011, the State of Kansas contributed 9.17% for the period July 1, 2010 through March 31, 2011 and 8.17% for the period April 1, 2011 through June 30, 2011 of covered payroll.

KANSAS CITY KANSAS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE H – DEFINED BENEFIT PENSION PLAN (Continued)

The College's contributions for the calendar year ended December 31, 2011 were \$3,439,872, which consisted of \$2,341,158 from the state of Kansas and \$1,098,714 from employees. The College's contributions for the calendar year ended December 31, 2010 were \$3,280,362, which consisted of \$2,210,202 from the state of Kansas and \$1,070,160 from employees. These contribution requirements are established by KPERS and are periodically revised.

NOTE I – Other Postemployment Benefits

The College has adopted a policy providing certain early retirement benefit options to eligible employees. The policy allows current employees with at least 15 years of full-time service to the College, or 10 years of current and consecutive full time service at the College and 30 years' service credit in KPERS, who are eligible to retire under KPERS with full or reduced benefits, the option to retire early.

Benefits are computed at a maximum of 125% of final contract salary, paid annually at the lesser of: 1) 25% of their last annual salary (without overload, overtime, extra duty, etc.), or 2) the difference between full social security benefits and the employee's current eligible social security benefits, until 125% is paid or the early retiree reaches the age of full social security benefits. The employee is limited to Five installments of this benefit.

In addition, the College has also adopted a policy in which the College will fund provide continuing health insurance benefits to individuals meeting the above criteria. The College sponsored plan is available to eligible employees until 1) they become eligible for a federally funded health care plan, 2) the employee acquires employment where the health insurance is provided by the new employer, or 3) upon death of the early retired employee.

The College's policies will expire June 30, 2014. The College has elected to fund these benefits on a pay-as-you-go basis. The following is a schedule of benefits at present value payable for eligible employees that have taken early retirement as of June 30, 2012:

<u>Payable on</u>	<u>Fiscal Year</u>	<u>Present Value</u>
January 1, 2013	2012	\$1,038,113
January 1, 2014	2013	983,939
January 1, 2015	2014	985,172
January 1, 2016	2015	950,145
Payable	Thereafter	<u>115,177</u>
		<u>\$4,079,704</u>

KANSAS CITY KANSAS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE J – STUDENT LOANS

The College has changed certain accounting policies and procedures relating to direct subsidized, direct unsubsidized, and direct PLUS loans. The distribution of student loans as administered by the federal government was changed effective July 1, 2010. For the period ending June 30, 2011, loan proceeds were recorded as federal grants and contracts and subsequently expensed through scholarships and financial aid. Management has determined that this reporting format may not accurately reflect the true nature of these transactions, as the role of the College is fiduciary in nature. For the period ending June 30, 2012 these balances were recorded in the Student Loan Fund (Agency Fund).

Student loan activities for the respective periods are as follows:

	2012	2011
Direct Subsidized Loans	\$6,769,170	\$6,014,920
Direct Un-Subsidized Loans	\$7,839,857	\$6,741,388
Direct PLUS Loans	\$ 61,736	\$ 30,188

NOTE K – NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued several Statements not yet implemented by the College. The Statements which may have an impact on the College are as follows:

GASB Statement No. 60, Accounting and financial reporting for Service Concession Arrangements, was issued November 2010, and will be effective for the College beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement and disclosure requirements SCA's for both transferors and governmental operators, requiring governments to account for and report SCA's in the same manner, which improves the comparability of financial statements. This Statement also improves the usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCA's. The College does not believe the adoption of this standard will have a material impact to the financial statements.

GASB Statement No. 61, The Financial Reporting Entity: Omnibus and amendment of GASB Statement No. 14 and No. 34, issued November 2010, will be effective for the College beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. GASB 61 is effective for periods beginning after June 15, 2012. The College has not determined the effect of this standard on the financial statements.

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE K – NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the College beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing users of financial reports with information about how past transactions will continue to impact the College's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the new residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. The College has not determined the effect of this standard on the financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the College beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The Statement requires governments providing defined benefit pensions to recognize their long term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The College has not determined the effect of this Statement on the financial statements.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 21, 2013, the date the financial statements were available to be issued. In August 2013, the College extended the early retirement benefit as explained in Note I, through June 30, 2015.

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE M – KANSAS CITY KANSAS COMMUNITY COLLEGE ENDOWMENT ASSOCIATION NOTES

Organization - Kansas City Kansas Community College Endowment Association (the Association) was incorporated in 1977 under the state laws of Kansas and is located in Kansas City, Kansas. The Association's purposes are to solicit, receive, invest manage and award monies toward achieving the goals of the students and the College and to develop alumni support for the College. Donors are typically located in the Kansas City metropolitan area.

Basis of Accounting - The financial statements of the Association have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this method, certain support and revenues are recognized when received rather than when they are earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Association has not recognized donated services and materials, pledge receivables, accounts payable to vendors and their related effects on the change in net assets in the accompanying financial statements.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in FASB ASC 958-210. Under FASB ASC 958-210, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are those currently available at the discretion of the Board for use in the entity's operations and those resources invested in land, buildings and equipment and other property.

Temporarily restricted net assets are those which are stipulated by donors for specific operating purposes, special projects, or for the acquisition or construction of land, buildings and equipment.

Permanently restricted amounts are those restricted by donors in perpetuity as endowments or irrevocable trusts. There were no permanently restricted net assets at of June 30, 2012 and 2011.

Cash and Equivalents - Cash and equivalents consists of checking and money market accounts.

Comparative Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's 2011 financial statements from which the summarized information was derived.

Concentrations of Risk - The Association maintains its checking and money market accounts in financial institutions in the greater Kansas City area. A portion of these balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2012 and 2011, the uninsured balances amounted to \$58,420 and \$72,621, respectively.

In 2011, one donor accounted for approximately 54% of the contributions received.

KANSAS CITY KANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE M – KANSAS CITY KANSAS COMMUNITY COLLEGE ENDOWMENT ASSOCIATION NOTES
(Continued)

Donated Property and Equipment - Donated property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated Services and Materials - The College donates office space, secretarial salary and a stipend for the Executive Director. These items are currently valued at approximately \$37,130 a year. Donated services and materials are not recorded in the Association's records.

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Fair Value of Financial Instruments – The Association has adopted the provisions of FASB ASC 820-10 for financial and non-financial assets and liabilities measured initially at fair value such as in business combination, non-financial assets (such as donations-in-kind) recorded at fair value at the time of donation, and long-lived assets measured at fair value for impairment assets.

The carrying amounts of financial instruments including cash and cash equivalents, loans receivable, deposits held and accrued expenses approximated fair values as of June 30, 2012 due to their short-term nature.

Income Taxes - The Association is a non-profit organization exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Association is classified as one that is not a private foundation within the meaning of Section 509(a) of the Code.

The Association has adopted the provisions of FASB ASC 740-10 as it might apply to the Association's financial transactions. The Association's policy is to record a liability for any tax position that is beneficial to the Association, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2012 and, accordingly, no liability has been accrued. However, tax years through June 30, 2012 remain subject to IRS examination.

Restricted and Unrestricted Support and Revenue - The Association follows the accounting principles under FASB ASC 958-605. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support and revenue depending on the existence and/or nature of any donor restrictions.

Amounts received without donor stipulations are recorded as unrestricted support and revenue. Amounts received with donor stipulations that limit the use of the donated assets, and amounts earned on those assets, are recorded as temporarily or permanently restricted support and revenue. When the expenses are incurred for their designated purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

KANSAS CITY KANSAS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE M – KANSAS CITY KANSAS COMMUNITY COLLEGE ENDOWMENT ASSOCIATION NOTES
 (Continued)

Subsequent Events – Management has evaluated events and transactions that have occurred since June 30, 2012 and reflected their effects, if any, in these financial statements through November 28, 2012, the date the financial statements were available to be issued.

Student Loans – The Association ended their program where they distribute emergency loans to students in need of up to \$500. The service is now being performed by the student financial aid office with the Association acting as a guarantor. They are currently guaranteeing less than \$1,000.

Property and Equipment - Property and equipment over a nominal amount are capitalized at cost of acquisition and depreciated using the straight-line method. Collections donated are capitalized at fair market value on date of donation and are not depreciated. The majority of the property used by the Association is owned by the College. There was no depreciation expense in 2012 and 2011

	<u>2012</u>	<u>2011</u>
Collections	<u>\$73,645</u>	<u>\$73,645</u>
Property and Equipment, net	<u>\$73,645</u>	<u>\$73,645</u>

Deposits Held for Others - The Association holds funds for various departments of the College. These funds are not controlled by the Association and the departments may request a withdrawal at any time.

Restricted Net Assets -

	<u>2012</u>	<u>2011</u>
Math & Computer Science Scholarship	\$ 10,000	\$ 10,000
Gingrich Scholarship	12,366	15,000
Schlagle	305,131	266,307
Jewell	9,491	6,491
Stocksen	11,935	11,935
WY Class '55	8,024	8,024
Young	10,435	10,435
WYRSP	51,080	49,080
Buckner	14,175	14,175
Lelia Alexander	10,100	-
Dahlgren	310,800	310,800
Trapp	24,000	24,000
Mortuary Science Scholarship	<u>165,128</u>	<u>144,908</u>
Total Temporary Restricted Net Assets	<u>\$942,665</u>	<u>\$871,155</u>

KANSAS CITY KANSAS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE M – KANSAS CITY KANSAS COMMUNITY COLLEGE ENDOWMENT ASSOCIATION NOTES
(Continued)

The sources of net assets released from temporary donor restrictions, by incurring expenses satisfying the restricted purpose, or by occurrence of events specified by the donors, were as follows:

Scholarships	<u>\$116,639</u>	<u>\$63,604</u>
Total	<u>\$166,639</u>	<u>\$63,604</u>

Functional Classification of Expenses - Certain costs have been allocated between areas benefited and are classified as follows:

	<u>2012</u>	<u>2011</u>
Program	\$283,997	\$ 204,802
Management and general	27,237	29,078
Fundraising	<u>74,479</u>	<u>89,853</u>
Total Expenses	<u>\$385,713</u>	<u>\$ 323,733</u>

Endowments – The Association’s endowment consists of a donor-restricted fund that supports the Association’s activities. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association classifies as temporarily restricted net assets the original value of gifts donated to the endowment and subsequent gifts to the endowment.

Interpretation of Relevant Law

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restriction endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Association and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association.

KANSAS CITY KANSAS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE M – KANSAS CITY KANSAS COMMUNITY COLLEGE ENDOWMENT ASSOCIATION NOTES
 (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Total</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 942,665	\$ -	\$ 942,665
Total Funds	<u>\$ -</u>	<u>\$ 942,665</u>	<u>-</u>	<u>942,665</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Total</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 871,155	\$ -	\$ 871,155
Total Funds	<u>\$ -</u>	<u>\$ 871,155</u>	<u>-</u>	<u>871,155</u>

Changes in Endowment for the Year Ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Total</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 871,155	\$ -	\$ 871,155
Contributions	-	188,149	-	188,149
Appropriation of endowment assets for expenditure	-	(116,639)	-	(166,639)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 942,665</u>	<u>\$ -</u>	<u>\$ 942,665</u>

Changes in Endowment for the Year Ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Total</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 754,338	\$ -	\$ 754,338
Investment return:				
Investment income, including net appreciation realized and unrealized	-	1,161	-	-
Contributions	-	179,060	-	179,060
Appropriation of endowment assets for expenditure	-	(63,404)	-	(63,404)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 871,155</u>	<u>\$ -</u>	<u>\$ 871,155</u>

KANSAS CITY KANSAS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE M – KANSAS CITY KANSAS COMMUNITY COLLEGE ENDOWMENT ASSOCIATION NOTES
 (Continued)

Endowment Investment Policy

It is the policy of the Kansas City Kansas Community College Endowment Association Board of Directors to invest endowment association funds in a wise and prudent manner. Funds will be invested to create the best return while maintaining the security and availability of the funds for students for many years to come. Investments will be reviewed yearly by the Board of Directors.

Endowment Scholarship Policy

It is the policy of the Kansas City Kansas Community College Endowment Association to only endow scholarships of donations of \$10,000 or more.

Appropriation of Endowment Assets for next fiscal year

For the 2013 fiscal year, the Association has not appropriated any of its endowment assets to be distributed.

Prior Period Adjustment

During 2012, management determined that net assets were previously recorded incorrectly. A corresponding entry was made to adjust previously reported net assets.

	<u>As Reported</u> <u>6/30/2011</u>	<u>Reclassification</u> <u>of Net Assets</u>	<u>As Restated</u> <u>6/30/2011</u>
Statement of Financial Position:			
Net Assets:			
Unrestricted	\$ 929,628	\$ (718,041)	\$ 211,587
Temporarily restricted	<u>153,114</u>	<u>718,041</u>	<u>871,155</u>
Total Net Assets	<u>\$ 1,082,742</u>	<u>\$ -</u>	<u>\$ 1,082,742</u>

KANSAS CITY KANSAS COMMUNITY COLLEGE
 SUPPLEMENTAL SCHEDULE OF CHANGES IN LONG TERM OBLIGATIONS
 Years Ended June 30, 2012 and June 30, 2011

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning 7/1/2011	Additions	Reductions/ Payments	Net Change	Balance End of 6/30/2012
Capital Leases:									
Computer system	6.79%	5/15/2008	1,481,146	5/15/2011	\$ 447,638	\$ -	\$ 447,638	\$ (447,638)	\$ -
Bizhub printing equipment	5.39%	10/26/2007	108,679	10/26/2012	47,556	-	19,653	(19,653)	27,903
TEC Certificate of Participation Series 2010-B	3-4.125%	12/1/2010	25,940,000	4/1/2026	-	25,940,000	-	25,940,000	25,940,000
Revenue Refunding Bonds: Series 2004	1.25 - 4.4%	2/15/1996	5,565,000	5/15/2020	3,030,000	-	3,030,000	(3,030,000)	-
Refunding Certificates of Participation, Series 2010	2-3.125%	8/1/2010	3,080,000	5/15/2020	-	3,080,000	155,000	2,925,000	2,925,000
KBOR Loan	0%	7/1/2008	4,583,224	12/1/2017	3,704,882	-	570,176	(570,176)	3,134,706
Other accrued liabilities					2,974,682	1,380,371	-	1,380,371	4,355,053
Early retirement payable					\$ 10,204,758	\$ 30,400,371	\$ 4,222,467	\$ 26,177,904	\$ 36,382,662
Total Long-Term Obligations					7/1/2011				6/30/2012
Capital Leases:									
Bizhub printing equipment	5.39%	10/26/2007	108,679	10/26/2012	\$ 27,903	\$ -	\$ 20,739	\$ (20,739)	\$ 7,164
TEC Certificate of Participation Series 2010-B	3-4.125%	12/1/2010	25,940,000	4/1/2026	25,940,000	-	1,100,000	(1,100,000)	24,840,000
Refunding Certificates of Participation, Series 2010	2-3.125%	8/1/2010	3,080,000	5/15/2020	2,925,000	-	295,000	(295,000)	2,630,000
KBOR Loan	0%	7/1/2008	4,583,224	12/1/2017	3,134,706	-	564,536	(564,536)	2,570,170
Other accrued liabilities					4,355,053	-	282,507	(282,507)	4,072,546
Early retirement payable					\$ 36,382,662	\$ -	\$ 2,262,782	\$ (2,262,782)	\$ 34,119,880
Total Long-Term Obligations									

KANSAS CITY KANSAS COMMUNITY COLLEGE
 SUPPLEMENTAL SCHEDULE OF COMPARISON OF
 BUDGETARY EXPENDITURES WITH APPROPRIATIONS
 Year Ended June 30, 2012

	<u>Budgetary Expenditures</u>	<u>Legal Appropriations Budget</u>	<u>(Over) Under Budget</u>
Current Funds:			
Unrestricted			
General	\$60,740,924	\$ 78,456,805	\$ 17,715,881
Adult Education	439,365	1,000,000	560,635
Adult Supplemental Education	783,995	865,000	81,005
Motorcycle Driver	67,082	200,000	132,918
Total	<u>62,031,366</u>	<u>\$ 80,521,805</u>	<u>\$ 18,490,439</u>
Auxiliary Enterprises	4,168,655	<u>\$ 4,471,200</u>	<u>\$ 302,545</u>
Other Unrestricted *	<u>621,515</u>		
Total Unrestricted	66,821,536		
Restricted- *			
Other Restricted	<u>-</u>		
Total Current Funds	<u>66,821,536</u>		
Plant Funds:			
Capital Outlay	<u>1,286,666</u>	<u>\$ 5,089,888</u>	<u>\$ 3,803,222</u>
Total Plant Funds	<u>1,286,666</u>	<u>\$ 5,089,888</u>	<u>\$ 3,803,222</u>
Total Current, Loan and Plant Funds	<u>\$68,108,202</u>		

* Non Budgeted Funds

\$5,520,000
KANSAS CITY KANSAS COMMUNITY COLLEGE
WYANDOTTE COUNTY, KANSAS
CERTIFICATES OF PARTICIPATION, SERIES 2013
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

Appendix B

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

APPENDIX B

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

The summaries of the Declaration of Trust, the Lease, the Site Lease and the Disclosure Undertaking contained in this Appendix B do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the principal corporate office of the Trustee, or will be provided by the Trustee to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

Definitions

The definitions of certain words and terms used in this Official Statement are set forth below:

"Additional Certificates" means any Certificates executed and delivered pursuant to *Section 3.09* of the Declaration of Trust.

"Authorized Representative" means the Chairperson of the Kansas City Kansas Community College Board of Trustees, President of the College, the Vice President for Student and Administrative Services of the College, or any other person designated as an Authorized Representative by the Chairperson, such designation being approved by the governing body of the Community College as set forth in a certificate or letter signed by the Chairperson and filed with the Trustee.

"Available Revenues" means, for any Fiscal Year, any balances of the College from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the College for such Fiscal Year plus any unencumbered balances of the College from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

"Basic Rent" means the Basic Rent Payments under the Lease, comprised of a Principal Portion and an Interest Portion.

"Basic Rent Payment" means a payment of Basic Rent.

"Basic Rent Payment Date" means (a) for the Series 2013 Certificates, each June 1 and December 1 during the Lease Term, commencing on December 1, 2013; and (b) for the Series 2010-B Certificates, each April 1 and October 1 during the Lease Term, commencing on October 1, 2011.

"Certificate Payment" means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

"Certificates" means the Series 2010-B Certificates, Series 2013 Certificates and any Additional Certificates.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"College" means Kansas City Kansas Community College, Wyandotte County, Kansas.

"Completion Certificate" means the certificate of the College given in accordance with the Lease.

"Completion Date" means the date of completion of any of the Improvements, including the 2013 Additional Improvements, as that date shall be certified as provided in the Lease.

"Construction Agreement" means one of any agreements between the College and various parties, if any, providing for the acquisition, construction and installation of various portions of Improvements, including the 2013 Additional Improvements.

"Costs of Improvements" means all reasonable or necessary expenses related or incidental to the acquisition and construction of the 2013 Additional Improvements, including amounts payable pursuant to any Construction Agreement, the expenses of studies, surveys, title policies, architectural and engineering services, legal and other special services and all other necessary and incidental expenses, including the Interest Portion of Basic Rent accruing up to the Completion Date. Costs of Improvements shall include Costs of Issuance.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the College or the Trustee and related to the authorization, execution, sale and delivery of the Site Lease, the Lease, the Declaration of Trust or the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

"Declaration of Trust" means, jointly, the Original Declaration of Trust and Supplemental Declaration of Trust No. 1, as the same may from time to time be amended or supplemented in accordance with its terms.

"Directive" means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Trustee, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

"Disclosure Undertaking" means the College's Omnibus Continuing Disclosure Undertaking relating to certain obligations contained in the SEC Rule.

"Event of Default" with respect to the Lease has the meaning specified under the caption "SUMMARY OF THE LEASE - Events of Default" and with respect to the Declaration of Trust has the meaning specified under the caption "SUMMARY OF THE DECLARATION OF TRUST - Events of Default."

"Event of Lease Default" means an Event of Default under the Lease.

"Extended Term" means the extended term of the Lease, each extension adding one year to the Term as provided in the Lease, except that the last possible Extended Term shall end on June 1, 2027.

"Fiscal Year" means the twelve-month period ending on June 30.

"Funds" means, collectively, the Project Fund, the Lease Revenue Fund, the Prepayment Fund and all accounts therein.

"Government Obligations" means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, and (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates and (c) obligations which are noncallable or for which the call date has been irrevocably determined having an investment rating in the highest rating category of either Moody's or S&P as

a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations and which mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

"Improvements" means, jointly, the 2013 Additional Improvements and the Original Improvements.

"Interest Portion" means the portion of each Basic Rent Payment that represents the payment of interest.

"Lease" or **"Lease"** means, jointly, the Original Lease and the Supplemental Lease No. 1.

"Lease Revenue Fund" means the fund by that name established pursuant to the Declaration of Trust.

"Lease Revenues" means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund or account established pursuant to the Declaration of Trust.

"Moody's" means Moody's Investors Service, Inc. and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, "Moody's" shall be deemed to refer to any other nationally recognized securities rating service designated by the College, with notice to the Trustee.

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys' fees, incurred in the collection thereof.

"Notice by Mail" or **"Notice"** of any action or condition "by Mail" means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates at the addresses shown on the registration books maintained by the Registrar.

"Original Declaration of Trust" means the Declaration of Trust dated as of December 1, 2010, made by the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

"Original Improvements" means the building improvements described in the Original Lease, including any modifications, additions, improvements, replacements or substitutions thereto or therefor, financed by the Series 2010-B Certificates.

"Original Lease" means the Lease Purchase Agreement dated as of December 1, 2010, between the Trustee, as lessor, and the College, as lessee.

"Original Term" means the period from December 1, 2010 until June 30, 2020, except that, with the execution of Supplemental Lease No. 1, the Original Term extends to June 30, 2023.

"Outstanding" means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (i) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (ii) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (iii) Certificates whose payment or prepayment has been provided for in accordance with the Declaration of Trust, and (iv) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

"Owner" of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

"Prepayment Date" means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates which will be a Basic Rent Payment Date.

"Prepayment Fund" means the fund by that name created pursuant to the Declaration of Trust.

"Prepayment Price" means with respect to any Certificate (or portion thereof) the amount specified in the Declaration of Trust.

"Principal Portion" means the principal portion of the Basic Rent Payments.

"Proceeds" means the aggregate moneys initially paid to the Trustee for the Certificates.

"Project" means the Real Property and the Improvements.

"Project Fund" means the Project Fund, including an Improvement Account, as defined in the Declaration of Trust.

"Purchase Price" means the amount designated as such in the Lease that the College must pay to the Trustee to purchase the Trustee's interest in the Project.

"Real Property" means the real property described in the Lease.

"Lease" means, jointly, the Original Lease and Supplemental Lease No. 1, as amended and supplemented from time to time in accordance with its terms.

"Record Date" means the fifteenth day of the month prior to the applicable Basic Rent Payment Date.

"Registrar" means the Trustee when acting in that capacity, or its successor as Registrar.

"Rent" means, collectively, Basic Rent and Supplemental Rent.

"Rent Payment" means a payment of Rent.

"Series 2010-B Certificates" means the Certificates of Participation, Series 2010-B, evidencing a proportionate interest in Basic Rent Payments to be made by Kansas City Kansas Community College, Wyandotte County, Kansas, pursuant to a Lease Purchase Agreement, executed and delivered pursuant to the Declaration of Trust, in the original principal amount of \$25,940,000.

"Series 2013 Certificates" means the \$5,520,000 aggregate principal amount of Certificates of Participation, Series 2013, evidencing a proportionate interest in Basic Rent Payments to be made by Kansas City Kansas Community College, Wyandotte County, Kansas, pursuant to a Lease Purchase Agreement, executed and delivered pursuant to the Declaration of Trust.

"Site Lease" means the Site Lease dated as of December 1, 2010, as amended and supplemented by Supplemental Site Lease No. 1, dated as of July 1, 2013, between the College, as lessor, and the Trustee, as lessee.

"Special Tax Counsel" means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions.

"State" means the State of Kansas.

"Supplemental Declaration of Trust" means any amendment or supplement to the Declaration of Trust entered pursuant to the Declaration of Trust.

"Supplemental Declaration of Trust No. 1" means Supplemental Declaration of Trust No. 1, dated as of July 1, 2013, made by the Trustee.

"Supplemental Lease" means any amendment or supplement to the Lease entered pursuant to the Lease.

"Supplemental Lease No. 1" means a Supplemental Lease No. 1, dated as of July 1, 2013, between the Trustee, as lessor, and the College, as lessee.

"Supplemental Rent" means all amounts due under the Lease other than Basic Rent.

"Supplemental Rent Payment" means a payment of Supplemental Rent.

"Tax Compliance Agreement" with respect to any series of Certificates means the tax compliance agreement or some other form of federal tax certificate delivered by the College concurrently with the execution and delivery of such series of Certificates or any replacement thereof made in accordance with the provisions thereof.

"Term" means, the Original Term, as extended by any Extended Terms.

"Trust Estate" means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

"Trustee" means UMB Bank, N.A., Kansas City, Missouri, and its successor or successors and their respective assigns.

"Trustee's Expenses" means, collectively, all out-of-pocket expenses, disbursements and advances (including reasonable attorneys' fees) incurred by the Trustee under the Declaration of Trust in connection with the Certificates, the Site Lease, and the Lease.

"2013 Additional Improvements" means the improvements to an in connection with the technical education center described in the Supplemental Lease No. 1 that are to be currently financed from the proceeds of the Series 2013 Certificates, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

SUMMARY OF THE DECLARATION OF TRUST

General Provisions

The Declaration of Trust is made by the Trustee. The Declaration of Trust authorizes the Trustee to execute and deliver the Series 2013 Certificates, provides the terms of the Series 2013 Certificates and provides for various Funds related to the Project and the Lease.

Trust Estate

The Trustee has executed and delivered the Declaration of Trust in order to provide for the issuance of, security for, and payment of the Series 2013 Certificates and other Certificates. It further declares that it will hold in trust for the Owners of the Certificates as a part of the Trust Estate all of the assets, property and interests received by it under the terms of the Declaration of Trust, the Site Lease and the Lease and all agreements and instruments contemplated thereby (except any compensation, indemnification or other amounts which may be due directly to the Trustee under the Declaration of Trust).

Additional Certificates

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in *Section 3.09* of the Declaration of Trust, for the purpose of providing funds to pay all or any part of the cost of (a) repairing, replacing or restoring the Project, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Real Property or the acquisition of additional real property to be included as a part of the Real Property or the acquisition, purchase, construction or equipping of additions to or expansions of or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates theretofore Outstanding under the Declaration of Trust.

Establishment of Funds

There is established with the Trustee the following funds and accounts:

- (a) Project Fund, including a 2013 Costs of Issuance Account, and 2013 Improvement Account;
 - (b) Lease Revenue Fund, including the 2013 Principal Account and the 2013 Interest Account;
- and
- (c) Prepayment Fund.

All funds and accounts established pursuant to the Declaration of Trust are held by the Trustee as a part of the Trust Estate for the benefit of the Certificate Owners. The money in all of the funds and the accounts will be held in trust and applied as provided in the Declaration of Trust.

Application of Proceeds of Series 2013 Certificates and Other Moneys

The Proceeds of the Series 2013 Certificates and certain other moneys of the College will be deposited in the Project Fund as set forth in the Declaration of Trust. Such proceeds deposited in the Project Fund will be applied to pay Costs of Improvements of the 2013 Additional Improvements, and Costs of Issuance of the Series 2013 Certificates, as provided in the Lease.

Application of Lease Revenues

Lease Revenues will be deposited, as received, pursuant to the Lease, as follows:

- (a) The Basic Rent shall be deposited to the Lease Revenue Fund, as provided in the Declaration of Trust.

(b) Optional prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Prepayment Fund.

(c) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.

Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Project Fund

Moneys in the 2013 Improvement Account of the Project Fund shall be used to pay for Costs of Improvements for the 2013 Additional Improvements, and moneys in the 2013 Costs of Issuance Account shall be used to pay Costs of Issuance for the Series 2013 Certificates. Payment shall be made from moneys in the 2013 Improvement Account and 2013 Costs of Issuance Account upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative of the Community College, which requisition certificate shall be accompanied by supporting invoices from an architect, engineer, contractor, subcontractor or vendor, as the case may be. Any funds remaining in the 2013 Costs of Issuance Account 60 days after delivery of the Series 2013 Certificates shall become an unrestricted part of the Project Fund and shall be allocated to the 2013 Improvement Account. The Completion Date of the 2013 Additional Improvements and the payment of all Costs of Improvements (other than Costs of Improvements for which sufficient amounts are retained in the Improvement Account of the Project Fund) shall be evidenced by the filing with the Trustee of a Completion Certificate pursuant to the Lease. As soon as practicable thereafter, any balance remaining in the 2013 Improvement Account of the Project Fund shall be transferred and deposited to the credit of the Lease Revenue Fund without further authorization as provided in the Lease. In the event of the acceleration of all the Certificates pursuant to the Lease, any moneys then remaining in the Project Fund shall be transferred to the credit of the Lease Revenue Fund and shall be used to pay the Interest Portion and Principal Portion of Basic Rent allocable to the Series 2013 Certificates.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to distribute Basic Rent as received from the College to those entitled thereto, as represented by the Certificates, when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity) pursuant to the Declaration of Trust.

Application of Moneys in the Prepayment Fund

All amounts deposited in the Prepayment Fund shall be used and withdrawn by the Trustee solely to prepay Principal Portions of Basic Rent represented by prepaid Certificates, and the interest accrued thereon.

Investment of Moneys in Various Funds

Moneys held in the Project Fund, the Lease Revenue Fund, and the Prepayment Fund shall, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the College, signed by an Authorized Representative of the College, in Investment Securities that mature or are subject to prepayment by the holder prior to the date such funds will be needed.

The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any fund held under the Declaration of Trust whenever the cash balance in such Fund is insufficient

for the purpose of such Fund. Any such Investment Securities will be held by or under the control of the Trustee and will be deemed at all times a part of the Fund or Account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities will be credited to such Fund or Account, and any loss resulting from such Investment Securities shall be charged to such Fund or Account.

For purposes of determining the amount in any Fund or account, the value of any investments shall be computed at the market value thereof (excluding accrued interest), the purchase price thereof (excluding accrued interest) or principal amount, whichever is lower.

The Trustee may make any and all investments through its own bond department or short-term investment department.

Amendments to the Declaration of Trust, the Lease or the Site Lease

The Declaration of Trust, the Lease and the Site Lease and the rights and obligations of the College and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time by an amendment or supplement thereto which the parties thereto may enter into when the written consent of the Trustee and the College, if not a party thereto, and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (i) extend the nominal maturity of any Certificate, or reduce the Principal Portion of Basic Rent represented thereby, or extend the time of payment or reduce the amount of any prepayment price provided in the Declaration of Trust for the payment of any Certificate, or reduce the Interest Portion of Basic Rent payable with respect thereto, or extend the time of payment of the Interest Portion of Basic Rent payable with respect thereto without the consent of the Owner of each Certificate so affected, (ii) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Project Fund, the Lease Revenue Fund, and the Prepayment Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Project Fund, and the Lease Revenue Fund, or (iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the preceding paragraph, the Declaration of Trust, the Lease or the Site Lease and the rights and obligations of the College, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time by an agreement which the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes: (i) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Payment of Rent pursuant to the Lease (or any portion thereof), or to surrender any right or power in the Declaration of Trust reserved to or conferred upon the College; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (ii) to add to the covenants and agreements of the College in the Site Lease or the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the College; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust, the Site Lease or the Lease, or in regard to matters or questions arising under the Declaration of Trust, the Site Lease or the Lease as the Trustee and the College may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the College, the Trustee or the Trustee and which shall not, in any such case adversely affect the interests in the Trust Estate of the Owners of the Certificates; (iv) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification of the Declaration of Trust under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and

provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (v) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation; (vi) to provide for the execution and delivery of Additional Certificates in accordance with the provisions of *Section 3.09* of the Declaration of Trust; or (vii) to make any other change which does not have a materially adverse effect on the rights of the Certificate Owners in the Lease, Basic Rent payable pursuant to the Lease, or any other property rights constituting a part of the Trust Estate.

Opinion of Counsel

In executing or accepting any Supplemental Declaration of Trust or Supplemental Lease permitted by the Declaration of Trust or modification thereby of the Declaration of Trust or the Lease, the Trustee shall be entitled to receive, and, subject to the Declaration of Trust shall be fully protected in relying upon, an opinion of Special Tax Counsel addressed and delivered to the Trustee stating that the execution of such Supplemental Declaration of Trust or Lease is authorized and permitted by and in compliance with the terms of the Declaration of Trust or Lease. The Trustee may, but shall not be obligated to enter into any such Supplemental Declaration of Trust or Supplemental Lease which affects the Trustee's own rights, duties or immunities under the Declaration of Trust or Lease or otherwise.

Defaults

The occurrence of any of the following events, subject to the provisions permitting waivers of defaults, is defined as an "Event of Default" under the Declaration of Trust:

- (a) Default in the due and punctual payment to the Certificate Owner of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment to the Certificate Owner of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the prepayment date set therefor in accordance with the terms of the Declaration of Trust; or
- (c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the College, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Fiscal Year immediately due and payable.

Other Remedies Upon an Event of Default

Upon the occurrence of an Event of Lease Default, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Project or the Trustee's interest in the Project and apply the net proceeds thereof to make Certificate Payments and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy is cumulative and in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or now or hereafter existing at law or in equity or by statute.

Rights of Certificate Owners

If an Event of Default under the Declaration of Trust shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred by the Declaration of Trust as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by a Directive executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings under the Declaration of Trust; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

No Owner of any Certificate shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Site Lease, the Lease or the Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder, unless (a) an Event of Default under the Declaration of Trust has occurred; (b) the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding shall have issued a directive to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee shall thereafter fail or shall refuse to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceedings. Such notification, request and indemnity are at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Declaration of Trust and to any action or cause of action for the enforcement of the Declaration of Trust or for the appointment of a receiver or for any other right or remedy thereunder.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of *Article IX* of the Declaration of Trust shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including the Trustee's fees and expenses), be deposited into the Lease Revenue Fund and all moneys in the Lease Revenue Fund together with all moneys in the Prepayment Fund shall be applied as follows:

(a) unless the Principal Portions of Basic Rent represented by all the Certificates shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of the Interest Portions of Basic Rent represented by the Certificates in the order of the maturity of the installments of such interest and, to the payment ratably, according to the amount due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid Principal Portions of Basic Rent represented by any Certificates that shall have become due (other than Principal Portions of Basic Rent represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of this Declaration of Trust) in

the order of such due dates, with interest from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the Principal Portions of Basic Rent represented by Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the Certificates.

(b) If the Principal Portions of Basic Rent represented by all Certificates shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Principal Portions and the Interest Portions of the Basic Rent then due and unpaid upon the Certificates without preference or priority of principal over the interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the certificates.

(c) If the Principal Portions of the Basic Rent represented by all Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of *Article IX* of the Declaration of Trust, then subject to the provisions of subparagraph (b) above in the event that the Principal Portions of Basic Rent represented by all the Certificates shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subparagraph (a) above.

Whenever moneys are to be applied as above set forth, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for the application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be a Basic Rent Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever the Principal Portion and the Interest Portion of all Certificates have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Lease Revenue Fund shall be paid to the College.

Defeasance

When (i) all or a portion of the obligations of the College under the Lease shall have been satisfied in connection with the prepayment of Rent Payments in accordance with the Lease by the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and (ii) the College shall have delivered to the Trustee an opinion of counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and if the Certificates to be defeased can not be prepaid until more than 90 days after irrevocable deposit in escrow described above, an accountant's certificate verifying the sufficiency of cash or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates, and

(iii) the College shall have deposited sufficient moneys to pay the fees, compensation and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply the moneys and Government Obligations referred to below to the payment of the Certificates as set forth in the Declaration of Trust.

Payment of Certificates After Discharge of Declaration of Trust

Notwithstanding any provisions of the Declaration of Trust, any moneys held by the Trustee in trust for the payment of the Principal Portions or Interest Portions of Basic Rent represented by any Certificates and remaining unclaimed for four years after the Principal Portion of Basic Rent represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment or by acceleration as provided in the Declaration of Trust), if such moneys were so held at such date, or four years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the College free from the trusts created by the Declaration of Trust, and all liability of the Trustee with respect to such moneys shall thereupon cease. In the event of the repayment of any such moneys to the College as aforesaid, the Owners of the Certificates with respect to which such moneys were deposited shall thereafter be deemed to be general unsecured creditors of the College as lessors under the Lease for amounts equivalent to the respective amounts deposited for the payment of amounts represented by such Certificates and so repaid to the College (without interest thereon), subject to any applicable statute of limitations.

The Trustee

The Trustee shall, prior to an Event of Default under the Declaration of Trust and after the curing of all Events of Default which may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee shall, during the existence of any Event of Default under the Declaration of Trust, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may be removed at any time by a Directive or shall resign at any time the Trustee shall cease to be eligible or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the property or affairs for the purpose of rehabilitation, conservation or liquidation and thereupon a successor Trustee shall be appointed by a Directive. Written notice of any removal or resignation pursuant to this Section shall be given by the Trustee to the College.

The Trustee may at any time resign by giving written notice of such resignation to the College and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee. Upon receiving such notice of resignation, a successor Trustee shall be appointed by a Directive.

SUMMARY OF THE LEASE

General

The Lease has been entered into between the Trustee and the College and contains the terms and conditions under which the Project will be leased to and used by the College.

Lease Term

The Original Term of the Lease, upon execution of Supplemental Lease No. 1, terminates on June 30, 2023. The Lease Term may be extended, solely at the option of the College, at the end each Fiscal Year for an additional one year, provided that the final Extended Term shall not extend beyond June 1, 2027. At the end of each Fiscal Year, unless the Lease has terminated and for no other reason, the College shall be deemed to have exercised its option to extend the Lease for an additional one year. The terms and conditions during an Extended Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

Continuation of Lease Term by the College

The College reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and the Extended Terms can be obtained. The College covenants in the Lease that its responsible financial officer will do all things lawfully within his power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law.

Change or Termination by Act of the Kansas Legislature

The College is authorized to enter into the Lease pursuant to K.S.A. 71-201, provided the Lease and any assignment is subject to change or termination at any time by act of the Kansas legislature. If the Lease is terminated pursuant to this provision, the College agrees peaceably to deliver possession of the Project to the Trustee.

Payment for Construction of the 2013 Additional Improvements

Costs and expenses of every nature incurred in the construction of the 2013 Additional Improvements that qualify as Costs of Improvements shall be paid by the Trustee from the 2013 Improvement Account of the Project Fund, and Costs of Issuance of the Series 2013 Certificates shall be paid by the Trustee from the 2013 Costs of Issuance Account of the Project Fund, upon receipt by the Trustee of a completed requisition certificate of the College signed by the Authorized Representative of the College and containing the statements, representations and certifications set forth in the form of such requisition certificate attached to the Declaration of Trust.

Completion Date; Excess Funds

The Completion Date shall be evidenced to Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the College (the "Completion Certificate") stating (a) the date on which the 2013 Additional Improvements were substantially completed, (b) that all other facilities necessary in connection with the 2013 Additional Improvements have been purchased, constructed and installed, (c) that the 2013 Additional Improvements and such other facilities have been purchased, constructed, made and installed in accordance with the plans and specifications and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for Costs of Improvements described in accordance with clause (e), all Costs of Improvements have been paid, and (e) the amounts, if any, to be retained in the Project Fund for the payment of Costs of Improvements, if any, not yet due or Costs of Improvements whose liability the College is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the College that then exist or may subsequently come into being against third parties. Any amounts remaining in the 2013 Improvement Account of the Project Fund that are not needed to pay any remaining 2013 Additional Improvements Costs of Improvements shall be transferred to the Lease Revenue Fund.

Enjoyment of Project

The Trustee shall provide the College during the Lease Term with quiet use and enjoyment of the Project, and the College shall during the Lease Term peaceably and quietly have, hold and enjoy the Project, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The College shall have the right to use the Project for any essential governmental or proprietary purpose of the College, subject to the limitations contained in the Lease. Notwithstanding any other provision in the Lease, the Trustee shall have no responsibility to cause the Improvements to be constructed or to maintain or repair the Project.

The College shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Project, as to the manner and use or the condition of the Improvements. The College shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. The College shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the College to comply with the foregoing provisions. Notwithstanding any provision contained in this paragraph, however, the College shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the College may refrain from complying therewith, if the College furnishes, on request, to the Trustee, at the College's expense, indemnity satisfactory to the Trustee.

Basic Rent

The College will promptly pay all Basic Rent, subject to change or termination of the Lease by action of the Kansas Legislature, on each Basic Rent Payment Date. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the College shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five business days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The College will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Basic Rent Payments scheduled to come due during the Lease Term, and to meet its other obligations for the Lease Term and such funds will not be expended for other purposes.

Supplemental Rent

The College will pay, subject to change or termination of the Lease by action of the Kansas Legislature, as Supplemental Rent (a) all Impositions (as defined in the Lease); (b) all amounts required and all other payments which the College has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease or the Site Lease by the Trustee; (d) all fees and charges of the Trustee as provided in the Lease; and (e) any payments required to be made pursuant to the Arbitrage Instructions.

Rent Payments to Constitute a Current Expense and Limited Obligation of the College

The obligation of the College to pay Rent under the Lease is limited to payment from Available Revenues and constitutes a current expense of the College and not in any way be construed to be a debt of the College in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the College, nor shall anything contained therein constitute a pledge of the general tax revenues, funds or moneys of the College.

Net Lease; Rent Payments to be Unconditional

The Lease is intended to be net, net, net to the Trustee. Subject to change or termination of the Lease by action of the Kansas Legislature, the obligations of the College to make payment of the Rent Payments and to perform and observe the other covenants and agreements contained therein will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, for any reason, including any failure of the Project to be constructed or installed, any defects, malfunctions, breakdowns or infirmities in the Project or any accident, condemnation or unforeseen circumstances.

Nothing in the Lease will be construed as a waiver by the College of any rights or claims the College may have against the Trustee, but any recovery upon such rights and claims shall be from the Trustee separately.

Increased Basic Rent

Notwithstanding any other provision of the Lease, the Trustee and the College may enter into a Supplemental Lease or Supplemental Lease that increase the amount of Basic Rent payable by the College on any Basic Rent Payment Date to provide funds to pay the costs of (a) repairing, replacing or restoring the Improvements, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Project or the acquisition of additional real property to be included in the Project or the acquisition, purchase construction or equipping of additions to or expansions or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates Outstanding from time to time. Each such Supplemental Lease shall include an amended Exhibit A reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date.

Disclaimer of Warranties

The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition or fitness for particular purpose or fitness for use of the Improvements or any part thereof, or warranty with respect thereto. In no event will the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease or the existence, furnishing, functioning or the College's use of the Improvements or any part thereof.

Deficiency of Project Fund

If the Project Fund shall be insufficient to pay fully all Costs of Improvements of the 2013 Additional Improvements and to complete fully the 2013 Additional Improvements lien free, the College shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same shall become due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the College shall save the Trustee whole and harmless from any obligation to pay such deficiency.

Impositions

The College shall bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, which may be lawfully imposed upon or against or be payable for or in respect of the Project, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Project (all of the foregoing being herein referred to as "Impositions").

Contest of Impositions

The College shall have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition which the College is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least ten days before the Imposition complained of becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the College that, in the opinion of counsel, by nonpayment of any such items the interest of the Trustee in the Project will be endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the College shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

Insurance

The College will, during the Lease Term, cause the Improvements to be kept continuously insured against such risks customarily insured against for facilities such as the Improvements and will pay (except as otherwise provided in the Lease) as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) Insurance insuring the Improvements against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the greater of the Principal Portion of the Certificates then Outstanding or the replacement value of the Improvements and issued by such insurance company or companies authorized to do business in the State as may be selected by the College. The replacement value of the Improvements may be determined from time to time at the request of the Trustee or the College (but not less frequently than every five years) by an architect, contractor, appraiser, appraisal company or one of the insurers, to be selected, subject to the insurer's approval, and paid by the College. The policy or policies of such insurance shall name the College and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance shall be applied as provided in the Lease. During acquisition, construction and installation of the Improvements, the College shall cause to be provided, insofar as the Improvements are concerned, the insurance required by subparagraph (b) below in lieu of the insurance required by this subparagraph (a) to the extent appropriate;

(b) To the extent appropriate, during the acquisition, construction and installation of the Improvements and in lieu of the insurance required in subparagraph (a) of this Section, builder's risk-completed value insurance insuring the Improvements against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Improvements (subject to reasonable loss deductible clauses) issued by such insurance company or companies authorized to do business in the State as may be selected by the College. Such policy or policies of insurance shall name the College and the Trustee as insureds, as their respective interests may appear, and all payments received under such policy or policies by the College shall be paid over to the Trustee;

(c) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the College and the Trustee are named as insureds, in an amount not less than \$500,000 combined single limit for bodily injuries and property damage;

(d) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State;

(e) A leasehold owners policy of title insurance, subject to any permitted encumbrances identified in the Lease, insuring the Trustee's interest in the Real Property under the Site Lease, in an amount not less than \$12,075,000 on the standard ALTA form, subject only to such exceptions as shall be acceptable to the Trustee, with such endorsements and affirmative coverages as may be reasonably required by the Trustee, and issued by a company acceptable to the Trustee and authorized to issue such insurance in the State; and

(f) Performance, labor and material payment and statutory bonds with respect to the Construction Agreements in the full amount of the Construction Agreements (to the extent bondable) from surety companies qualified to do business in the State.

Enforcement of Contract and Surety Bonds

In the event of material default of any contractor or subcontractor under a Construction Agreement or any other contract made in connection with the acquisition, construction and installation of the 2013 Additional Improvements, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the College will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the College against the contractor or subcontractor in default and against each surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the College of any amounts theretofore paid by the College not previously reimbursed to the College for correction or remedying of the default which gave rise to the proceedings against the contractor or subcontractor or surety, shall be paid to the Trustee for deposit in the Project Fund if received before the Completion Date and, if such funds are received after the Completion Date, for deposit in the Lease Revenue Fund to be used solely for the purpose of paying Basic Rent under the Lease.

Maintenance and Modification of Improvements by the College

The College will at its own expense (a) keep the Improvements in a safe condition, (b) with respect to the Improvements, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Improvements in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the College will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Improvements the maintenance, repair, replacement or renewal of which becomes uneconomical to the College because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The College shall not permit or suffer others to commit a nuisance in or about the Improvements or itself commit a nuisance in connection with its use or occupancy of the Improvements. The College will pay all costs and expenses of operation of the Improvements.

The College may, also at its own expense, make from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Improvements. All such additions, modifications or improvements made by the College shall (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Project.

During the Lease Term, the Improvements will be used by the College only for the purpose of performing essential governmental or proprietary functions of the College consistent with the permissible scope of the College's authority.

Financial Statements

The College will annually provide the Trustee with current financial statements, budgets, proofs of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of the College to continue and satisfy the Lease as may be requested by the Trustee.

Continuing Disclosure

The College covenants and agrees that it will comply and carry out all of the provisions of the Disclosure Undertaking. Notwithstanding any other provision of the Lease, failure of the College to comply with the Disclosure Undertaking shall not be considered a default or an Event of Default under the Lease; provided, however, that the Trustee, pursuant to the Declaration of Trust may (and, at the request of the Owners of Certificates of a majority of the aggregate principal amount in Outstanding Certificates, shall) or any Owners of Certificates may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the College to comply with its obligations under this Section.

Damage, Destruction and Condemnation

The College will bear the risk of loss with respect to the Improvements during Lease Term. If (a) the Improvements or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Project or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the College and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Improvements, unless the College shall have exercised its option to purchase the Trustee's interest in the Project by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the College and shall be held and appropriated by the College for the exclusive purpose of paying Rent under the Lease.

If the College determines that the repair, restoration, modification or improvement of the Improvements is not economically feasible or in the best interest of the College, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the College shall promptly purchase the Trustee's interest in the Project pursuant to the Lease by paying the Purchase Price and such Net Proceeds shall be applied by the College to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the College.

In the Lease, the College acknowledges the provisions pertaining to eminent domain in the Site Lease. The Trustee and College have agreed that the terms of the Site Lease are incorporated in and made a part of the Lease to the same extent as if set forth in full in the Lease. Incorporation of provisions of the Site Lease survives the termination of the Lease for any reason.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to above, and the College has not elected to purchase the Trustee's interest in the Project, the College shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the College shall make any payments as provided in this paragraph, the College will not be entitled to any reimbursement therefor from the Trustee nor will the College be entitled to any diminution of Rent.

Purchase Option

The College shall have the option to purchase the Trustee's interest in the Project, upon giving written notice to the Trustee at least 60 days before the date of purchase, at the following times and on the following terms :

(a) On or after June 1, 2021, upon payment in full of Rent Payments then due hereunder, plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

(b) Upon deposit of moneys or Government Obligations or both with the Trustee in accordance with **Article X** of the Declaration of Trust in the amount necessary to provide for the Basic Rent Payments until and on, and the Purchase Price calculated as described in (a) above on the Certificates, to the prepayment date, which will be on or after June 1, 2021.

(c) In the event of substantial damage to or destruction or condemnation of substantially all of the Project, or if, as a result of changes in the Constitution of Kansas or legislative or administrative action by the State or the United States, the Site Lease or the Lease becomes unenforceable, on the Basic Rent Payment Date the Lessee specifies as the purchase date in the Lessee's notice to the Lessor of its exercise of the purchase option, upon payment in full of the Rent Payments then due hereunder plus then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

Partial Prepayment

The College shall have the option to prepay the Basic Rent Payments in whole or in part, upon giving written notice to the Trustee at least 60 days before the date of such prepayment, on any date occurring on or after April 1, 2020, with respect to Basic Rent allocable to the Series 2010-B Certificates, and June 1, 2021, with respect to the Series 2013 Certificates, at the Prepayment Price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such prepayment date.

The Principal Portion of Basic Rent prepaid pursuant to the provisions of the Lease shall be in integral multiples of \$5,000. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter shall be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion.

Assignment and Subleasing by the College

Except as provided in the Lease, none of the College's right, title and interest in, to and under the Site Lease, the Lease and in the Project may be assigned or encumbered by the College for any reason; except that the College may sublease any one or more parts of the Project if the College obtains an opinion of Special Tax Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Project shall be subject to the Site Lease, the Lease and the rights of the Trustee in, to and under the Site Lease, the Lease and the Project.

Events of Default

Any of the following shall constitute an "Event of Default" under the Lease:

(a) Failure by the College to make any deposits into the Lease Revenue Fund required by the Lease to pay Basic Rent at the time specified in the Lease;

(b) Failure by the College to make any Supplemental Rent Payment when due and the continuance of such failure for ten days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee;

(c) Failure by the College to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee unless such party shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, such party will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the College within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the College in or pursuant to the Site Lease or the Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect or misleading or breached in any material respect on the date when made;

(e) Any provision of the Lease or the Site Lease at any time for any reason cease to be valid and binding on the College, or is declared to be null and void, or the validity or enforceability thereof is contested by the College or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The College becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the College or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the College, is consented to or acquiesced in by the College or is not dismissed within 60 days.

In the event the College fails to comply with the Disclosure Undertaking, such failure shall not be an Event of Default under the Lease.

Remedies on Default

Whenever any Event of Default under the Lease exists, the Trustee will have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the College, the Trustee may declare all Rent payable by the College under the Lease to the end of the Lease Term to be due;

(b) With or without terminating the Lease, the Trustee may take possession of the Project (in which event the College shall take all actions necessary to authorize, execute and deliver to the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all of the College's interest in the Project), and sell the Trustee's interest in the Project or lease the Project or, for the account of the College, sublease the Project continuing to hold the College liable for the difference

between (a) the Rent payable by the College under the Lease for the Lease Term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Project and all brokerage, auctioneers and attorney's fees);

(c) The Trustee may terminate any rights the College may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Project and under the Lease.

SUMMARY OF THE SITE LEASE

Generally

The College and the Trustee have entered into the Site Lease under which the College leases the site for the Improvements constituting the Real Property to the Trustee on the terms and conditions set forth therein.

Term

The term of the Site Lease commenced on December 1, 2010, and ends on June 1, 2027,, unless extended or terminated as provided therein.

Rental

As and for rental under the Site Lease and in consideration for the leasing of the Real Property to the Trustee, the Trustee enters into the Lease simultaneously with the delivery of the Site Lease, and directs the Trustee to make deposits from the proceeds of the sale of the Certificates into the funds and accounts established and as set forth in the Declaration of Trust.

Assignments and Subleases

The Trustee will hold the Site Lease and its rights thereunder for the benefit of owners of the Certificates. The Trustee and its assigns may assign the Site Lease and its rights thereunder or lease or sublease the Project without the written consent of the College (i) if the Lease is terminated for any reason, or (ii) if any Event of Default under the Lease has occurred.

Termination

The Site Lease will terminate at the end of its stated term, provided, however, in the event the College makes or prepays all of the Rent Payments pursuant to the Lease, then the Site Lease is considered assigned to the College and terminated through merger of the leasehold interest under the Site Lease with the fee interest of the College, if the College is the owner of the fee interest.

SUMMARY OF THE DISCLOSURE UNDERTAKING

The College has adopted an Omnibus Continuing Disclosure Undertaking (the "Disclosure Undertaking") in which the College covenants to provide certain financial and other information with respect to its outstanding obligations, including the Bonds, in order to assist the Participating Underwriter in

complying with the provisions of the SEC Rule. The College is the only "obligated person" with responsibility for continuing disclosure with respect to the Certificates.

Definitions

In addition to the definitions set forth in this *APPENDIX B*, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report filed by the College pursuant to, and as described in the Disclosure Undertaking.

"Designated Agent" means Gilmore & Bell, P.C. or one or more other entities designated in writing by the College to serve as a designated agent of the College for purposes of the Disclosure Undertaking.

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

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

"Financial Information" means the financial information of the College described under the heading **"PROVISION OF ANNUAL REPORTS – *Financial Information.*"**

"Material Events" means any of the events listed under the heading **"REPORTING OF MATERIAL EVENTS."**

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

"Official Statement" means collectively the College's Official Statement(s) for each series of the Bonds, including all appendices and exhibits thereto.

"Operating Data" means the operating data of the College described under the heading **"PROVISION OF ANNUAL REPORTS – *Operating Data.*"**

"Participating Underwriter" means each of the original underwriters of a series of Bonds required to comply with the SEC Rule in connection with the offering of the Certificates.

"Repository" means the MSRB via EMMA.

"SEC" means the Securities and Exchange Commission of the United States.

Provision of Annual Reports

The College shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the College's Fiscal Year, commencing with the Fiscal Year ended in 2013, file with the Repository the College's Annual Report, consisting of the Financial Information and Operating Data described as follows:

Financial Information. The audited financial statements of the College for such prior Fiscal Year, prepared in accordance with generally accepted auditing standards, in substantially the format contained in *Appendix A* to the Official Statement. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain summary unaudited financial information and

the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available. The accounting basis and the method of preparation of the financial statements of the College are contained in *Appendix A* to the Official Statement. The method of preparation and basis of accounting of the Financial Information may not be changed to a basis less comprehensive than contained in the Official Statement, unless the College provides notice of such change in the same manner as for a Material Event.

Operating Data. Updates as of the end of the Fiscal Year of certain financial information and operating data described in the Official Statement (with such modifications to the formatting and general presentation thereof as deemed appropriate by the College) generally described as follows:

**FINANCIAL INFORMATION
CONCERNING THE COLLEGE**

- Assessed Valuation
- Property Tax Levies and Collections
- Major Taxpayers

DEBT STRUCTURE OF THE COLLEGE

- General Obligation Indebtedness of the College
- Certificates of Participation/Leases
- Revenue Bonds
- Loan Obligations
- Overlapping/Underlying General Obligation Indebtedness

Additionally, the College shall provide updates as of the end of the Fiscal Year for any material adverse changes in the portions of the Official Statement concerning Property Valuations and Pension and Employee Retirement Plans.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the College is an “obligated person” (as defined by the SEC Rule), which have been filed with the Repository, the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the Repository. The College shall clearly identify each such other document so included by reference. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audit report and accompanying financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the College's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event.

From and after such time that Section (b)(5) of the SEC Rule applies to any series of Bonds, if the Annual Report is not filed within the time period specified in *subsection (a)* hereof, the College shall send a notice to the Repository in a timely manner. Pursuant to Section (d)(3) of the SEC Rule, filing of an Annual Report shall not apply to any Bonds with a stated maturity of 18 months or less.

REPORTING OF MATERIAL EVENTS

No later than 10 Business Days after the occurrence of any of the following Material Events, the College shall give, or cause to be given, to the Repository notice of the occurrence of any of the following Material Events with respect to the Bonds, with copies to the Bond Insurer:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the Certificates or other material events affecting the tax-exempt status of the Certificates;

- (7) modifications to rights of Owners, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the College (which shall be deemed to occur as provided in the SEC Rule);
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional paying agent or trustee or the change of name of the paying agent or trustee, if material.

Notwithstanding the foregoing, notice of Material Events described in (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to the Owners of affected Certificates pursuant to the Declaration of Trust.

Dissemination Agent

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

Annual Reports. If a Dissemination Agent shall be appointed, not later than 15 Business Days prior to the date specified for providing the Annual Report to the Repository, the College shall provide the Annual Report to the Dissemination Agent or the Repository; provided that an Annual Report shall not be required for any series of Bonds that has a stated maturity of 18 months or less. The Dissemination Agent shall file a report with the College certifying that the Annual Report has been filed pursuant to the Disclosure Undertaking, stating the date it was filed, or that the College has certified to the Dissemination Agent that the College has filed the Annual Report with the Repository. If the Dissemination Agent has not received an Annual Report or has not received a written notice from the College that it has filed an Annual Report to the Repository, by the date required in the Disclosure Undertaking, the Dissemination Agent shall send a notice to the Repository; provided such report shall not be applicable to an College that has outstanding \$10 million or less of principal amount of Bonds subject to the Rule.

Material Event Notices.

(1) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the College or his or her designee, or such other person as the College shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the College promptly notify the Dissemination Agent in writing whether or not to report the event.

(2) The College will promptly respond in writing to any such request. Whenever the College obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent or otherwise, the College shall promptly determine if such event constitutes a Material Event and shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the

occurrence. If the College has determined that knowledge of an event is listed in (2), (7), (10) or (13) of the definition of a Material Event, is not material, the College shall notify the Dissemination Agent in writing not to report the occurrence.

(3) If the Dissemination Agent has been given written instructions by the College to report the occurrence of a Material Event, the Dissemination Agent shall file a notice of such occurrence with the Repository within 10 Business Days after the occurrence, with copies to the College and the Bond Insurer. Notwithstanding the foregoing, notice of Material Events described in paragraphs (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Declaration of Trust.

Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in the Disclosure Undertaking. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the College.

Other Designated Agents. The College may, from time to time, appoint or designate a Designated Agent to submit Annual Reports, Material Event notices, and other notices or reports pursuant to the Disclosure Undertaking. The College hereby appoints the Dissemination Agent and the Designated Agent(s) solely for the purpose of submitting College-approved Annual Reports, Material Event notices, and other notices or reports pursuant to the Disclosure Undertaking. The College may revoke this designation at any time upon written notice to the Designated Agent.

Miscellaneous Provisions

Termination of Reporting Obligation. The College's obligations under the Disclosure Undertaking for a particular series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of that series of Certificates. If the College's obligations hereunder are assumed in full by some other entity as permitted in the Bond Resolution, such person shall be responsible for compliance with under the Disclosure Undertaking in the same manner as if it were the College, and the College shall have no further responsibility hereunder. If such termination or assumption occurs prior to the final maturity of the Certificates, the College shall give notice of such termination or assumption in the same manner as for a Material Event

Amendment; Waiver. In conjunction with the public offering of any series of Bonds, the College and the Dissemination Agent, if any, may amend the categories of Operating Data to be updated to conform to the operating data included in the final Official Statement for such series of Bonds, in conformance with the requirements and interpretations of the SEC Rule as of the date of such final Official Statement, without further amendment to the Disclosure Undertaking. Thereafter, the Operating Data to be filed by the College with the Repository with respect to the Bonds (and all other series of Bonds then subject to the Disclosure Undertaking) shall be deemed to be amended to reflect the requirements of the revised Operating Data for the new series of Bonds.

The College may amend and any other provision of the Disclosure Undertaking may be waived, provided that Special Tax Counsel or other counsel experienced in federal securities law matters provides the College with its written opinion that the undertaking of the College contained therein, as so amended or after giving effect to such waiver, is in compliance with the SEC Rule and all current amendments thereto and interpretations thereof that are applicable to the Disclosure Undertaking; provided, however, that the Disclosure Undertaking, may be amended for the purpose of (a) extending the coverage of the Disclosure Undertaking to any additional series of Bonds or (b) removing reference to any series of Bonds for which the College's reporting obligations have terminated, each without the provision of a written opinion as otherwise required by this paragraph. If a provision of the Disclosure Undertaking is amended or waived with respect to a series of Bonds pursuant to this paragraph, the College shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of

financial information or operating data being presented by the College. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Material Event; and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Noncompliance. In the event of a failure of the College or the Dissemination Agent, if any, to comply with any provision of the Disclosure Undertaking with respect to a series of Bonds, any Participating Underwriter or any Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the College or the Dissemination Agent, if any, as the case may be, to comply with its obligations under the Disclosure Undertaking. Noncompliance with the provisions of the Disclosure Undertaking shall not be deemed an Event of Default under the Declaration of Trust, and the sole remedy under the Disclosure Undertaking in the event of any failure of the College or the Dissemination Agent, if any, to comply with the Disclosure Undertaking shall be an action to compel performance.

Electronic Transactions. Actions taken under the Disclosure Undertaking and the arrangements described therein may be conducted and related documents may be stored by electronic means.

Beneficiaries. The Disclosure Undertaking shall inure solely to the benefit of the College, the Dissemination Agent, if any, each Participating Underwriter and Beneficial Owners from time to time with respect to a series of Bonds, and shall create no rights in any other person or entity.

Governing Law. The Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State.

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