This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "Bond Ratings" herein**

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Series 2012 Bonds [(including any original issue discount properly allocable to an owner thereof)] 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 on the Series 2012 Bonds is exempt from income taxation by the State of Kansas. The Series 2012 Bonds have ***not*** *been designated as "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" herein*

$7,975,000*

PUBLIC BUILDING COMMISSION OF THE CITY OF COFFEYVILLE, KANSAS
HEALTH CARE FACILITIES REFUNDING REVENUE BONDS
SERIES 2012 (COFFEYVILLE REGIONAL MEDICAL CENTER)

Dated: May 15, 2012 **Due: August 1, As shown on the inside cover**

The Health Care Facilities Refunding Revenue Bonds, Series 2012 (Coffeyville Regional Medical Center) (the "Series 2012 Bonds") will be issued by the Public Building Commission of the City of Coffeyville, Kansas (the "Issuer"), as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2012 Bonds. Purchases of the Series 2012 Bonds will be made in book-entry form, in the denominations of $5,000 or any integral multiple thereof (the "Authorized Denomination"). Purchasers will not receive certificates representing their interests in Series 2012 Bonds purchased. So long as Cede & Co. is the registered owner of the Series 2012 Bonds, as nominee of DTC, references herein to the Series 2012 Bond owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Series 2012 Bonds. Principal will be payable annually on August 1, beginning in 2012, and semiannual interest will be payable on February 1 and August 1, beginning on August 1, 2012 (the "Interest Payment Dates"). Principal will be payable upon presentation and surrender of the Series 2012 Bonds by the registered owners thereof at the corporate trust office of UMB Bank, n.a., Wichita, Kansas, as trustee, paying agent and bond registrar (the "Trustee"). Interest payable on each Series 2012 Bond shall be paid to the persons who are the registered owners of the Series 2012 Bonds as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Trustee mailed to such registered owner, or in the case of an interest payment to a registered owner of $500,000 or more in aggregate principal amount of Series 2012 Bonds, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Series 2012 Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

The Series 2012 Bonds shall be special obligations of the Issuer payable solely from, and secured as to the payment of principal and interest by a pledge of, the Trust Estate established pursuant to the terms of a Trust Indenture, dated as of December 15, 2002, as supplemented by a Supplemental Trust Indenture, dated as of the Dated Date, both between the Issuer and the Trustee. The Trust Estate is composed primarily, but not completely, of revenues derived by the Issuer from a Lease With Option to Purchase, dated as of December 15, 2002, as supplemented by a Supplemental Lease With Option to Purchase, dated as of the Dated Date, both between the Issuer, as lessor, and the City of Coffeyville, Kansas (the "City"), as lessee. See "THE SERIES 2012 BONDS – Security for the Series 2012 Bonds" herein. Under the Indenture, Additional Bonds and Additional Obligations may be issued by the Issuer on a parity with the Series 2012 Bonds (the Series 2012 Bonds and any Additional Bonds shall hereinafter be referred collectively as the "Bonds").

MATURITY SCHEDULE LISTED ON INSIDE COVER PAGE

The Series 2012 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2012 BONDS – Redemption Provisions" herein. The payment of the principal of, redemption premium, if any, and interest on the Series 2012 Bonds is subject to certain risk factors and investment considerations as described under the caption "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

The Series 2012 Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. Certain other legal matters will be passed upon by Paul M. Kritz, Esq., counsel for the Issuer and the City. It is expected that the Series 2012 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about May 15, 2012.

STIFEL NICOLAUS

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

* Subject to change

The date of this Preliminary Official Statement is [POS Date].

$7,975,000*
PUBLIC BUILDING COMMISSION OF THE CITY OF COFFEYVILLE, KANSAS
HEALTH CARE FACILITIES REFUNDING REVENUE BONDS
SERIES 2012 (COFFEYVILLE REGIONAL MEDICAL CENTER)

MATURITY SCHEDULE

[SERIAL BONDS]

Stated Maturity August 1	Principal Amount*	Annual Rate of Interest	Price	CUSIP[1] Base: 19233M
2012	$	_____%	_____%	
2013				
2014				
2015				
2016				
2017				
2018				

[TERM BONDS

Stated Maturity August 1	Principal Amount*	Annual Rate of Interest	Price	CUSIP[1] Base: 19233M
	$	_____%	_____%	
2018				]

(All plus accrued interest, if any)

[1] *CUSIP numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of 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.*

* Subject to change

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2012 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2012 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SERIES 2012 BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2012 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE SERIES 2012 BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE ISSUER FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION]

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

PUBLIC BUILDING COMMISSION
OF THE CITY OF COFFEYVILLE, KANSAS

MEMBERS

Jim Miller, President
Linda Moley, Vice President
Cindy Price, Secretary
Don Edwards, Member
Paul Kritz, Member
Tim Brant, Member
Janie DeVore Gillis, Member

CITY OF COFFEYVILLE, KANSAS
102 W 7th, P.O. Box 1629
Coffeyvile, Kansas 67337
(620) 252-1600

GOVERNING BODY

David George, Mayor
Virgil O. Horn, Jr., Vice Mayor
Don Edwards, Commissioner
Richard Gonzales, Commissioner
Pam Jones, Commissioner

ADMINISTRATIVE OFFICERS

CITY MANAGER

Jeffrey D. Morris

FINANCE DIRECTOR

Stephanie Richardson

CITY CLERK

Cindy Price

COUNSEL TO ISSUER AND CITY ATTORNEY

Paul M. Kritz, Esq.

UNDERWRITER

Stifel, Nicolas & Company, Inc.
Wichita, Kansas

BOND COUNSEL

Gilmore & Bell, P.C.
Wichita, Kansas

TRUSTEE

UMB Bank, n.a.
Wichita, Kansas

No dealer, broker, salesman or other person has been authorized by the Issuer, the City or the Underwriter to give any information or to make any representations with respect to the Series 2012 Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The information set forth herein concerning the City has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Official Statement does not constitute a contract between the Issuer, the City or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Series 2012 Bonds.

TABLE OF CONTENTS

Page

INTRODUCTION 1
THE SERIES 2012 BONDS 2
THE DEPOSITORY TRUST COMPANY 7
THE ISSUER 8
THE CITY 8
THE HOSPITAL AND THE CORPORATION 9
THE SALES TAX 9
THE REFUNDING PLAN 10
SOURCES AND USES OF FUNDS 10
RISK FACTORS AND INVESTMENT CONSIDERATIONS 10
BOND RATING 19
ABSENCE OF LITIGATION 19
LEGAL MATTERS 19
TAX MATTERS 20
UNDERWRITING 21
AUTHORIZATION OF OFFICIAL STATEMENT 1

APPENDIX A INFORMATION CONCERNING THE CITY 1
General 1
Economic Information 2
Financial Information 5
Debt Structure 11

APPENDIX B INFORMATION CONCERNING THE HOSPITAL AND THE CORPORATION 1
History and Background 1
Governance and Administration 1
Facilities 3
Operations 3
Results of Operations 7

APPENDIX C CITY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS (FOR FISCAL YEAR ENDED 12/31/2010) 1

APPENDIX D CORPORATION FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS (FOR FISCAL YEAR ENDED 12/31/2010) 1

APPENDIX E SUMMARY OF FINANCING DOCUMENTS 1

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OFFICIAL STATEMENT

$7,975,000*
PUBLIC BUILDING COMMISSION OF THE CITY OF COFFEYVILLE, KANSAS
HEALTH CARE FACILITIES REFUNDING REVENUE BONDS
SERIES 2012 (COFFEYVILLE REGIONAL MEDICAL CENTER)

INTRODUCTION

General Matters

The purpose of this Official Statement is to furnish information relating to the Public Building Commission of the City of Coffeyville, Kansas (the "Issuer" or the "PBC"), the Issuer's Health Care Facilities Refunding Revenue Bonds, Series 2012 (Coffeyville Regional Medical Center) (the "Series 2012 Bonds"), dated May 15, 2012 (the "Dated Date"), and other matters relating thereto. The Issuer is a municipal corporation duly organized and existing under the laws of the State of Kansas (the "State"). The Series 2012 Bonds are being issued for the purpose of: (a) refunding the Issuer's Health Care Facilities Revenue Bonds, Series 2002 (Coffeyville Regional Medical Center) (the "Series 2002 Bonds") scheduled to mature in the years 2012 to 2022, inclusive (the "Refunded Bonds"); (b) paying costs of issuance associated with the issuance of the Series 2012 Bonds[; and (c) funding a debt service reserve fund deposit]. The Series 2002 Bonds were issued for the propose of financing the costs of purchasing and installing certain improvements to the Coffeyville Regional Medical Center (the "Hospital"), which is operated by the Coffeyville Regional Medical Center, Inc., a not-for-profit corporation organized under the laws of the State (the "Corporation").

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

The materials contained on the cover page, in the body and in the Appendices to this Official Statement are to be read in their entirety. All financial and other information presented herein has been compiled by the Underwriter, and has been furnished, except expressly attributed to other sources deemed to be reliable, by the Issuer, the City of Coffeyville, Kansas (the "City") and the Corporation. The presentation of information herein is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer, the City or the Corporation. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Except to the extent described under the section captioned "LEGAL MATTERS," Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Definitions

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

Continuing Disclosure

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "SEC Rule"), requiring continuous secondary market disclosure. The Issuer, the City, the Corporation, and UMB Bank, n.a., Wichita, Kansas (the "Trustee") have entered into a Continuing Disclosure Agreement, wherein the City and Corporation have covenanted to provide annually certain financial information and operating data and the Issuer, City and Corporation have covenanted to provide other information necessary to comply with the SEC Rule. The Trustee, as dissemination agent, has covenanted to transmit such information to the Municipal Securities Rulemaking Board. This covenant is for the benefit of and is enforceable by the owners of the Series 2012 Bonds. In the past the City and the Corporation have failed to file the Annual Report within the time period stipulated in previous undertakings under the Rule. However, remedial action has been taken and the City and Corporation are now in compliance with such filing requirements. For more information regarding the continuing disclosure undertaking, see "***APPENDIX E*** – SUMMARY OF FINANCING DOCUMENTS – THE CONTINUING DISCLOSURE AGREEMENT."

Additional Information

Additional information regarding the Issuer or the Series 2012 Bonds may be obtained from Stifel, Nicolaus & Company, Inc., 301 N. Main, Suite 800, Wichita, Kansas 67202, Attn: Ms. Patricia A. Hinojos, Sr. Vice President, Phone:

* Subject to change.

(316) 337-8498 or Email: hinojosp@stifel.com. Additional information regarding the City may be obtained from Ms. Stephanie Richardson, Finance Director, 102 W. 7th Street, P.O. Box 1629, Coffeyville, Kansas 67337-0849, Phone: (620) 252-6103 or Email: srichardson@coffeyville.com. Additional information regarding the Corporation may be obtained from Mr. John Smith, Chief Executive Officer, Coffeyville Regional Medical Center, 1400 West 4th Street, Coffeyville, Kansas 67337, Phone: (620) 251-1200 or Email: jsmith@crmcinc.org.

THE SERIES 2012 BONDS

Authority for the Series 2012 Bonds

The Series 2012 Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-116a, K.S.A. 10-620 *et seq*., and K.S.A. 12-1757 *et seq*., as amended by Charter Ordinance No. 24 of the City, all as amended and supplemented from time to time (the "Act"), a resolution adopted by the Issuer and the Indenture.

Security for the Series 2012 Bonds

The Hospital facility is currently owned by the Issuer and is leased by the Issuer to the City pursuant to the terms of the Lease. The term of the Lease is coterminous with the final maturity of the Series 2012 Bonds. The Series 2012 Bonds shall be special obligations of the Issuer payable solely from, and secured as to the payment of principal and interest by a pledge of, the Trust Estate established pursuant to the terms of the Indenture. The Trust Estate is composed primarily, but not completely, of revenues derived by the Issuer from the Lease. The Hospital is ***not*** pledged or mortgaged to the Trustee as part of the Trust Estate. The Lease is an unconditional and absolute obligation of the City and the City is obligated to make payments under the Lease in amounts sufficient to pay principal and interest on the Series 2012 Bonds. The City has further leased the Hospital facility to the Corporation pursuant to the terms of the Sublease. The Sublease provides that the Corporation shall pay semi-annual Sublease rent in the amount of $370,000 (except for the first Sublease rental payment, which shall be in the amount of the first installment of interest to be paid on the Series 2012 Bonds), which Sublease rentals shall be pledged to the payment of the Series 2012 Bonds. The term of the Sublease shall be coterminous with the final maturity of the Series 2012 Bonds, subject to early termination by the City as provided in the Sublease. See "***APPENDIX E*** – SUMMARY OF FINANCING DOCUMENTS – THE SUBLEASE." The City is expected to make its rental payments under the Lease, in part, from revenues derived by the City from payments made by the Corporation to the City pursuant to the terms of the Sublease. The remainder of the Lease payments to be made by the City will be made from revenues derived from the Sales Tax (see the section hereof captioned "THE SALES TAX"). In the event the revenues derived by the City from the Sublease and the Sales Tax are insufficient to pay required rentals under the Lease, the City is obligated to make the deficiency from any lawfully available revenue sources of the City, including, if necessary, from the levy of ad valorem taxes on all taxable tangible property located within the City. The payments made by the City to the Issuer are exempt under the Act from the limitations imposed by the Kansas Cash Basis and Budget Laws. The obligation of the City to make payments under the Lease is not subject to annual appropriation or termination during the Lease term.

The Indenture establishes a Debt Service Reserve Fund for the Series 2012 Bonds which is required to be maintained in an amount equal to the Debt Service Reserve Requirement. This amount will be deposited into the Debt Service Reserve Fund simultaneously with the issuance of the Series 2012 Bonds from [existing reserves][proceeds of the Series 2012 Bonds]. Such moneys are required to be used by the Trustee whenever, and to the extent that, moneys on deposit in the Principal and Interest Payment Account are insufficient for the purpose of paying interest and principal on the Series 2012 Bonds when the same shall become due.

The Series 2012 Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Trust Estate and in all other respects with any Parity Bonds and Parity Obligations to be issued pursuant to the terms of the Indenture. See "***APPENDIX E*** – SUMMARY OF FINANCING DOCUMENTS – THE INDENTURE."

Description of the Series 2012 Bonds

The Series 2012 Bonds shall consist of fully registered book-entry-only bonds in an Authorized Denomination and shall be numbered in such manner as the Trustee shall determine. All of the Series 2012 Bonds shall be dated as of the Dated Date, become due in the amounts on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the inside cover page of this Official Statement

(computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

Designation of Trustee as Paying Agent and Bond Registrar

The Issuer, pursuant to the Indenture, has designated the Trustee as paying agent for the payment of principal of and interest on the Series 2012 Bonds and bond registrar with respect to the registration, transfer and exchange of Series 2012 Bonds. The Issuer will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Indenture. The Issuer reserves the right to appoint a successor paying agent or bond registrar. No resignation or removal of the paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or bond registrar. Every paying agent or bond registrar appointed by the Issuer shall at all times meet the requirements of Kansas law.

Method and Place of Payment of the Bonds

The principal of, or Redemption Price, and interest on the Series 2012 Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Series 2012 Bond shall be paid at Maturity to the Person in whose name such Series 2012 Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Series 2012 Bond at the corporate trust office of the Trustee.

The interest payable on each Series 2012 Bond on any Interest Payment Date shall be paid to the Owner of such Series 2012 Bond as shown on the Bond Register at the close of business on the Record Date for such interest: (a) by check or draft mailed by the Trustee to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Trustee in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of $500,000 or more in aggregate principal amount of Series 2012 Bonds, by electronic transfer to such Owner upon written notice given to the Trustee by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing, any Defaulted Interest with respect to any Series 2012 Bond shall cease to be payable to the Owner of such Series 2012 Bond on the relevant Record Date and shall be payable to the Owner in whose name such Series 2012 Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Series 2012 Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Trustee) and shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. Following receipt of such funds the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Trustee shall notify the Issuer of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Series 2012 Bond entitled to such notice not less than 10 days prior to such Special Record Date.

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE BONDS, THE TRUSTEE SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See "THE SERIES 2012 BONDS – Book-Entry Bonds; Securities Depository."

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Bonds: Securities Depository

The Series 2012 Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Series 2012 Bonds, except in the event

the Trustee issues Replacement Bonds. It is anticipated that during the term of the Series 2012 Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Trustee authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraphs.

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Series 2012 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2012 Bonds; or

(b) if the Trustee receives written notice from Participants having interest in not less than 50% of the Series 2012 Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Series 2012 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2012 Bonds, 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 Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the 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 Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, 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 Bonds 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 Series 2012 Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the 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 Series 2012 Bond or Series 2012 Bonds for cancellation shall cause the delivery of the Series 2012 Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Indenture.

Registration, Transfer and Exchange of Bonds

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

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

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Nonpresentment of Bonds

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

Redemption Provisions

Optional Redemption. At the option of the Issuer, upon instructions from the City, Series 2012 Bonds maturing on August 1 in the years 20[__], and thereafter, will be subject to redemption and payment prior to their Stated Maturity on August 1, 20[__], and thereafter, as a whole or in part (selection of maturities and the amount of Series 2012 Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

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

Principal Amount	**Year**
$	
	*

*Final Maturity

[(b) *2018 Term Bonds*.]The 2018 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited

into the Principal and Interest Payment Account shall be sufficient to redeem, and the Issuer shall redeem on August 1 in each year, the following principal amounts of such 2018 Term Bonds:

Principal Amount	**Year**
$	
	2018*

*Final Maturity

Mandatory Redemption Upon a Determination of Taxability. In the event of a Determination of Taxability with respect to any Series 2012 Bond which is the result of an Event of Taxability, all of the Series 2012 Bonds then Outstanding shall be called for redemption and payment on a redemption date established by the Issuer (which redemption date shall not be earlier than 45 days or later than 120 days after the date the Issuer receives written notice of the Determination of Taxability) at a redemption price equal to the par value of the principal amount thereof, plus accrued interest to the Redemption Date, together with a premium equal to 2% of the principal amount of Series 2012 Bonds then Outstanding.

In the event of a Determination of Taxability which is the result of a Change in Law, the Series 2012 Bonds then Outstanding shall be called for redemption and payment on a Redemption Date established by Issuer at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date, without premium.

Selection of Bonds to be Redeemed. Series 2012 Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Series 2012 Bonds are to be redeemed and paid prior to their Stated Maturity, such Series 2012 Bonds shall be redeemed in such manner as the Issuer shall determine, Series 2012 Bonds of less than a full Stated Maturity shall be selected by the Trustee in minimum Authorized Denomination in such equitable manner as the Trustee may determine. In the case of a partial redemption of Series 2012 Bonds by lot when Series 2012 Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Series 2012 Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination value represented by any Series 2012 Bond is selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Series 2012 Bond to the Trustee: (1) for payment of the Redemption Price and interest to the Redemption Date of such minimum Authorized Denomination value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Series 2012 Bond or Series 2012 Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Series 2012 Bond. If the Owner of any such Series 2012 Bond fails to present such Series 2012 Bond to the Trustee for payment and exchange as aforesaid, such Series 2012 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination value called for redemption (and to that extent only).

Notice and Effect of Call for Redemption. Unless waived by any Owner of Series 2012 Bonds to be redeemed, if the Issuer shall call any Series 2012 Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Series 2012 Bonds to the Trustee, the State Treasurer and the Underwriter. In addition, the Issuer shall cause the Trustee to give written notice of redemption to the Owners of said Series 2012 Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Series 2012 Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Series 2012 Bonds, the respective principal amounts) of the Series 2012 Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Series 2012 Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Series 2012 Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Trustee. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Series 2012 Bonds that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Series 2012 Bonds or portions of Series 2012 Bonds to be

redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Series 2012 Bonds or portion of Bonds shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Series 2012 Bonds, 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 Series 2012 Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Series 2012 Bond so affected, shall not affect the validity of the redemption of such Series 2012 Bond.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Instructions. 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 State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Series 2012 Bond.

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Series 2012 Bonds, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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 Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds 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 Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012 Bonds 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 Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such

Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Bond documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2012 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2012 Bond certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2012 Bond 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 Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE ISSUER

The Issuer is a municipal corporation created in April 9, 2002, by the governing body of the City in accordance with the provisions of the Act. The Issuer has authority under the Act to own or lease sites, buildings, equipment or facilities of a revenue producing character (including facilities for the provision of health care by a not-for-profit organization). Such facilities are to be maintained and operated for a public purpose by any municipal corporation, quasi-municipal corporation, political subdivision or not-for-profit corporation organized under Kansas law. The Act provides that the Issuer has the authority to issue revenue bonds to finance or refinance improvements to the Hospital. ***The Issuer has no power to levy taxes, no budget and no staff of its own. Further, the Issuer will have no source of finds to provide for payment of the Series 2012 Bonds, apart from such revenues as may be generated under the Lease with the City***.

THE CITY

The City is a municipal corporation duly organized and existing under the laws of the State. The City has authority under the Act to enter into the Lease and Sublease. Additional information regarding the City is contained in ***APPENDIX A*** to this Official Statement. The financial records of the City are audited annually by a firm of independent certified public accountants; a copy of the audit report for the Fiscal Year ended December 31, 2010 is attached hereto as ***APPENDIX C***.

THE HOSPITAL AND THE CORPORATION

The Hospital is a municipal hospital owned by the City and governed by a Board of Trustees, who are appointed by the governing body of the City. The Board of Trustees are charged with establishing policy, maintaining quality of patient care, and providing for the institutional management and planning through the appointment of the Corporation's Board of Directors. The Hospital provides treatment of medical, surgical, obstetrical, geriatric and pediatric patients from Southeast Kansas and Northeast Oklahoma. The Hospital is general hospital licensed for 128 beds and is currently equipped with a bed capacity of 68 general acute beds, and 20 long-term beds. The Hospital also has 10 newborn infant bassinets and provides emergency and outpatient care. The Hospital is fully accredited by the Joint Commission for Accreditation of Healthcare Facilities and is licensed by the Kansas State Department of Health and certified through Medicare. The Hospital also is a member of the American Hospital Association and the Kansas Hospital Association. Proceeds of the Series 2002 Bonds were applied to renovations and additions to the Hospital.

The Hospital is operated by the Corporation, which is a not-for-profit corporation organized under the laws of the State in 1996 for the purpose of operating the Hospital. The Corporation is an organization described in §501(c)(3) of the Code. Prior to the creation of the Corporation, the Hospital was operated by the City and its Board of Trustees. The Board of Trustees are the sole Voting Members of the Corporation. The Voting Members select the Corporation's seven-member Board of Directors, three of which shall be members of the Board of Trustees. The Corporation has entered into a management agreement with Quorum Health Resources, Inc. ("Quorum") for operation of the Hospital. Under the management agreement, Quorum agrees to manage the daily operations of the Hospital and to provide the services of a chief executive officer and chief financial officer, which are employees of Quorum. The management agreement expires on October 31, 2012, subject to renewal.

Additional information regarding the Hospital and the Corporation is contained in ***APPENDIX B*** attached hereto. The financial records of the Corporation are audited annually by a firm of independent certified public accountants; a copy of the audit report for the Fiscal Year ended December 31, 2010 is attached hereto as ***APPENDIX D***.

THE SALES TAX

General Information

In 2001, the City's voters approved the levy of a one-half cent local retail sales tax (the "Sales Tax"), the proceeds of which are to be used to finance a portion of the improvements and additions to the Hospital financed by the Series 2002 Bonds (the "2002 Project"). The Sales Tax went into effect on October 1, 2002. The Sales Tax will terminate upon the earliest of: (a) the collection of $15,000,000; (b) the retirement of the Bonds; or (c) 240 months after commencement of collections.

Cooperation Agreement and Intergovernmental Agreement

The Issuer, the City, the Board of Trustees and the Corporation have entered into a Cooperation Agreement dated July 17, 2002 (the "Cooperation Agreement") with respect to the 2002 Project and its financing. Pursuant to the Cooperation Agreement, the Issuer agreed to issue the Series 2002 Bonds; the Corporation agreed to construct the 2002 Project in accordance with construction plans approved by the City; and the City agreed to levy the Sales Tax and commit the revenues derived therefrom to pay a portion of the 2002 Project and the Series 2002 Bonds. The Cooperation Agreement shall remain in effect so long as any of the Bonds remains outstanding. In July 2002, the City and the Kansas Department of Revenue (the "Department") entered into an Intergovernmental Agreement for the Administration of Local Retailers' Sales Tax providing for the administration, collection and enforcement of the Sales Tax by the Department.

Additional Information

For additional information regarding the Sales Tax and collections thereof see "***APPENDIX A*** – INFORMATION CONCERNING THE CITY – ECONOMIC INFORMATION – Local Option Sales Tax – Health Care Sales Tax."

THE REFUNDING PLAN

Proceeds of the Series 2012 Bonds and certain available funds of the City will be applied to retire the following described Refunded Bonds, which constitute all of the currently Outstanding revenue bonds of the Issuer:

Public Building Commission of the City of Coffeyville, Kansas, Health Care Facilities Revenue Bonds, Series 2002 (Coffeyville Regional Medical Center), Dated December 15, 2002

Serial Bonds

Stated Maturity (August 1)	Principal Amount	Annual Rate of Interest	Redemption Date	Redemption Price
2012	$ 790,000	3.80%	N/A	N/A
2013	820,000	4.00%	August 1, 2012	100%
2014	850,000	4.10%	August 1, 2012	100%
2017	965,000	5.00%	August 1, 2012	100%
2018	1,005,000	5.00%	August 1, 2012	100%
2019	1,050,000	5.00%	August 1, 2012	100%
2020	1,100,000	5.00%	August 1, 2012	100%
2021	1,150,000	5.00%	August 1, 2012	100%
2022	1,205,000	5.00%	August 1, 2012	100%

Term Bonds

Stated Maturity (August 1)	Principal Amount	Annual Rate of Interest	Redemption Date	Redemption Price
2016	$1,810,000	5.00%	August 1, 2012	100%

SOURCES AND USES OF FUNDS

The following table summarizes the sources and uses of funds associated with the issuance of the Series 2012 Bonds (exclusive of accrued interest):

Sources of Funds:	
Principal Amount	$7,975,000*.00
Available funds of the City	
Debt Service Reserve Fund releases	
Underwriter's Discount	-
[Original Issue Premium]	
[Original Issue Discount]	-
Total	***$***
Uses of Funds:	
Deposit to Redemption Fund	
Deposit to Debt Service Reserve Fund	
Costs of Issuance	
Misc.	
Total	***$***

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE SERIES 2012 BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE SERIES 2012 BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2012 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2012 BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR THE UNDERWRITER.

Special Obligations

The Series 2012 Bonds are special obligations of the Issuer. Neither the Series 2012 Bonds nor the interest thereon constitute a general obligation or indebtedness of, nor is the payment thereof guaranteed by, the Issuer, the City or any other governmental subdivision, agency or instrumentality.

Debt Service Source

The Series 2012 Bonds are payable solely from and secured by the Trust Estate, which is primarily comprised of rental payments payable by the City under the Lease. The City expects to make its rental payments in part from Sublease rental payments by the Corporation. No representation or assurance can be given that revenues will be realized from the operations of the Corporation in amounts sufficient to pay the projected portion of City's rental payments or the principal of and the interest on the Series 2012 Bonds. Purchasers of the Series 2012 Bonds should bear in mind that the occurrence of any number of events, some of which are specified in more detail below, could adversely affect the revenue-producing ability of the Corporation. The future financial condition of the Corporation could be adversely affected by, among other things, legislation, regulatory actions, increased competition from other health care providers, decreased demand for health care services, demographic changes, changes in local economy, malpractice claims and other litigation.

The City has calculated projections of the revenues expected to be generated from the Sales Tax. These projections are based on certain assumptions, including a certain growth rate in the economy of the City. There is no assurance that these assumptions or, consequently, the projections will prove correct. The Sales Tax may generate less revenue for the payment of the principal and interest on the Series 2012 Bonds than has been projected. Future economic and other conditions, including population changes, economic developments in the area and changes in consumer spending habits, may materially adversely affect the revenues generated by the Sales Tax.

In the event the revenues derived by the City from the Sublease and the Sales Tax are insufficient to pay required rentals under the Lease, the City is obligated to make the deficiency from any lawfully available revenue sources of the City, including, if necessary, from the levy of ad valorem taxes on all taxable tangible property located within the City. Such alternative sources of funds may not be readily available to the City in order to make timely rental payments under the Lease.

No Mortgage of Hospital

The Hospital is located on property owned by the Issuer. In conjunction with the issuance of the Series 2002 Bonds, the City leased the Hospital from the Issuer and subsequently subleased the Hospital to the Corporation. Other than the right of the Issuer to enforce the Lease, neither the Hospital nor any other property owned by the Issuer, the City or the Corporation or used in conjunction with the operation of the Hospital is pledged or mortgaged to secure payment of the Bonds. If there is a default in the payment of the Bonds, the owners of the Bonds will have no right to foreclose upon or otherwise obtain use or possession of the Hospital facilities, other than to enforce the Issuer's rights in the Lease.

Debt Service Reserve Fund

Pursuant to the Indenture, an amount equal to the Debt Service Reserve Requirement will be deposited in the Debt Service Reserve Fund simultaneously with the issuance of the Series 2012 Bonds. Moneys in the Debt Service Reserve Fund may be invested in Investment Securities. Moneys, including such Investment Securities, may be applied by the Issuer to prevent default in payment of the principal of and interest on the Parity Bonds in accordance with the Indenture in the event funds on hand in the Principal and Interest Payment Account are insufficient to provide funds for payments due on any Payment Date. In the event the Issuer is required to sell such Investment Securities for such purpose, the price realized upon such sale may not equal the Debt Service Reserve Requirement.

In the event of a default by the Issuer under the Indenture, moneys deposited in the Debt Service Reserve Fund may, under certain circumstances and, ordinarily under the supervision of and under order of the courts, be applied for purposes other than payment of the Parity Bonds.

Regulation of the Health Care Industry

General. The Hospital and Corporation are subject to the requirements of, and potential penalties under, various laws and regulations governing its operations, including, where applicable, participation in the Medicare, Medicaid and other federal and state health care programs. Failure by the Hospital or Corporation to comply with the requirements of these laws and regulations could result in, among other things, exclusion from the Medicare and Medicaid programs and criminal and civil penalties, and could have a material adverse effect on the operations and financial condition of the Hospital. Certain of these laws and requirements are briefly summarized below.

Patient Protection and Affordable Care Act and Healthcare Reform. On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act and on March 30, 2010, the President signed the Health Care and Education Reconciliation Act of 2010, which included amendments to the earlier law (collectively, the laws are referred to as the "PPACA" or "Health Care Reform"). PPACA is intended to address disparities in access, cost, quality and the delivery of healthcare to United States residents. The changes to various aspects of the healthcare system in PPACA are far-reaching and include substantial adjustments to Medicare reimbursement, establishment of individual and employer mandates for health insurance coverage, extension of Medicaid coverage to certain populations, provision of incentives for employer-provided healthcare insurance, restrictions on physician-owned hospitals, and increased efficiency and oversight provisions. The implementation of the various provisions of PPACA is likely to be subject to delay, either pursuant to the terms of the provisions themselves, or court challenges from opponents to PPACA. Some of the provisions of PPACA have taken effect immediately, or will take effect shortly, while others will be phased in over time, ranging from one year to ten years. Most of the significant healthcare coverage reforms begin in 2014. PPACA also requires the promulgation of substantial regulations with significant effects on the healthcare industry. PPACA reforms the sources and methods by which consumers will pay for healthcare for themselves and their families. PPACA also places new requirements on employers related to the provision of health insurance for their employees and dependents. These reforms are expected to expand the base of consumers of healthcare services. One of the primary goals of PPACA is to provide or make available, or subsidize the premium costs of, healthcare insurance for consumers who are currently uninsured (or underinsured) and who fall below certain income levels. PPACA proposes to accomplish that objective through various provisions, including: (a) creating state organized insurance markets (referred to as exchanges) in which individuals and small employers can purchase healthcare insurance for themselves and their families or their employees and dependents; (b) providing subsidies for premium costs to individuals and families based upon their income relative to federal poverty levels; (c) mandating that individual consumers obtain and certain employers provide a minimum level of healthcare insurance, and providing for penalties or taxes on consumers and employers that do not comply with these mandates; (d) establishing insurance reforms that expand coverage generally through such provisions as prohibitions on denials of coverage for pre-existing conditions and elimination of lifetime or annual cost caps; and expanding existing public programs, including Medicaid for individuals and families.

To the extent all or any of those provisions produce the intended result, an increase in utilization of healthcare services by those who are currently avoiding or rationing their healthcare can be expected and bad debt expenses may be reduced. Some of the specific provisions of PPACA that may affect hospital operations, financial performance or financial conditions are described below. This listing is not comprehensive. PPACA is complex and comprehensive, and includes a myriad of new programs and initiatives and changes to existing programs, policies, practices and laws.

- With varying effective dates, the annual Medicare market basket updates for many providers, including inpatient and outpatient hospital services, will be adjusted based on a ten year average of national productivity and will be reduced by specified percentages each year.

- Commencing in federal fiscal year 2014, Medicare disproportionate share hospital ("DSH") payments (i.e., payments a provider receives from the federal government to help defray the cost of treating the uninsured) will be reduced initially by 75%, and thereafter will be determined by a formula that takes into account the national number of consumers who do not have healthcare insurance and the amount of uncompensated care provided by a hospital. Commencing in 2014, the Medicaid DSH payment also will be reduced.

- Medicaid programs will be expanded to a broader population, with incomes up to 133% of federal poverty levels.

- Beginning with hospital discharges after October 1, 2012, Medicare will reduce payments to hospitals found to have an excess readmissions ratio for certain conditions and this information will be made available to the public.

- Commencing in federal fiscal year 2015, Medicare payments to certain hospitals to cover conditions acquired during hospitalization will be reduced by 1%. Commencing in federal fiscal year 2011, federal payments to states for Medicaid services related to hospital-acquired conditions will be prohibited.

- Beginning in 2013, a value-based purchasing program will be established under the Medicare program. This program will provide incentive payments to hospitals based on their performance on certain quality and efficiency measures. In order to fund the incentive payments awarded to hospitals under this program, CMS will phase in reductions to Medicare inpatient payments.

- To reduce waste, fraud, and abuse in public programs, PPACA provides for provider enrollment screening, enhanced oversight periods for new providers and suppliers, and enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs. It also requires Medicare and Medicaid program providers and suppliers to establish compliance programs. PPACA requires the development of a database to capture and share healthcare provider data across federal healthcare programs and provides for increased penalties for fraud and abuse violations, and increased funding for anti-fraud activities.

- PPACA imposes substantial new data reporting obligations on hospital initiatives to improve the quality of care, reduce errors and improve health outcomes.

Broadly speaking, the provisions of PPACA that encourage or mandate healthcare coverage for individuals can be expected to increase demand for health care and reduce the amount of uncompensated care that the Hospital provides. However, revisions to the Medicare reimbursement program could reduce revenues. Therefore, the impact of PPACA on the operations of the Institutions cannot be currently ascertained, and it may have a material impact, either positive or negative, on the Institutions' operations. Legal challenges to PPACA, specifically related to the constitutionality of the Health Care Reform mandate requiring individuals to purchase insurance or be subject to tax penalties, are expected to reach the United States Supreme Court before taking effect in 2014. At least two federal district courts have ruled that PPACA's mandated purchase of insurance is unconstitutional, while other federal district courts have rejected constitutional challenges to the mandated insurance requirements of PPACA. It is unclear what effect a Supreme Court ruling overturning the individual mandate will have on PPACA as a whole. Furthermore, because of political changes to Congress resulting from the 2010 mid-term elections, there is debate over whether PPACA, or portions thereof, will be repealed or whether PPACA will be defunded. The Hospital and Corporation are analyzing PPACA and will continue to do so in order to assess its effects on current and projected operations, financial performance and financial condition. However, management of the Hospital and the Corporation cannot predict with any reasonable degree of certainty or reliability any interim or ultimate effects of the legislation.

Medicare and Medicaid Programs. The Hospital and Corporation derive a significant portion of its revenues from Medicare, Medicaid and other third party payor programs that are subject to governmental regulation applicable to health care providers. Changes to these programs discussed above have had and are likely to continue to have a material impact on the financial condition of the Hospital and the Corporation. It is unlikely that the Hospital could attract sufficient numbers of private pay patients to become self-sufficient without reimbursements under the Medicare and Medicaid programs. Thus, future reimbursement from government sources will be critically important to hospitals generally and to the Hospital specifically, and reductions in reimbursements (or increases at rates less than the costs of providing care to Medicare and Medicaid patients) in the future could have a material adverse effect on the Hospital and its results of operations.

Fraud and Abuse Statutes ("Anti-Kickback Laws"). The Medicare and Medicaid Anti-Kickback Laws provide for civil monetary and criminal penalties and expulsion from the Medicare/Medicaid programs for acts that add unnecessarily to the costs of the programs, such as knowing or willful over-utilization of services, or the offering, solicitation, payment or receipt of remuneration for the referrals of patients. The scope of prohibited payments and transactions in the statutes is broad and includes certain economic arrangements involving hospitals, physicians and other health care providers, such as joint ventures, space and equipment rentals, purchases of physician practices and management and personal services contracts. Regulations describe certain arrangements that will not be deemed to constitute violations of the statute. The safe harbors described in the regulations are narrow and do not cover a wide range of economic relationships that many hospitals, physicians and other health care providers consider to be legitimate business arrangements not prohibited by the statute. Because the regulations describe safe harbors and do not purport to describe comprehensively all lawful or unlawful economic arrangements or other relationships between health care providers and referral sources, hospitals and other health

care providers having these arrangements or relationships may be required to alter them in order to ensure compliance with the fraud and abuse statute.

There has been an apparent increase in high profile fraud and abuse investigations, according to published reports, which suggests that the federal government is devoting greater resources to scrutinizing arrangements and relationships among health care providers and referral sources to determine if those arrangements and relationships are in violation of the Anti-Kickback Laws.

The Corporation believes that its contracts with physicians and other referral sources are in material compliance with the Anti-Kickback Laws to the extent they apply to those contracts.

Federal False Claims Act/Qui Tam Actions. Medicare requires that extensive financial information be reported on a periodic basis and in a specific format or content. These requirements are numerous, technical and complex and may not be fully understood or properly implemented by hospital billing or reporting personnel. With respect to certain types of classifications of information, the Federal False Claims Act may be violated merely by reason of inaccurate or incomplete reports. As a consequence, ordinary course errors or omissions may also result in liability. New billing systems, new medical procedures and procedures for which there is no clear guidance from the Center for Medicare and Medicaid Services ("CMS") may all result in liability under the False Claims Act. The penalties for violation include criminal and civil liability and may include, for serious or repeated violations, exclusion from participation in the Medicare program.

Additionally, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") prohibits (1) the practice or pattern of presenting a claim for an item or service on a reimbursement code that the person knows or should know will result in greater payment than appropriate, *i.e.*, upcoding, and (2) engaging in a practice of submitting claims for payment for medically unnecessary services. Violation of prohibited practices under HIPAA could amount to civil monetary penalties of up to $10,000 for each item or service involved, in addition to any potential liability for over-reimbursements under the Federal False Claims Act.

Federal False Claims Act actions may be brought directly against a health care provider by the U.S. Attorney's office. In addition, the False Claims Act provides that an individual may bring a civil action for a violation of the Act. These actions are referred to as *Qui Tam* actions. In a Qui Tam action, a hospital employee or other individual would be able to sue on behalf of the United States government if he or she believes that the hospital has violated the Medicare reimbursement rules, including the HIPAA provisions described above. If the government proceeds with an action brought by this individual, then he or she could receive as much as 25% of any money recovered by the government.

Federal Self-Referral Prohibitions. A federal law, commonly referred to as the Stark Amendment, provides that if a physician (or family member) has a financial relationship with an entity that does not fit a published exception, the physician may not refer and the entity may not bill for any "designated health services" referred by the physician and payable in whole or in part under Medicare. The law also covers Medicaid, but no final rules implementing the Medicaid portion have been adopted. Hospital inpatient and outpatient services are on the list of "designated health services", along with laboratory, radiology, physical therapy, and many other services. There is no "intent" requirement as with the Anti-Kickback Laws. A provider, such as the Hospital, is prohibited from billing anyone for improperly referred "designated health services."

Violation of the Stark Amendments renders the entity, such as a hospital, unable to bill for improperly referred services payable in whole or in part under Medicare, and may require repayment of improperly billed amounts. Violation is also regarded as an False Claims Act violation and may lead to civil monetary penalties and permissive exclusion. Exceptions have been published in regulations. The exceptions are relatively narrow and require satisfaction of each condition listed in the exception.

The Stark Amendment applies to the Hospital's relationships with its referring physicians, including dentists, podiatrists and some others. Stark generally prohibits having a financial relationship with a physician (or a family member of a physician), even an inadvertent one, unless the relationship fits a published exception. The law is highly technical and exceedingly broad. The impact of a Stark Amendment violation could be materially adverse to the Hospital and its results of operations.

Management of the Hospital believes that it is presently in material compliance with the Stark Amendment. There can be no assurances, however, that the Hospital will not be found to have violated the Stark Amendment, and if so, whether any sanction imposed would have a material adverse effect on the operations of the Hospital and its financial condition.

Patient Transfers. In response to concerns regarding inappropriate hospital transfers of emergency patients based on the patient's inability to pay for the services provided, Congress has enacted an "anti-dumping" statute. Failure to comply with the federal Emergency Medical Treatment and Labor Act can result in exclusion from the Medicare and Medicaid programs, as well as civil and criminal penalties. Substantial failure of the Hospital to meet its responsibilities under the law could materially adversely affect the financial condition of such entity. The Hospital and Corporation have not previously experienced any claims regarding improper patient transfers, and in the opinion of the Corporation, there are no potential claims that could have a material effect on the financial position of the Hospital or the Corporation.

Licensing, Surveys, Investigations and Audits. Health facilities are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements of state licensing agencies. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections or other reviews generally conducted in the normal course of business of health facilities. Loss of, or limitations imposed on, hospital licenses could reduce hospital utilization or revenues, or a hospital's ability to operate all or a portion of its facilities.

Medicare Retroactive Audit Adjustments. The Hospital is subject to audits and retroactive audit adjustments with respect to the Medicare program. The Hospital provides for audit adjustments based on estimated final settlements. The Medicare program has issued final settlement notices to the Hospital for all cost report periods through December 31, 2009. The Hospital provides for audit adjustments based on estimated final settlements. Nevertheless, such adjustments may exceed reserves and may be substantial. Medicare and Medicaid regulations also provide for withholding Medicare and Medicaid payments in certain circumstances, and such withholding could have an adverse effect on the revenues of the Hospital. The Hospital has had adjustments each year under the Medicare program, but those adjustments have not historically been material, and management of the Hospital believes that any adjustments for any fiscal years that have not presently been audited will not be material to the Hospital.

Costs to Comply with Health Care Regulations

The Hospital has incurred, and is likely to incur in the future, substantial capital and operating expenses relating to compliance with new health care laws, rules and regulations. For example, the Hospital has previously incurred substantial expenses to comply with patient privacy laws, electronic data interchange regulations, and electronic data security regulations. The federal and Kansas legislatures and regulators are likely to continue to adopt legislation and regulations that increase significantly the operating and capital costs to comply with those new standards. The Hospital continues to incur ongoing costs to comply with these and numerous other health care regulations affecting patients, patient data, electronic security and other matters.

HIPAA, for example, requires that certain health care providers, including the Hospital, establish distinct privacy and security protections for individually identifiable health information. In 2000, HHS released a final privacy regulation that protects patient medical records and other personal health information maintained by health care providers, hospitals, health plans, health insurers and health care clearinghouses. The standards limit the non-consensual use and release of private health information; give patients new rights to access their medical records and to know who else has accessed them; restrict most disclosure of health information to the minimum needed for the intended purpose; establish new criminal and civil sanctions for improper use or disclosure; and establish new requirements for access to records by researchers and others.

In addition, HIPAA contains a provision that provides if the state law is more stringent with regard to disclosure of a patient's medical records, then the state law applies. Accordingly, while HIPAA may allow for disclosure of a patient's medical records in certain limited circumstances without an authorization, under Kansas state law such disclosures may be considered to be a breach of the health care provider's fiduciary duty to the patient.

In 2000, CMS released its final rule establishing standards that every health care provider is required to follow when transmitting health information over electronic data interchanges. HHS has also prepared a separate regulation establishing standards concerning the security of health care data that is transmitted electronically. These security standards require covered entities such as the Hospital to undertake a wide range of activities designed to enhance security of automated information. These measures include implementing physical security measures (e.g., locked facilities) as well as software security measures (e.g., user authentication, etc.) and data transmission protections (such as encryption).

Changes in Delivery of Health Care

Private employers, in response to the increased cost of health care and the desire to reduce health care costs, have begun to reconsider the manner in which health care benefits are provided to their employees in order to create incentives for cost containment. Traditional commercial health insurance programs, which pay for services based on specified charges, are being displaced by a wide range of managed care programs which include health maintenance organizations (HMOs), preferred provider organizations (PPOs) and other alternative delivery Changes in the payment methodologies for privately funded health insurance programs and future contract negotiations between the Hospital and private insurers, HMOs and PPOs and efforts of other entities and employers to limit hospitalization costs have adversely affected the Hospital's revenues and future changes are likely to have a continuing downward pressure on the Hospital's revenues.

Increased financial risk and competitive pressure resulting from growth in the managed care market could have a negative impact on health care providers in several ways. First, arrangements that provide for a per admission flat rate or a fixed payment per period per enrollee may not reflect the actual cost of the services provided to each patient. Second, a health care provider may not be able to serve the patients of alternative delivery systems with which it does not contract. Third, a health care provider generally is required to reduce substantially its charges in contracting with alternative delivery systems. Fourth, the managed care market is becoming increasingly competitive, and many alternative delivery systems may not survive. A health care provider that contracts with an alternative delivery system in poor financial condition may be responsible for providing care even though the alternative delivery system is unable to pay the health care provider for the services.

Cost of Technological Advances

Scientific and technological advances, new procedures, drugs and appliances, preventive medicine, occupational health and safety and outpatient health care delivery may reduce utilization and revenues of the Hospital. Additionally, technological advances in recent years have accelerated the trend toward the use by hospitals of sophisticated and costly equipment and services for diagnosis and treatment. The acquisition and operation of certain equipment or services may continue to be a significant factor in Hospital utilization, but the ability of the Hospital to offer the equipment or services may be subject to the availability of equipment or specialists, governmental approval or the ability to finance these acquisitions or operations.

Nursing Shortage and Staffing

Health care providers generally have experienced a shortage of nursing, technical and related staff, which has resulted in increased costs due to the need to hire agency nursing personnel at higher rates and increased overall compensation levels. While not expected, the Hospital may experience shortages in nursing and related staffing in the future, with a corresponding pressure on wages.

Other Factors Affecting the Financial Performance of the Hospital

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the operations and financial performance of the Hospital to an extent that cannot be determined at this time:

1. *Changes in and Reliance on Senior Management.* The senior management team of the Hospital is limited and the results of operations of the Hospital are highly dependent upon that management team, including particularly its Chief Executive Officer. The current Chief Executive Officer has provided services to the Hospital since June 2011.

2. *Reliance upon Admitting Physicians.* The Hospital is served by an active medical staff of 20 physicians. The loss of any one of these physicians from the active medical staff could have a material adverse effect on admissions to the Hospital. In addition, 11 of these admitting physicians are over 60 years of age, and the Hospital's Radiologist is 75 years of age. There can be no assurance that the Hospital will be successful in recruiting any additional physicians to the area in the future.

3. *Availability of Health Care Personnel.* The operating costs and results of operations of the Hospital are directly affected by the availability of and increased compensation necessary to secure physicians, nurses and other health care personnel. The Hospital occasionally experiences challenges in recruiting and retaining certain personnel. Lack of availability of qualified health care personnel could have an adverse effect on operating costs of the Hospital.

4. *Compensation of Health Care Personnel.* While the Hospital has not recently experienced significant competition for health care personnel, with the corresponding pressures on wages, there can be no assurance that the Hospital

will not experience competition for qualified staff in the future. Future competition for qualified staff could create wage increase pay pressures on the Hospital and adversely affect its results of operations.

5. *Future Economic Conditions*. Increased unemployment or other adverse economic conditions or changes in demographics in the service area of the Hospital could increase the proportion of patients who are uninsured or otherwise unable to pay fully for the cost of their care; cost and availability of energy; an inability to control expenses in periods of inflation and difficulties in increasing room charges and other fees while maintaining the quality of health care services.

6. *Competition from Other Health Care Providers*. Increased competition from other hospitals and from other forms of health care delivery, which may offer comparable services at lower prices, and which may be encouraged by federal policies and private insurers and employers, could adversely affect the ability of the Hospital to maintain market share, could force the Hospital to offer discounted rates as a condition to participating in such programs, or could adversely affect the ability of the Hospital to attract physicians and other staff.

7. *Demand for Health Care Services*. Decreased usage of inpatient hospital facilities resulting from development of alternative health care delivery systems, scientific advances and efforts by insurers, employers and governmental agencies to encourage the use of preventive medicine, improved occupational health and safety standards and outpatient care.

8. *Malpractice and Other Claims*. Increases in the cost of malpractice and general liability insurance coverage and the amounts paid in settlement of malpractice claims or other claims not covered by insurance or self-insurance reserves. The Hospital, along with the rest of the health care provider industry, has at various times experienced substantial increases in malpractice and general liability premiums, regardless of its claims history.

9. *Organized Labor Efforts*. Efforts to organize employees of the Hospital into collective bargaining units could result in adverse labor actions or increased labor costs. Although there have not been any efforts known to the Hospital to organize any of its employees into a collective bargaining unit, there have been reports nationally of increased efforts by labor unions to organize employees of health care providers and other service companies.

10. *Environmental Matters*. Legislative, regulatory, administrative or enforcement action involving environmental controls that could adversely affect the operation of the facilities of the Hospital. For example, if property of the Hospital is determined to be contaminated by hazardous materials, the Hospital could be liable for significant clean up costs even if it were not responsible for the contamination.

11. *Natural Disasters*. The occurrence of natural disasters, such as earthquakes, tornadoes, ice storms, floods or droughts, could damage the facilities of the Hospital, interrupt services or otherwise impair operations and the ability of the Hospital to produce revenues.

12. *Rate Regulation.* The possible imposition of wage and price controls for the health care industry, and the resultant inability to maintain the quality and scope of health care services provided by the Hospital.

Taxation of Interest on the Series 2012 Bonds

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Series 2012 Bonds is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Series 2012 Bonds includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Indenture and in other documents and certificates to be delivered in connection with the issuance of the Series 2012 Bonds to comply with the provisions of the Code, including those which require the Issuer to take or omit to take certain actions after the issuance of the Series 2012 Bonds. Because the existence and continuation of the excludability of the interest on the Series 2012 Bonds depends upon events occurring after the date of issuance of the Series 2012 Bonds, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the Issuer with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Series 2012 Bonds in the event of noncompliance with such provisions. The failure of the Issuer to comply with the provisions described above may cause the interest on the Series 2012 Bonds to become includable in gross income as of the date of issuance.

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Indenture does not provide for the payment of additional interest or penalty on the Series 2012 Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Indenture does not provide for the payment of any additional interest or penalty on the Series 2012 Bonds if the interest thereon becomes includable in gross income for Kansas income tax purposes.

Risk of Audit

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. The Issuer cannot predict whether the IRS will commence an audit of the Bonds. Owners of the Bonds are advised that, if the IRS does audit the Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the Issuer as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome thereof.

Premium on Series 2012 Bonds

[The initial offering prices of certain maturities of the Series 2012 Bonds that are subject to optional redemption are in excess of the respective principal amounts thereof.]Any person who purchases a Series 2012 Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Series 2012 Bonds are subject to redemption at par under the various circumstances described under "THE SERIES 2012 BONDS – Redemption Provisions."

Suitability of Investment

An investment in the Series 2012 Bonds involves a certain degree of risk. The interest rate borne by the Series 2012 Bonds (as compared to prevailing interest rates on more secure tax exempt bonds such as those which constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of risk. Furthermore, the tax exempt feature of the Series 2012 Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Series 2012 Bonds are an appropriate investment.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Series 2012 Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer.

Limitations on Remedies Available to Owners of Series 2012 Bonds

The enforceability of the rights and remedies of the owners of Series 2012 Bonds, and the obligations incurred by the Issuer in issuing the Series 2012 Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2012 Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Market for the Series 2012 Bonds

Bond Rating. The Series 2012 Bonds have been assigned the financial rating set forth in the section hereof entitled "BOND RATINGS." 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 Series 2012 Bonds.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Series 2012 Bonds. It is the present practice of the Underwriter, however, to make a secondary market as dealers in issues of municipal bonds which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Series 2012 Bonds, but is not obligated to do so. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in the Series 2012 Bonds as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Series 2012 Bonds 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.

BOND RATING

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., has assigned a rating of "[___]" to the Series 2012 Bonds. 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 Series 2012 Bonds, or as to the market price or suitability thereof for a particular investor. The Issuer furnished such rating agency with certain information and materials relating to the Series 2012 Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. 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 Series 2012 Bonds.

ABSENCE OF LITIGATION

There is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in the transcript leading up to the issuance of the Series 2012 Bonds, or the constitutionality or validity of the indebtedness represented by the Series 2012 Bonds shown to be authorized in the transcript, or the validity of the Series 2012 Bonds or any of the proceedings in relation to the issuance or sale thereof, or the pledging of the Trust Estate to pay the principal of and interest thereon.

LEGAL MATTERS

Approval of Series 2012 Bonds

All matters incident to the authorization and issuance of the Series 2012 Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas ("Bond Counsel"). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the Official Statement but expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE SERIES 2012 BONDS," "LEGAL MATTERS," "TAX MATTERS" and "***APPENDIX E*** – SUMMARY OF FINANCING DOCUMENTS." Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Series 2012 Bonds. Certain legal matters have been passed on for the Issuer and the City by Paul M. Kritz, Esq.

Certain Relationships

Bond Counsel has represented the Underwriter and the City as bond counsel in transactions unrelated to the issuance of the Series 2012 Bonds, but is not representing the Underwriter or the City in connection with the issuance of the Series 2012 Bonds.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series 2012 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2012 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2012 Bonds in the secondary market at a premium or a discount. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2012 Bonds.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the issue date of the Series 2012 Bonds:

Federal Tax Exemption. The interest on the Series 2012 Bonds [(including any original issue discount properly allocable to an owner thereof)] is excluded from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the Series 2012 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The Series 2012 Bonds have **not** been designated as "qualified tax-exempt obligations" for purposes of Code § 265(b).

Kansas Tax Exemption. The interest on the Series 2012 Bonds is exempt from income taxation by the State.

No Other Opinions. Bond Counsel's opinions are provided as of the date of the original issue of the Series 2012 Bonds, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2012 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2012 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2012 Bonds.

Other Tax Consequences

[***Original Issue Discount.*** For Federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a Series 2012 Bond over its issue price. The issue price of a Series 2012 Bond is the first price at which a substantial amount of the Series 2012 Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Code § 1288, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2012 Bond during any accrual period generally equals: (a) the issue price of that Series 2012 Bond, plus the amount of OID accrued in all prior accrual periods; multiplied by (b) the yield to maturity on that Series 2012 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period); minus (c) any interest payable on that Series 2012 Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for Federal income tax purposes, and will increase the owner's tax basis in that Series 2012 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.]

[***Original Issue Premium.*** If a Series 2012 Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2012 Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Series 2012 Bond. Under Code § 171, the purchaser of that Series 2012 Bond must amortize the premium over the term of the Series 2012 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2012 Bond 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 Series 2012 Bond prior to its maturity. Even though the owner's basis is reduced, no Federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2012 Bond, an owner of the Series 2012 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2012 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2012 Bond. To the extent the Series 2012 Bonds are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2012 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Series 2012 Bonds, and to the proceeds paid on the sale of Series 2012 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2012 Bonds should be aware that ownership of the Series 2012 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2012 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2012 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2012 Bonds, including the possible application of state, local, foreign and other tax laws.

UNDERWRITING

The Series 2012 Bonds are being purchased for reoffering by Stifel, Nicolaus & Company, Inc., Wichita, Kansas (the "Underwriter") at a price equal to the principal amount of the Series 2012 Bonds, plus accrued interest from the Dated Date to the Issue Date, less an underwriting discount of $[_____][, plus an original issue premium of $_____][, less an original issue discount of $_____]. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2012 Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2012 Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Series 2012 Bonds will be offered to the public initially at the prices determined to produce the yield to maturity or applicable redemption date set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Series 2012 Bonds to certain dealers (including dealers depositing the Series 2012 Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Series 2012 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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AUTHORIZATION OF OFFICIAL STATEMENT

The preparation of this Official Statement and its distribution has been authorized by the governing body of the Issuer as of the date on the cover page hereof. This Official Statement is submitted in connection with the issuance of the Series 2012 Bonds and may not be reproduced or used as a whole or in part for any other purpose. This Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Series 2012 Bonds

PUBLIC BUILDING COMMISSION
OF THE CITY OF COFFEYVILLE, KANSAS

By _____
Jim Miller, President

CITY OF COFFEYVILLE, KANSAS

By _____
David George, Mayor

By: _____
Stephanie Richardson, Finance Director

COFFEYVILLE REGIONAL MEDICAL CENTER, INC.

By _____
John Smith, Chief Executive Officer

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* Subject to change.

APPENDIX A

INFORMATION CONCERNING THE CITY

GENERAL

The City of Coffeyville, Kansas (the "City") is situated in the region known as the Osage Prairies in southeast Kansas on the Kansas/Oklahoma state line. The City is located in a level area which is bounded on the west, north and the south by slightly rolling hills and on the east by the Verdigris River. The City encompasses approximately 8.5 square miles and has a current estimated population of 10,295 persons.

Government and Organization of the City

The City was incorporated in 1869 and is a city of the first class.

The City operates under a Commission-Manager form of government. The five members of the City Commission are elected to staggered terms, with not more than three elected in each odd-numbered year. The two candidates receiving the most votes are elected to four-year terms and the third-place candidate is elected to a two-year term. The City Manager is appointed by the City Commission and is charged with the efficient and effective administration of the City.

Municipal Services and Utilities

The City owns and operates an electric generating and distribution system, water and sewer utility systems. Atmos Energy supplies natural gas to the City. Telephone service is provided by AT&T. Cox Communication operates a cable television system under franchise with the City.

The City has 27 sworn police officers and 19 firefighters which provide continuous full-time protection to the City. Coffeyville Regional Medical Center operates an emergency ambulance service for the City and surrounding area.

Transportation and Communication Facilities

The City is served by 2 major highways: U.S. Highway 169 and U.S. Highway 166. Several motor freight lines serve the City. Rail service is provided by Union Pacific/Missouri Pacific, Southeast Kansas & Oklahoma (SKO) and Southeast Kansas (SEK) Railroads.

The City's municipal airport is located in an industrial park 4½ miles northeast of the City on U.S. Highway 169 and provides a runway capable of handling private and corporate aircraft. Regularly scheduled air service is available at Tulsa International Airport, located 70 miles from the City.

Educational Institutions and Facilities

Unified School District No. 445, Montgomery County, Kansas (Coffeyville) serves the City and the surrounding areas. Enrollment is approximately 1,930 students, with 590 high school students, 242 middle school students, and 1,098 elementary students in the new PK-6 elementary school. In addition, there is one parochial school located in the City. Coffeyville Community College is located in the City and provides a two-year curriculum and vocational and technical courses of study.

Medical and Health Facilities

The City owns the Coffeyville Regional Medical Center, a 148-bed facility built in 1949 which underwent a $16,000,000 expansion and renovation in July 2005. Construction is underway on a new Radiation Oncology and MRI building including a new safe room to accommodate 38 beds and 34 wheelchairs. A new radiation therapy unit will be purchased including a simulator and upgrading of the linear accelerator. The total project cost is $9.5 million. Thirty-one medical doctors currently practice in the hospital facility, operated by CRMC, Inc. Additional information regarding the Hospital is contained in ***APPENDIX B*** hereto. There are two nursing homes and two assisted living facilities located within the City.

Recreational, Cultural and Religious Facilities

The recreation facilities available in the area include two golf courses, the Coffeyville Aquatic Center, bowling alley, skating rink, 10 parks covering 345 acres, fairgrounds and RV park (Walter Johnson Park) with 48 acres, and an organized recreational program. The City is well situated for water recreation with six major water improvements located within 75 miles: Fall River Reservoir; Toronto Reservoir; Elk City Reservoir; Big Hill Reservoir; Grand Lake (Oklahoma) and Hulah Lake (Oklahoma). The City has a Cultural Arts Council, a Community Theater group, one library and 70 churches.

ECONOMIC INFORMATION

The City has a diversified industrial base with several manufacturing facilities in the industrial park located just outside the City, as well as manufacturing facilities inside the City limits. Companies located in the industrial park include John Deere Coffeyville Works; Southwire Company, RSI Home Products, Inc., and American Craftsman. Amazon.com's largest distribution center is also located in the City's industrial park.

Inside the City limits are foundries and pattern shops including Acme Foundry, Jensen International, Coffeyville SEKTAM, Morrow Foundry and Parmac; as well as Tessenderlo-Kerley, Linde and CVR Energy, LLC, (a refinery and nitrogen fertilizer facility). The City also has many wholesale distributors to serve the industrial community. Many of the City's largest employers are service-providers including Coffeyville Regional Medical Center, Windsor Place, Coffeyville Community College and Unified School District No. 445.

Amazon.com opened their largest distribution center in the United States in the Coffeyville Industrial Park in 1999. The employment levels at this distribution center can exceed 1,000 employees during the peak holiday shipping season. Southwire Company currently employs 174. Wal-mart completed construction on a new supercenter in Coffeyville in 2010.

In 2001, the City approved a sales tax to fund building a new Pre-Kindergarten through 6th grade elementary school, renovate the existing middle school and high school and construct a $16 million expansion and renovation of Coffeyville Regional Medical Center. An existing sales tax was renewed in 2003 to provide a portion of the funds necessary for the Highway 169 System Enhancement Transportation Project planned in the City's industrial park. The City has agreed to finance $3,300,000 of the $56,000,000 expressway project from revenues of the sales tax that was renewed in 2003, with the remainder of the costs to be paid by KDOT. Construction on the expressway project began in 2009 and is scheduled to be completed in fall of 2011.

In recent years the City has built an athletic stadium, aquatic center and added nine holes to the golf course to further enhance the quality of life for all the residents of the City and the surrounding area.

Major Employers

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

Major Employers	Product/Service	Number of Full- & Part-time Employees
1. Amazon.com	Distribution	600 FT / 300 PT
2. Acme Foundry	Castings	280 FT / 5 PT
3. Coffeyville Regional Medical Center	Health Care	287 FT / 115 PT
4. John Deere Coffeyville Works	Power Transmission	138 FT / 6 PT
5. Southwire Company	Wire Manufacturer	174 FT / 0 PT
6. CVR Energy, LLC	Refinery	112 FT / 0 PT
7. U.S.D. No 445	Education	225 FT / 30 PT
8. Jensen International	Pump Jacks	140 FT / 0 PT
9. Windsor Place	Health Care	421 FT / 0 PT

Source: Chamber of Commerce

Labor Force

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

MONTGOMERY COUNTY

Year	Total Labor Force	Employed	Unemployed	Unemployed Rate
2007	17,504	16,672	832	4.8%
2008	17,833	16,853	980	5.5%
2009	18,629	16,743	1,886	10.1%
2010	18,364	16,459	1,905	10.4%
2011	18,661	16,779	1,882	10.1%

STATE OF KANSAS

Year	Total Labor Force	Employed	Unemployed	Unemployed Rate
2007	1,471,969	1,411,384	60,585	4.1%
2008	1,480,875	1,415,467	65,408	4.4%
2009	1,507,644	1,399,356	108,288	7.2%
2010	1,504,883	1,397,208	107,675	7.2%
2011	1,505,043	1,404,339	100,704	6.7%

Source: Kansas Department of Labor

Retail Sales Tax Collections

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

Year	Sales Tax Collections	Per Capita Sales Tax
2006	$21,881,965	$598.86
2007	22,141,640	637.99
2008	22,202,169	642.10
2009	19,560,792	610.13
2010	21,412,122	561.30

Source: Kansas Statistical Abstract

Local Option Sales Tax

General. The City imposes local retail sales taxes totaling two and one-half percent (2.5%) to fund health care improvements, school improvements, City capital improvements and economic development. On April 1, 2010, the City began levying and collecting an additional one-half percent (0.5%) local retail sales tax to fund residential street repairs, bringing the aggregate local retail sales tax rate levied by the City to 3%. The following table provides the total amount of local sales tax collected and received by the City during the years indicated.

Year	Receipts
2007	$4,293,930.14
2008	4,222,770.92
2009	4,056,341.12
2010	4,472,463.93
2011	5,220,140.19

Source: Clerk

Health Care Sales Tax. Included within the amounts set forth above are the following amounts of the one-half percent (0.5%) health care sales tax collected and received by the City during the years indicated:

Year	Receipts	Expenditures	Balance at Year End
2007	$858,786.03	$509,724.07	$1,963,296.44
2008	844,554.17	533,051.69	2,274,798.92
2009	811,268.22	566,931.47	2,519,135.67
2010	800,955.46	561,033.47	2,759,057.66
2011	870,023.38	560,280.19	3,068,800.85

Source: Clerk

Oil Production

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

Year	Oil Production
2006	120,233
2007	94,517
2008	123,541
2009	125,195
2010	133,480

Source: Kansas Geological Survey

Financial and Banking Institutions

There are currently 9 banks located in Montgomery County. For the years listed, bank deposits of the County's banks are as follows (in millions of dollars):

Year	Total Bank Deposits
2006	$537
2007	571
2008	576
2009	572
2010	588

Source: Kansas Statistical Abstract

Building Permits

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

	Number of Permits Issued		Total Valuation	
Year	Residential	Non-Residential	Residential	Non-Residential
2007	88	17	$3,297,159	$ 4,839,521
2008	57	35	1,867,170	20,451,760
2009	63	21	648,030	11,698,192
2010	67	24	2,861,286	6,213,599
2011*	819	91	5,363,935	3,361,376

* In 2011, the City changed its building permit process and also suffered a large hail storm, resulting in an increased number of building permits issued.
Source: City Clerk

Population Trends

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

Year	City Population	Montgomery County Population
2006	10,387	34,692
2007	10,349	34,511
2008	10,312	34,395
2009	10,244	34,254
2010	10,295	35,471

The median age of persons in Montgomery County and the State of Kansas is 39.9 and 36, respectively, per the 2010 Census.

Source: 2010 data: U.S. Census Bureau; 2006-2009 date: Kansas Division of Budget

Personal Income Trends

Montgomery County personal (in thousands of dollars) and per capita income and the State of Kansas per capita income are listed for the years indicated, in the following table.

Year	Montgomery County Personal Income	Montgomery County Per Capita Income	State of Kansas Per Capita Income
2005	$ 907,253	$26,519	$33,145
2006	989,048	28,865	35,772
2007	1,067,858	31,041	37,775
2008	1,103,281	32,187	40,022
2009	1,116,420	32,592	39,173

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

FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

The City follows a cash receipts and disbursement basis of accounting which is adjusted for the issuing of statements, to the Kansas state cash basis and budget laws, as appropriate.

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

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

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements–and Management's Discussion and Analysis–for State and Local Governments* in June 1999 ("Statement 34"), which established

new requirements for the annual financial reports of state and local governments. The City has elected not to implement the changes set forth in Statement 34.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Jarred, Gilmore & Phillips, PA, previously known as Diehl, Banwart, Bolton, Jarred & Bledsoe, Chartered, Chanute, Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ended December 31, 2010, is attached hereto as ***APPENDIX C***.

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

Sources of Revenue

The City finances its general operations through the local property tax levy, various other taxes, revenues from utility systems, and other miscellaneous sources as indicated below for the current Fiscal Year:

Source	Percent
Local property tax	5.2%
Sales Tax	5.7%
Fees/State/Other	2.4%
Enterprise & Special Revenue Funds	4.3%
Inter-Fund Transfers	8.8%
Payments made by utility enterprises	71.5%
Cash Carryover	2.1%

Source: Clerk

Property Valuations

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties under the direction of state statutes. The Montgomery 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 City.

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

other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

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

Assessed Valuation

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

Year	Real Property	Personal Property	Utilities	Motor Vehicles	Total Valuation
2007	$ 36,092,744	$4,895,001	$2,528,950	$8,101,667	$ 51,618,362
2008	106,821,679	4,051,975	2,294,803	8,101,667	121,270,124
2009	100,370,304	3,533,470	2,301,917	7,325,237	113,530,928
2010	101,716,550	3,100,874	2,277,810	6,973,219	114,068,453
2011 [1]	102,863,743	2,213,868	2,326,288	6,811,938	114,215,837

[1] Preliminary 2011 assessed valuation figures used for budgeting purposes.
Source: County Clerk

Property Tax Levies and Collections

***Tax Collections*:**

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

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

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

***Tax Rates*:**

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

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

Year	General Fund	Library Fund	Total Levy
2007/08	33.555	6.235	39.790
2008/09	37.158	2.642	39.800
2009/10	36.655	3.145	39.800
2010/11	36.471	3.085	39.556

2011/12	35.845	3.269	39.114

Source: County Clerk

Aggregate Tax Levies:

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

Year	City	Montgomery County	School District	State	Other*	Total Levy
2007/08	39.790	49.415	49.465	1.5	39.033	179.203
2008/09	39.800	42.299	49.401	1.5	38.894	171.894
2009/10	39.800	52.100	49.321	1.5	39.199	181.920
2010/11	39.556	46.715	48.997	1.5	36.890	173.658
2011/12	39.114	42.138	44.727	1.5	42.863	170.342

* Primarily the Coffeyville Community College.
Source: County Clerk

Tax Collection Record:

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

			Current Taxes Collected		Current & Delinquent Taxes Collected	
Year	Total Levy	Total Taxes Levied	Amount	Percentage	Amount	Percentage
2007/08	39.790	$1,710,327.46	$1,606,171.83	94%	$1,617,650.90	95%
2008/09	39.800	4,163,612.48	4,054,528.18	97%	4,119,568.94	99%
2009/10	39.800	4,202,137.23	4,077,870.56	97%	4,115,444.09	98%
2010/11	39.556	4,232,814.04	4,107,746.37	97%	4,111,604.76	97%
2011/12	39.114	4,224,177.02	4,117,475.27	97%	4,156,072.30	98%

Source: County Clerk

Major Taxpayers:

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

Taxpayer	Assessed Valuation	Taxes Paid
1. Coffeyville Resources Nitrogen	$55,476,218	$9,633,889.16
2. BOC Group Inc	6,640,868	1,153,239.86
3. Walmart Stores Inc.	2,599,128	451,359.38
4. Coffeyville Resources Refining	2,199,930	381,905.42
5. Acme Foundry Inc.	1,001,585	173,928.62
6. Southwestern Bell Telephone LP	826,579	143,546.02
7. Coffeyville Hospitality, LLC	644,118	111,856.24
8. Union Pacific Railroad Co.	608,159	105,611.68
9. Plaza Property	512,751	89,043.32
10. Atmos Energy Corp.	454,992	79,021.68

Source: County Clerk

Risk Management

The City is insured against the risks arising from general liability by OneBeacon Company.

The City self finances the risks generated by employee medical coverage. The fund classification used to account for the City's risk management activities is the Risk Management Fund.

The City assumes the difference between the risks generated by employee medical coverage and the risks covered by the Blue Cross/Blue Shield Company of Kansas. The Blue Cross/Blue Shield Company of Kansas insures the City from claims in excess of $50,000.

History of Employment

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

Year	Total Full-Time Employees	Total Part-Time Employees	Total
2007	168	3	171
2008	173	5	178
2009	173	5	178
2010	173	5	178
2011	170	4	174

Source: Clerk

Employee Relations

The City employs 170 full-time employees. Employees are represented by four unions with 81 employees being union members. IUOE has the largest number of dues paying members at 33. Public employees cannot strike. Historically, employees have received $0.40-$0.60 per hour wage increases annually which equates to an approximate $250,000 increase in payroll. The City is unaware of any significant problem areas.

Pension and Employee Retirement Plans

The City 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, 2011, KPERS serves about 279,000 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 City'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 City's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The City's contribution is 8.34% of the employee's gross salary for calendar year 2012.

According to the Valuation Report as of December 31, 2010 (the "Valuation Report") the KPERS Local Group, of which the City 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 City has established membership in the Kansas Police and Fire Retirement System ("KPFRS") for its police and fire personnel. KPFRS is a division of and is administered by KPERS. Annual contributions are adjusted annually based on actuarial studies, subject to legislative caps on percentage increases. Employees contribute 7% of gross compensation and the City contributes 21.56% of employees' gross compensation for calendar year 2012.

The 2011 Kansas legislature approved a number of changes to KPERS, including:

(a) Establishing a 13-member KPERS Study Commission to evaluate alternative plan designs during 2011 and recommend a plan for the long-term sustainability of KPERS. The commission's report is due to the Kansas Legislature by January 6, 2012. Pursuant to the 2011 legislation, the 2012 Kansas Legislature must vote on the report's recommendations in order for the other parts of the bill, described below, to become effective.

(b) Increasing the statutory maximum employer contribution annual increase from 0.6% per year (status quo) to 0.9% per year in 2014 and to 1.2% per year by 2017.

(c) For future service for existing KPERS members enrolled before July 1, 2009, increasing employee contribution rates and/or reducing retirement benefits, starting in 2014.

(d) For existing KPERS members enrolled on or after July 1, 2009, reducing benefits or eliminating annual cost of living increases on benefits paid during retirement, starting in 2014.

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DEBT STRUCTURE

Debt Summary

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

Debt Summary (As of May 15, 2012)	City Debt	Less Self-Supporting Debt
Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations [1]	$114,215,837	$114,215,837
Legal limitation of Bonded Debt [2]	$34,264,751	$34,264,751
Outstanding General Obligation Debt	$14,265,000	$14,265,000
Statutory Exempt Debt	$10,861,850	
Net Debt against Debt Limit Capacity	$3,403,150	
Additional Debt Capacity	$30,861,601	
Less Self Supporting Debt [3]		$8,365,000
Non Self Supporting Debt		$5,900,000
Direct Debt Per Capita (Population = 10,295)	$1,386	$573
Direct and Overlapping Debt Per Capita	$2,338	$1,526
Direct Debt as a Percentage of Assessed Valuation	12.49%	5.17%
Direct and Overlapping Debt as a Percentage of Assessed Valuation	21.08%	13.75%
Statutory Direct Debt as a Percentage of Assessed Valuation	2.98%	

[1] The assessed value of all tangible taxable property within the City, as certified to the County Clerk on the preceding August 25. Also includes the taxable value of motor vehicles within the City. See K.S.A. 10-301 *et seq*.
[2] See K.S.A. 10-301 *et seq*.
[3] Series 2004-B (Electric Utility System) and Series 2008 (Sales Tax).

Current Indebtedness of the City

The following table sets forth as of the Dated Date all of the outstanding obligations of the City:

GENERAL OBLIGATION BONDS

Description of Indebtedness	Dated Date	Final Maturity	Original Principal Amount	Amount Outstanding	Exempt From Debt Limit
G.O. Electric Utility System Refunding Bonds, Series 2004-B	07/15/04	06/01/21	$10,010,000	$ 7,195,000	$ 7,195,000
G.O. Sales Tax Refunding, Series 2008	10/01/08	11/01/14	2,235,000	1,170,000	0
G.O. Bonds, Series 2011-A	11/01/11	11/01/31	5,900,000	5,900,000	3,666,850
	Total			***$14,265,000***	***$10,861,850***

PUBLIC BUILDING COMMISSION BONDS

Description of Indebtedness	Dated Date	Final Maturity	Original Principal Amount	Amount Outstanding
Health Care Facilities Revenue Bonds (Coffeyville Regional Medical Center), Series 2002 [1]	12/15/02	08/01/22	$16,000,000	$ 0
Health Care Facilities Refunding Revenue Bonds, Series 2012 (Coffeyville Regional Medical Center) (THIS ISSUE)	05/15/12	08/01/18	7,975,000*	7,975,000*
Total				***7,975,000****

[1] Refunded from the proceeds of the Series 2012 Bonds.

History of General Obligation Indebtedness

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

Year	Total Debt	Debt As Percentage of Assessed Value	Debt Per Capita
2006	$10,595,000	22.19%	$1,028
2007	9,860,000	19.10%	953
2008	12,035,000	9.92%	1,067
2009	11,255,000	9.91%	1,099
2010	10,705,000	9.38%	1,040

Source: Clerk

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

Lease Obligations

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

Purpose of Indebtedness	Dated Date	Final Payment Date	Original Principal Amount	Amount Outstanding
Blackstart Generators	02/01/07	08/01/26	$2,000,000	$1,626,895
Street Sweeper	11/24/09	08/26/12	130,000	44,399
	Total			***$1,671,294***

Source: Clerk

State Loans

The City has entered into the following Loan Agreements with the Kansas Department of Health and Environment to finance improvements to the City's public water and sewer utility systems. The loans are “draw-down” obligations with interest accruing on the advanced principal, which interest is payable on a semi-annual basis or at the option of the City, added as principal amount of the loans. When the improvements are complete, the final principal amount of the loans are adjusted and loan repayment terms are re-amortized.

Purpose of Indebtedness	Dated Date	Final Payment Date	Original Principal Amount	Amount Outstanding [1]
Industrial Park Pump Station & Force Main Project	10/05/01	09/01/19	$1,628,702.00	$ 667,514.93
Const. of Wastewater Treatment Fac.	9/15/03	09/01/20	9,188,589.85	4,630,026.18
Wastewater Collect. Systems Proj.	9/15/03	09/01/19	3,028,488.15	1,469,996.28
Water Plant & Reservoir Project	10/7/09	08/01/30	494,015.07	470,507.61
Total				***$7,238,045.00***

[1] Current principal advanced.

The loans are secured by a pledge of water and sewer system net revenues, together with a pledge of unlimited ad valorem property tax levies of the City.

Source: Clerk

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of November 1, 2011, and the percent attributable (on the basis of assessed valuation) to the City:

Taxing Jurisdiction	Assessed Valuation	Outstanding General Obligation Indebtedness	Percent Applicable to City	Amount Applicable to City
Montgomery County	$367,973,681	$ 0	31.08%	$ 0
Coffeyville Community College	238,431,026	0	47.97%	0
U.S.D. No. 445	205,735,565	17,465,000	55.59%	9,808,856
Total				***$9,808,856***

Future Indebtedness

Neither the City nor the Issuer has plans to incur indebtedness within the next 12 months.

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APPENDIX B

INFORMATION CONCERNING THE HOSPITAL AND THE CORPORATION

HISTORY AND BACKGROUND

Coffeyville Regional Medical Center (the "Hospital") is a municipal hospital located in the City of Coffeyville, Kansas. The Hospital opened in 1949 as Coffeyville Memorial Hospital. The Hospital is owned by the City and overseen by a Board of Trustees. From 1949 until 1996, the Hospital was operated by the City through the Board of Trustees. In 1996, Coffeyville Regional Medical Center, Inc. (the "Corporation") was organized as a not-for-profit corporation under Kansas law for the purpose of operating the Hospital. The Corporation is a 501(c)(3) organization under the Internal Revenue Code.

The Hospital opened in 1949 with a 94-bed facility. The Hospital's facilities have undergone several renovations and expansions over the last five decades. See "***APPENDIX B*** – FACILITIES – The Existing Facility" for a description of the Hospital's current facilities. The Hospital provides treatment of medical, surgical, obstetrical, geriatric and pediatric patients from Southeast Kansas and Northeast Oklahoma.

GOVERNANCE AND ADMINISTRATION

Board of Trustees

The Corporation's sole voting members are the members of the Board of Trustees. The Board of Trustees reports to the City and is responsible for oversight of the Board of Directors. Under its by-laws the Board of Trustees is charged with establishing policy, maintaining quality of patient care, and providing for the institutional management and planning through the appointment of the Corporation's Board of Directors.

The day-to-day operation of the Corporation and the Hospital is charged to the Board of Directors, as described below, but the Board of Trustees remains active in physician recruitment and investment of Hospital funds. The Board of Trustees is chosen by the City Commission. Board of Trustee members serve four-year terns and must be residents of the City. At all times, at least three members of the Board of Directors must be members of the Board of Trustees, and no more than one doctor may serve on the Board of Trustees at any time. The following are the current members of the Board of Trustees:

Name	Board Position	Residence	Occupation	Term Expires
Dr. Raymond Hawley	Chairman	Coffeyville, KS	Pathologist	01/01/15
Jack Lively	Vice Chairman	Coffeyville, KS	Retired Judge	01/01/13
Judy Hiner	Secretary-Treasurer	Coffeyville, KS	Retired Chief Nursing Officer	01/01/14
Mike Ewy	Board Member	Coffeyville, KS	Bank President	01/01/15
Barbara Kidwell	Board Member	Coffeyville, KS	Owner of Xciting Signs	01/01/13
Harold "Louie" O'Connor	Board Member	Coffeyville, KS	Retired Refinery Quality Control Director	01/01/14
Andy Smart	Board Member	Coffeyville, KS	Finance Director at Community College	01/01/13

Board of Directors

The Board of Directors is charged with supervising, controlling, directing and managing the property and affairs of the Corporation and determining the policies of the Corporation, including the hiring of Medical Staff. Pursuant to the Corporation's bylaws, the Corporation is governed by a Board of Directors consisting of seven (7) voting members. The Directors are appointed by the Board of Trustees. Such Directors members serve staggered terms of four years each, and may serve no more than two consecutive four-year terms. The following are the current members of the Board of Directors:

Name	Board Position	Residence	Occupation	Term Expires
Judith A. Hiner	Chairman	Coffeyville, KS	Retired Chief Nursing Officer	01/01/15
Dr. Paul Sandhu	Vice Chairman	Coffeyville, KS	General Surgeon	01/01/16
Stan Eli	Secretary-Treasurer	Coffeyville, KS	John Deere Retiree	01/01/14
Mike Ewy	Board Member	Coffeyville, KS	Bank President	01/01/15
Dr. Raymond Hawley	Board Member	Coffeyville, KS	Pathologist	01/01/15

Monte Coffman	Board Member	Coffeyville, KS	Long Term Care Administrator	01/01/16
Jack Lively	Board Member	Coffeyville, KS	Retired Judge	01/01/14

Conflict of Interest

The Corporation's bylaws provide that the Board of Directors shall establish a conflict of interest policy. The current policy provides, in part, that associates cannot participate in any activities which conflict or appear to conflict with their responsibilities to the Corporation. Associates are required annually to declare in writing any conflicts of interest. A conflict of interest is created when there is an unfair gain or personal advantage (to the associate or a third party) by reason of association with the Hospital, action having an adverse effect upon the interest of the Hospital or the appearance of either of the above.

Some members of the Board of Directors and some members of the Board of Trustees are affiliated with other entities that have business dealings with the Corporation. Mike Ewy, a member of the Corporation's Board of Directors, is President of a bank which holds part of the Corporation's indebtedness described in "***APPENDIX B*** – RESULTS OF OPERATIONS – Outstanding Obligations." Additionally, three of the members of the Corporation's Board of Directors are admitting physicians.

Management Agreement

The Corporation has operated under a management agreement (the "Management Agreement") with Quorum Health Resources, Inc. ("Quorum") since 1985. The current contract term is for a term of five years, expiring on October 31, 2012, but is automatically extended for additional five (5) year terms unless one of the parties thereto gives notice of termination at least ninety (90) days before the then-current term expires. Under the Management Agreement, Quorum agrees to manage the daily operations of the Corporation and to provide the Corporation with the services of a Chief Executive Officer and a Chief Financial Officer, both of whom are employed by Quorum and are the only Quorum employees on site on a day-to-day basis. The Board of Directors retains all authority and control over the business, policies, operations and assets of the Corporation.

The Management Agreement provides that the Corporation shall pay to Quorum a flat management fee each year in equal monthly installments. The management fee was $299,965 for 2009 and $310,250 for 2010 and is subject to annual increase equal to the percentage increase in the Consumer Price Index; provided, however, that the management fee shall not increase more than six and one-half percent (6.5%) in any one year. Under present regulations and rules, the Corporation is permitted to terminate the Management Agreement without cause or penalty at the expiration of five years of the term of the Management Agreement.

Administration

John Smith, Chief Executive Officer. Mr. John Smith accepted the position of Chief Executive Officer of the Corporation on June 19, 2011. He was formerly the Chief Operating Officer of Corporation from 2007-2011. Prior to this time, he held various positions in leadership, which included Business Office Director, Materials Management Director, Patient Financial Services Director and Administrative Director. Mr. Smith received a Bachelor of Science degree from Arkansas Tech University (1994) and a Master of Business Administration from Columbia Southern University (2009). As Chief Executive Officer of the Corporation, he directs the day-to-day operations of the Hospital consistent with policies and objectives of the Board of Directors. He is in charge of the development of short and long range plans and initiatives, recruitment of physicians and mid-level practitioners. He maintains primary responsibility for physician relations, acts as liaison between the boards, employees and physicians. Mr. Smith oversees the financial reporting and directs the functions of the Chief Financial Officer of the Corporation, as well as the clinical nursing aspects by overseeing the Chief Nursing Officer.

Calvin Brummund, Chief Financial Officer. Mr. Calvin Brummund accepted the position of Interim Chief Financial Officer on December 7, 2011. Mr. Brummund has been an employee of Quorum Health Resources for the last five years and specializes in CFO assignments. Prior to Quorum Health Resources, Mr. Brummund was Chief Financial Officer for several hospitals and health systems in Colorado and Nebraska over the last 40 years. Mr. Brummund received a Bachelor of Science degree in Business Administration from the University of Nebraska and a Master of Science in Healthcare Administration from Bellevue University in Bellevue Nebraska. As Chief Financial Officer of the Corporation, he is responsible for the financial operations of the Hospital, including all financial reporting and controls, billings and cash collections and disbursements.

FACILITIES

The Hospital's facilities are currently owned by the Issuer and leased to the City and subsequently subleased to the Corporation. The terms of the lease and the sublease are coterminous with the final maturity of the Series 2012 Bonds, and subject to early termination as provided therein. In connection with the issuance of the 2002 Bonds, a Cooperation Agreement was entered into by the Issuer, the City, the Board of Trustees and the Corporation, whereby the City will retain the right to dispose of the Hospital's facilities, provided that it has secured payment of the principal of and interest on the Bonds. For additional information see the section of this Official Statement entitled "THE SALES TAX – Cooperation Agreement and Intergovernmental Agreement."

The Hospital's facilities are not pledged to the payment of the Series 2012 Bonds.

The Hospital is located at 1400 West 4th Street in the City. The original building was constructed with three stories (plus basement) in 1949, and has undergone several expansions and renovations since that time. In 1956 a fourth story was added. In the 1970s the facility underwent a three-phase upgrade and renovation. In 1985, a tower was added, and in 1987, the fourth floor was remodeled. In 2005, the Hospital was substantially expanded and modified. The 2005 project included an approximately 66,000 square-foot addition to connect to the west side of the then-existing facility. The first floor of the addition houses the Hospital's emergency room, admissions area, laboratory, intensive care unit and auxiliary gift shop. The second story houses a twenty-bed skilled nursing facility and the women's health department. As part of the 2005 project, the surgery, medical imaging, oncology, ambulatory services, medical/surgical services, physical therapy and administration were relocated, renovated and or expanded, and a new elevator was added to the existing facility. The 2005 project also included site development, the purchase and installation of various items of medical and other hospital equipment, repair of some of the HVAC system and demolition of the north wing of the existing facility, which housed the Hospital's skilled nursing unit, rehab services, and ambulatory services.

In October 2011, the construction of an 18,850 square-foot Radiation Oncology Center/Alternate Care site was completed. The Radiation Oncology Center connects to the 1984 and 2005 additions and currently houses a new large bore CT simulator, a new multiple energy linear accelerator and a room in which an in-house MRI will be placed in the near future. The Alternate Care site, located in the basement of the Radiation Oncology Center, is a 6,500 square-foot safe room to shelter and treat patients in the event of a disaster.

OPERATIONS

Major Services

The Corporation provides inpatient and outpatient medical services, which include the following:

- Surgery (including laparoscopic, fluoroscopic and endoscopic procedures)
- Neurosurgery
- Orthopedics
- Wound care
- Coronary care
- Intensive care
- Emergency services
- Oncology (radiation and chemotherapy treatments)
- Medical imaging (including ultrasound, CAT scanning, nuclear medicine, and MRI)
- Pharmacy
- Prenatal care
- Obstetrics & Gynecology
- Home health care
- Nutritional counseling
- Rehabilitation services (physical, occupational and speech therapy)
- Skilled nursing
- Medical/surgical/pediatrics

The Corporation is under contract with Montgomery County to provide ambulance services within the county. The Corporation also offers ancillary services which benefit patients and the Coffeyville community, including social services, educational programs and speakers' bureau, support groups, pastoral care and patient advocacy.

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Corporation has foregone charges under its charity care policy in the amounts of $871,076 in 2009, $1,401,980 in 2010, and $1,237,749 in 2011.

Bed Complement

The Corporation has a total of 148 licensed and 88 staffed beds, as follows:

Department	Licensed Beds	Staffed Beds
Medical/Surgical	115	55
Women's Health	6	6
Intensive Care	7	7
Skilled Nursing Facility	20	20
Total	***148***	***88***

Medical Staff

The Corporation's by-laws provide that the medical staff shall be organized and establish its own by-laws, rules and regulations and shall be charged with advising the Board of Directors on issues of medical practice. The medical staff members' contracts with the Corporation are for 2-year terms, subject to renewal, modification or termination as provided by the medical staff by-laws, rules and regulations. The Corporation has three employee physicians (two anesthesia physicians and one orthopedic surgeon).

As of December 31, 2010, the Corporation had an active medical staff of 20 physicians. The following table demonstrates the distribution of the active medical staff:

Specialty	Total	Percentage of Active Staff
Family Practice	4	20.00%
Internal Medicine	4.5	22.50%
General Surgery	2	10.00%
Obstetrics/Gynecology	2	10.00%
Orthopedic Surgery	1	5.00%
Radiology	1	5.00%
Ophthalmology	1	5.00%
Pediatrics	1.5	7.50%
Anesthesiologist	2	10.00%
Urologist	1	5.00%
Total	***20***	***100.00%***

Of the 20 members of the active medical staff, 15 members are board-certified. Certification by a medical specialty board is evidence that a physician has participated in continuing programs of graduate medical education, has acquired competence in a special area of medicine and has demonstrated proficiency by passing national examinations for that specialty.

Approximately 70% of the Corporation's active medical staff specializes in primary patient care (family medicine, internal medicine, OB/GYN and pediatrics). The Corporation depends largely on visiting consultants for its specialty medical staff. With the exception of one orthopedic surgeon, the remainder of the specialty care is provided through specialty clinics at the Hospital and/or through primary care clinics in the community.

The average age of the active medical staff is 55 years. Average age by specialty is set forth below:

Specialty	Average Age
Family Practice	61
Internal Medicine	49
General Surgery	57

Obstetrics/Gynecology	60
Orthopedic Surgery	35
Radiology	75
Ophthalmology	45
Pediatrics	57

Admitting Physicians

For fiscal year 2010, active medical staff admitted 3,136 patients to the Corporation. The top ten admitting physicians for the fiscal year 2010 were as follows:

Rank	Physician	Number of Admissions	Percent of Total Admissions
1	Chillal	602	19.2%
2	Venkat	457	14.6%
3	Balson	409	13.0%
4	Allen	374	11.9%
5	Gillis	356	11.4%
6	Christensen	331	10.6%
7	Miller	173	5.5%
8	McIntosh	134	4.3%
9	Chappell	126	4.0%
10	Han	118	3.8%

The following table shows the turnover of the admitting physicians for the last five fiscal years:

	New Admitting	Departures of Admitting Physicians		
Year	Physicians	Moved/Retired	Deceased	Net Change
2006	0	0	1	-1
2007	0	0	0	0
2008	1	2	0	-1
2009	0	1	0	-1
2010	1	0	0	+1
Total	***2***	***3***	***1***	***-2***

The Corporation is actively recruiting physicians to the community to address turn-over and the need for specialty physicians. In particular, management has determined that physician recruitment in the following specialties is a top priority for the Corporation: Primary Care, including OB/GYN, Pediatrics and ENT.

Service Area

The Corporation's primary service area consists of Montgomery County, Kansas, most of Nowata County, Oklahoma, and portions of Labette, Chautauqua and Elk Counties in Kansas. The secondary service area consists of portions of Chautauqua, Elk, Cherokee, Neosho and Wilson Counties in Kansas and portions of Osage, Washington and Craig Counties in Oklahoma. The Corporation's primary service area accounted for 96% of the Corporation's discharges in 2010; its secondary service area accounted for 2% of Corporation discharges in 2010, with the remaining discharges coming from other areas. As of 2010, the population of the Corporation's primary service area was approximately 49,500. Other area hospitals include: Jane Phillips Medical Center in Bartlesville, Oklahoma, with 220 staffed beds; Labette County Medical Center in Parsons, Kansas, with 83 staffed beds; Mercy Hospital in Independence, Kansas, with 58 staffed beds; Fredonia Regional Hospital in Fredonia, with 51 staffed beds and Wilson County Hospital in Neodesha, with 30 staffed beds. The following chart indicates the Corporation's patient origin percentage for the years indicated:

County	2010	2009	2008	2007	2006
Montgomery, KS	84%	85%	84%	84%	84%
Nowata, OK	6%	6%	7%	6%	6%
Labette, KS	4%	3%	4%	3%	4%
Washington, OK	1%	2%	1%	2%	2%
Chautauqua, KS	1%	1%	1%	1%	1%

Market Share and Competition

The Corporation has a market share of approximately 39% within its primary service area and approximately 46% of the obstetrics market. The nearest referral center for the Corporation is St. Johns Hospital, a 558-bed facility in Tulsa, Oklahoma, which is approximately 75 miles from the City.

Comparative Operating Statistics
AHA Guide 2010

Hospital	Staffed Beds	Acute Care Admissions	Occupancy Percent	Distance from the Hospital (miles)
Coffeyville Regional Medical Center	88	2,919	43.2%	--
Mercy Hospital (Independence, KS)	40	1,303	27.5%	15
Jane Phillips (Bartlesville, OK)	137	6,697	58.4%	43
Labette Health (Parsons, KS	67	2,648	35.8%	45
St. Johns (Tulsa, OK)	555	27,752	71.5%	75

Licensing, Regulation and Accreditation

The Corporation is licensed as a general hospital by the Kansas Department of Health and Environment. Its license is subject to annual renewal, with its current license valid until June 1, 2012. It is approved for participation in the federal Medicare and the State of Kansas Medicaid programs. The Corporation is fully accredited by the Joint Commission for Accreditation of Healthcare Facilities and is a member of the American Hospital Association and the Kansas Hospital Association.

Employees

As of December 31, 2010, the Corporation employed 390 employees, equivalent to 316 full-time equivalent ("FTE") employees.

The Corporation considers its relationship with its employees to be good. Management of the Corporation has worked to strengthen that relationship by instituting various programs addressing the interaction of employees, management, the medical staff and patients and their visitors. Management of the Corporation has established mechanisms for addressing employee grievances and involving employees in the management process.

Pay increases for employees of the Corporation have averaged 1.2% per year over the last five years. The Corporation provides a variety of benefits to its employees, including health insurance, dental insurance, long-term disability insurance, life insurance, and pension plan, and customary vacation, holidays and sick days.

At present, none of the Corporation's employees are represented by a union or other collective bargaining representative. Management is not aware of any organizing activity or of any work disruption involving its employees.

Risk Management and Insurance

The Corporation has the following insurance coverage: general liability $1,000,000 per occurrence, $3,000,000 aggregate and excess liability umbrella coverage of $5,000,000; property damage $20,000,000; and automobile liability $1,000,000 per occurrence. The Corporation is insured against professional liability claims up to $1,000,000 per occurrence and $3,000,000 in aggregate per year. The Kansas Health Care Stabilization Fund bears the liability for the next $800,000 per occurrence and $2,400,000 aggregate. The Sublease requires the Corporation to maintain certain types of insurance coverage. See "***APPENDIX B*** – SUMMARY OF THE FINANCING DOCUMENTS."

The Corporation presently carries loss of revenues insurance with a maximum of $27,148,453. In the event of an occurrence involving substantial damage to the Corporation resulting in loss of Corporation revenues in excess of such maximum limit or in excess of the maximum required by the Indenture, the ability of the Corporation to generate revenues sufficient to meet its obligations under the Sublease could be materially adversely affected.

Environmental Matters

The Corporation has not experienced any material difficulties in complying with federal or state laws or regulations relating to environmental matters. The Corporation is not aware of any contamination of real property owned or occupied by the Corporation.

RESULTS OF OPERATIONS

Historical Utilization Data

The following table summarizes certain data regarding use of the Corporation's facilities for the last four years.

	Fiscal Years Ended December 31			
	2010	**2009**	**2008**	**2007**
Inpatient Services:				
Total Acute Care days	9,700	10,314	12,086	11,855
Total Nursery days	390	368	382	416
Total Skilled days	4,301	4,286	4,803	5,153
Total Behavioral Health days	0	1,097	3,662	3,511
Total patient days	14,391	16,065	19,933	20,935
Total Acute Care admissions	2,485	2,796	3,195	3,292
Total Nursery births	224	216	231	235
Total Skilled admissions	434	433	489	526
Total Behavioral Health admissions	0	224	719	702
Total admissions	3,143	3,369	4,403	4,520
Average Acute Care stay	3.9	3.7	3.9	3.7
Average Nursery stay	1.7	1.7	1.7	1.8
Average Skilled stay	9.9	9.9	10.1	9.8
Average Behavioral Health stay	0	4.9	5.1	5.0
Average stay in hospital	4.6	4.8	4.7	4.5
Average daily census Acute Care	26.6	28.3	30.0	32.5
Average daily census Nursery	1.1	1.0	1.0	1.1
Average daily census Skilled	11.8	9.9	13.1	14.1
Average daily census Behavioral	0	11.7	10.0	9.6
Average daily census hospital	39.4	44.0	54.6	57.4
Outpatient and Ancillary Services:				
Observation patients				
Home Health visits	5,918	6,838	6,751	5,824
Emergency room visits	8,697	9,079	9,483	9,553
Other outpatients	49,778	52,595	57,562	44,849
Utilization:				
Medicare patient days	8,491	9,318	11,362	11,933
Medicaid patient days	1,583	1,928	2,392	2,512
Other third party payor patient days	3,598	4,016	5,183	5,443
Self-pay patient days	719	803	996	1,047
Medicare percentage	59%	58%	57%	57%
Medicaid percentage	11%	12%	12%	12%
Other third party payor percentage	25%	25%	26%	26%
Self-pay percentage	5%	5%	5%	5%

Financial Records

The Corporation maintains its financial records on the basis of a fiscal year ending December 31 and follows the accrual basis of accounting. Set forth in ***APPENDIX D*** to this Official Statement are the financial statements of the

Corporation for the fiscal years ended 2010 and 2009. Such financial statements have been audited by Wendling Noe Nelson & Johnson LLC, independent certified public accountants.

Summary Statement of Operations

The table below presents a summary of historical statements of revenues and expenses of the Corporation for the last four fiscal years. Such information has been derived from the audited financial statements of the Corporation audited by Wendling Noe Nelson & Johnson LLC, Topeka, Kansas, independent certified public accountants, and with respect to the information for the fiscal years ended December 31, 2010 and 2009, should be read in conjunction with the audited financial statements of the Corporation, including the notes thereto, contained in ***APPENDIX D*** to this Official Statement. In the opinion of the Corporation's management, there has been no material adverse change in the financial condition of the Corporation since December 31, 2010, the date of the last audited financial statements.

	Fiscal Years Ended December 31			
	2010	**2009**	**2008**	**2007**
Operating Revenues:				
Net Patient Service Revenues	39,260,596	40,773,180	41,836,993	41,445,039
Other Operating Revenues	597,383	709,335	661,369	682,983
Total Operating Revenues	39,857,979	41,482,515	42,498,362	42,128,022
Operating Expenses:				
Salaries and Benefits	16,013,839	16,371,240	17,831,854	16,170,545
Supplies and Other Operating Expenses	22,084,623	23,138,049	23,245,177	19,942,539
Depreciation and Amortization	2,787,434	2,840,682	2,856,949	2,787,023
Total Operating Expenses	40,885,896	42,349,971	43,933,980	38,900,623
Income (Loss) from Operations	(1,027,917)	(867,456)	(1,435,618)	3,227,399
Interest Expense	587,543	600,825	628,517	653,266
Non-Operating Revenues (Expenses)	1,578,427	1,732,100	236,492	205,944
Capital Grants and Contributions	924,372	38,823	3,000	50,971
Transfers	0	0	0	0
Increase (Decrease) in Net Assets	887,339	302,642	(2,297,627)	2,419,160

For management's discussion and analysis of the results of recent operations, see financial audit contained in ***APPENDIX D*** to this Official Statement.

Outstanding Obligations

In addition to the obligations under the Sublease described herein, the Corporation has the following long-term financial obligations:

Purpose of Indebtedness	Dated Date	Final Payment Date	Original Principal Amount	Amount Outstanding
Distance Learning and Telemedicine Loan	01/12/10	04/30/14	$461,544	$ 258,776
CT Scanner Capital Lease	09/01/10	09/01/15	638,477	493,929
Linear Accelerator Loan	12/10/11	12/10/16	809,879	809,879
Large Bore CT Scanner	12/10/11	12/10/16	131,671	131,671
	Total			***$1,694,255***

The Corporation anticipates entering into a loan for an MRI machine in the approximate amount of $1,100,000 within the next 6 months. The Corporation has not guaranteed any outstanding indebtedness of any other corporation or entity.

Pension and Employee Retirement Plans

The Corporation participates in the Kansas Public Employees Retirement System ("KPERS"). See "***APPENDIX A*** – FINANCIAL INFORMATION – Pension and Employee Retirement Plans" for a description of KPERS. The Corporation'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 Corporation's contribution is 8.34% of the employee's gross salary for calendar year 2012.

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APPENDIX C

CITY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS (FOR THE FISCAL YEAR ENDED 12/31/2010)

APPENDIX D

CORPORATION FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS (FOR THE FISCAL YEAR ENDED 12/31/2010)

APPENDIX E

SUMMARY OF FINANCING DOCUMENTS