

**RESOLUTION NO. 06-06**

**A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF \$1,000,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2006, OF THE CITY OF WATHENA, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.**

**WHEREAS**, the governing body of the Issuer is authorized by law to issue the Bonds to pay a portion of the costs of the Improvements; and

**WHEREAS**, the governing body of the Issuer hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Bonds in the principal amount of \$1,000,000 to pay a portion of the costs of the Improvements.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WATHENA, KANSAS, AS FOLLOWS:**

**ARTICLE I  
DEFINITIONS**

**Section 101. Definition of Words and Terms.** In addition to words and terms defined elsewhere herein, the following words and terms as used in this Bond Resolution shall have the following meanings:

"Act" means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 12-1736 *et seq.*, as amended and supplemented from time to time.

**"Arbitrage Instructions"** means the Arbitrage Instructions attached to the Issuer's Arbitrage Certificate dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

**"Authorized Denomination"** means \$5,000 or any integral multiples thereof.

**"Beneficial Owner"** of the Bonds includes any Owner of the Bonds and any other Person who, directly or indirectly, has the investment power with respect to such Bonds.

**"Bond and Interest Fund"** means the Bond and Interest Fund of the Issuer for its general obligation bonds.

**"Bond Counsel"** means the firm of Cosgrove, Webb & Oman, or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.

**"Bond Payment Date"** means any date on which principal of or interest on any Bond is payable.

**"Bond Register"** means the books for the registration, transfer and exchange of Bonds kept at the office of the Bond Registrar.

**"Bond Registrar"** means the Treasurer of the State of Kansas, Topeka, Kansas, and any successors and assigns.

**"Bond Resolution"** means this resolution relating to the Bonds.

**"Bonds"** means the General Obligation Bonds, Series 2006, authorized and issued by the Issuer pursuant to the Ordinance and this Bond Resolution.

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

**"Cede & Co."** means Cede & Co., as nominee of DTC and any successor nominee of DTC.

**"City"** means the City of Wathena, Kansas.

**"City Clerk"** means the appointed and/or elected City Clerk or, in the City Clerk's absence, the duly appointed Deputy Clerk or Acting City Clerk of the Issuer.

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

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

"Costs of Issuance Account" means the Costs of Issuance Account for General Obligation Bonds, Series 2006, created pursuant to *Section 501* hereof.

"Debt Service Account" means the Debt Service Account for General Obligation Bonds, Series 2006 (within the Bond and Interest Fund) created pursuant to *Section 501* hereof.

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

"Defaulted Interest" means interest on any Bond which is payable but not paid on any Interest Payment Date.

"Defeasance Obligations" means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in the highest rating category by Moody's (presently "Aaa") or Standard & Poor's (presently "AAA").

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

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

**"DTC Representation Letter"** means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.

**"Event of Default"** means each of the following occurrences or events:

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

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

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond

Resolution (other than the covenants relating to continuing disclosure requirements) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

"**Fiscal Year**" means the twelve month period ending on December 31.

"**Fitch**" means Fitch IBCA, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

"**Funds and Accounts**" means funds and accounts created pursuant to or referred to in *Section 501* hereof.

"**Improvement Fund**" means the Improvement Fund for General Obligation Bonds, Series 2006, created pursuant to *Section 501* hereof.

"**Improvements**" means the improvements referred to in the preamble to the Ordinance.

"**Interest Payment Date(s)**" means the Stated Maturity of an installment of interest on any Bond which shall be March 1 and September 1 of each year, commencing March 1, 2007.

"**Issue Date**" means the date when the Issuer delivers the Bonds to the Purchaser in exchange for the Purchase Price.

"**Issuer**" means the City and any successors or assigns.

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

"**Maximum Annual Debt Service**" means the maximum amount of Debt Service Requirements as computed for the then current or any future Fiscal Year.

"**Mayor**" means the duly elected and acting Mayor, or in the Mayor's absence, the appointed and/or elected Vice Mayor or Acting Mayor of the Issuer.

"**Moody's**" means Moody's Investor's Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating

agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

**"Notice Address"** means with respect to the following entities:

(a) To the Issuer at:

City Hall  
206 St. Joseph  
Wathena, KS 66090  
Attention: City Clerk

(b) To the Paying Agent at:

State Treasurer of the State of Kansas  
Landon Office Building  
900 Southwest Jackson, Suite 201  
Topeka, KS 66612-1235

(c) To the Purchaser at:

Commerce Bank, N.A.  
1000 Walnut, 4th Floor  
Bond Division  
Kansas City, MO 64106

or such other address as is furnished in writing to the other parties referenced herein.

**"Notice Representative"** means:

- (a) With respect to the Issuer, the City Clerk.
- (b) With respect to the Bond Registrar and Paying Agent, the Municipal Bond Clerk.
- (c) With respect to any Purchaser, the manager of its Municipal Bond Department.

**"Ordinance"** means Ordinance No. 570 of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

**"Outstanding"** means, when used with reference to the Bonds, as of a particular date of determination, all Bonds theretofore authenticated and delivered, except the following Bonds:

(a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Bonds deemed to be paid in accordance with the provisions of *Section 701* hereof; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

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

"Paying Agent" means the Treasurer of the State of Kansas, Topeka, Kansas, and any successors and assigns.

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

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

"Purchase Price" means the principal amount of the Bonds plus accrued interest to the date of delivery.

"Purchaser" means Commerce Bank, N.A., Kansas City, Missouri, the original purchaser of the Bonds, and any successor and assigns.

"Rating Agency" means Moody's, Standard & Poor's, Fitch and any other company, agency or entity that provides ratings for the Bonds.

"Rebate Fund" means the Rebate Fund for General Obligation Bonds, Series 2006, created pursuant to *Section 501* thereof.

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

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for the redemption of such Bond pursuant to the terms of this Bond Resolution.

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

"Replacement Bonds" means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 209* hereof.

"SEC Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

"Securities Depository" means, initially, DTC, and its successors and assigns.

"Special Record Date" means the date fixed by the Paying Agent pursuant to *Section 204* hereof for the payment of Defaulted Interest.

"Standard & Poor's" means Standard & Poor's Rating Group, a Division of the McGraw-Hill Companies, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.



"State" means the State of Kansas.

"State Treasurer" means the duly elected Treasurer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the State.

"Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

"Treasurer" means the duly appointed and/or elected Treasurer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

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

"Value" as of any particular time of determination, means, (a) with respect to cash, the face value thereof, and (b) with respect to any Permitted Investments, the lower of the cost of the investment or the market price of the investment on the date of valuation.

## ARTICLE II AUTHORIZATION AND DETAILS OF THE BONDS

**Section 201. Authorization of the Bonds.** The Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$1,000,000, for the purpose of providing funds to pay a portion of the cost of the Improvements.

**Section 202. Description of the Bonds.** The Bonds shall consist of fully registered bonds in an Authorized Denomination, and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated June 15, 2006, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof, and shall bear interest at the rates per annum as follows:

SERIAL BONDS

<u>MATURITY DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
09/01/07	\$ 25,000	5.00%
09/01/08	\$ 35,000	5.00%
09/01/09	\$ 35,000	5.00%
09/01/10	\$ 35,000	5.00%
09/01/11	\$ 40,000	5.00%
09/01/12	\$ 40,000	5.00%
09/01/13	\$ 40,000	5.00%
09/01/14	\$ 45,000	4.70%
09/01/15	\$ 45,000	4.10%
09/01/16	\$ 50,000	4.15%
09/01/17	\$ 50,000	4.20%

TERM BONDS

\$160,000 Term Bond at 4.30% due September 1, 2020  
\$185,000 Term Bond at 4.45% due September 1, 2023  
\$215,000 Term Bond at 4.60% due September 1, 2026

The Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year 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 set forth in *Section 204* hereof.

Each of the Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as *EXHIBIT A* or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

**Section 203. Designation of Paying Agent and Bond Registrar.** The Treasurer of the State of Kansas, Topeka, Kansas, is hereby designated as the Paying Agent for the payment of principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. The Mayor and City Clerk of the Issuer are hereby authorized and

empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Bonds.

The Issuer will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Bond Registrar by (a) filing with the Paying Agent or Bond Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Bond Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Bond Registrar to be given by first class mail to each Owner. 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.

Each Paying Agent or Bond Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-1501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.

**Section 204. Method and Place of Payment of the Bonds.** The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Owner.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record

Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and at least annually shall forward a copy or summary of such records to the Issuer.

**Section 205. 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.

**Section 206. Registration, Transfer and Exchange of Bonds.** The Issuer covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. 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 provided in this Section. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds provided for by this Bond Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification

number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Code §3406, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

The Issuer and the Bond Registrar shall not be authorized (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to *Section 303* hereof 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 pursuant to *Section 204* hereof.

The Issuer and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute Owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Owner or upon the Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Bond Registrar.

**Section 207. Execution, Registration, Authentication and Deliver of Bonds.** Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the City Clerk and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Mayor and City Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the City Clerk, which registration shall be evidenced by the manual or facsimile signature of the City Clerk with the seal of the Issuer affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person

had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Mayor and City Clerk are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Bond Registrar for authentication.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as *EXHIBIT A* hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such bond has been duly authenticated and delivered under this Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

**Section 208. Mutilated, Lost, Stolen or Destroyed Bonds.** If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for and 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 under this Section, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the Issuer, and shall be entitled to all the benefits of this Bond Resolution equally and ratably with all other Outstanding Bonds.

**Section 209. Cancellation and Destruction of Bonds Upon Payment.** All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be canceled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so canceled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

**Section 210. Securities Depository.** The Issuer and Paying Agent have entered into a DTC Representation Letter, if required, with DTC. The Bonds shall be registered under a book-entry only system administered through DTC and shall not exceed the maximum amount authorized by this Resolution.

**Section 211. Nonpresentment of Bonds.** If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

**Section 212. Preliminary and Final Official Statement.** The Preliminary Official Statement dated May 22, 2006, is hereby ratified and approved.

The Final Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor is hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the final Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

The Issuer agrees to provide to the Purchaser within seven (7) business days of the date of the sale of Bonds sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

**Section 213. Sale of the Bonds.** The sale of the Bonds to the Purchaser is hereby ratified and confirmed. The Mayor and City Clerk are hereby authorized to execute the official bid form submitted by the Purchaser. Delivery of the Bonds shall be made to the Purchaser on the Issue Date (which shall be as soon as practicable after the adoption of this Bond Resolution), upon payment of the Purchase Price.

### ARTICLE III REDEMPTION OF BONDS

#### Section 301. Redemption by Issuer.

**Optional Redemption.** The Series 2006 Bonds maturing September 1, 2007 through September 1, 2014, inclusive, become due without option of prior payment. At the option of the Issuer, the Bonds or portions thereof maturing on or after September 1, 2015, may be called for redemption and payment prior to their Stated Maturity on September 1, 2014, and thereafter as a whole or in part at any time (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) on any Interest Payment Date, at the Redemption Price of par, plus accrued interest thereon to the Redemption Date.

**Mandatory Redemption.** (a) The Series 2006 Bonds maturing on September 1, 2020, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on September 1, 2018, and thereafter pursuant to the redemption schedules hereafter set out, at the principal amount thereof, plus accrued interest thereon to date fixed for redemption and payment, without premium, leaving \$55,000 to mature September 1, 2020.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2006 Bonds maturing September 1, 2020, the City hereby agrees to redeem the following principal amounts of the Bonds maturing in each year as follows:

<u>REDEMPTION DATE</u>	<u>AMOUNT</u>
09/01/18	\$ 50,000
09/01/19	\$ 55,000

(leaving \$55,000 to mature September 1, 2020)



(b) The Series 2006 Bonds maturing on September 1, 2023, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on September 1, 2021, and thereafter pursuant to the redemption schedules hereafter set out, at the principal amount thereof, plus accrued interest thereon to date fixed for redemption and payment, without premium, leaving \$65,000 to mature September 1, 2023.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2006 Bonds maturing September 1, 2023, the City hereby agrees to redeem the following principal amounts of the Bonds maturing in each year as follows:

<u>REDEMPTION DATE</u>	<u>AMOUNT</u>
09/01/21	\$ 60,000
09/01/22	\$ 60,000

(leaving \$65,000 to mature September 1, 2023)

(c) The Series 2006 Bonds maturing on September 1, 2026, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on September 1, 2024, and thereafter pursuant to the redemption schedules hereafter set out, at the principal amount thereof, plus accrued interest thereon to date fixed for redemption and payment, without premium, leaving \$75,000 to mature September 1, 2026.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2006 Bonds maturing September 1, 2026, the City hereby agrees to redeem the following principal amounts of the Bonds maturing in each year as follows:

<u>REDEMPTION DATE</u>	<u>AMOUNT</u>
09/01/24	\$ 70,000
09/01/25	\$ 70,000

(leaving \$75,000 to mature September 1, 2026)

The Series 2006 Bonds maturing on September 1, 2020, September 1, 2023, and September 1, 2026, to be redeemed and paid pursuant to the operation of the Sinking Fund, shall be selected by the Issuer in such equitable manner as it may designate. The Paying Agent shall each year in which the Series 2006 Bonds are to be redeemed pursuant to the terms of said Sinking Fund make timely selection of Series 2006 Bonds to be so redeemed and shall give notice thereof as provided in this Resolution. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds received the notice.

Interest on any Bond so called for redemption and payment will cease from and after the date for which such call is made, provided funds are available for payment thereof and on deposit with the Paying Agent therefor.

**Section 302. Selection of Bonds to be Redeemed.**

(a) In the event the Issuer desires to call the Bonds for redemption prior to maturity, written notice of such intent shall be provided to the Bond Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Bond Registrar shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Bond Registrar at least 45 days prior to the Redemption Date of written instructions of the Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. If the Bonds are refunded more than 90 days in advance of such Redemption Date, any escrow agreement entered into by the Issuer in connection with such refunding shall provide that such written instructions to the Paying Agent shall be given by the escrow agent on behalf of the Issuer not more than 90 days prior to the Redemption Date. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in *Section 303* are met. [The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Term Bonds hereunder, and Term Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer and whether or not the Paying Agent holds moneys available and sufficient to effect the required redemption.]

(b) Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine, Bonds of less than a full Stated Maturity, shall be selected by the Bond Registrar in a minimum Authorized Denomination of principal amount in such equitable manner as the Bond Registrar may determine.

(c) In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each a minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of the denomination of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the a minimum Authorized Denomination of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such a minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and

interest to the Redemption Date of such a minimum Authorized Denomination of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the a minimum Authorized Denomination of face value called for redemption (and to that extent only).

**Section 303. Notice and Effect of Call for Redemption.** Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall given written notice of its intention to call and pay said Bonds to the Bond Registrar as provided above and the Purchaser. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent.

The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All bonds that have been surrendered for redemption shall be canceled and destroyed by the Paying Agent as provided herein and shall not be reissued.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Instructions. Further notice may be given by the Issuer or the Bond Registrar on behalf of the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed.

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least one (1) day before the mailing of notice to Owners by first class, registered or certified mail or overnight delivery, as determined by the Bond Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Each check or other transfer of funds issued for the payment of the Redemption Price of Bonds being redeemed shall bear or have enclosed the CUSIP number of the Bonds being redeemed with the proceeds of such check or other transfer.

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

**ARTICLE IV  
SECURITY FOR BONDS**

**Section 401. Security for the Bonds.** The Bonds shall be general obligations of the Issuer payable as to both principal and interest in part from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

**Section 402. Levy and Collection of Annual Tax.** The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the Issuer in the manner provided by law.

**ARTICLE V  
ESTABLISHMENT OF FUNDS AND ACCOUNTS  
DEPOSIT AND APPLICATION OF BOND PROCEEDS AND OTHER MONEYS**

**Section 501. Creation of Funds and Accounts.** Simultaneously with the issuance of the bonds, there shall be created within the Treasury of the Issuer the following funds and accounts:

- (a) Improvement Fund for General Obligation Bonds, Series 2006;
- (b) Debt Service Account for General Obligation Bonds, Series 2006;
- (c) Rebate Fund for General Obligation Bonds, Series 2006; and
- (d) Costs of Issuance Account for General Obligation Bonds, Series 2006.

The Funds and Accounts established herein shall be administered in accordance with the provisions of this Bond Resolution so long as the Bonds are Outstanding.

**Section 502. Deposit of Bond Proceeds and Other Moneys.** The net proceeds received from the sale of the Bonds and certain other funds shall be deposited simultaneously with the delivery of the Bonds as follows:

- (a) All accrued interest and premium received from the sale of the Bonds shall be deposited in the Debt Service Account.

(b) The sum of \$30,000 shall be deposited in the Costs of Issuance Account.

(c) The remaining balance of the proceeds derived from the sale of the Bonds, together with funds provided by the Issuer in accordance with subsection (d) hereof, shall be deposited in the Improvement Fund.

**Section 503. Application of Moneys in the Improvement Fund.** Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements, in accordance with the plans and specifications therefor approved by the governing body of the Issuer and on file in the office of the City Clerk, including any alternations in or amendments to said plans and specifications deemed advisable and approved by the governing body of the Issuer; and (b) retiring any temporary financing for the Improvements.

Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer and only on duly authorized and executed warrants therefor accompanied by a certificate executed by the Mayor that such payment is being made for a purpose within the scope of this Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Any temporary notes issued to temporarily finance the costs of the Improvements pending the issuance of the Bonds are hereby called for redemption and payment. The City Clerk is hereby authorized and instructed to provide appropriate notice of redemption in accordance with the resolution authorizing the issuance of such temporary notes.

Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

**Section 504. Application of Moneys in Debt Service Account.** All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained

in this Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account after the retirement of the indebtedness for which the Bonds were issued shall be transferred and paid into the Bond and Interest Fund.

**Section 505. Application of Moneys in the Rebate Fund.**

(a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Arbitrage Instructions. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Arbitrage Instructions), for payment to the United States of America, and neither the Issuer nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and the Arbitrage Instructions.

(b) The Issuer shall periodically determine the arbitrage rebate, if any, under Code §148(f) in accordance with the Arbitrage Instructions, and the Issuer shall make payments to the United States of America at the times and in the amounts determined under the Arbitrage Instructions. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount, or provision made therefor, shall be deposited into the Bond and Interest Fund.

(c) Notwithstanding any other provision of this Bond Resolution, including in particular *Article VII* hereof, the obligation to pay arbitrage rebate to the United States of America and to comply with all other requirements of this Section and the Arbitrage Instructions shall survive the defeasance or payment in full of the Bonds.

**Section 506. Deposits and Investment of Moneys.** Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank: (a) organized under the laws of the State or the United States with main offices located in the county or counties in which the Issuer is located; or (b) under certain conditions of State law, organized under the laws of the United States or any other State thereof, with main offices located outside of the State, but with a branch located in the county or counties in which the Issuer is located. All such depositaries shall be members of the Federal Deposit Insurance Corporation. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

Moneys held in any Fund or Account may be invested in accordance with this Bond Resolution and the Arbitrage Instructions in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account. The Value of any Fund or Account shall be determined as of the final Principal Payment Date of any Fiscal Year that the Bonds remain Outstanding.

**Section 507. Application of Moneys in the Costs of Issuance Account.** Moneys in the Costs of Issuance Account shall be used by and used to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Principal Payment Date or one year after the date of issuance of the Bonds, shall be transferred to the Improvement Fund until completion of the Improvements and thereafter to the Debt Service Account.

## ARTICLE VI DEFAULT AND REMEDIES

**Section 601. Remedies.** The provisions of the Bond Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer and the Owners of the Bonds. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

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

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

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

**Section 602. Limitation on Rights of Owners.** The covenants and agreements of the Issuer contained herein and in the Bonds shall be for the equal benefit, protection and security of the Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein



pledged to the payment of the principal of and interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bonds.

**Section 603. Remedies Cumulative.** No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Bonds by this Bond Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the Issuer and the Owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

## **ARTICLE VII DEFEASANCE**

**Section 701. Defeasance.** When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to

their Stated Maturity, (1) the Issuer has elected to redeem such Bonds, and (2) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with *Section 302(a)* of this Bond Resolution. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Bond Resolution.

## ARTICLE VIII TAX COVENANTS

### Section 801. General Covenants.

(a) The Issuer covenants and agrees that (1) it will comply with all applicable provisions of the Code, including Code §103 and 141 through 150, necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and (2) it will not use or permit the use of any proceeds of Bonds or any other funds of the Issuer, and will not take or permit any other action, or fail to take any action, if any such use, action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds. The Issuer will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

(b) The Issuer covenants and agrees that (1) it will use the proceeds of the Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Issuer in any manner, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Code §148(a).

(c) The Issuer covenants and agrees that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner (1) that would cause any Bond to be a "private activity bond" within

the meaning of Code §141(a) or (2) to make or finance a loan to any Person other than the State or a political subdivision thereof.

**Section 802. Rebate Covenants.**

(a) The Issuer covenants and agrees that it will pay or provide for the payment from time to time all amounts required to be rebated to the United States pursuant to Code §148(f) and the Arbitrage Instructions. This covenant shall survive payment in full or defeasance of the Bonds. The Arbitrage Instructions may be amended or replaced if, in the opinion of Bond Counsel such amendment or replacement will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(b) The Issuer makes the following certifications in connection with the exception for small governmental units from the arbitrage rebate requirements under Code §148(f)(4)(D):

(1) the Issuer is a governmental unit under State law with general taxing powers;

(2) no Bond is a "private activity bond" as defined in Code §141;

(3) 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and

(4) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) to be issued by the Issuer during the current calendar year is not reasonably expected to exceed \$5,000,000. The Issuer understands that, for this purpose, (1) the Issuer and all entities which issue bonds on behalf of the Issuer are treated as one issuer, and (2) all bonds issued by an entity subordinate to the Issuer are treated as issued by the Issuer.

**Section 803. Designation of Bonds as Qualified Tax-Exempt Obligations.** The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" as such term is defined in Code §265(b)(3). In addition, the Issuer hereby represents that:

(a) the aggregate face amount of tax-exempt obligations (other than private activity bonds which are not "qualified 501(c)(3) bonds") which will be issued by the Issuer (and all subordinate entities thereof) during calendar year that the Bonds are issued is not reasonably expected to exceed \$10,000,000; and

(b) the Issuer (including all subordinate entities thereof) will not issue an aggregate principal amount of obligations designated by the Issuer to be "qualified tax-exempt obligations" during calendar year that the Bonds are issued, including the Bonds, in excess of \$10,000,000, without first obtaining an opinion of Bond Counsel that the designation of the Bonds as "qualified tax-exempt obligations" will not be adversely affected.

The Mayor is hereby authorized to take such other action as may be necessary to make effective the designation contained in this Section.

**Section 804. Survival of Covenants.** The covenants contained in this Article shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to *Article VII* hereof or any other provision of this Bond Resolution until the final maturity date of all Bond Outstanding.

## **ARTICLE IX DISCLOSURE**

**Section 901. SEC Rule 15c2-12 Disclosure.** (a) That for purposes of this Section the following terms have the following meanings, in addition to capitalized terms defined elsewhere herein shall be applicable to the Issuer to the extent required by SEC Rule 15c2-12.

**"Annual Financial Information"** means the financial information or operating data with respect to the City, provided at least annually, of the type included in a Private Placement Memorandum, and shall include, at a minimum, that financial information and operating data which is customarily prepared by the City and publicly available. Such Annual Financial Information may, but is not required to, include Audited Financial Statements.

**"Audited Financial Statements"** means the City's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State. Further, the City shall provide such audit to the United States Government without its request, and the City shall forward to the United States Government such additional information and reports as it may, from time to time, require.

**"GAAP"** means generally accepted accounting principles.

**"GASB"** means the Governmental Accounting Standards Board or its successors or assigns.

**"Material Event"** means any of the following events with respect to the Bonds, if material:

A. principal and interest payment delinquencies;

- B. non-payment related defaults;
- C. unscheduled draws on debt service reserves reflecting financial difficulties;
- D. unscheduled draws on credit enhancements reflecting financial difficulties;
- E. substitution of credit or liquidity providers, or their failure to perform;
- F. adverse tax opinions or events affecting the tax-exempt status of the security;
- G. modifications to rights of security holders;
- H. bond calls;
- I. defeasances;
- J. release, substitution or sale of property securing repayment of the securities;  
and
- K. rating changes.

"Material Event Notice" means written or electronic notice of a Material Event.

"MSRB" means the Municipal Securities Rulemaking Board and any successors or assigns.

"NRMSIR" means a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the SEC Rule. The NRMSIRs as of the date of this Resolution include the following:

- A. DPC Data, Inc.  
address: One Executive Drive  
Fort Lee, NJ 07024  
telephone number: (800) 966-4747  
facsimile number: (201) 346-0720  
E-mail: www.dpcdata.com
- B. Bloomberg Financial Markets  
address: 100 Business Park Drive  
Skillman, NJ 08558-3629  
Attn: Municipal Repository

telephone number: (609) 279-3225  
facsimile number: (609) 279-5962  
(609) 279-2066  
E-mail: munis@bloomberg.com

C. FT Interactive Data NRMSIR  
address: 100 William Street, 15th Fl.  
New York, NY 10038  
Attn: Disclosure  
telephone number: (212) 771-6999  
(800) 689-8466  
facsimile number: (212) 771-7390  
E-mail: nrmsir@interactivedata.com

D. Standard & Poor's (NRMSIR)  
address: 55 Water Street, 45th Fl.  
New York NY 10041  
Attn: Repository  
telephone number: (212) 438-4624  
facsimile number: (212) 438-3975  
(212) 438-0223  
E-mail: www.standardpoors.com

"Obligated Person" means an obligated person as defined in the SEC Rule.

"SEC Report Date" means September 1 of each year, beginning September 1, 2007.

"SEC Rule" means the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR part 240, §240.15c2-12).

"SID" means a state information depository as operated or designated by the State as such for the purposes referred to in the SEC Rule. There is no SID as the date of this Resolution.

(b) This Section constitutes the written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of the SEC Rule.

(c) The City, as an "obligated person" within the meaning of the SEC Rule, undertakes to provide the following information as provided in this Section:

(1) Annual Financial Information;

- (2) Audited Financial Statements, if any; and
  - (3) Material Event Notices.
- (d)
- (1) The City shall while any Bonds are Outstanding provide the Annual Financial Information, on or before the SEC Report Date, to each then existing NRMSIR and the SID, if any. The City may adjust the SEC Report Date if the City changes its fiscal year by providing written notice of the change of fiscal year and the new SEC Report Date to each then existing NRMSIR and the SID, if any; provided that the new SEC Report Date shall be six months after the end of the new fiscal year and provided further that the period between the final SEC Report Date relating to the former fiscal year and the initial SEC Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the City provides to each then existing NRMSIR and the SID, if any, the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.
  - (2) If not provided as part of the Annual Financial Information, the City shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to each then existing NRMSIR and the SID, if any.
  - (3) If a Material Event occurs while any Bonds are Outstanding, the City shall provide a Material Event Notice in a timely manner to the MSRB and the SID, if any. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.
  - (4) The City shall provide a timely manner to the MSRB and to the SID, if any, notice of any failure by the City while any Bonds are Outstanding to provide to each then existing NRMSIR and the SID, if any, Annual Financial Information on or before the SEC Report Date.
- (e) Any failure by the City to perform in accordance with this Section shall not constitute an "event of default" under this Resolution.

**Section 902. Method of Transmitting Continuing Disclosure.** Unless otherwise required by law and subject to technical and economic feasibility, the City shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the City's information.

**Section 903. Termination of Obligation to Provide Continuing Disclosure.** The continuing obligation hereunder of the City to provide Annual Financial Information and Material Event Notices shall terminate immediately once the Bonds no longer are Outstanding. This Section, or any provision hereof, shall be null and void in the event that the City delivers to each then existing NRMSIR, and the SID, if any, an opinion of Bond Counsel to the effect that those portions of the SEC Rule which require this Section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. This Article may be amended without the consent of the holders of the Bonds, but only upon the delivery by the City to the SID, if any, of the proposed amendment and an opinion of Bond Counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Article and by the City with the SEC Rule.

## ARTICLE X MISCELLANEOUS PROVISIONS

**Section 1001. Annual Audit.** Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of its Funds and Accounts for the preceding Fiscal Year by an Independent Accountant.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk.

As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Bond Resolution, the Issuer shall promptly cure such deficiency.

**Section 1002. Amendments.** The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond;



- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bonds required for the written consent of any modification or alteration of the provisions of this Bond Resolution.

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

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

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

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

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

**Section 1003. Notices, Consents and Other Instruments by Owners.** Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by

such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action take, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Bond Resolution, Bonds owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Bond Resolution, except that, in determining whether the Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Owners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer.

**Section 1004. Notices.** Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt; given to the Notice Representative at the Notice Address. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

**Section 1005. Further Authority.** The officers and officials of the Issuer, including the Mayor and City Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Bond Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

**Section 1006. Severability.** If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

**Section 1007. Governing Law.** This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

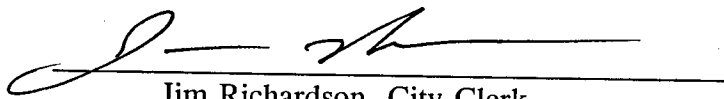
**Section 1008. Effective Date.** This Bond Resolution shall take effect and be in full force from and after its passage by the governing body of the Issuer.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

ADOPTED by the governing body of the Issuer on June 5, 2006.

  
James McAnerney, Mayor

ATTEST:

  
Jim Richardson, City Clerk

(SEAL)

EXHIBIT "A"

(Form of Bonds)

REGISTERED  
NUMBER R-1

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF KANSAS  
COUNTY OF DONIPHAN  
CITY OF WATHENA  
GENERAL OBLIGATION BOND  
SERIES 2006

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Rate of  
Interest: \_\_\_\_ . \_\_\_\_ %

Maturity Date:  
September 1, 20\_\_\_\_

Dated Date:  
June 15, 2006

CUSIP:  
\_\_\_\_\_

REGISTERED OWNER:

PRINCIPAL AMOUNT:

**KNOW ALL PERSONS BY THESE PRESENTS:** That the City of Wathena, in the County of Doniphan, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on March 1 and

September 1 of each year, commencing March 1, 2007 (the "Interest Payment Dates"), until the Principal Amount has been paid.

**Method and Place of Payment.** The principal or redemption price of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The interest payable on this Bond or any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. Such interest shall be payable by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner. The principal or redemption price of and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

**Definitions.** Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Bond Resolution.

**ADDITIONAL PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.**

**Authentication.** This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Bond Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

**IT IS HEREBY DECLARED AND CERTIFIED** that all acts, conditions and things required to be done and to exist precedent to and in the issuance of this Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of bonds, does not exceed any constitutional or statutory limitation.

**IN WITNESS WHEREOF,** the Issuer has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and its seal to be affixed hereto or imprinted hereon.

CITY OF WATHENA, KANSAS

(Facsimile Seal)

\_\_\_\_\_  
(facsimile)  
Mayor

ATTEST:

\_\_\_\_\_  
(facsimile)  
City Clerk

\*\*\*\*\*

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of a series of General Obligation Bonds, Series 2006, of the City of Wathena, Kansas, described in the within-mentioned Bond Resolution.

Registration Date: \_\_\_\_\_

OFFICE OF THE STATE TREASURER  
Topeka, Kansas,  
as Bond Registrar and Paying Agent

By \_\_\_\_\_

Registration Number 4591-022-061506-143

\*\*\*\*\*

(FORM OF REVERSE SIDE OF BOND)

ADDITIONAL PROVISIONS

**Authorization of Bonds.** This Bond is one of an authorized series of Bonds of the Issuer designated "General Obligation Bonds, Series 2006", aggregating the principal amount of \$1,000,000 (the "Bonds") issued for the purposes set forth in the Ordinance of the Issuer authorizing the issuance of the Bonds and the Resolution of the Issuer prescribing the form and details of the Bonds (jointly the "Bond Resolution"). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 12-1736 *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

**General Obligations.** The Bonds constitute general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby pledged for the payment of the principal of and interest on this Bond and the issue of which it is a part as the same respectively become due.

**Redemption Prior to Maturity.** The Bonds are subject to redemption prior to maturity as follows:

**Optional Redemption.** The Series 2006 Bonds maturing September 1, 2007 through September 1, 2014, inclusive, become due without option of prior payment. At the option of the Issuer, the Bonds or portions thereof maturing on or after September 1, 2015, may be called for redemption and payment prior to their Stated Maturity on September 1, 2014, and thereafter as a whole or in part at any time (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) on any Interest Payment Date, at the Redemption Price of par, plus accrued interest thereon to the Redemption Date.

**Mandatory Redemption.** (a) The Series 2006 Bonds maturing on September 1, 2020, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on September 1, 2018, and thereafter pursuant to the redemption schedules hereafter set out, at the principal amount thereof, plus accrued interest thereon to date fixed for redemption and payment, without premium, leaving \$55,000 to mature September 1, 2020.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2006 Bonds maturing September 1, 2020, the City hereby agrees to redeem the following principal amounts of the Bonds maturing in each year as follows:



<u>REDEMPTION DATE</u>	<u>AMOUNT</u>
09/01/18	\$ 50,000
09/01/19	\$ 55,000

(leaving \$55,000 to mature September 1, 2020)

(b) The Series 2006 Bonds maturing on September 1, 2023, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on September 1, 2021, and thereafter pursuant to the redemption schedules hereafter set out, at the principal amount thereof, plus accrued interest thereon to date fixed for redemption and payment, without premium, leaving \$65,000 to mature September 1, 2023.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2006 Bonds maturing September 1, 2023, the City hereby agrees to redeem the following principal amounts of the Bonds maturing in each year as follows:

<u>REDEMPTION DATE</u>	<u>AMOUNT</u>
09/01/21	\$ 60,000
09/01/22	\$ 60,000

(leaving \$65,000 to mature September 1, 2023)

(c) The Series 2006 Bonds maturing on September 1, 2026, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on September 1, 2024, and thereafter pursuant to the redemption schedules hereafter set out, at the principal amount thereof, plus accrued interest thereon to date fixed for redemption and payment, without premium, leaving \$75,000 to mature September 1, 2026.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2006 Bonds maturing September 1, 2026, the City hereby agrees to redeem the following principal amounts of the Bonds maturing in each year as follows:

<u>REDEMPTION DATE</u>	<u>AMOUNT</u>
09/01/24	\$ 70,000
09/01/25	\$ 70,000

(leaving \$75,000 to mature September 1, 2026)

The Series 2006 Bonds maturing on September 1, 2020, September 1, 2023, and September 1, 2026, to be redeemed and paid pursuant to the operation of the Sinking Fund, shall be selected by the Issuer in such equitable manner as it may designate. The Paying Agent shall each year in which the Series 2006 Bonds are to be redeemed pursuant to the terms of said Sinking Fund make timely selection of Series 2006 Bonds to be so redeemed and shall give notice thereof as provided in the Bond Resolution. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds received the notice. Interest on any Bond so called for redemption and payment will cease from and after the date for which such call is made, provided funds are available for payment thereof and on deposit with the Paying Agent therefor.

*Redemption Denominations.* Whenever the Bond Registrar is to select Bonds for the purpose of redemption, it shall, in the case of Bonds in denominations greater than a minimum Authorized Denomination, if less than all of the Bonds then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such Bond as though it were a separate Bond in the denomination of a minimum Authorized Denomination.

*Notice of Redemption.* Notice of redemption, unless waived, shall be given by the Issuer to the Purchaser of the Bonds and to the Bond Registrar in accordance with the Bond Resolution. The Issuer shall cause the Bond Registrar to notify each Registered Owner at the address maintained on the Bond Register, such notice to be given by mailing an official notice of redemption by first class mail at least 30 days prior to the redemption date. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer defaults in the payment of the redemption price), such Bonds or portions of Bonds shall cease to bear interest.

\*\*\*\*\*

### LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Cosgrove, Webb & Oman, Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Bonds:

**COSGROVE, WEBB & OMAN**  
Attorneys at Law  
534 S. Kansas Avenue, Suite 1100  
Topeka, Kansas 66603

(PRINTED LEGAL OPINION)

\*\*\*\*\*

**BOND ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer  
to

\_\_\_\_\_  
\_\_\_\_\_  
(Name and Address)

\_\_\_\_\_  
(Social Security or Taxpayer Identifying No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$ \_\_\_\_\_  
standing in the name of the undersigned on the books of the Bond Registrar. The undersigned does  
(do) hereby irrevocably constitute and appoint \_\_\_\_\_  
\_\_\_\_\_ as agent to transfer said Bond on the books of said Bond Registrar with full power of  
substitution in the premises.

Dated \_\_\_\_\_

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or Taxpayer Identifying No.

\_\_\_\_\_  
Signature (Sign Here Exactly as Name(s) Appear on  
Face of Certificate)

Signature guaranty:

By \_\_\_\_\_

\*\*\*\*\*

**CERTIFICATE OF CITY CLERK**

STATE OF KANSAS            )  
  ) SS.  
COUNTY OF DONIPHAN )

The undersigned, City Clerk of Wathena, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of June 15, 2006.

WITNESS my hand and official seal.

\_\_\_\_\_  
(facsimile)

City Clerk

(Facsimile Seal)

\*\*\*\*\*

**CERTIFICATE OF STATE TREASURER**

OFFICE OF THE TREASURER, STATE OF KANSAS

LYNN JENKINS, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in her office, and that this Bond was registered in her office according to law on \_\_\_\_\_, 2006.

WITNESS my hand and official seal.

LYNN JENKINS  
TREASURER OF THE STATE OF KANSAS

(Facsimile Seal)

By \_\_\_\_\_ (facsimile)

Assistant State Treasurer

\*\*\*\*\*

**COUNTERSIGNATURE OF CITY CLERK**

This Bond shall not be negotiable unless and until countersigned below following registration by the Treasurer of the State of Kansas.

(Facsimile Seal)

\_\_\_\_\_  
(facsimile)  
City Clerk

\*\*\*\*\*