
RESOLUTION NO. 2012-07

OF

THE CITY OF WATHENA, DONIPHAN COUNTY, KANSAS

ADOPTED OCTOBER 1, 2012

\$925,000

ELECTRIC UTILITY SYSTEM REVENUE BONDS

SERIES 2012

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EXHIBIT A

RESOLUTION NO. 2012-07

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING THE DELIVERY OF \$925,000 PRINCIPAL AMOUNT OF ELECTRIC UTILITY SYSTEM REVENUE BONDS, SERIES 2012, OF THE CITY OF WATHENA, DONIPHAN COUNTY, KANSAS, AUTHORIZED BY ORDINANCE NO. 628 OF THE CITY; PROVIDING FUNDS FOR CERTAIN IMPROVEMENTS TO THE CITY ELECTRIC UTILITY SYSTEM; AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO.

WHEREAS, the City has heretofore adopted the Ordinance authorizing the issuance of the Bonds (the "Authorizing Ordinance"); and

WHEREAS, the Ordinance authorized the governing body of the City to adopt a resolution prescribing certain details and conditions and to make certain covenants with respect to the issuance of the Bonds.

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

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to the words and terms defined elsewhere in the Authorizing Ordinance and this Resolution, the following words and terms as used in this Resolution shall have the following meanings:

"Act" means the authorizing Ordinance, the Resolution, the constitution and statutes of the State of Kansas including K.S.A. 10-1201 *et seq.*, and K.S.A. 10-620 *et seq.*, as amended and supplemented.

"Additional Bonds" means any bonds issued pursuant to and in accordance with Article X hereof.

"Arbitrage Instructions" means the Arbitrage Instructions (dated as of the date of issuance of the Bonds, if required) attached to the City's Closing Certificate to be delivered at the time of issuance and delivery of the Bonds relating to certain matters within the scope of Section 148 of the Code, as the same may be amended and supplemented in accordance with its terms.

"Authorized Investments" means: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) direct obligations of the United States Government or any agency thereof; (c) interest-bearing time deposits in commercial banks or trust companies located in the County or Counties in which the City is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (b) above; (d) obligations of the federal national mortgage association, federal home loan banks or the federal home loan mortgage corporation; (e) repurchase agreements collateralized by securities described in (b) or (d) above; (f) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the two highest rating categories by Moody's Investors Service, Inc. or Standard & Poor's Corporation; (g) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (b) or (d) above; (h) receipts evidencing ownership interests in securities or portions thereof described in (b) or (d) above; (i) municipal bonds or other obligations issued by any municipality of the State of Kansas as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (j) bonds of any municipality of the State of Kansas 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 (b) or (d) above.

"Authorizing Ordinance" means Ordinance No. _____ authorizing the issuance of the 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 recognized and acceptable to the City.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the City and the Original Purchaser.

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

"Bondowner" means the same as the term Owner.

"Bonds" means the City's Electric Utility System Revenue Bonds, Series 2012, dated October 18, 2012, in the aggregate principal amount of \$925,000 authorized and issued pursuant to the Authorizing Ordinance and this Resolution, and any Additional Bonds.

"City Clerk" means the duly elected, appointed or acting City Clerk of the City.

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

"Costs of Issuance" shall mean all costs of issuing the Bonds, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with determination of yield or amounts to be deposited in the Rebate Fund, 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 the City of Wathena, Doniphan County, Kansas, Electric Utility System Revenue Bonds, Series 2012, created by this Resolution.

"Current Expenses" means all necessary expenses of operation, maintenance and repair of the System, including salaries, wages, costs of materials and supplies, expenses of reasonable upkeep and repairs, insurance, all general administrative expenses of the City and all other expenses incident to the operation of the System, but excluding depreciation.

"Dated Date" shall mean October 18, 2012.

"Debt Service Requirements" shall mean the required payments of principal premium, if any, and interest on the Bonds and any Additional Bonds in accordance with the terms and provisions of this Resolution.

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

"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 within thirty (30) days after the same shall become due and payable; or

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

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

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

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

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

(h) The City shall be in default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the City to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the owner of any of the Bonds then Outstanding.

"Gross Proceeds" shall have the meaning ascribed thereto in the Arbitrage Instructions.

"Gross Revenues" means all charges, fees, income and revenues (including interest earnings) derived and collected by the City from the operation and ownership of the System.

"Independent Accountant" means an independent certified accountant or firm of certified accountants at the time employed by the City for the purpose of carrying out the duties imposed on the Independent Accountant by this Resolution.

"Interest Payment Date" shall mean May 1 and November 1 of each year, commencing November 1, 2013, and ending on the final maturity date of the Bonds, or such other time as the Bonds are paid or provision is made for the payment thereof.

"Issuer or City" means the City of Wathena, Doniphan County, Kansas.

"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.

"Mayor" shall mean the duly elected and acting Mayor or, in the Mayor's absence, the duly appointed Deputy Mayor or Acting Mayor of the City.

"Net Revenues" means Gross Revenues less Current Expenses.

"Nonpurpose Investment" means any "Investment Property" as such term is defined in the Arbitrage Instructions.

"Operation and Maintenance Account" means the Electric Utility System Operation and Maintenance Account created by this Resolution.

"Original Purchaser" means Cooper Malone McClain, Inc., Wichita, Kansas.

"Outstanding" shall mean, as of a particular date, all bonds heretofore issued, authenticated and delivered under the provisions of this Resolution, except:

(a) bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation pursuant to this Resolution;

(b) bonds for the payment or redemption of which monies or investments have been deposited in accordance with Article XII of this Resolution; and

(c) bonds in exchange for or in lieu of which other bonds have been authenticated and delivered pursuant to this Resolution.

"Owner" or "Registered Owner" when used with respect to any Bond means the person in whose name such Bond is registered on the Bond Register.

"Parity Bond Authorizing Ordinance" means jointly the Authorizing Ordinance, this Resolution and the resolutions under which any additional Parity Bonds shall be issued.

"Parity Bonds" means the Bonds and any bonds hereafter issued pursuant to Sections 1002 or 1004 hereof.

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

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Principal and Interest Account" means the Principal and Interest Account for Electric Utility System Revenue Bonds, Series 2012, created by this Resolution.

"Principal Payment Dates" shall mean the 1st day of each May until such time as the aggregate principal amount of the Bonds has been paid or provision is made for the payment thereof, whether at Stated Maturity or Redemption Date.

"Project" means the improvements to the City electric utility system, including but not limited to constructing and making improvements to the City's electric distribution system from the sale proceeds of the Bonds.

"Project Account" means the City of Wathena, Doniphan County, Kansas, Project Account, created herein.

"Purchase Price" shall mean par value of the Bonds plus accrued interest to the date of delivery.

"Rebate Account" means the Rebate Account for Electric Utility System Revenue Bonds, Series 2012, created by this Resolution.

"Record Date" means the fifteenth day of each month (whether or not a business day) next preceding each Interest Payment Date of each year the Bonds are Outstanding.

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

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

"Reserve Account" means the Series 2012 Bond Reserve Account.

"Resolution" means this Resolution No. _____ of the City which prescribes the form and details of the Bonds.

"Revenue Fund" means the Electric Utility System Revenue Fund created by this Resolution.

"Series 2012 Bond Reserve Account" means the reserve account for Electric Utility System Revenue Bonds, Series 2012.

"Special Record Date" means a date fixed by the Bond Registrar for the payment of any Defaulted Interest.

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

"System" means the Electric Utility System of the City together with all alterations, repairs, reconstructions, extensions, enlargements and improvements thereto hereafter made or acquired by the City.

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

ARTICLE II

AUTHORIZATION OF THE BONDS

Section 201. Authorization of the Bonds. The Bonds have been heretofore authorized and directed to be issued pursuant to the Authorizing Ordinance in the principal amount of \$925,000, for the purpose of making certain improvements to the City's electric utility system, including but not limited to constructing and making improvements to the City's electric distribution system.

Section 202. Security for the Bonds. The Bonds shall be special obligations of the City payable from, and secured as to the payment of principal and interest by a pledge of, the Net

Revenues. The Bonds shall constitute an equal and parity lien on the Net Revenues of the System with the City's Electric Utility System Revenue Bonds, Series 2011, dated May 4, 2011, in the aggregate principal amount of \$580,000. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction.

The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection and security of the legal 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 the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Resolution.

Section 203. Description of the Bonds. The Bonds shall consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered in such manner as the Bond Registrar shall determine. The Bonds shall be dated October 18, 2012, shall become due on the Principal Payment Dates 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>
05/01/2014	\$ 20,000	___.___%
05/01/2015	\$ 35,000	___.___%
05/01/2016	\$ 40,000	___.___%
05/01/2017	\$ 40,000	___.___%
05/01/2018	\$ 40,000	___.___%
05/01/2019	\$ 40,000	___.___%
05/01/2020	\$ 40,000	___.___%
05/01/2021	\$ 40,000	___.___%
05/01/2022	\$ 40,000	___.___%
05/01/2023	\$ 45,000	___.___%

TERM BONDS

<u>MATURITY DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
05/01/2028	\$ 245,000	___.___%

05/01/2033

\$ 300,000

_____%

Interest on the Bonds at the rate aforesaid (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 or duly provided for, shall be payable on the Interest Payment Dates, to the owners thereof whose names appear on the books maintained by the Bond Registrar at the close of business on the Record Dates.

Section 204. Designation of Paying Agent and Bond Registrar. The Treasurer of the State of Kansas, Topeka, Kansas, is hereby designated as the City's Paying Agent and Bond Registrar. The Mayor and City Clerk are hereby authorized and empowered to execute on behalf of the City an agreement with the Paying Agent and Bond Registrar for the Bonds.

Section 205. Method and Place of Paying of the Bonds. The principal of, premium, if any, 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 debts due the United States of America.

The principal of and any premium on the Bonds shall be paid to the Registered Owner of each Bond upon presentation of the Bond at the maturity date to the Paying Agent for cancellation. The interest payable on the Bonds on any Interest Payment Date shall be paid by check or draft mailed by the Paying Agent to the Registered Owner of each Bond at the Registered Owner's address as it appears on the registration books of the City maintained by the Bond Registrar as herein provided or at such other address provided in writing by such Registered Owner to the Bond Registrar on the Record Dates. Alternate method of transferring of funds for payment may be as requested by the Owner, provided such method is: (a) approved by the Paying Agent; (b) written required is provided by the Owner specifying such method and route for transferring funds; and (c) the Owner provides for payment to the Paying Agent of all expenses incurred in such alternate fund transfer.

Notwithstanding any of the foregoing provisions of this Section to the contrary, any Defaulted Interest shall be payable to the Owners as of the close of business on the Special Record Date. The Special Record Date shall be fixed in the following manner: (1) the City shall notify the Bond Registrar in writing of the amount of Defaulted Interest proposed to be paid on the Bonds and the date of the proposed payment, which proposed payment date shall be at least thirty (30) days after receipt by the Bond Registrar of such notice from the City; (2) at the same time the City shall deposit with the Paying Agent an amount of money equal to the aggregate amount 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; and (3) thereupon, the Bond Registrar shall fix a Special Record Date for the payment of such Defaulted Interest which shall not be more than fifteen (15) days nor less than ten (10) days prior to the date of the proposed payment.

The Paying Agent shall keep in its offices a record of payment of principal of, premium, if any, and interest on all Bonds.

The City, Bond Registrar and Paying Agent may deem and treat the person in whose name any Bond is registered as the absolute Owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, and interest on the Bond and for all other purposes, and all such payment so made to any such Owner or upon the Owner's order shall be valid and effectual to the extent of the sum or sums so paid, and either the City, Bond Registrar and Paying Agent shall be affected by any notice to the contrary. Said Bonds shall be registered under a system administered through DTC and shall not exceed the maximum amount authorized by this Resolution.

Section 206. Method of Execution and Authentication of the Bonds. The Bonds shall be executed for and on behalf of the City 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 City shall be 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 the event that any of the aforementioned officers shall cease to hold such offices before the Bonds are issued and delivered, the Bonds may be issued and transferred to other owners as though said officers had not ceased to hold office, and such signatures appearing on the Bonds shall be valid and sufficient for all purposes as if they had remained in office until such issuance or transfer.

The Bonds shall not be valid obligations under the provisions of the Resolution until authenticated by the Bond Registrar or a duly authorized representative of the Bond Registrar by execution of the Certificate of Authentication appearing on each Bond. It shall not be necessary that the same representative of the Bond Registrar execute the Certificate of Authentication on all of the Bonds.

Section 207. Registration, Transfer and Exchange of Bonds. As long as the Bonds remain Outstanding, the City shall cause the books for the registration and transfer of the Bonds as provided in the Resolution to be kept by the Bond Registrar.

Upon presentation of the necessary documents as hereinafter described, the Bond Registrar shall transfer or exchange any Bond(s) for new Bond(s) in an authorized denomination of the same maturity and for the same aggregate principal amount as the Bond(s) which was presented for transfer or exchange.

All 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 Registered Owner thereof or by

the Registered Owner's duly authorized agent. In addition, all Bonds presented for transfer or exchange shall be surrendered to the Bond Registrar for cancellation.

Prior to delivery of the new Bond(s) to the transferee, the Bond Registrar shall register the same in the registration books kept by the Bond Registrar for such purpose and shall authenticate each Bond.

The City shall pay out of the proceeds of the Bonds the fees of the Bond Registrar for registration and transfer of the Bonds 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.

The City and the Bond Registrar shall not be required to issue, register, transfer or exchange any Bonds during a period beginning on the day following the Record Date preceding any Interest Payment Date and ending at the close of business on the Interest Payment Date, from and after the establishing of any Special Record Date and the date of payment of any Defaulted Interest, or within thirty (30) days of a date on which Bonds are redeemed after notice of such redemption has been given in accordance with Article III of this Resolution.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, shall be secured by the Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The City, Bond Registrar and Paying Agent may deem and treat the person in whose name any Bond is registered as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, and interest on said Bond and for all other purposes, and all such payment so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effectual to the extent of the sum or sums so paid, and neither the City, Bond Registrar and Paying Agent shall be affected by any notice to the contrary.

Section 208. Surrender and Cancellation of Bonds. Whenever any Outstanding Bonds shall be delivered to the Bond Registrar for cancellation pursuant to the Resolution, upon payment of the principal amount thereof and interest thereon or replacement pursuant to the Resolution, such Bond shall be canceled by the Bond Registrar and the canceled Bond shall be returned to the City Clerk.

Section 209. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the City may execute and the Bond Registrar may authenticate a new Bond of like date, maturity, denomination and interest rate, as that mutilated, lost, stolen or

destroyed; provided, that in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the City or the Bond Registrar, and, in the case of any lost, stolen or destroyed Bond there shall first be furnished to the Bond Registrar and the City evidence of such loss, theft or destruction satisfactory to them, together with an indemnity satisfactory to the City and the Bond Registrar. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the City and Bond Registrar may pay the same without surrender thereof. The City and Bond Registrar may charge to the Registered Owner of such Bond their reasonable fees and expenses in connection with replacing any Bond or Bonds mutilated, stolen, lost or destroyed.

Section 210. Temporary Bonds. Until definitive Bonds are prepared, the City may execute, in the same manner as is provided in the Resolution and upon the request of the City, the Bond Registrar shall authenticate and deliver, in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized herein, authorized by the City and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The City at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and upon the cancellation of such surrendered temporary Bonds, the Bond Registrar shall authenticate and, without charge to the owner thereof, deliver in exchange therefor definitive Bonds of the same aggregate principal amount and maturity as the temporary Bonds surrendered.

If the City shall authorize the issuance of temporary Bonds in more than one denomination, the Registered Owner of any temporary Bond or Bonds may, at such Registered Owner's option, surrender the same to the Bond Registrar in exchange for another temporary Bond or Bonds of like aggregate principal amount and maturity of any other authorized denomination or denominations, and thereupon the City shall execute and the Bond Registrar shall authenticate and, upon payment of any applicable taxes, fees and charges, shall deliver a temporary Bond or Bonds of like aggregate principal amount and maturity in such other authorized denomination or denominations as shall be requested by such owner.

All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Bond Registrar.

Section 211. Execution and Delivery of the Bonds. The Mayor and City Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner hereinbefore specified, and to cause the Bonds to be registered in the offices of the City Clerk and the State Treasurer as provided by law, and, when duly executed and registered, to deliver the Bonds to the Original Purchaser, upon receipt by the City of the Purchase Price.

ARTICLE III

REDEMPTION OF THE BONDS

Section 301. Optional Redemption of Series 2012 Bonds. The Series 2012 Bonds maturing in the years 2014 through 2019, inclusive, shall become due on their maturity date without the option of prior payment. At the option of the City and upon written instructions from the City, the Series 2012 Bonds maturing May 1, 2020 and thereafter, may be called for redemption and payment prior to their respective maturities, in whole at any time or in part as determined by the City on any interest payment date in inverse order of maturity and by lot within a single maturity on or after May 1, 2019, at a redemption price equal to the principal amount thereof, plus accrued interest to the date established for such redemption and payment, without premium.

Section 302. Mandatory Redemption. (a) The Series 2012 Bonds maturing on May 1, 2028, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on May 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 \$55,000 to mature May 1, 2028.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2012 Bonds maturing May 1, 2028, 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>
05/01/2024	\$45,000
05/01/2025	\$45,000
05/01/2026	\$50,000
05/01/2027	\$50,000

(leaving \$55,000 to mature May 1, 2028)

The Series 2012 Bonds maturing on May 1, 2028, to be redeemed and paid pursuant to the operation of the Sinking Fund shall be selected by the Bond Registrar and Paying Agent in such equitable manner as it may designate. The Paying Agent shall each year in which the Series 2012 Bonds are to be redeemed pursuant to the terms of said Sinking Fund make timely selection of Series 2012 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.

(b) The Series 2012 Bonds maturing on May 1, 2033, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on May 1, 2029, 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 May 1, 2033.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2012 Bonds maturing May 1, 2033, 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>
05/01/2029	\$55,000
05/01/2030	\$55,000
05/01/2031	\$60,000
05/01/2032	\$65,000

(leaving \$65,000 to mature May 1, 2033)

The Series 2012 Bonds maturing on May 1, 2033, to be redeemed and paid pursuant to the operation of the Sinking Fund shall be selected by the Bond Registrar and Paying Agent in such equitable manner as it may designate. The Paying Agent shall each year in which the Series 2012 Bonds are to be redeemed pursuant to the terms of said Sinking Fund make timely selection of Series 2012 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 303. Selection of Series 2012 Bonds to be Redeemed.

(a) Bonds shall be redeemed only in the principal amount of \$5,000 or integral multiples thereof. When less than all of the Outstanding Series 2012 Bonds are to be redeemed and paid prior to maturity, the particular Series 2012 Bonds or portions thereof to be redeemed will be redeemed in inverse order of maturity, and by lot within maturities, with Series 2012 Bonds of less than a full maturity to be selected by the Fiscal Agent in \$5,000 units of face value in such equitable manner as it may determine.

(b) In the case of a partial redemption of Series 2012 Bonds by lot when Series 2012 Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Series 2012 Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Series 2012 Bond is selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Series 2012 Bond to the Fiscal Agent: (i) for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption; and (ii) for exchange, without charge to the Owner thereof, for a new Series 2012 Bond(s) of the aggregate principal amount of the unredeemed portion of the principal amount of such Series 2012 Bond. If the Owner of any Series 2012 Bond of a denomination greater than \$5,000 shall fail to present such Series 2012 Bond as aforesaid, such Series 2012 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the amount called for redemption.

Section 304. Paying Agent and Bond Registrar's Duty to Redeem Series 2012 Bonds.

The Paying Agent and Bond Registrar shall call the Series 2012 Bonds for redemption and payment as herein provided and shall give notice of redemption as provided in the following Section 305 hereof upon receipt by the Paying Agent and Bond Registrar at least forty-five (45) days prior to the redemption date of the written request of the City pursuant to the provisions of this 2012 Bond Resolution, such request to specify the principal amount and the respective maturities of the Series 2012 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this 2012 Bond Resolution pursuant to which such Series 2012 Bonds are to be called for redemption.

Section 305. Notice of Redemption. The Paying Agent and Bond Registrar shall give written notice of any call for redemption of the Bonds to the Owners of such Bonds by United States first class mail at least thirty (30) days prior to the date fixed for redemption; provided, however, that failure to give such notice by mailing as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. Any notice of redemption shall state the date of redemption, the place or places at which the Bonds subject to the call shall be presented for payment, the maturities and numbers of the Bonds or portions of the Bonds to be redeemed (and in the case of the redemption of a portion of any bond, the principal amount thereof subject to the call) and the redemption price, and shall also state that interest on the Bonds described in such notice will cease to accrue from and after redemption date.

Section 306. Effect of Call for Redemption. On or before the date established for redemption and payment of any Bonds, funds or Government Securities, as defined herein, shall be deposited with the Paying Agent in an amount sufficient to provide for the payment of the redemption price of the Bonds called for redemption on the date established for redemption. Upon

the deposit of such funds or Government Securities, and notice having been given as provided in Section 305 above, the Bonds or portions thereof thus called for redemption shall cease to bear interest on the specified redemption date and shall no longer be entitled to the protection, benefit or security of this 2012 Bond Resolution and shall not be deemed to be Outstanding under the provisions hereof.

ARTICLE IV

FORM OF THE BONDS

Section 401. Form of the Bonds. The Bonds shall be printed in accordance with the format required by the Attorney General of the State of Kansas and shall contain information substantially in the form submitted to the governing body concurrently with the passage of the Resolution and in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 to 10-632, inclusive.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS

Section 501. Creation of Funds and Accounts. There are hereby created and ordered to be established in the treasury of the City the following separate accounts to be known respectively as the:

- (a) Principal and Interest Account for Electric Utility System Revenue Bonds, Series 2012.
- (b) Costs of Issuance Account for Electric Utility System Revenue Bonds, Series 2012.
- (c) Project Account.
- (d) Reserve Account for Electric Utility System Revenue Bond, Series 2012.
- (e) Electric Utility System Operation and Maintenance Account.
- (f) Rebate Fund for Electric Utility System Revenue Bonds, Series 2012.

Section 502. Administration of Funds and Accounts. The funds and accounts established pursuant to Section 501 hereof shall be maintained and administered by the City solely for the purposes and in the manner as provided in this Resolution so long as any of the Bonds remain outstanding and unpaid.

ARTICLE VI

APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 601. Disposition of Bond Proceeds. The proceeds of the Bonds upon issuance and delivery thereof, shall be deposited as follows:

- (a) In the Principal and Interest Account a sum equal to the accrued interest and any premium paid on the Bonds.
- (b) In the Project Account the sum of \$865,280.00.
- (c) In the Costs of Issuance Account the sum of \$59,720.00.
- (d) In the Reserve Account the sum of \$92,500.00.

Section 602. Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account after payment of all Costs of Issuance shall be transferred not later than thirty (30) days prior to the first Principal Payment Date to the Principal and Interest Account to pay a portion of the first principal due on the Bonds.

Section 603. Application of Moneys in the Project Account. Moneys in the Project Account shall be used for the sole purpose of paying the costs of the Project. Any funds remaining in the Project Account after completion of the Project will first be transferred to the Reserve Account, and if the Reserve Account is fully funded, then to the Principal and Interest Account in accordance with Section 702(B) herein.

ARTICLE VII

COLLECTION AND APPLICATION OF REVENUES

Section 701. Revenue Fund. The City covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain outstanding and unpaid,

all of the revenues derived and collected by the City from the operation of the System shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City in a fund to be known as the "Revenue Fund", and shall not be mingled with any other moneys, revenues, funds and accounts of the City. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in this Resolution.

Section 702. Application of Moneys in the Revenue Fund. The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding and unpaid, the City will on the first day of each month administer and allocate all of the moneys then held in the Revenue Fund as follows:

(A) **Operation and Maintenance Account.** An amount equal to the anticipated Current Expenses for the ensuing month shall be deposited into the Operation and Maintenance Account. All Current Expenses of the System shall be paid as bills accrue, and such bills shall be paid by a proper system of vouchers. Such amounts as may be necessary in the opinion of the governing body of the City to pay the reasonable and proper Current Expenses of the System for a period of thirty (30) days may be retained and accumulated in the Operation and Maintenance Account before transfers to the other Accounts hereinafter provided for.

(B) **Principal and Interest Account.** The City shall set aside and credit monthly from the Revenue Fund to the Principal and Interest Account, beginning as of the issuance of the Bonds proportionate monthly amounts (less accrued credits to such Account) of the (i) next maturing interest on the Bonds; and (ii) next maturing principal on the Bonds, to the end that at all times one (1) month prior to maturity of interest and/or principal requirements, there shall be sufficient moneys credited to the Principal and Interest Account to transmit maturing interest and principal on the Bonds to the Paying Agent for payment when due. All amounts credited to the Principal and Interest Account shall be used solely and exclusively for the payment of principal of and interest on the Bonds when the same shall become due and payable. In addition thereto, there shall be credited to the Principal and Interest Account sufficient sums to pay any fees and expenses of the Bond Registrar and Paying Agent. Further, at such time as the Project is completed, and after funding of the Reserve Account for Electric Utility Revenue Bonds, Series 2012, in accordance with Section 702(C) herein, the City will transfer any remaining funds in the Project Account to the Principal and Interest Account for the payment of the Bonds in accordance with this Section 702(B).

(C) **Reserve Account for Electric Utility System Revenue Bonds, Series 2012.** The City will deposit \$92,500.00 to the Bond Reserve Account from the Project Account at such time as the Project is completed. Moneys held in the Series 2012 Bond Reserve Account shall be used solely to prevent any default in the payment of the principal of or

interest on the Bonds if at any time the moneys in the Series 2012 Principal and Interest Account are insufficient to pay the principal of and/or interest on the Bonds. Unless the City is effectuating a redemption of all of the Bonds outstanding, no part of the Series 2012 Bond Reserve Account shall ever be used or expended by the City to call and redeem, in whole or in part, said Bonds for payment prior to their ultimate maturity. So long as the moneys and investments in the Series 2012 Bond Reserve Account shall aggregate not less than \$92,500.00 no further payments into said account shall be required, but if at any time the City shall be compelled to use and expend any part of said Series 2012 Bond Reserve Account for the purpose of paying the interest on or principal of the Bonds and such use shall reduce the amount in said account below the sum of \$92,500.00, then the City after making all payments and credits at the time required to be made by it under the provisions of this Resolution, will make monthly payments or credits of \$3,855.00 a month to the Series 2012 Bond Reserve Account until it shall have accumulated in said account the sum of \$92,500.00.

(D) Rebate Account for Electric Utility System Revenue Bonds, Series 2012. Moneys shall be deposited in the Series 2012 Rebate Account to the extent any amounts are required to be rebated to the United States government under Section 148 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

(E) Remaining Moneys. After all payments and credits required at the time to be made by the City under the provisions of preceding subsections have been made, all moneys remaining in the Revenue Fund may be expended and used for any lawful purposes.

Section 703. Deficiency of Payments into Funds and Accounts. If at any time the revenues derived by the City from the operation of the System shall be insufficient to make any payment on the date or dates hereinbefore specified, the City will make good the amount of such deficiency by making additional payments or credits out of the first available revenues thereafter received by the City from the operation of the System, such payments and credits being made and applied in the order hereinbefore specified in this Resolution.

If at any time the moneys in the Principal and Interest Account are not sufficient to pay the principal of and interest on the Bonds as and when the same become due, then any other Net Revenues shall be used by the City to prevent any default in the payment of the principal of and interest on the Bonds.

Section 704. Transfer of Funds to Paying Agent. The Treasurer of the City is hereby authorized and directed to withdraw from the Principal and Interest Account, sums sufficient to pay the principal of and interest on the Bonds and the fees of the Bond Registrar and Paying Agent when the same become due, and to forward such sums to the Bond Registrar and Paying Agent prior to dates when such principal, interest and fees of the Bond Registrar and Paying Agent will

become due. If, through lapse of time, or otherwise, the owners of Bonds shall no longer be entitled to enforce payment of their obligations, it shall be the duty of the Paying Agent forthwith to return said funds to the City. 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 Resolution.

ARTICLE VIII

DEPOSIT AND INVESTMENT OF MONEYS

Section 801. Deposits. Cash moneys in each of the funds and accounts created by and referred to in this Resolution shall be deposited in a bank or banks or federal or state chartered savings and loan association(s), which are members of the Federal Deposit Insurance Corporation, and all such deposits shall be adequately secured by the bank or banks or savings and loan associations holding such deposits in accordance with Kansas law.

Section 802. Investments. Moneys held in the funds and accounts herein created or established in conjunction with the issuance of the Bonds may be invested by the City in Authorized Investments, or in other investments allowed by Kansas law in accordance with the Arbitrage Instructions in such amounts and maturing at such times as shall reasonably provide for moneys to be available when required in said accounts or funds. Interest or earnings on any Authorized Investment held in any fund or account shall (except amounts required to be deposited into the Rebate Fund in accordance with the Arbitrage Instructions) accrue to and become a part of such fund or account. In determining the amount held in any fund or account under any of the provisions of this Resolution, obligations shall be valued at the market value thereof. Such valuation shall be made as of the final Principal Payment Date of any year that the Bonds remain Outstanding. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of this Resolution, the City shall direct that such excess be paid and credited to the Revenue Fund.

Section 803. Deposits into and Application of Moneys in the Rebate Account.

(a) There shall be deposited in the Rebate Account such amounts as are required to be deposited therein pursuant to the Arbitrage Instructions. Subject to the transfer provisions provided in subsection (d) below, all money at any time deposited in the Rebate Account shall be held in trust, to the extent required to pay rebatable arbitrage to the federal government of the United States of America, and neither the City 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 Account shall be governed by this Section, by the preceding Section and by the Arbitrage Instructions (which is incorporated herein by reference).

(b) Pursuant to the Arbitrage Instructions, an amount shall be deposited to the Rebate Account from moneys contributed by the City or from available investment earnings on amounts held in the Principal and Interest Account, if and to the extent required, so that the balance of the rebatable arbitrage due on each Installment Computation Date and the Final Computation Date (as such terms are defined in the Arbitrage Instructions). Computations of the rebatable arbitrage shall be performed by or on behalf of the City in accordance with the Arbitrage Instructions.

(c) Pursuant to the Arbitrage Instructions, the City shall remit rebate installments and the final rebate payments to the United States. Any moneys remaining in the Rebate Account after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage, or provision made therefor, shall be withdrawn and released to the City.

(d) Notwithstanding any other provision of the Resolution, including in particular this Article, the obligation to remit rebatable arbitrage to the United States and to comply with all other requirements of this Section, the preceding Section and the Arbitrage Instructions shall survive the defeasance or payment in full of the Bonds.

ARTICLE IX

PARTICULAR COVENANTS OF THE CITY

The City covenants and agrees with each of the purchasers and owners of any of the Bonds that so long as any of the Bonds remain Outstanding and unpaid:

Section 901. Efficient and Economical Operation. The City will continuously own and will operate the System in an efficient and economical manner and will keep and maintain the same in good repair and working order.

Section 902. Rate Covenant. The City will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the System, including all extensions, modifications or improvements thereto hereafter constructed or acquired by the City, as will produce revenues sufficient to (a) pay the cost of the operation and maintenance of the System; (b) pay the principal of and interest on the Bonds as and when the same become due; (c) enable the City to have in each fiscal year Net Revenues in an amount that will be not less than 125% of the Debt Service Requirements required to be paid by the City in such fiscal year on all Electric Utility System Refunding revenue bonds at the time Outstanding; and (d) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System of the City as provided in this Resolution. The City will require the prompt payment of

accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

Section 903. Reasonable Charges for all Services. None of the facilities or services provided by the System will be furnished to any user (excepting the City itself) without a reasonable charge being made therefor. In the event that the revenues derived by the City from the System shall at any time be insufficient to pay the reasonable expenses of operation and maintenance of the System and also to pay the Debt Service Requirements of the Bonds as and when the same become due, then the City will thereafter pay into the Revenue Fund a fair and reasonable payment in accordance with effective applicable rates, fees and charges for all services furnished to the City by the System, and such payments will continue so long as the same may be necessary in order to prevent or reduce the amount of any default in the payment of the interest on or principal of the Bonds.

Section 904. Restrictions on Mortgage or Sale of System. The City will not sell or otherwise dispose of the System or any material part thereof, or any extension or improvement thereof; provided, however, the City may permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(a) It is in full compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System, or any part thereof;

(b) In the event of sale, it will apply the proceeds to either (i) redemption or outstanding bonds in accordance with the provisions governing repayment of bonds in advance of maturity, or (ii) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinbefore provided;

(c) It certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing Net Revenues; and

(d) It certifies that the estimated Net Revenues of the remaining System facilities for the next succeeding fiscal year plus the estimated Net Revenues of the facilities, if any, to be added to the System satisfy the rate covenants provided in this Resolution.

Section 905. Insurance. The City will carry and maintain such reasonable amounts of all risk insurance on all properties and all operations of the System insofar as they are of an insurable nature as would be carried by a privately owned utility with similar property and performing similar functions; and in the event of loss or damage, the City will use the proceeds of such insurance to reconstruct or replace the damaged or destroyed property, or if such reconstruction or replacement be unnecessary, then such proceeds shall be used in redeeming or paying off Outstanding Bonds, in

accordance with their call provisions. The City also will carry general liability insurance in amounts not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Kansas tort claims act or other similar future law (currently \$500,000.00 per occurrence).

Section 906. Financial Records and Reports. The City will install and maintain proper books, records and accounts in which complete and correct entries will be made of all dealings and transactions of or in relation to the System. Such accounts shall show the amount of revenues received from the System, the application of such revenues, and all financial transactions in connection therewith. Said books shall be kept by the City according to generally accepted accounting principles as applicable to the operation of municipal utilities.

Section 907. Annual Budget. Prior to the commencement of each fiscal year, the City's governing body will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding fiscal year. The City Clerk, promptly upon the filing of said budget in the City Clerk's office, will mail a copy of said budget to the Original Purchaser. Said annual budget shall be prepared in accordance with the requirements of the laws of the State of Kansas, and shall contain normal budgetary items, including:

- (A) An estimate of the receipts from the System during the next ensuing fiscal year.
- (B) A statement of the estimated cost of operating the System during the next ensuing fiscal year.
- (C) A statement of any anticipated unusual expenses for the System during the next fiscal year.
- (D) A statement of any necessary replacements to the System which may be anticipated during the next fiscal year.
- (E) A statement of the amount of principal and interest to be paid on outstanding revenue bonds and general obligation bonds to be paid from revenues of the System during the next fiscal year.
- (F) A statement of the total estimated expenditures to be made from the revenues of the System during the next fiscal year.
- (G) A statement of the estimated Net Revenues during the next fiscal year.

Section 908. Annual Audit. Annually, promptly after the end of the fiscal year, the City will cause an audit to be made of the System for the preceding fiscal year by an Independent Accountant to be employed for that purpose and paid from the revenues of the System. The audit report shall include:

(a) A classified statement of the Gross Revenues received, the expenditures for operation and maintenance, the Net Revenues and the amount of any capital expenditures made in connection with the System during the previous fiscal year;

(b) A complete balance sheet as of the end of each fiscal year with the amount on hand at the end of such year in each of the funds and accounts created by and referred to in this Resolution;

(c) A statement regarding compliance by the City with the covenants contained in this Resolution;

(d) A statement of all System revenue bonds matured or redeemed and interest paid on bonds during said fiscal year;

(e) A statement of the number of customers served by the System at the beginning and the end of such fiscal year;

(f) A statement showing the amount and character of the insurance carried by the City on the property constituting the System and showing the names of the insurers, the expiration dates of the policies and the premiums thereon;

(g) Such remarks and recommendations regarding the City's practices and procedures of operating the System and its accounting practices as said accountants may deem appropriate; and

(h) A statement of any amounts to be deposited in the Rebate Fund.

Within thirty (30) days after the completion of each such audit, a copy of the report of the Independent Account shall be filed in the office of the City Clerk, and a duplicate copy shall be mailed to the Original Purchaser. Such reports shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the System, any owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or owner.

As soon as possible after the completion of such annual audit, the governing body of the City shall review the audit report, and if it shall disclose that proper provision has not been

made for all of the requirements of this Resolution and the law under which the Bonds are issued, the City covenants and agrees that it will promptly cure such deficiency and will promptly (within 60 days) proceed to modify the rates, fees and charges to be charged for the use and services furnished by the System as may be necessary to adequately provide for such requirements.

Section 909. Report on System Condition. The City shall annually cause a licensed professional engineer or a qualified employee of the City to make an examination of and report on the condition and operations of the System. At least every five (5) years such examination and report shall be made by an engineer. Each such report shall make recommendations as to any changes in operations of the System deemed desirable and shall also make reference to any unusual or extraordinary items of maintenance and repair and any extensions, enlargements or improvements that may be needed in the period prior to the preparation of the next report required by this Section. A copy of each such report shall be filed in the office of the City Clerk and, upon request, sent to the Original Purchaser of the Bonds or any Bondowner.

Section 910. Bondowners' Right of Inspection. The owner or owners of any of the Bonds shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and any such owner shall be furnished all such information concerning the System and the operation thereof which such owner may reasonably request.

Section 911. Performance of Duties. The City will faithfully and punctually perform all duties and obligations with respect to the operation of the System now or hereafter imposed upon the City by the Constitution and laws of the State of Kansas and by the provisions of this Resolution.

ARTICLE X

ADDITIONAL BONDS

Section 1001. Prior Lien Bonds. The City covenants and agrees that so long as any of the Bonds remain outstanding and unpaid, the City will not issue any Bonds or other long term obligations payable out of the revenues of the System or any part thereof which are superior to the Bonds.

Section 1002. Parity Lien Bonds. The City covenants and agrees that so long as any of the Bonds remain outstanding and unpaid, the City will not issue any additional bonds or other long-term obligations payable out of the revenues of the System or any part thereof which stand on a parity or equality with the Bonds unless all of the following conditions are met:

(a) The City shall not be in default in the payment of principal of or interest on the Bonds or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in this Resolution; and

(b) The City shall sign a certificate evidencing either of the following:

(1) The Net Revenues for the fiscal year immediately preceding the issuance of Additional Bonds as reflected by information provided by the Independent Accountant shall have been equal to at least 125% of the maximum Debt Service Requirements to be paid out of said revenues in any succeeding fiscal year with respect to the Bonds and Parity Bonds, including the Additional Bonds proposed to be issued.

In the event that the City has instituted any increase in rates for the use and services of the System and such increase shall not have been in effect during the full fiscal year immediately preceding the issuance of additional bonds, the additional Net Revenues which would have resulted from the operation of the System during said preceding fiscal year had such rate increase been in effect for the entire period may be added to the stated Net Revenues, provided that such estimated additional Net Revenues shall be determined by the Independent Accountant.

(2) The estimated Net Revenues, as determined by the Independent Accountant, to be derived by the City from the operation of the System for the fiscal year immediately following the year in which the Project, the cost of construction of which is being financed by such additional bonds, are to be in commercial operation, shall be equal to at least 125% of the maximum Debt Service Requirements required to be paid out of said Net Revenues in any succeeding fiscal year following such commercial operation with respect to the Bonds and Parity Bonds, including the additional bonds proposed to be issued.

In the event that the City increases the rates for the use and services of the System prior to the issuance of such additional bonds proposed to be issued, the City may adjust said estimated Net Revenues by adding thereto any estimated increase in Net Revenues resulting from any increase in rates for the use and services of the System, which, in the opinion of the Consulting Engineer or Independent Accountant, are reasonable based on projected operations of the System.

(c) When the issuance of additional System revenue bonds (or other long-term debt obligations) of equal stature and priority is permitted by the Statutes of the State of Kansas.

(d) The Resolution authorizing such additional parity bonds shall contain or provide for substantially the same terms, conditions, covenants and procedures as established in this Resolution.

Notwithstanding the foregoing restrictions upon the issuance of additional bonds, Additional Bonds may be issued under this Section if it is necessary: (a) in the opinion of a consulting engineer to repair any damage or loss to the System if the same has been damaged or destroyed by disaster to such extent that it cannot be operated or if it is necessary to keep the System in good operating condition; or (b) in the opinion of the City's Counsel to remedy any deficiency of the System relating to environmental pollution matters or to comply with the requirements of any governmental agency having jurisdiction over the City with respect thereto.

Additional revenue bonds of the City issued under the conditions set forth in this Section shall stand on a parity with the Bonds and shall enjoy complete equality or lien on and claim against the revenues of the System with the Bonds, and the City may make equal provision for paying said bonds and the interest thereon out of the Revenue Fund and may likewise provide for the creation of reasonable principal and interest accounts and bond reserve accounts for the payment of such additional bonds and the interest thereon out of moneys in the Revenue Fund.

Section 1003. Junior Lien Bonds. In addition to the authority to issue parity lien bonds as set forth in the preceding section, the City may issue revenue bonds which shall be junior and subordinate to the Bonds. If at any time the City shall be in default in paying any interest on or principal of the Bonds or in making any of the transfers required to any of the accounts or funds herein specified, then the City shall make no payment of either principal or interest on such subordinate bonds until all conditions of default shall be cured. The Net Revenues for the fiscal year immediately preceding the issuance of Additional Bonds as reflected by information provided by the Independent Accountant shall have been equal to at least 125% of the maximum Debt Service Requirements to be paid out of said revenues in any succeeding fiscal year with respect to the Bonds and Junior Lien Bonds, including the Additional Bonds proposed to be issued.

Section 1004. Refunding Bonds. The City shall have the right, if it shall find it desirable, to refund any of the Bonds under the provisions of any law then available. Said Bonds or any part thereof may be refunded and the refunding bonds so issued shall enjoy complete equality of pledge and shall be on a parity with any of the Bonds which are not refunded, if any, upon the revenues of the System.

Section 1005. Additional System Revenue Bonds Certification. The estimated Net Revenues to be derived by the City from the operation of the System for the fiscal year immediately following the year in which the Project, the cost of construction of which is being financed by the Bonds are to be in commercial operation shall be equal to at least 125% of the maximum Debt Service Requirements required to be paid out of said Net Revenues in any succeeding fiscal year

following such commercial operation with respect to the Bonds and the City's Electric Utility System Revenue Bonds, Series 2011, dated May 4, 2011, in the aggregate principal amount of \$580,000.

The City is not in default in the payment of principal of or interest on the City's Electric Utility System Revenue Bonds, Series 2011, dated May 4, 2011, in the aggregate principal amount of \$580,000.

ARTICLE XI

DEFAULT AND REMEDIES

Section 1101. Contract with Owners. The provisions of this Resolution, including the covenants and agreements herein contained, shall constitute a contract between the City and the owners of the Bonds.

Section 1102. Remedies. If an Event of Default shall occur and be continuing, the Owner or Owners of any 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 City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Resolution or by the Constitution and laws of the State of Kansas;

(b) by suit, action or other proceedings in equity or at law to require the City, 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.

Whenever moneys are to be applied by the Treasurer pursuant to the provisions of this Section, such moneys shall be applied by the Treasurer at such times, and from time to time, as the Treasurer in his sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agent in trust for the proper purpose shall constitute proper application by the City; and the City shall incur no liability whatsoever to any owner or to any other persons for any delay in applying any such moneys, so long as the City acts with reasonable diligence, having due regard to the circumstances, and

ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the Treasurer. Whenever the Treasurer shall exercise such discretion in applying such moneys, he shall fix the date (which shall be an Interest Payment Date unless the Treasurer shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Treasurer shall give such notice as he may deem appropriate of the fixing of any such date, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be surrendered to the Paying Agent for appropriate endorsement, or for cancellation if fully paid.

In case any proceeding taken by any owner on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the City and the owners shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the owners shall continue as though no such proceedings had been taken.

Section 1103. Limitation on Remedies. The covenants and agreements of the City 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 the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Resolution. No one or more Bondowners 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 owners of such Outstanding Bonds.

Section 1104. Remedies Cumulative. No remedy herein conferred on the owners is intended to be exclusive of any other remedy or remedies, and each and every remedy conferred shall be cumulative and shall be in addition to every other remedy given hereunder and under the Act or now or hereafter existing at law or in equity or by statute.

No delay or omission of any owner to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the owners may be exercised from time to time and as often as may be deemed expedient. In case any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such Bondowner, then, and in every such case, the City 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 Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE XII

DEFEASANCE

Section 1201. Defeasance. When all of the Bonds shall have been paid and discharged, then the requirements contained in this Resolution and the pledge of revenues made hereunder and all other rights granted hereby shall terminate. Bonds shall be deemed to have been paid and discharged within the meaning of this Resolution if there shall have been deposited with the Paying Agent or a bank located in the State of Kansas and having full trust powers, at or prior to the maturity or redemption date of said Bonds, in trust for and irrevocably appropriated thereto, moneys and/or direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America which, together with the interest to be earned on any such obligations, will be sufficient for the payment of the principal of said Bonds, the redemption premium thereon, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds shall be redeemed prior to the maturity thereof, the City shall have elected to redeem such Bonds and notice of such redemption shall have been given. Any moneys and obligations which at any time shall be deposited with said Paying Agent or other bank by or on behalf of the City, 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 in trust for the respective owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge hereof. All moneys deposited with the Paying Agent or other bank shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Resolution.

ARTICLE XIII

AMENDMENTS

Section 1301. Amendments. Except as set forth herein, the provisions of the Bonds authorized by this Resolution and the provisions of this Resolution may be modified or amended at any time by the City with the written consent of the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds herein authorized at the time outstanding; provided, however, that no such modification or amendment shall permit or be construed as permitting: (a) the extension of the maturity of the principal of any of the Bonds issued hereunder, or the extension of the maturity of any interest on the Bonds issued hereunder, or (b) a reduction in the principal amount of the Bonds or the rate of interest thereon, or (c) a reduction in the aggregate principal amount of the Bonds; the consent of 100% of the owners of which is required for any such amendment or modification.

The City may from time to time, without the consent of or notice to any of the owners, provide for amendment to the Bonds or the Resolution, for anyone or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Resolution or to make any other change not prejudicial to the owners;

(b) To grant to or confer upon the owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners;

(c) To conform such Resolution to the Code or future applicable federal law concerning tax-exempt obligations.

Section 1302. Written Evidence of Amendments. Every amendment or modification of a provision of the Bonds or of this Resolution to which the written consent of the owners is given as above provided shall be expressed in an ordinance of the City amending or supplementing the provisions of this Resolution and shall be deemed to be a part of this Resolution. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification, if any. Prior to the passage of such ordinance, the City shall receive an opinion from Bond Counsel to the effect that the proposed amendment is in compliance with the requirements of the preceding Section and that the adoption of the ordinance authorizing such amendment will not adversely affect the tax-exempt status of the interest on the Bonds. A certified copy of every such amendatory or supplemental ordinance, if any, and a certified copy of this Resolution shall always be kept on file in the Office of the City Clerk and shall be made available for inspection by the owners of any Bond or prospective purchaser or owners of any Bond authorized by this Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental ordinance or of this Resolution will be sent by the City Clerk to any such owner or prospective owner.

ARTICLE XIV

DISCLOSURE

Section 1401. Exemption from SEC Rule 15c2-12. The Issuer represents in connection with paragraph (a) of the Securities and Exchange Commission Rule 15c2-12 that the Bonds are not part of an offering of municipal securities with an aggregate principal amount of \$1,000,000 or more.

ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 1501. Bond Purchase Agreement. The Mayor and the City Clerk are hereby authorized to enter into the Bond Purchase Agreement between the City and the Original Purchaser in substantially the form submitted to the governing body concurrently with the passage of the Resolution, under which the City agrees to sell the Bonds to the Original Purchaser at the Purchase Price, upon the terms and conditions set forth therein, with such changes therein as shall be approved by the Mayor and the City Clerk, which officers are hereby authorized to execute such document for and on behalf of the City, such officers' signatures thereon being conclusive evidence of their approval thereof.

Section 1502. Official Statement. The City hereby approves the form and content of the Official Statement prepared in the initial offering and sale of the Bonds. The Official Statement is "deemed final" by the City in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12. The use of such Official Statement in the reoffering of the Bonds by the Original Purchaser is hereby approved and authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

Section 1503. Notices, Consents and Other Instruments by Bondowners. Any notice, consent, request, direction, approval, objection or other instrument required by this Resolution to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners 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 Resolution, and shall be conclusive in favor of the City, the Bond Registrar and Paying Agent with regard to any action taken, 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 approved by the registration books of the City maintained by the Bond Registrar.

Section 1504. Designation of Bonds as Qualified Tax-Exempt Obligations. The City hereby designates the Bonds as "qualified tax-exempt obligations" as such term is defined in Section 265(b)(3) of the Code. In addition, the City hereby represents that:

- (a) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) which will be issued by the City during the calendar year in which the Bonds are issued does not exceed \$10,000,000; and
- (b) the aggregate principal amount of obligations designated by the City as "qualified tax-exempt obligations" during the calendar year in which the Bonds are issued does not exceed \$10,000,000.

The Mayor and/or City Clerk are hereby authorized to take such other action as may be necessary to make effective the designation in this Section.

Section 1505. Rebate Covenants. The City agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds and all bonds, notes and other obligations being refunded with any proceeds of the Bonds from time to time. This covenant shall survive payment in full or defeasance of the Bonds. The City specifically covenants to payor cause to be paid to the United States, at the times and in the amounts determined under this Resolution, the Rebate Amounts as described in the Arbitrage Instructions.

Section 1506. Further Authority. The officers of the City, including the Mayor and City Clerk, shall be, and they hereby are, 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 Resolution to make 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 1507. Severability. In case anyone or more of the provisions of this Resolution or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution, or of the Bonds appertaining thereto, but this Resolution and said Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained herein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Resolution shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the City to the full extent permitted by law.

Section 1508. Governing Law. This Resolution shall be governed exclusively by and constructed in accordance with the applicable laws of the State of Kansas.

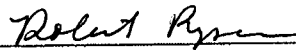
Section 1509. Effective Date. This Resolution shall take effect and be in full force from and after its adoption by the governing body.

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ADOPTED by the governing body of the City of Wathena, Doniphan County, Kansas, on October 1, 2012.

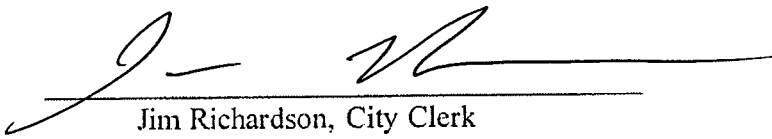
CITY OF WATHENA
DONIPHAN COUNTY, KANSAS

(SEAL)



Robert Ryser, Mayor

ATTEST:



Jim Richardson, City Clerk

EXHIBIT A
(FORM OF BOND)

**REGISTERED
NUMBER** _____

**REGISTERED
\$** _____

**UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF DONIPHAN
CITY OF WATHENA, KANSAS
ELECTRIC UTILITY SYSTEM REVENUE BOND
SERIES 2012**

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.

**Interest
Rate:** __. __%

**Maturity
Date:** May 1, 20__

**Dated
Date:** October 18, 2012

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 or City"), for value received, promises to pay to the registered owner identified above, or registered assigns, but solely from the net revenues derived by the City from the operation of its Electric Utility System (the "System") as hereinafter specified, as of the Record Dates as hereinafter provided on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on such Principal Amount from the date hereof or the most recent Interest Payment Date to which interest has been paid or duly provided for at the rate of interest per annum set forth above (computed on the basis of a

360-day year of twelve 30-day months), semiannually on May 1 and November 1 of each year, commencing November 1, 2013 (the "Interest Payment Dates"), until the Principal Amount is paid, unless this Bond shall have been previously called for redemption and payment as hereinafter set forth.

The principal of, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The principal of and any premium on this Bond shall be payable to the Registered Owner hereof upon presentation of this Bond at the maturity or redemption date to the Paying Agent for payment and cancellation. The interest payable on this Bond shall be paid by check or draft mailed by the Paying Agent to the Registered Owner hereof at the address appearing on the registration books of the City maintained by the Bond Registrar or at such other address provided in writing by the Registered Owner to the Bond Registrar at the close of business on the fifteenth day of the month preceding the Interest Payment Date (the "Record Dates"). Interest not punctually paid will be paid in the manner established in the within defined Resolution.

The principal of, premium, if any, and all interest on this Bond and all other Bonds of the Series of which it is part are hereby made a lien on and are secured by a pledge of the revenues derived from the operation of the System, also subject to reasonable operation and maintenance expense and are to be paid solely and only from a separate fund, known and identified as the Electric Utility System Revenue Fund, into which there are to be paid from revenues derived from the rates, fees and charges for the use thereof and for all services rendered by and collected by the City from the operation of the System, as the same now exists or may hereafter be altered, repaired, reconstructed, extended, enlarged or improved in accordance with the Ordinance of the City authorizing the Bonds and the Resolution of the City prescribing the form and details of the Bonds (jointly the "Resolution"). This Bond does not constitute a general obligation of the City, is not payable in any manner from funds raised by taxation, nor does it constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction.

THE TERMS AND 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.

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 City, including this series of bonds, does not exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

IN WITNESS WHEREOF, the City 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 corporate seal to be affixed hereto or imprinted hereon, and this Bond to be dated the Dated Date shown above.

CITY OF WATHENA
DONIPHAN COUNTY, KANSAS

(facsimile seal)

(facsimile)
Mayor

ATTEST:

(facsimile)
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of Electric Utility System Revenue Bonds, Series 2012, of the City of Wathena, Doniphan County, Kansas, described in the within-mentioned Ordinance.

Registration Date _____

Office of the State Treasurer
Topeka, Kansas,
as Bond Registrar and Paying Agent

By _____ (facsimile)

Registration Number: _____

FURTHER TERMS AND PROVISIONS

This Bond is one of an authorized series of Bonds of the City designated "Electric Utility System Revenue Bonds, Series 2012", in an aggregate principal amount of \$925,000 (the "Bonds") issued for the purposes set forth in Ordinance No. _____ of the City (the "Ordinance"). 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. 10-1201 *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

Optional Redemption of Series 2012 Bonds. The Series 2012 Bonds maturing in the years 2014 through 2019, inclusive, shall become due on their maturity date without the option of prior payment. At the option of the City and upon written instructions from the City, the Series 2012 Bonds maturing May 1, 2020 and thereafter, may be called for redemption and payment prior to their respective maturities, in whole at any time or in part as determined by the City on any interest payment date in inverse order of maturity and by lot within a single maturity on or after May 1, 2019, at a redemption price equal to the principal amount thereof, plus accrued interest to the date established for such redemption and payment, without premium.

Mandatory Redemption. (a) The Series 2012 Bonds maturing on May 1, 2028, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on May 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 \$55,000 to mature May 1, 2028:

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2012 Bonds maturing May 1, 2028, 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>
05/01/2024	\$45,000
05/01/2025	\$45,000
05/01/2026	\$50,000
05/01/2027	\$50,000

(leaving \$55,000 to mature May 1, 2028)

The Series 2012 Bonds maturing on May 1, 2028, to be redeemed and paid pursuant to the operation of the Sinking Fund shall be selected by the Bond Registrar and Paying Agent in such equitable manner as it may designate. The Paying Agent shall each year in which the Series

2012 Bonds are to be redeemed pursuant to the terms of said Sinking Fund make timely selection of Series 2012 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.

(b) The Series 2012 Bonds maturing on May 1, 2033, shall be subject to mandatory redemption and payment from the sinking funds hereafter described on May 1, 2029, 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 May 1, 2033.

As and for a sinking fund (the "Sinking Fund") for the retirement of the Series 2012 Bonds maturing May 1, 2033, 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>
05/01/2029	\$55,000
05/01/2030	\$55,000
05/01/2031	\$60,000
05/01/2032	\$65,000

(leaving \$65,000 to mature May 1, 2033)

The Series 2012 Bonds maturing on May 1, 2033, to be redeemed and paid pursuant to the operation of the Sinking Fund shall be selected by the Bond Registrar and Paying Agent in such equitable manner as it may designate. The Paying Agent shall each year in which the Series 2012 Bonds are to be redeemed pursuant to the terms of said Sinking Fund make timely selection of Series 2012 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.

Selection of Series 2012 Bonds to be Redeemed.

(a) Bonds shall be redeemed only in the principal amount of \$5,000 or integral multiples thereof. When less than all of the Outstanding Series 2012 Bonds are to be redeemed and paid prior to maturity, the particular Series 2012 Bonds or portions thereof to be redeemed

will be redeemed in inverse order of maturity, and by lot within maturities, with Series 2012 Bonds of less than a full maturity to be selected by the Fiscal Agent in \$5,000 units of face value in such equitable manner as it may determine.

(b) In the case of a partial redemption of Series 2012 Bonds by lot when Series 2012 Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Series 2012 Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Series 2012 Bond is selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Series 2012 Bond to the Fiscal Agent: (i) for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption; and (ii) for exchange, without charge to the Owner thereof, for a new Series 2012 Bond(s) of the aggregate principal amount of the unredeemed portion of the principal amount of such Series 2012 Bond. If the Owner of any Series 2012 Bond of a denomination greater than \$5,000 shall fail to present such Series 2012 Bond as aforesaid, such Series 2012 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the amount called for redemption.

Paying Agent and Bond Registrar's Duty to Redeem Series 2012 Bonds. The Paying Agent and Bond Registrar shall call the Series 2012 Bonds for redemption and payment as herein provided and shall give notice of redemption as provided in the following Section 305 hereof upon receipt by the Paying Agent and Bond Registrar at least forty-five (45) days prior to the redemption date of the written request of the City pursuant to the provisions of this 2012 Bond Resolution, such request to specify the principal amount and the respective maturities of the Series 2012 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this 2012 Bond Resolution pursuant to which such Series 2012 Bonds are to be called for redemption.

Notice of Redemption. The Paying Agent and Bond Registrar shall give written notice of any call for redemption of the Bonds to the Owners of such Bonds by United States first class mail at least thirty (30) days prior to the date fixed for redemption; provided, however, that failure to give such notice by mailing as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. Any notice of redemption shall state the date of redemption, the place or places at which the Bonds subject to the call shall be presented for payment, the maturities and numbers of the Bonds or portions of the Bonds to be redeemed (and in the case of the redemption of a portion of any bond, the principal amount thereof subject to the call) and the redemption price, and shall also state that interest on the Bonds described in such notice will cease to accrue from and after redemption date.

Effect of Call for Redemption. On or before the date established for redemption and payment of any Bonds, funds or Government Securities, as defined herein, shall be deposited with the Paying Agent in an amount sufficient to provide for the payment of the redemption price of the Bonds called for redemption on the date established for redemption. Upon the deposit of such funds or Government Securities, and notice having been given as provided in Section 305 above, the Bonds or portions thereof thus called for redemption shall cease to bear interest on the specified redemption date and shall no longer be entitled to the protection, benefit or security of this 2012 Bond Resolution and shall not be deemed to be Outstanding under the provisions hereof.

The City hereby covenants with the owner of this Bond to keep and perform all covenants and agreements contained in the Resolution, and the City will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the System of the City, including all extensions, additions and improvements thereto hereafter constructed or acquired by the City, as will produce revenues sufficient to pay the cost of operation and maintenance of the System, pay the principal of and interest on the Bonds as and when the same become due, and provide reasonable and adequate reserve funds. Reference is made to the Resolution for a description of the covenants and agreements made by the City with respect to the collection, segregation and application of the revenues of the System of the City, the nature and extent of the security of the Bonds, the rights, duties and obligations of the City with respect thereto, and the rights of the owners thereof.

Upon certain conditions specified in the Ordinance and Resolution No. _____, the City may issue additional bonds for alterations, repairs, reconstructions, extensions, enlargements and improvements to the System, which bonds shall be on a parity and co-equal with Bonds of this Series in stature and priority.

The City and the Bond Registrar may deem and treat the registered owner hereof as the absolute owner hereof for purposes of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

This Bond is transferable by the registered owner hereof in person or by the registered owner's agent duly authorized in writing, at the office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. The City shall pay out of the proceeds of the Bonds all costs incurred in connection with the issuance, payment and initial registration of the Bonds and the cost of a reasonable supply of bond blanks.

The Bonds have been registered in the office of the Clerk of the City and the State Treasurer of the State of Kansas, and are negotiable.

LEGAL OPINION

I, the undersigned, City Clerk of the City of Wathena, Doniphan County, Kansas, hereby certify that the following is a true and correct copy of the approving legal opinion of Cosgrove, Webb & Oman, on the within Bond and the series of which it is a part, except that it omits the date of such opinion; that said opinion was manually executed and was dated and issued as of the date of delivery of and payment for the Bonds and is on file in my office.

By _____ (facsimile)
City Clerk

(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 Identification 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 do(es) 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 Identification No.

Signature
(Sign here exactly as name(s) appear on face of
Certificate)

Signature guarantee:

By _____

CERTIFICATE OF CITY CLERK

STATE OF KANSAS)
) SS.
COUNTY OF DONIPHAN)

I, the undersigned, City Clerk of the City of Wathena, Doniphan County, Kansas, hereby
certify that the within Bond has been duly registered in my office according to law.

WITNESS my hand and official seal as of _____, 2012.

(Facsimile Seal)

(facsimile)
City Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

I, RON ESTES, Treasurer of the State of Kansas, do hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in my office, and that this Bond was registered in my office according to law on _____.

WITNESS my hand and official seal.

RON ESTES
TREASURER OF THE STATE OF KANSAS

(Facsimile Seal)

By _____ (facsimile) _____
State Treasurer

CITY OF WATHENA, KS

Elect Dist Sys Rev Bds - Ph 2 - Final Rates

\$925,000

October 18, 2012

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
10/18/2012	-	-	-	-	-
11/01/2013	-	-	29,037.01	29,037.01	-
12/31/2013	-	-	-	-	29,037.01
05/01/2014	20,000.00	0.750%	14,012.50	34,012.50	-
11/01/2014	-	-	13,937.50	13,937.50	-
12/31/2014	-	-	-	-	47,950.00
05/01/2015	35,000.00	1.000%	13,937.50	48,937.50	-
11/01/2015	-	-	13,762.50	13,762.50	-
12/31/2015	-	-	-	-	62,700.00
05/01/2016	40,000.00	1.250%	13,762.50	53,762.50	-
11/01/2016	-	-	13,512.50	13,512.50	-
12/31/2016	-	-	-	-	67,275.00
05/01/2017	40,000.00	1.500%	13,512.50	53,512.50	-
11/01/2017	-	-	13,212.50	13,212.50	-
12/31/2017	-	-	-	-	66,725.00
05/01/2018	40,000.00	1.750%	13,212.50	53,212.50	-
11/01/2018	-	-	12,862.50	12,862.50	-
12/31/2018	-	-	-	-	66,075.00
05/01/2019	40,000.00	2.000%	12,862.50	52,862.50	-
11/01/2019	-	-	12,462.50	12,462.50	-
12/31/2019	-	-	-	-	65,325.00
05/01/2020	40,000.00	2.250%	12,462.50	52,462.50	-
11/01/2020	-	-	12,012.50	12,012.50	-
12/31/2020	-	-	-	-	64,475.00
05/01/2021	40,000.00	2.500%	12,012.50	52,012.50	-
11/01/2021	-	-	11,512.50	11,512.50	-
12/31/2021	-	-	-	-	63,525.00
05/01/2022	40,000.00	2.750%	11,512.50	51,512.50	-
11/01/2022	-	-	10,962.50	10,962.50	-
12/31/2022	-	-	-	-	62,475.00
05/01/2023	45,000.00	3.000%	10,962.50	55,962.50	-
11/01/2023	-	-	10,287.50	10,287.50	-
12/31/2023	-	-	-	-	66,250.00
05/01/2024	45,000.00	3.500%	10,287.50	55,287.50	-
11/01/2024	-	-	9,500.00	9,500.00	-
12/31/2024	-	-	-	-	64,787.50
05/01/2025	45,000.00	3.500%	9,500.00	54,500.00	-
11/01/2025	-	-	8,712.50	8,712.50	-
12/31/2025	-	-	-	-	63,212.50
05/01/2026	50,000.00	3.500%	8,712.50	58,712.50	-
11/01/2026	-	-	7,837.50	7,837.50	-
12/31/2026	-	-	-	-	66,550.00
05/01/2027	50,000.00	3.500%	7,837.50	57,837.50	-

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Cooper Malone McClain, Inc.
Investment Bankers - Securities Broker/Dealer

CITY OF WATHENA, KS

Elect Dist Sys Rev Bds - Ph 2 - Final Rates

\$925,000

October 18, 2012

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/01/2027	-	-	6,962.50	6,962.50	-
12/31/2027	-	-	-	-	64,800.00
05/01/2028	55,000.00	3.500%	6,962.50	61,962.50	-
11/01/2028	-	-	6,000.00	6,000.00	-
12/31/2028	-	-	-	-	67,962.50
05/01/2029	55,000.00	4.000%	6,000.00	61,000.00	-
11/01/2029	-	-	4,900.00	4,900.00	-
12/31/2029	-	-	-	-	65,900.00
05/01/2030	55,000.00	4.000%	4,900.00	59,900.00	-
11/01/2030	-	-	3,800.00	3,800.00	-
12/31/2030	-	-	-	-	63,700.00
05/01/2031	60,000.00	4.000%	3,800.00	63,800.00	-
11/01/2031	-	-	2,600.00	2,600.00	-
12/31/2031	-	-	-	-	66,400.00
05/01/2032	65,000.00	4.000%	2,600.00	67,600.00	-
11/01/2032	-	-	1,300.00	1,300.00	-
12/31/2032	-	-	-	-	68,900.00
05/01/2033	65,000.00	4.000%	1,300.00	66,300.00	-
12/31/2033	-	-	-	-	66,300.00
Total	\$925,000.00	-	\$395,324.51	\$1,320,324.51	-

Yield Statistics

Bond Year Dollars	\$11,355.90
Average Life	12.277 Years
Average Coupon	3.4812249%

Net Interest Cost (NIC)	3.8070466%
True Interest Cost (TIC)	3.8480297%
Bond Yield for Arbitrage Purposes	3.4255418%
All Inclusive Cost (AIC)	4.1198419%

IRS Form 8038

Net Interest Cost	3.4812249%
Weighted Average Maturity	12.277 Years

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Cooper Malone McClain, Inc.
Investment Bankers - Securities Broker/Dealer