

CITY COMMISSION AGENDA MEMO
May 9, 2008

FROM: Rina Neal, Trust Accountant

MEETING: May 20, 2008

SUBJECT: Bond Sale/Second Reading of Bond Ordinance

PRESENTER: Bernie Hayen, Director of Finance

BACKGROUND

The City of Manhattan sells general obligation bonds twice a year. Proceeds from the bonds are used to finance projects which have been completed and for which project costs are known. Bond proceeds will be used to pay off outstanding temporary notes.

On March 4, 2008, the City Commission approved a special assessment ordinance levying \$16,582,695 in project improvement costs, of which \$14,431,551 will be apportioned to the benefit districts (property owners) and \$2,151,144 to the City-at-large. Listed below are the thirty-nine (39) public improvement districts included in the May bond issue:

- Grand Mere Village – Street (ST0528);
- Stone Pointe Addition, Unit One, Phase One – Sanitary Sewer (SS0605) and Street (ST0611);
- Western Hills Addition, Unit Thirteen – Street (ST0604);
- Kimball Townhomes – Street (ST0622);
- Daisy Meadow Subdivision – Sanitary Sewer (SS0620), Street (ST0624), and Water (WA0623);
- Eureka Addition – Sanitary Sewer (SS0607) and Water (WA0610);
- Four Winds Village, Block Two – Sanitary Sewer (SS0601), Street (ST0603), and Water (WA0602);
- Prairie Lakes Addition, Unit Three – Sanitary Sewer (SS0617) and Water (WA0619);
- Stone Pointe Addition, Unit One, Phase Two – Sanitary Sewer (SS0614), Street (ST0617), and Water (WA0616);
- Cedar Glen Addition – Stormwater (SM0602), Sanitary Sewer (SS0615), and Water (WA0617);
- Grand Vista Addition, Unit One – Sanitary Sewer (SS0519), Street (ST0527), and Water (WA0520);

- Grand Mere Vanesta, Unit Two – Sanitary Sewer (SS0623) and Water (WA0627);
- Lee Mill Heights Addition, Unit Three – Stormwater (SM0604), Sanitary Sewer (SS0622), Street (ST0626), and Water (WA0625);
- Miller Ranch Addition, Unit Three, Phase Two – Sanitary Sewer (SS0610) and Water (WA0612);
- Stone Pointe Addition, Unit Two – Sanitary Sewer (SS0624) and Water (WA0628);
- Heritage Square – US-24 Improvements & Traffic Signals (ST0702);
- Heritage Square – External Waterline (WA0614); and
- Heritage Square South P.U.D. – Sanitary Sewer (SS0612), Street (ST0616), and Water (WA0613).

Property owners in the thirty-nine (39) benefit districts were given until April 4, 2008, to pay their special assessments early and receive a 1.50% discount off the bond fees. Special assessments in the amount of \$664,596 less the discount were paid off by that date. Special assessment project costs that were not paid by that date are included in the May bond issue. There were several projects with City-at-large costs that are able to be funded by City funds and forego bonding. These amounted to \$529,094 less the 1.50% discount for early payoff. The projects, amounts and source of funding are as follows: **General Fund:** Western Hills Addition, Unit Thirteen – Street (ST0604) - \$15,633; Lee Mill Heights Addition, Unit Three – Street (ST0626) - \$49,995; **Water Fund:** Eureka Addition – Water (WA0610) - \$76,774; Stone Pointe Addition, Unit One, Phase Two – Water (WA0616) - \$10,694; Lee Mill Heights Addition, Unit Three – Water (WA0625) - \$10,091; and Stone Pointe Addition, Unit Two – Water (WA0628) - \$10,792; and **Wastewater Fund:** Eureka Addition – Sanitary Sewer (SS0607) - \$65,820; Prairie Lakes Addition, Unit Three – Sanitary Sewer (SS0617) - \$47,726; and Stone Pointe Addition, Unit Two – Sanitary Sewer (SS0624) - \$16,569. In addition, Pottawatomie County agreed to contribute \$225,000 of the total City share of \$450,000 towards the Heritage Square – US-24 Improvements & Traffic Signals (ST0702) project.

The May bond issue will include \$13,766,954 in costs to the property owners and \$1,622,050 in costs to the City-at-large. Of the City-at-large costs, \$703,566 is related to Grand Mere Village – Street (ST0528); \$225,000 is related to Heritage Square – US-24 Improvements and Traffic Signals (ST0702); and \$693,484 is related to Heritage Square – External Waterline (WA0614).

In December 2000, the City issued \$3,655,000 in general obligation bonds (Series 212). Of this bond issue, \$2,525,000 represents the debt reissuance required to fund a favorable refinancing opportunity.

On May 6, 2008, the City Commission approved a resolution setting May 20, 2008, as the date to sell \$15,385,000 in general obligation bonds (Series 2008-A) for thirty-nine (39) special assessment projects and \$2,525,000 in general obligation refunding bonds

(Series 2008-B), which will refund General Obligation Bonds Series 212. The City Commission also approved first reading of the bond ordinance for Series 2008-A and Series 2008-B.

DISCUSSION

The special assessment portion will be amortized over 20 years. Special assessments paid by the property owners will be used to pay the principal and interest on the special assessment portion of the bonds.

The City share of Grand Mere Village – Street (ST0528) will be bonded over 10 years, with the debt service payments funded by the Bond and Interest Fund. The City share of Heritage Square – US-24 Improvements and Traffic Signals (ST0702) will be bonded over 10 years, with the debt service payments funded by the Bond and Interest Fund. The City share of Heritage Square – External Waterline (WA0614) will be bonded over 10 years, with the debt service payments funded by the Water Fund.

At 2:00 p.m. on May 20, 2008, City Administration will open bids to purchase the bonds. At the May 20, 2008, City Commission meeting, City Administration will inform the City Commission about the results of the bid opening and the status of the City's bond rating. The City Commission will then consider second reading of the bond ordinance and a resolution authorizing the delivery of the bonds to the low bidder.

ALTERNATIVES

It appears the Commission has the following alternatives concerning the issue at hand. The Commission may:

1. Approve Ordinance No. 6696 issuing \$15,385,000 in general obligation bonds to finance thirty-nine (39) special assessment projects (Series 2008-A); approve issuing \$2,525,000 in general obligation refunding bonds to refund General Obligation Bonds Series 212; and approve Resolution Nos. 052008-C and 052008-D authorizing delivery of the Series 2008-A and Series 2008-B bonds to the low bidder.
2. Do not approve the ordinance or the resolution authorizing the delivery of the bonds to the low bidder.
3. Table the request.

RECOMMENDATION

City Administration recommends approval of the bond ordinance and resolutions. Approval of the documents will permit the City to sell the general obligation bonds and use the proceeds to pay off the temporary notes on the thirty-nine (39) special assessment projects as well as refund General Obligation Bond Series 212.

POSSIBLE MOTION

Approve Ordinance No. 6696 issuing \$15,385,000 in general obligation bonds to finance thirty-nine (39) special assessment projects (Series 2008-A); approve issuing \$2,525,000 in general obligation refunding bonds which will refund General Obligation Bond Series 212; and approve Resolution Nos. 052008-C and 052008-D authorizing delivery of the Series 2008-A and Series 2008-B bonds to the low bidder.

BH/rn

Enclosures:

1. Proposed Bond Ordinance
2. Resolution No. 052008-C
3. Resolution No. 052008-D
4. Bond Calculations for General Obligation Bonds Series 2008-A
5. Bond Calculations for General Obligation Refunding Bonds Series 2008-B
6. Map of Special Assessment Districts
7. Bond Schedule

ORDINANCE NO. 6696

OF

THE CITY OF MANHATTAN, KANSAS

PASSED

MAY 20, 2008

\$15,385,000

**GENERAL OBLIGATION BONDS
SERIES 2008-A**

\$2,525,000*

**GENERAL OBLIGATION REFUNDING BONDS
SERIES 2008-B**

ORDINANCE NO. 6696

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2008-A AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2008-B, OF THE CITY OF MANHATTAN, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

WHEREAS, the City is a city of the first class, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, pursuant to K.S.A. 12-6a01 *et seq.*, as amended, and other provisions of the laws of the State of Kansas applicable thereto, by proceedings duly had, the governing body of the City has caused the following improvements (the "Improvements") to be made in the City, to-wit:

Project Description	Res No.	Amount
Grand Mere Village (ST0528)	041806-D	\$1,954,350.38
Stone Pointe Addition, Unit 1 (SS0605)	062006-H	434,818.70
Stone Pointe Addition, Unit 1 (ST0611)	062006-J	1,566,759.23
Western Hills Addition, Unit 13 (ST0604)	062006-B	298,349.08
Kimball Townhomes, Street (ST0622)	101706-B	295,858.71
Daisy Meadow Subdivision - Sanitary Sewer (SS0620)	121906-L	198,224.43
Daisy Meadows - Street (ST0624)	121906-K	249,407.63
Daisy Meadows - Water (WA0623)	121906-M	135,310.30
Eureka Addition - Sanitary Sewer (SS0607)	091906-C	131,639.20
Eureka Addition - Water (WA0610)	012307-G	153,548.10
Four Winds Village Block 2 - Sanitary Sewer (SS0601)	022106-E	303,190.79
Four Winds Village Block 2 - Street (ST0603)	022106-G	584,008.54
Four Winds Village Block 2 - Water (WA0602)	022106-F	77,938.39
Prairie Lakes Addition Unit 3 - Sanitary Sewer (SS0617)	121906-N	502,374.54
Prairie Lakes Addition Unit 3 - Water (WA0619)	121906-Q	178,140.80
Stone Pointe Addition Unit 1, Phase 2 - Sanitary Sewer (SS0614)	090506-F	161,897.37
Stone Pointe Addition Unit 1, Phase 2 - Street (ST0617)	090506-E	757,647.19
Stone Pointe Addition Unit 1, Phase 2 - Water (WA0616)	090506-G	152,772.48
Cedar Glenn Addition (SM0602)	032007-B	985,644.04
Cedar Glenn Addition (SS0615)	032007-D	323,162.42

Cedar Glenn Addition (WA0617)	032007-C	140,782.16
Grand Vista Addition, Unit 1, Phase 1 (SS0519)	030607-C	218,985.80
Grand Vista Addition, Unit 1, Phase I (ST0527)	030607-A	167,437.77
Grand Vista Addition, Unit 1, Phase I (WA0520)	030607-B	38,962.43
Grand Mere Vanesta, Unit 2 – Sanitary Sewer (SS0623)	121906-G	200,114.59
Grand Mere Vanesta, Unit 2 – Water (WA0627)	121906-H	125,926.82
Lee Mill Heights Addition, Unit 3 – Storm Sewer (SM0604)	121906-D	112,974.25
Lee Mill Heights Addition, Unit 3 – Sanitary Sewer (SS0622)	121906-F	220,920.30
Lee Mill Heights Addition, Unit 3 – Street (ST0626)	121906-C	370,335.60
Lee Mill Heights Addition, Unit 3 – Water (WA0625)	121906-E	109,684.75
Miller Ranch Addition, Unit 3, Phase 2 – Sanitary Sewer (SS0610)	070307-B	350,466.27
Miller Ranch Addition, Unit 3, Phase 2 – Water (WA0612)	070307-C	147,224.71
Stone Pointe Addition, Unit 2 – Sanitary Sewer (SS0624)	012307-C	487,310.10
Stone Pointe Addition, Unit 2 – Water (WA0628)	012307-E	239,822.59
Heritage Square (US 24 Improvements & Traffic Signals) (ST0702)	121807-K	1,333,371.27
Heritage Square (External Waterline) (WA0614)	121807-I	1,250,647.65
Heritage Square (Internal Sanitary Sewer) (SS0612)	121807-G	200,896.24
Heritage Square (Internal Streets) (ST0616)	121807-J	1,190,244.97
Heritage Square (Internal Waterline) (WA0613)	121807-H	<u>231,543.98</u>
TOTAL		<u>\$16,582,694.57</u>

WHEREAS, all legal requirements pertaining to the Improvements have been complied with, and the governing body of the City now finds and determines that the total cost of the Improvements (including interest on temporary notes of the City and issuance costs of the bonds) and related expenses are at least \$16,582,694.57 (with \$14,431,550.65 of said cost to be paid by the owners of the property within the City benefited by the Improvements and with \$2,151,143.92 of said cost to be paid by the City at large), and that the owners of the property benefited by the Improvements have paid \$664,596.27 in cash into the City Treasury on account of the Improvements and there is \$533,098.30 available in the City Treasury to pay part of said cost, leaving \$15,385,000 to be paid for by the issuance of general obligation bonds; and

WHEREAS, the governing body of the City is authorized by law to issue general obligation bonds of the City to pay a portion of the costs of the Improvements; and

WHEREAS, none of such general obligation bonds heretofore authorized have been issued and the City proposes to issue \$15,385,000 of its general obligation bonds to pay a portion of the costs of the Improvements; and

WHEREAS, the City heretofore issued and has outstanding the Refunded Bonds and is authorized by K.S.A. 10-427 *et seq.* to issue general obligation refunding bonds of the City for the purpose of refunding the Refunded Bonds; and

WHEREAS, in order to achieve interest cost savings through early redemption of the Refunded Bonds, to reduce debt service requirements of the City for certain years, to restructure the debt payments on the Refunded Bonds and to provide an orderly plan of finance for the City, it has become desirable and in the best interest of the City and its inhabitants to refund the Refunded Bonds; and

WHEREAS, the City proposes to issue its general obligation refunding bonds to refund the Refunded Bonds; and

WHEREAS, the governing body of the City has advertised the sale of such general obligation bonds and general obligation refunding bonds in accordance with the law and at a meeting held in the City on this date awarded the sale of such bonds to the best bidders; and .

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF MANHATTAN, KANSAS, AS FOLLOWS:

Section 1. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms in this Ordinance shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

"Act" means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*; with respect to the Series 2008-A Bonds, K.S.A. 12-6a01 *et seq.* and with respect to the Series 2008-B Bonds, K.S.A. 10-427 *et seq.*, all as amended and supplemented from time to time.

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

"Bond Resolution" means, collectively, the resolutions to be adopted by the governing body of the City prescribing the terms and details of the Bonds and making covenants with respect thereto.

"Bonds" means, collectively, the Series 2008-A Bonds and the Series 2008-B Bonds.

"City" means the City of Manhattan, Kansas.

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

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

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

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

"Ordinance" means this Ordinance authorizing the issuance of the Bonds.

"Refunded Bonds" means the Series 212 Bonds maturing in the years 2010 and thereafter, in the aggregate principal amount of \$2,415,000.

"Series 212 Bonds" means the City's General Obligation Bonds, Series 212, dated December 1, 2000.

"**Series 2008-A Bonds**" means the City's General Obligation Bonds, Series 2008-A, in the aggregate principal amount of \$15,385,000, and dated June 1, 2008, authorized by this Ordinance.

"**Series 2008-B Bonds**" means the City's General Obligation Refunding Bonds, Series 2008-B, in the aggregate principal amount of \$2,525,000, and dated June 1, 2008, authorized by this Ordinance.

"**State**" means the State of Kansas.

Section 2. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Bonds, Series 2008-A, of the City in the principal amount of \$15,385,000, for the purpose of providing funds to: (a) pay costs of issuance of the Series 2008-A Bonds; and (b) retire interim financing issued to finance the Improvements. There shall also be issued and hereby are authorized and directed to be issued the General Obligation Refunding Bonds, Series 2008-B, of the City in the principal amount of \$2,525,000*, for the purpose of providing funds to: (a) pay costs of issuance of the Series 2008-B Bonds; and (b) refund the Refunded Bonds.

Section 3. Security for the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of certain internal improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 4. Terms, Details and Conditions of the Bonds. The Bonds shall be dated and bear interest, shall mature and be payable at such times, shall be in such forms, shall be subject to redemption and payment prior to the maturity thereof, and shall be issued and delivered in the manner prescribed and subject to the provisions, covenants and agreements set forth in the Bond Resolution hereafter adopted by the governing body of the City.

Section 5. Levy and Collection of Annual Tax. The governing body of the City shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the City in the manner provided by law.

The taxes and/or assessments above referred to shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the general ad valorem taxes of the City are levied and collected, shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent. The proceeds derived from said taxes and/or assessments shall be deposited in the Bond and Interest Fund.

If at any time said taxes and/or assessments are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes and/or assessments are collected.

Section 6. Tax Covenants. The City covenants and agrees that (a) it will comply with all applicable provisions of the Code, including Code § 103 and 141 through 150, necessary to maintain the

exclusion from federal gross income of the interest on the Bonds; and (b) it will not use or permit the use of any proceeds of Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, which would adversely affect the exclusion from federal gross income of the interest on the Bonds. The City will also adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with other applicable future law, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

Section 7. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and 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 8. Governing Law. This Ordinance and the Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 9. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

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PASSED by the governing body of the City on May 20, 2008 and signed by the Mayor.

(SEAL)

Mayor

ATTEST:

Clerk

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RESOLUTION NO. 052008-C

OF

THE CITY OF MANHATTAN, KANSAS

ADOPTED

MAY 20, 2008

\$15,385,000
GENERAL OBLIGATION BONDS
SERIES 2008-A

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RESOLUTION NO. 052008-C

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF \$15,385,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2008-A, OF THE CITY OF MANHATTAN, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 6696 OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the Issuer has heretofore adopted the Ordinance authorizing the issuance of the Bonds; and

WHEREAS, the Ordinance authorized the governing body of the Issuer 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 MANHATTAN, KANSAS, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms as used in this Bond Resolution shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

"Act" means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 12-6a01 *et seq.*, as amended and supplemented from time to time.

["Ambac" shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.]

["Assured Guaranty" means Assured Guaranty Corp., a Maryland corporation, or any successor thereto.]

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

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

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

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

"Bond Insurance Policy" means the [AMBAC, ASSURED – financial guaranty insurance policy][FGIC – municipal bond new issue insurance policy][FSA - municipal bond insurance policy] [MBIA - financial guaranty insurance policy] issued by the Bond Insurer [AMBAC, FGIC, ASSURED - simultaneously with the delivery of the Bonds][FSA -- concurrently with the delivery of the Bonds] [MBIA -- on the date of delivery of and payment for the Bonds [**AMBAC, FGIC--insuring the] [**FSA, MBIA, ASSURED -guaranteeing the scheduled] payment when due of the principal of and interest on the Bonds[**FGIC, MBIA, Ambac, ASSURED -- as provided therein.

"Bond Insurer" means [Ambac][Assured Guaranty][FSA][FGIC][MBIA] with respect to the Bonds.]

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

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

"Bond Registrar" means the State Treasurer, and any successors and assigns.

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

"Bonds" means the General Obligation Bonds, Series 2008-A, authorized and issued by the Issuer pursuant to the Ordinance and this Bond Resolution.

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

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

"City" means the City of Manhattan, Kansas.

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

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

"Consulting Engineer" means an independent engineer or engineering firm, or architect or architectural firm, having a favorable reputation for skill and experience in the construction, financing and operation of public facilities, at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Consulting Engineer by this Bond Resolution.

"Costs of Issuance" means all costs of issuing the Bonds, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial

advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

"Costs of Issuance Account" means the Costs of Issuance Account for General Obligation Bonds, Series 2008-A created pursuant to *Section 501* hereof.

"Dated Date" means June 1, 2008.

"Debt Service Account" means the Debt Service Account for General Obligation Bonds, Series 2008-A (within the Bond and Interest Fund) created pursuant to *Section 501* hereof.

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

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

"Defeasance Obligations" means any of the following obligations:

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

[***FSA, MBIA--(b) evidences of ownership of proportionate interests in future interest and principal payments on United States Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Government Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;]

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

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

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

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

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

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

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

[**ASSURED—

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation); or

(b) United States Government Obligations that are not subject to redemption in advance of their maturity dates.]

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

"Disclosure Instructions" means the Continuing Disclosure Instructions dated as of the Issue Date, attached to the Issuer's Closing Certificate, relating to certain obligations contained in the SEC Rule.

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

"DTC Representation Letter" means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides for a book-entry system, or any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.

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

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

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

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Resolution (other than the covenants relating to continuing disclosure requirements contained herein and in the Disclosure Instructions) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding[.]; [or]

[***MBIA --(d)A final decree of bankruptcy shall have been entered against the Issuer by a United States Bankruptcy Court of competent jurisdiction.]

"Federal Tax Certificate" means the Issuer's Federal Tax Certificate dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

["FGIC" means Financial Guaranty Insurance Company.]

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

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

["FSA" means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto.]

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

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

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

[USE THE FOLLOWING FOR MBIA]

"Insurance Paying Agent" means U.S. Bank Trust National Association, New York, New York, or its successors under the Bond Insurance Policy, as insurance paying agent.

[USE THE FOLLOWING FOR Ambac]

"Insurance Trustee" means The Bank of New York, New York, New York, as trustee or its successors.

[USE THE FOLLOWING FOR FSA, ASSURED]

"Insurer's Fiscal Agent" means the agent designated by the Bond Insurer pursuant to the Bond Insurance Policy.

[USE THE FOLLOWING FOR FGIC]

"Insurer's Fiscal Agent" means U.S. Bank Trust National Association, New York, New York, or its successors under the Bond Insurance Policy, as insurance paying agent.

"Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which shall be May 1 and November 1 of each year, commencing November 1, 2008.

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

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

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

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

["MBIA" means MBIA Insurance Corporation, Armonk, New York.]

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer [with notice to the Bond Insurer].

"Note Redemption Date" means June 15, 2008.

"Note Resolution" means each resolution which authorized the Notes.

"Notes" means collectively: (a) the Series 2006-04 Notes in the principal amount of \$3,955,000; (b) the Series 2006-06 Notes in the principal amount of \$295,000; (c) the Series 2007-01 Notes in the principal amount of \$3,400,000; (d) the Series 2007-02 Notes in the principal amount of \$1,830,000; (e) the Series 2007-03 Notes in the principal amount of \$1,570,000; (f) the Series 2007-04 Notes in the principal amount of \$735,000; and (g) the Series 2008-01 Notes in the principal amount of \$3,615,000.

"Notes Paying Agent" means the respective paying agent for each series of the Notes as designated in the respective Note Resolution, and any successor or successors at the time acting as paying agent for any of the Notes.

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

(a) To the Issuer at:

City Hall
1101 Poyntz Avenue
Manhattan, Kansas 66502-5497

(b) To the Paying Agent at:

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

(c) To the Purchaser:

[Purchaser]

[City, State]

(d) To the Rating Agency(ies):

Moody's Municipal Rating Desk
7 World Trade Center

250 Greenwich Street
23rd Floor
New York, New York 10007

Standard & Poor's, a division of
The McGraw-Hill Companies
55 Water Street, 38th Floor
New York, New York 10004

Fitch Ratings
One State Street Plaza
New York, New York 10004

[(e) To the Bond Insurer:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004

Assured Guaranty Corp.
1325 Avenue of the Americas
New York, New York 10019

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
Telephone: 212-312-3000

Financial Security Assurance Inc.
31 West 52nd Street
New York, New York 10019
Telephone: (212) 826-0100; Telecopier (212) 339-3529

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

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

"Notice Representative" means:

- (a) With respect to the Issuer, the Clerk.
- (b) With respect to the Bond Registrar and Paying Agent, the Director of Bond Services.
- (c) With respect to any Purchaser, the manager of its Municipal Bond Department.
- (d) With respect to any Rating Agency, any Vice President thereof.

[(e) With respect to the Bond Insurer, any Vice President, with a copy to its General Counsel and [AMBAC--to the Surveillance Department][FSA--; Attn: Managing Director -- Surveillance -- Re:

Policy No. [_____] [MBIA --; Attn: Insured Portfolio Management-Surveillance] [ASSURED - Attn: Risk Management Department-Public Finance Surveillance, with a copy to its General Counsel.]

"Official Statement" means Issuer's final Official Statement, dated May 20, 2008, relating to the Bonds.

"Ordinance" means Ordinance No. 6696 of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

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

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

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

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

[(d) Bonds, the principal or interest of which has been paid by the Bond Insurer.]

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

"Participants" means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

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

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

escrow agreement with a bank, of securities described in (c) or (f),[; or (m) other investment obligations authorized by the laws of the State and approved in writing by the Bond Insurer], all as may be further restricted or modified by amendments to applicable State law.]

[USE THE FOLLOWING FOR Ambac:]

["**Permitted Investments**" shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), or

(b) direct obligations of (including obligations issued or held in book entry form on the books of) the United States of America or any agency thereof which are backed by the full faith and credit of the United States of America;

(c) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export - Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration;

(d) senior debt obligations issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Home Loan Bank System;

(e) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank);

(f) investments in a money market fund, the portfolio of which is comprised entirely of securities described in (b) or (c) above and is rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(g) pre-refunded municipal obligations defined as follows:

Any bonds or other obligations of the State or of any agency, instrumentality or local governmental unit of the State which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (1) which are rated, based on an irrevocable escrow account of fund (the "escrow"), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or (2)(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (b) above, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any,

on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) investment agreements or other obligations of a financial institution, the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's, and approved in writing by the Bond Insurer with notice to Standard & Poor's;

(i) interest bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located, which are fully insured by the Federal Deposit Insurance Corporation or collateralized with obligations described in paragraph (b) above;

(j) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; and

(k) other forms of investments authorized in K.S.A. 10-131 which are approved in writing by the Bond Insurer.]

[USE THE FOLLOWING FOR ASSURED:

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative:

(a) Cash (fully insured by the Federal Deposit Insurance Corporation);

(b) The municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto;

(c) Direct obligations of the United States Government or any agency thereof (other than an obligation subject to variation in principal repayment);

(d) Evidences of ownership of proportionate interests in future interest and principal payments on obligations described in (b) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;

(e) Federal Housing Administration debentures;

(f) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(1) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(2) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;

(3) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; and

(4) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(g) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located, which have capital and surplus of at least \$15,000,000, and which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c);

(h) Money market funds rated "Aam" or "AAM-G" by S&P, or better and if rated by Moody's rated "Aa2" or better, the portfolio of which is comprised entirely of securities described in (b), (d) or (e);

(i) Municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same and which is rated at least "A3" by Moody's and at least "A-" by S&P, or any obligation fully and unconditionally guaranteed by the State or any subdivision or agency thereof whose unsecured general obligation debt is so rated;

(j) Direct general short-term obligations of the State or any subdivision or agency thereof described in (h) and rated "A-1+" by S&P and "MIG-1" by Moody's;

(k) Bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity, are rated "AAA" by S&P and "Aaa" by Moody's, are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of Defeasance Obligations, and which meet the following requirements:

(1) the bonds are (A) not subject to redemption prior to maturity or (B) the Paying Agent for the bonds has been given irrevocable instructions concerning their call and redemption and the Issuer of the bonds has covenanted not to redeem such bonds other than as set forth in such instructions;

(2) the bonds are secured by cash or United States Government Obligations which may be applied only to payment of the principal of, interest and premium on such bonds;

(3) the principal of and interest on the United States Government Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the bonds;

(4) the cash or United States Government Obligations serving as security for the bonds are held by an escrow agent or trustee in trust for owners of the bonds;

(5) no substitution of a United States Government Obligation shall be permitted except with another United States Government Obligation and upon delivery of a new report as described in (3); and

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

(l) Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A-" by S&P and "A3" Moody's; (2) any broker-dealer

with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A-” by S&P and “A3” by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least “A-” by S&P and “A3” Moody's and acceptable to the Bond Insurer (each an “Eligible Provider”), provided that:

(4) permitted collateral shall include (A) direct obligations of the United States Government or any agency thereof, or (B) senior debt obligations of FNMA, FHLB or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Government Obligations, and 104% of the total principal when the collateral type is FNMA, FHLB and FHLMC (“Eligible Collateral”);

(5) the trustee or a third party acting solely as agent therefore or for the Issuer (the “Custodian”) has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;

(6) the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the trustee, the Issuer and the Bond Insurer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(7) the repurchase agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Bond Insurer;

(8) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and

(9) the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below “A-” by S&P or “A3” by Moody's, as appropriate, the provider must, notify the Issuer, the Paying Agent and the Bond Insurer within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) provide a written guarantee acceptable to the Bond Insurer, (ii) post Eligible Collateral, or (iii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten (10) business days, the provider shall, at the direction of the trustee (who shall give such direction if so directed by the Bond Insurer) repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Issuer or the Paying Agent;

(m) Investment agreements: with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “AA-” by S&P and “Aa3” by Moody's, and acceptable to the Bond Insurer (each an “Eligible Provider”); provided that:

(1) interest payments are to be made to the Paying Agent at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(2) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the Issuer and the Paying Agent hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(3) the provider shall send monthly reports to the Paying Agent, the Issuer and the Bond Insurer setting forth the balance the Issuer or Paying Agent has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

(4) the investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(5) the investment agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Bond Insurer;

(6) the Issuer, the Paying Agent and the Bond Insurer shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

(7) the Issuer, the Paying Agent and the Bond Insurer shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (b) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (c) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

(8) the investment agreement shall provide that if during its term:

(A) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (i) provide a written guarantee acceptable to the Bond Insurer, (ii) post Eligible Collateral with the Issuer, the Paying Agent or a third party acting solely as agent therefore (the "Custodian") free and clear of any third party liens or claims, or (iii) assign the agreement to an Eligible Provider, or (iv) repay the principal of and accrued but unpaid interest on the investment;

(B) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", the provider must, at the direction of the Issuer or the Paying Agent (who shall give such direction if so directed by the Insurer), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Issuer or Paying Agent;

(9) in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103%

of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Paying Agent, the Issuer and the Bond Insurer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(10) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and

(11) the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Issuer or the Paying Agent (who shall give such direction if so directed by the Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Paying Agent, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Paying Agent, as appropriate.]***

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

"Purchase Price" means the principal amount of the Bonds plus accrued interest to the date of delivery[, plus a premium of \$_____][, less an underwriting discount of \$_____].

"Purchaser" means [Purchaser], [City, State], the original purchaser of the Bonds, and any successor and assigns.

"Rating Agency" means any company, agency or entity that provides financial ratings for the Bonds.

"Rebate Fund" means the Rebate Fund for General Obligation Bonds, Series 2008-A created pursuant to *Section 501* hereof.

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

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

"Redemption Fund" means the Redemption Fund for Notes created pursuant to *Section 501* hereof.

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

"Replacement Bonds" means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 210* hereof.

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

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

"Series 2006-04 Notes" means the Issuer's Temporary Notes, Series 2006-04, dated September 15, 2006.

"Series 2006-06 Notes" means the Issuer's Temporary Notes, Series 2006-06, dated December 15, 2006.

"Series 2007-01 Notes" means the Issuer's Temporary Notes, Series 2007-01, dated March 15, 2007.

"Series 2007-02 Notes" means the Issuer's Temporary Notes, Series 2007-02, dated June 15, 2007.

"Series 2007-03 Notes" means the Issuer's Temporary Notes, Series 2007-03, dated September 15, 2007.

"Series 2007-04 Notes" means the Issuer's Temporary Notes, Series 2007-04, dated December 15, 2007.

"Series 2008-01 Notes" means the Issuer's Temporary Notes, Series 2008-01, dated March 15, 2008.

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

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

"State" means the state of Kansas.

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

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

["Term Bonds" means the Bonds scheduled to mature in the year 2028.]

[" ____ Term Bonds" means the Bonds scheduled to mature in the year ____.]

["**2028 Term Bonds**" means the Bonds scheduled to mature in the year 2028.]

["**Term Bonds**" means jointly the ____ Term Bonds and the 2028 Term Bonds.]

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

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

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of the Bonds. The Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$15,385,000, for the purpose of providing a portion of the funds to: (a) retire the Notes; and (b) pay Costs of Issuance.

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

[SERIAL BONDS]

Stated Maturity <u>November 1</u>	Principal <u>Amount</u>	Annual Rate <u>of Interest</u>	Stated Maturity <u>November 1</u>	Principal <u>Amount</u>	Annual Rate <u>of Interest</u>
2009	\$630,000	_____%	2019	\$670,000	_____%
2010	650,000		2020	695,000	
2011	665,000		2021	725,000	
2012	680,000		2022	755,000	
2013	705,000		2023	790,000	
2014	725,000		2024	825,000	
2015	750,000		2025	865,000	
2016	775,000		2026	905,000	
2017	800,000		2027	950,000	
2018	830,000		2028	995,000	

[TERM BONDS

Stated Maturity <u>November 1</u> 2028	Principal <u>Amount</u> \$_____	Annual Rate <u>of Interest</u> _____%]
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The Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in *Section 204* hereof.

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

Section 203. Designation of Paying Agent and Bond Registrar. The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. The Mayor of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Bonds.

The Issuer will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Bond Registrar[, and shall appoint a successor Paying Agent at the request of the Bond Insurer,] by (a) filing with the Paying Agent or Bond Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Bond Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Bond Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Bond Registrar shall become effective until a successor [acceptable to the Bond Insurer] has been appointed and has accepted the duties of Paying Agent or Bond Registrar. [Each successor Paying Agent shall be approved in writing by the Bond Insurer before the appointment of such successor Paying Agent shall become effective.]

Every Paying Agent or Bond Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.

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

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

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of

Bonds], by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank ABA routing number and account number to which such Owner wishes to have such transfer directed.

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

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

Section 205. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 206. Registration, Transfer and Exchange of Bonds. The Issuer covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

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

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and

exchange of Bonds provided for by this Bond Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Code § 3406, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Section 303** hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof.

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

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

Section 207. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Clerk and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Clerk, which registration shall be evidenced by the manual or facsimile signature of the Clerk with the seal of the Issuer affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

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

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as **EXHIBIT A** hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee sign the

certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

Section 208. Mutilated, Lost, Stolen or Destroyed Bonds. If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Paying Agent may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

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

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

Section 210. Book-Entry Bonds; Securities Depository. The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities

depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or

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

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

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

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

for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 212. Final Official Statement. The Official Statement dated May 6, 2008, is hereby ratified and approved. An addendum to the Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor or chief financial officer of the Issuer are hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the final Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(3) and (4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

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

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, Bonds or portions thereof maturing in the years 2019 and thereafter, may be called for redemption and payment prior to their Stated Maturity on November 1, 2018, and thereafter as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

[Mandatory Redemption.] [(a) ____ Term Bonds.] The [____] Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in **Article IV** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on November 1 in each year, the following principal amounts of such [____] Term Bonds:

**Principal
Amount**

Year

*

*Final Maturity

[(b) *2028 Term Bonds.*] The 2028 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in *Article IV* hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on November 1 in each year, the following principal amounts of such 2028 Term Bonds:

**Principal
Amount**

Year

2028*

*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the Issuer may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the Issuer under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Issuer to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity as designated by the Issuer, and the principal amount of Term Bonds to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the Issuer intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the Issuer will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.]

Section 302. Selection of Bonds to be Redeemed.

(a) In the event the Issuer desires to call the Bonds for redemption prior to maturity, written notice of such intent shall be provided to the Bond Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Bond Registrar shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Bond Registrar at least 45 days prior to the Redemption Date of written instructions of the Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. If the Bonds are refunded more than 90 days in advance of such Redemption Date, any escrow agreement entered into by the Issuer in connection with such refunding shall provide that such written instructions to the Paying Agent shall be given by the escrow agent on behalf of the Issuer not more than 90 days prior to the Redemption Date. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in *Section 303* are met. [The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Term Bonds

hereunder, and Term Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer and whether or not the Paying Agent holds moneys available and sufficient to effect the required redemption.]

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

(c) In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each a minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of the denomination of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such a minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such a minimum Authorized Denomination of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination of face value called for redemption (and to that extent only).

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for the Bonds. The Bonds shall be general obligations of the Issuer payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of the Improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

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

The taxes and/or assessments referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

If at any time said taxes and/or assessments are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS

DEPOSIT AND APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

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

- (a) Redemption Fund for Notes;
- (b) Debt Service Account for General Obligation Bonds, Series 2008-A;
- (c) Rebate Fund for General Obligation Bonds, Series 2008-A; and
- (d) Costs of Issuance Account for General Obligation Bonds, Series 2008-A.

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

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

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

(b) The sum of \$[_____] shall be deposited in the Costs of Issuance Account.

(d) The remaining balance of the proceeds derived from the sale of the Bonds, together with funds provided by the Issuer, shall be deposited into the Redemption Fund.

(e) In addition to proceeds of the Bonds, the Issuer will use available moneys representing (i) special assessments paid in cash for the Improvements in the amount of \$664,596.27, and (ii) available funds of the Issuer in the amount of \$533,098.30 to provide for payment of the Notes.

Section 503. Application of Moneys in the Redemption Fund. Moneys in the Redemption Fund shall be paid and transferred to the Notes Paying Agent, with irrevocable instructions to apply such amount to the payment of the Notes on the Notes Redemption Date. The Clerk is authorized and instructed to provide appropriate notice of redemption in accordance with the Notes Resolution authorizing the issuance of such Notes. Any moneys remaining in the Redemption Fund not needed to retire the Notes shall be transferred to the Debt Service Account.

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

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

Section 505. Application of Moneys in the Rebate Fund.

(a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax

Certificate), for payment to the United States of America, and neither the Issuer nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and the Federal Tax Certificate.

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

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

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

Moneys held in any Fund or Account other than the Redemption Fund may be invested in accordance with this Bond Resolution and the Federal Tax Certificate in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account.

Section 507. Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be transferred to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

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

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

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

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

Section 602. Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and 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 Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bonds.

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

Section 604. [Control of Remedies Upon an Event of Default and Event of Insolvency. Upon the occurrence and continuance of an Event of Default, the Bond Insurer, provided the Bond Insurance Policy is in full force and effect and the Bond Insurer shall not be in default thereunder, shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners under this Bond Resolution. Any reorganization or liquidation plan with respect to the Issuer must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Owners who hold the Bonds insured by the Bond Insurer absent a default by the Bond Insurer under the applicable Bond Insurance Policy insuring such Bonds.]

ARTICLE VII
DEFEASANCE

Section 701. Defeasance. When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with *Section 302(a)* of this Bond Resolution. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Bond Resolution. [The Issuer shall notify the Bond Insurer of any defeasance under this Section.]

[Notwithstanding anything in this Bond Resolution to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer and the covenants, agreements and other obligations of the Issuer to the Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Owners.]

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The provisions of this Section shall not be operative unless the Issuer shall cause to be delivered: (a) a report of an Independent Accountant acceptable to the Bond Insurer verifying the sufficiency of the escrow established to pay the Bonds in full on the Stated Maturity or Redemption Date, (b) an escrow agreement acceptable in form and substance to the Bond Insurer, and (c) an opinion of Bond Counsel to the effect that the Bonds are no longer Outstanding under this Bond Resolution; each report and opinion shall be acceptable in form and substance, and addressed, to the Issuer and the Bond Insurer. In the event of a forward purchase agreement will be employed in the establishment of such escrow agreement, such agreement shall be subject to the approval of the Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than 15 business days prior to the funding of the escrow.]

ARTICLE VIII
TAX COVENANTS

Section 801. General Covenants.

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

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

(c) The Issuer covenants and agrees that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner (1) that would cause any Bond to be a "private activity bond" within the meaning of Code § 141(a), or (2) to make or finance a loan to any Person other than the State or a political subdivision thereof.

Section 802. Rebate Covenants. The Issuer covenants and agrees that it will pay or provide for the payment from time to time all amounts required to be rebated to the United States pursuant to Code § 148(f) and the Federal Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Federal Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 803. Survival of Covenants. The covenants contained in this Article shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to *Article VII* hereof or any other provision of this Bond Resolution until the final maturity date of all Bonds Outstanding.

ARTICLE IX

[PROVISIONS RELATING TO THE BOND INSURANCE POLICY]

[USE THE FOLLOWING FOR Ambac:]

Section 901. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) At least one (1) day prior to all Interest Payment Dates the Paying Agent will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Paying Agent determines that there will be insufficient funds in the Funds and Accounts, the Paying Agent shall notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payment of principal or interest due on the Bonds on or before the first (1st) day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Paying Agent.

(b) the Paying Agent shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the Insurance Trustee (as defined in the Bond Insurance Policy), the Bond Register, and all records relating to Funds and Accounts maintained under this Bond Resolution.

(c) the Paying Agent shall provide the Bond Insurer and the Insurance Trustee with a list of Owners entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (1) to mail checks or drafts to the Owners entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal upon Bonds surrendered to the Insurance Trustee by the Owners entitled to receive full or partial principal payments from the Bond Insurer.

(d) the Paying Agent shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify Owners entitled to receive the payment of principal or interest thereon from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Owner entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (3) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Paying Agent, and (4) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Paying Agent, who shall note on such Bonds the portion of the principal paid by the Paying Agent, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) in the event that the Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment (as defined in the Bond Insurance Policy) and which is made to an Owner by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all Owner's that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payment of principal of and interest on the Bonds which have been made by the Paying Agent, and subsequently recovered from Owners and the dates on which such payments were made.

(f) in addition to those rights granted the Bond Insurer under this Bond Resolution, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to

the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon receipt of the Bond Insurer of proof of the payment of interest thereon to the Owners, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon surrender of the Bonds by the Owners thereof together with proof of the payment of principal thereof.

Section 902. Consent of the Bond Insurer. Any provision of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer. The Bond Insurer reserves the right to charge the Issuer a fee for any consent or amendment to this Bond Resolution while the Bond Insurance Policy is in effect.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners.

Section 903. Notices to the Bond Insurer.

(a) While the Bond Insurance Policy is in effect, the Issuer shall furnish to the Bond Insurer, upon request:

(1) As soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer;

(2) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds; and

(3) such additional information as the Bond Insurer may reasonably request.

(b) The Issuer shall notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.

(c) The Issuer will permit the Bond Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Issuer will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed an Event of Default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner.

(e) Notwithstanding any other provision of this Bond Resolution, the Issuer shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of

principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

Section 904. Third Party Beneficiary. To the extent that this Bond Resolution confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason of this Bond Resolution, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 905. Parties Interested Herein. Nothing in this Bond Resolution, expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer, the Bond Insurer, the Paying Agent and the Owners, any right, remedy or claim under or by reason of this Bond Resolution, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Paying Agent, the Bond Insurer and the Owners of the Bonds.]

[USE THE FOLLOWING FOR ASSURED:]

Section 906. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) At least two (2) Business Days prior to each Bond Payment Date, the Paying Agent will determine whether there will be sufficient funds in the Funds and Accounts to pay all Debt Service Requirements on the Bonds due on such Bond Payment Date and shall immediately notify the Bond Insurer or the Insurer's Fiscal Agent on the same Business Day by telephone or electronic mail, confirmed in writing by registered or certified mail, of the amount of any deficiency. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest or both. If the deficiency is made up in whole or in part prior to or on the Bond Payment Date, the Paying Agent shall so notify the Bond Insurer or the Insurer's Fiscal Agent.

(b) The Paying Agent, shall after giving notice to the Bond Insurer as provided above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the Insurer's Fiscal Agent, the Bond Register and all records relating to the Funds maintained under this Bond Resolution.

(c) The Paying Agent shall provide the Bond Insurer and the Insurer's Fiscal Agent with a list of Owners entitled to receive payments of Debt Service Requirements from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Bond Insurer, the Insurer's Fiscal Agent or another designee of the Bond Insurer to (1) mail checks or drafts to the Owners entitled to receive full or partial interest payments from the Bond Insurer and (2) pay principal upon Bonds surrendered to the Bond Insurer, the Insurer's Fiscal Agent or another designee of the Bond Insurer by the Owners entitled to receive full or partial principal payments from the Bond Insurer.

(d) The Paying Agent shall, at the time it provides notice to the Bond Insurer of any deficiency pursuant to (a) above, notify Owners entitled to receive the payment of Debt Service Requirements from the Bond Insurer (1) as to such deficiency and its entitlement to receive payment of principal or interest, as applicable, (2) that the Bond Insurer will remit to them all or a part of the interest payments due on the relevant Interest Payment Date upon proof of the Owner's entitlement thereto and delivery to the Bond Insurer or the Insurer's Fiscal Agent, in form satisfactory to the Bond Insurer, of an appropriate assignment of the Owner's right to payment, (3) that, if they are entitled to receive partial

payment of principal from the Bond Insurer, they must surrender the related Bonds for payment first to the Paying Agent, which will note on such Bonds the portion of the principal paid by the Paying Agent and second to the Bond Insurer or its designee, together with the an appropriate assignment, in form satisfactory to the Bond Insurer, to permit ownership of such Bonds to be registered in the name of the Bond Insurer, which will then pay the unpaid portion of principal, and (4) that, if they are entitled to receive full payment of principal from the Bond Insurer, they must surrender the related Bonds for payment to the Bond Insurer or its designee, rather than the Paying Agent, together with an appropriate assignment, in form satisfactory to the Bond Insurer, to permit ownership of such Bonds to be registered in the name of the Bond Insurer.

(e) In the event that the Paying Agent has notice that any payment of Debt Service Requirements on a Bond which has become Due for Payment (as defined in the Bond Insurance Policy) and which is made to an Owner by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payments of Debt Service Requirements on the Bonds which have been made by the Paying Agent and subsequently recovered from Owners and the dates on which such payments were made.

(f) In addition to those rights granted to the Bond Insurer under this Bond Resolution, the Bond Insurer shall, to the extent it makes any payment of Debt Service Requirements on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (1) in the case of claims for past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon receipt from the Bond Insurer of proof of payment of interest thereon to the Owners of the Bonds, and (2) in the case of claims for past due principal, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon surrender of the Bonds together with receipt of proof of payment of principal thereof.

Section 907. Consent of the Bond Insurer. Any provision of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer. The Bond Insurer reserves the right to charge the Issuer a fee for any consent or amendment to this Bond Resolution while the Bond Insurance Policy is in effect.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners. Any reorganization or liquidation plan with respect to the Issuer must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Owners absent a default by the Bond Insurer under the Bond Insurance Policy. Anything in this Bond Resolution to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Bond Insurer shall have the right, concurrent with the Owners, to enforce all rights and remedies granted to the Owners under this Bond Resolution.

Section 908. Notices to the Bond Insurer. While the Bond Insurance Policy is in effect, the Issuer shall furnish to the Bond Insurer, upon request:

- (a) The annual budget prior to the beginning of each Fiscal Year,
- (b) As soon as available, copies of any annual financial statements, audits and/or annual reports of the Issuer,
- (c) Such additional information it may reasonably request,
- (d) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and
- (e) Any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds.

The Bond Insurer shall be included as party to be notified in the event the Issuer provides any notices pursuant to SEC Rule 15c2-12 as authorized by this Bond Resolution. Such information shall be delivered at the Issuer's expense. In addition, the Issuer shall furnish to the Bond Insurer (a) any failure of the Issuer to provide relevant notices, certificates, etc., and (b) if at any time there are insufficient moneys to make any payments of Debt Service Requirements as required under this Bond Resolution and immediately upon the occurrence of an Event of Default.

Section 909. Other Information. The Issuer will permit the Bond Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Issuer will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

Section 910. Reimbursement. To the extent permitted by law, the Issuer hereby agrees to pay or reimburse the Bond Insurer (a) for all amounts paid by the Bond Insurer under the terms of the Bond Insurance Policy, and (b) any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (1) any accounts established to facilitate payments under the Bond Insurance Policy, (2) the administration, enforcement, defense or preservation of any rights in respect of this Bond Resolution including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating this Bond Resolution, any party to this Bond Resolution or the transaction contemplated by this Bond Resolution, or (3) any amendment, waiver or other action with respect to, or related to, this Bond Resolution whether or not executed or completed; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Bond Insurer spent in connection with the actions described in (2) or (3). In addition, the Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Bond Resolution. The Issuer will pay interest on the amounts owed in this **Section 905** from the date of any payment due or paid, at the per annum rate of interest publicly announced from time to time by JP Morgan Chase Bank, National Association, at its principal office in New York, New York, as its prime lending rate (any change in such prime rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank, National Association) plus three percent (3%) per annum (the "Reimbursement Rate"). The Reimbursement Rate shall be calculated on the basis of the actual number of days elapsed over a 360-day year. In the event JPMorgan Chase Bank ceases to announce its prime rate publicly, the prime rate shall be the publicly announced prime rate or base lending rate of such national bank as the Bond Insurer shall specify.

Section 911. The Bond Insurer as a Third-Party Beneficiary. The Bond Insurer is hereby explicitly recognized as being a third-party beneficiary under this Bond Resolution and may enforce any such right, remedy or claim conferred, given or granted to the Owners under this Bond Resolution.

[USE THE FOLLOWING FOR FSA:]

Section 912. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) If, on the Business Day prior to the related Stated Maturity there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Bond Resolution, moneys sufficient to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall give notice to the Bond Insurer and to the Insurer's Fiscal Agent by telephone or telecopy of the amount of such deficiency by 1:00 p.m., New York City time, on such Business Day. If, on the related Stated Maturity, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal on the Bonds, confirmed in writing to the Bond Insurer and the Insurer's Fiscal Agent by 1:00 p.m., New York City time, on such Stated Maturity by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

(b) In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Paying Agent shall authenticate and deliver to affected Owners who surrender their Bonds a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered. The Paying Agent shall designate any portion of payment of principal on Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Bond Insurer, registered in the name of the Bond Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Bond Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (as hereinafter defined) and the allocation of such funds to payment of interest on and principal paid in respect of any Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Bond Insurance Policy the Paying Agent shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Owners in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent.

Any funds remaining in the Policy Payments Account following a Stated Maturity date shall promptly be remitted to the Bond Insurer.

(c) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy.

(d) The Issuer agrees to pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur in connection with (1) the administration, enforcement, defense or preservation of any rights or security in respect of the Bond Resolution, (2) the pursuit of any remedies under the Bond Resolution or otherwise afforded by law or equity, (3) any amendment, waiver or other action with respect to, or related to, the Bond Resolution whether or not executed or completed, (4) the violation by the Issuer of any law, rule or regulation, or any judgment, order or decree applicable to it or (5) any litigation or other dispute in connection with the Bond Resolution or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Bond Resolution.

(e) Payments required to be made to the Bond Insurer shall be payable solely from the taxes levied pursuant to **Article IV** hereof and shall be paid (1) prior to an Event of Default, to the extent not paid from the Debt Service Account, and (2) after an Event of Default, with respect to amounts other than principal and interest on the Bonds, on the same priority as payments to the Paying Agent for expenses. The obligations to the Bond Insurer shall survive discharge or termination of the Bond Resolution.

(f) The Bond Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with this Bond Resolution, whether or not the Bond Insurer has received a Notice (as defined in the Bond Insurance Policy) of Nonpayment or a claim upon the Bond Insurance Policy.

Section 913. Consent of the Bond Insurer. Any provision of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners.

The Bond Insurer shall be deemed to be the sole Owner of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Bonds insured by it are entitled to take pursuant to this Bond Resolution.

Section 914. Notices to the Bond Insurer.

(a) While the Bond Insurance Policy is in effect, the Issuer shall, in addition to the other notice requirements contained in this Bond Resolution, furnish to the Bond Insurer:

(1) As soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer;

(2) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds;

(3) Notice of an Event of Default within five business days after the occurrence of such event; and

(4) such additional information as the Bond Insurer may reasonably request.

(b) The Issuer shall notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.

(c) The Issuer will permit the Bond Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Issuer will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed an Event of Default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner.

(e) Notwithstanding any other provision of this Bond Resolution, the Issuer shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

(f) In each case in which notice or other communication to the Bond Insurer refers to an Event of Default or with respect to which failure on the part of the Bond Insurer to respond shall be deemed to constitute consent or acceptance, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

Section 915. Third Party Beneficiary. To the extent that this Bond Resolution confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason of this Bond Resolution, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 916. Parties Interested Herein. Nothing in this Bond Resolution, expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer, the Bond Insurer, the Paying Agent and the Owners, any right, remedy or claim under or by reason

of this Bond Resolution, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Paying Agent, the Bond Insurer and the Owners of the Bonds.

Section 917. Suspension of Bond Insurer's Rights. Rights of the Bond Insurer to direct or consent to actions granted under this Bond Resolution shall be suspended during any period in which the Bond Insurer is in default in its payment obligations under the Bond Insurance Policy (except to the extent of amounts previously paid by the Bond Insurer and due and owing to the Bond Insurer) and shall be of no force or effect in the event the Bond Insurance Policy is no longer in effect or the Bond Insurer asserts that the Bond Insurance Policy is not in effect or the Bond Insurer shall have provided written notice that it waives such rights.]

[USE THE FOLLOWING FOR MBIA:]

Section 918. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) In the event that, on the second Business Day, and again on the Business Day, prior to the Bond Payment Date, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the Bond Payment Date, the Paying Agent shall so notify the Bond Insurer or its designee.

(c) In addition, if the Paying Agent has notice that any Owner has been required to disgorge payments of principal or interest on the Bonds to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(d) The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Paying Agent shall (i) execute and deliver to the Insurance Paying Agent, in form satisfactory to the Insurance Paying Agent, an instrument appointing the Bond Insurer as agent for such Owners in any legal proceedings related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (ii) receive as designee of the respective Owners (and not as Paying Agent) in accordance with the terms of the Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Owners; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Paying Agent shall (i) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Bond Insurer as agent for such Owner in any legal proceeding relating to the payment of such principal and an assignment

to the Bond Insurer of any of the Bond surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (ii) receive as designee of the respective Owners (and not as Paying Agent) in accordance with the terms of the Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (iii) disburse the same to such Owners.

(e) Payments with respect to claims for interest on and principal of Bonds disbursed by the Paying Agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the Issuer with respect to such Bonds, and the Bond Insurer shall become the owner of such unpaid Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the Bond Insurer that:

(1) They recognize that to the extent the Bond Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Bonds, the Bond Insurer will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Bond Resolution and the Bonds; and

(2) They will accordingly pay to the Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Bond Resolution and the Bond, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to Owners, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

Section 919. Consent of Bond Insurer. Any provision of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners.

Section 920. Notices.

(a) While the Bond Insurance Policy is in effect, the Issuer shall furnish to the Bond Insurer:

(1) As soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer;

(2) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds; and

(3) Such additional information it may reasonably request.

(b) The Issuer shall notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.

(c) Notwithstanding any other provision of this Bond Resolution, the Issuer shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

(d) Any notice that is required to be given to an Owner of the Bond or to the Paying Agent pursuant to this Bond Resolution shall also be provided to the Bond Insurer. All notices required to be given to the Bond Insurer under this Bond Resolution shall be in writing and shall be sent by registered or certified mail addressed to the Notice Address.

Section 921. Indemnification. The Issuer agrees to reimburse the Bond Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Bond Insurer in connection with (a) the enforcement by the Bond Insurer of the Issuer's obligations, or the preservation or defense of any rights of the Bond Insurer, under this Bond Resolution and any other document executed in connection with the issuance of the Bonds, and (b) any consent, amendment, waiver or other action with respect to this Bond Resolution or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Bond Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

Section 922. Additional Provisions.

(a) The Issuer agrees not to use the Bond Insurer's name in any public documents, including, without limitation, a press release or presentation, announcement or forum without the Bond Insurer's prior consent. In any event that the Issuer is advised by legal counsel that it has a legal obligation to disclose the Bond Insurer's name in any press release, public announcement or other public document, the Issuer shall provide the Bond Insurer with at least three (3) business days' prior written notice of its intent to use the Bond Insurer's name together with a copy of the proposed use of the Bond Insurer's name and of any description of a transaction with the Bond Insurer and shall obtain the Bond Insurer's prior consent as to the form and substance of the proposed use of the Bond Insurer's name and any such description.

(b) The Issuer shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Bonds without the prior written consent of the Bond Insurer.]

[USE THE FOLLOWING FOR FGIC:]

Section 923. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) If, on the Business Day prior to the related Stated Maturity there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Bond Resolution, moneys sufficient to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall give

notice to the Bond Insurer and to the Insurer's Fiscal Agent by telephone or teletype of the amount of such deficiency by 1:00 p.m., New York City time, on such Business Day. If, on the related Stated Maturity, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Insurer's Fiscal Agent by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal on the Bonds, confirmed in writing to the Bond Insurer and the Insurer's Fiscal Agent by registered or certified mail by 1:00 p.m., New York City time, on such Stated Maturity.

(b) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy.

(c) The Bond Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with this Bond Resolution, whether or not the Bond Insurer has received a Notice (as defined in the Bond Insurance Policy) of Nonpayment or a claim upon the Bond Insurance Policy.

Section 924. Suspension of Bond Insurer's Rights. Rights of the Bond Insurer to direct or consent to actions granted under this Bond Resolution shall be suspended during any period in which the Bond Insurer is in default in its payment obligations under the Bond Insurance Policy (except to the extent of amounts previously paid by the Bond Insurer and due and owing to the Bond Insurer) and shall be of no force or effect in the event the Bond Insurance Policy is no longer in effect or the Bond Insurer asserts that the Bond Insurance Policy is not in effect or the Bond Insurer shall have provided written notice that it waives such rights.

Section 925. Consent of Bond Insurer. Any provisions of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners.

Section 926. Notices.

- (a) While the Bond Insurance Policy is in effect, the Issuer shall furnish to the Bond Insurer:
- (1) As soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer;
 - (2) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds; and
 - (3) Such additional information it may reasonably request.

(b) The Issuer shall notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.

(c) Notwithstanding any other provision of this Bond Resolution, the Issuer shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

(d) Any notice that is required to be given to an Owner of the Bond or to the Paying Agent pursuant to this Bond Resolution shall also be provided to the Bond Insurer. All notices required to be given to the Bond Insurer under this Bond Resolution shall be in writing and shall be sent by registered or certified mail addressed to the Notice Address.]

ARTICLE X

CONTINUING DISCLOSURE REQUIREMENTS

Section 1001. Disclosure Requirements. The Issuer hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Instructions, which are incorporated herein by reference. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Section 1002. Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its covenants contained in the preceding section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. [The Purchaser or Beneficial Owner shall provide a copy of any such demand or notice to the Bond Insurer.]

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 1101. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. The audit report shall contain a statement regarding the Issuer's compliance with the arbitrage rebate covenants contained in *Section 802* hereof and the covenants regarding continuing disclosure contained in *Section 1001* hereof and the Continuing Disclosure Instructions. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser [and to the Bond Insurer]. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner. As soon as possible after the completion of the

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

Section 1102. Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of [the Bond Insurer and] the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by [the Bond Insurer and] such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond;
- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Bond Resolution.

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more precisely identify the Improvements, to conform this Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners. [FSA-Copies of any amendments shall be provided to the applicable Rating Agency at least 10 days prior to the effective date thereof.][MBIA, ASSURED -Copies of any amendments which are consented to by the Bond Insurer shall be provided to Standard & Poor's.]

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

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Clerk a copy of the resolution of the Issuer hereinabove provided for, duly certified, as well as proof of any required consent to such modification by [the Bond Insurer and] the

Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

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

Section 1103. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action 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 proved by the Bond Register.

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

Section 1104. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent[and the Bond Insurer]. The Issuer, the Paying Agent[, the Bond Insurer] and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

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

Section 1105. Electronic Transactions. The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Section 1106. Further Authority. The officers and officials of the Issuer, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Bond Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 1107. Severability. If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

Section 1108. Governing Law. This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1109. Effective Date. This Bond Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

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ADOPTED by the governing body of the Issuer on May 20, 2008.

(SEAL)

Mayor

ATTEST:

Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Bond Resolution of the Issuer adopted by the governing body on May 20, 2008, as the same appears of record in my office.

DATED: May 20, 2008.

Clerk

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RESOLUTION NO. 052008-D

OF

THE CITY OF MANHATTAN, KANSAS

ADOPTED

MAY 20, 2008

\$2,525,000*

**GENERAL OBLIGATION REFUNDING BONDS
SERIES 2008-B**

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RESOLUTION NO. 052008-D

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF \$2,525,000* PRINCIPAL AMOUNT OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2008-B, OF THE CITY OF MANHATTAN, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 6696 OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the Issuer has heretofore adopted the Ordinance authorizing the issuance of the Bonds; and

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

WHEREAS, in order to provide for the payment of the Refunded Bonds it is desirable to enter into the Escrow Agreement, by and between the Issuer and the Escrow Agent.

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

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms as used in this Bond Resolution shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

"Act" means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq.*, and K.S.A. 10-620 *et seq.*, as amended and supplemented from time to time.

["Ambac" shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.]

["Assured Guaranty" means Assured Guaranty Corp., a Maryland corporation, or any successor thereto.]

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

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

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

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

"Bond Insurance Policy" means the [AMBAC, ASSURED – financial guaranty insurance policy][FGIC – municipal bond new issue insurance policy][FSA- municipal bond insurance policy] [MBIA - financial guaranty insurance policy] issued by the Bond Insurer [AMBAC, FGIC, ASSURED - simultaneously with the delivery of the Bonds][FSA -- concurrently with the delivery of the Bonds] [MBIA -- on the date of delivery of and payment for the Bonds [**AMBAC, FGIC-insuring the] [**FSA, MBIA, ASSURED -guaranteeing the scheduled] payment when due of the principal of and interest on the Bonds[**FGIC, MBIA, Ambac, ASSURED -- as provided therein.

"Bond Insurer" means [Ambac][Assured Guaranty][FSA][FGIC][MBIA] with respect to the Bonds.]

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

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

"Bond Registrar" means the State Treasurer, and any successors and assigns.

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

"Bonds" means the General Obligation Refunding Bonds, Series 2008-B, authorized and issued by the Issuer pursuant to the Ordinance and this Bond Resolution.

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

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

"City" means the City of Manhattan, Kansas.

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

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

"Consulting Engineer" means an independent engineer or engineering firm, or architect or architectural firm, having a favorable reputation for skill and experience in the construction, financing and operation of public facilities, at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Consulting Engineer by this Bond Resolution.

"Costs of Issuance" means all costs of issuing the Bonds, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

"Costs of Issuance Account" means the Costs of Issuance Account for General Obligation Refunding Bonds, Series 2008-B created pursuant to *Section 501* hereof.

"Dated Date" means June 1, 2008.

"Debt Service Account" means the Debt Service Account for General Obligation Refunding Bonds, Series 2008-B (within the Bond and Interest Fund) created pursuant to *Section 501* hereof.

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

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

"Defeasance Obligations" means any of the following obligations:

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

[FSA, MBIA--(b) evidences of ownership of proportionate interests in future interest and principal payments on United States Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Government Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;]

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

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

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

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

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

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

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

[**ASSURED—

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation); or

(b) United States Government Obligations that are not subject to redemption in advance of their maturity dates.]

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

"Disclosure Instructions" means the Continuing Disclosure Instructions dated as of the Issue Date, attached to the Issuer's Closing Certificate, relating to certain obligations contained in the SEC Rule.

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

"DTC Representation Letter" means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides for a book-entry system, or any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.

"Escrow Agent" means Security Bank of Kansas City, Kansas City, Kansas, and its successors and assigns.

"Escrow Agreement" means the Escrow Trust Agreement, dated as of June 1, 2008, between the Issuer and the Escrow Agent.

"Escrow Fund" means the Escrow Fund for Refunded Bonds referred to in *Section 501* hereof.

"Escrowed Securities" means the direct, noncallable obligations of the United States of America, as described in the Escrow Agreement.

"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;

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

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Resolution (other than the covenants relating to continuing disclosure requirements contained herein and in the Disclosure Instructions) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding[.]; [or]

[***MBIA --(d)A final decree of bankruptcy shall have been entered against the Issuer by a United States Bankruptcy Court of competent jurisdiction.]

"Federal Tax Certificate" means the Issuer's Federal Tax Certificate dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

"FGIC" means Financial Guaranty Insurance Company.]

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

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

"FSA" means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto.]

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

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

[USE THE FOLLOWING FOR MBIA]

"Insurance Paying Agent" means U.S. Bank Trust National Association, New York, New York, or its successors under the Bond Insurance Policy, as insurance paying agent.

[USE THE FOLLOWING FOR Ambac]

"Insurance Trustee" means The Bank of New York, New York, New York, as trustee or its successors.

[USE THE FOLLOWING FOR FSA, ASSURED]

"Insurer's Fiscal Agent" means the agent designated by the Bond Insurer pursuant to the Bond Insurance Policy.

[USE THE FOLLOWING FOR FGIC]

"Insurer's Fiscal Agent" means U.S. Bank Trust National Association, New York, New York, or its successors under the Bond Insurance Policy, as insurance paying agent.

"Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which shall be May 1 and November 1 of each year, commencing November 1, 2008.

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

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

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

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

"MBIA" means MBIA Insurance Corporation, Armonk, New York.]

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer [with notice to the Bond Insurer].

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

(a) To the Issuer at:

City Hall
1101 Poyntz Avenue
Manhattan, Kansas 66502-5497

(b) To the Paying Agent at:

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

(c) To the Purchaser:

[Purchaser]

[City, State]

(d) To the Rating Agency(ies):

Moody's Municipal Rating Desk

7 World Trade Center
250 Greenwich Street
23rd Floor
New York, New York 10007

Standard & Poor's, a division of
The McGraw-Hill Companies
55 Water Street, 38th Floor
New York, New York 10004

Fitch Ratings
One State Street Plaza
New York, New York 10004

(e) To the Escrow Agent at:

Security Bank of Kansas City
701 Minnesota Avenue, Suite 206
Kansas City, Kansas 66101

[(f) To the Bond Insurer:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004

Assured Guaranty Corp.
1325 Avenue of the Americas
New York, New York 10019

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
Telephone: 212-312-3000

Financial Security Assurance Inc.
31 West 52nd Street
New York, New York 10019
Telephone: (212) 826-0100; Telecopier (212) 339-3529

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

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

"Notice Representative" means:

- (a) With respect to the Issuer, the Clerk.
- (b) With respect to the Bond Registrar and Paying Agent, the Director of Bond Services.

- (c) With respect to any Purchaser, the manager of its Municipal Bond Department.
- (d) With respect to any Rating Agency, any Vice President thereof.
- (e) With respect to the Escrow Agent, the Manager of the Corporate Trust Department.

[(f) With respect to the Bond Insurer, any Vice President, with a copy to its General Counsel and [AMBAC--to the Surveillance Department][FSA--; Attn: Managing Director -- Surveillance -- Re: Policy No. [_____] [MBIA --; Attn: Insured Portfolio Management-Surveillance][ASSURED - Attn: Risk Management Department-Public Finance Surveillance, with a copy to its General Counsel.]

"Official Statement" means Issuer's final Official Statement, dated May 20, 2008, relating to the Bonds.

"Ordinance" means Ordinance No. 6696 of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

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

- (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of *Section 701* hereof; [and]
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder; and][.]
- [(d) Bonds, the principal or interest of which has been paid by the Bond Insurer.]

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

"Participants" means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

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

["Permitted Investments" shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) [the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto][MBIA--Intentionally Omitted]; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks or the federal home loan mortgage corporation;

(g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; [or (l)] bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f); [; or (m) other investment obligations authorized by the laws of the State and approved in writing by the Bond Insurer], all as may be further restricted or modified by amendments to applicable State law.]

[USE THE FOLLOWING FOR Ambac:]

["**Permitted Investments**" shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), or

(b) direct obligations of (including obligations issued or held in book entry form on the books of) the United States of America or any agency thereof which are backed by the full faith and credit of the United States of America;

(c) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export - Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration;

(d) senior debt obligations issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Home Loan Bank System;

(e) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank);

(f) investments in a money market fund, the portfolio of which is comprised entirely of securities described in (b) or (c) above and is rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(g) pre-refunded municipal obligations defined as follows:

Any bonds or other obligations of the State or of any agency, instrumentality or local governmental unit of the State which are not callable at the option of the obligor prior to maturity or as to

which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (1) which are rated, based on an irrevocable escrow account of fund (the "escrow"), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or (2)(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (b) above, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) investment agreements or other obligations of a financial institution, the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's, and approved in writing by the Bond Insurer with notice to Standard & Poor's;

(i) interest bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located, which are fully insured by the Federal Deposit Insurance Corporation or collateralized with obligations described in paragraph (b) above;

(j) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; and

(k) other forms of investments authorized in K.S.A. 10-131 which are approved in writing by the Bond Insurer.]

[USE THE FOLLOWING FOR ASSURED:

"Permitted Investments" shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative:

(a) Cash (fully insured by the Federal Deposit Insurance Corporation);

(b) The municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto;

(c) Direct obligations of the United States Government or any agency thereof (other than an obligation subject to variation in principal repayment);

(d) Evidences of ownership of proportionate interests in future interest and principal payments on obligations described in (b) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;

(e) Federal Housing Administration debentures;

(f) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(1) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(2) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;

(3) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; and

(4) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(g) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located, which have capital and surplus of at least \$15,000,000, and which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c);

(h) Money market funds rated "Aam" or "AAM-G" by S&P, or better and if rated by Moody's rated "Aa2" or better, the portfolio of which is comprised entirely of securities described in (b), (d) or (e);

(i) Municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same and which is rated at least "A3" by Moody's and at least "A-" by S&P, or any obligation fully and unconditionally guaranteed by the State or any subdivision or agency thereof whose unsecured general obligation debt is so rated;

(j) Direct general short-term obligations of the State or any subdivision or agency thereof described in (h) and rated "A-1+" by S&P and "MIG-1" by Moody's;

(k) Bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity, are rated "AAA" by S&P and "Aaa" by Moody's, are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of Defeasance Obligations, and which meet the following requirements:

(1) the bonds are (A) not subject to redemption prior to maturity or (B) the Paying Agent for the bonds has been given irrevocable instructions concerning their call and redemption and the Issuer of the bonds has covenanted not to redeem such bonds other than as set forth in such instructions;

(2) the bonds are secured by cash or United States Government Obligations which may be applied only to payment of the principal of, interest and premium on such bonds;

(3) the principal of and interest on the United States Government Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the bonds;

(4) the cash or United States Government Obligations serving as security for the bonds are held by an escrow agent or trustee in trust for owners of the bonds;

(5) no substitution of a United States Government Obligation shall be permitted except with another United States Government Obligation and upon delivery of a new report as described in (3); and

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

(1) Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A-" by S&P and "A3" Moody's; (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A-" by S&P and "A3" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least "A-" by S&P and "A3" Moody's and acceptable to the Bond Insurer (each an "Eligible Provider"), provided that:

(4) permitted collateral shall include (A) direct obligations of the United States Government or any agency thereof, or (B) senior debt obligations of FNMA, FHLB or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Government Obligations, and 104% of the total principal when the collateral type is FNMA, FHLB and FHLMC ("Eligible Collateral");

(5) the trustee or a third party acting solely as agent therefore or for the Issuer (the "Custodian") has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;

(6) the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the trustee, the Issuer and the Bond Insurer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(7) the repurchase agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Bond Insurer;

(8) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and

(9) the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, notify the Issuer, the Paying Agent and the Bond Insurer within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) provide a written guarantee acceptable to the Bond Insurer, (ii) post Eligible Collateral, or (iii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten (10) business days, the provider shall, at the direction of the trustee (who shall give such direction if so directed by the Bond Insurer) repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Issuer or the Paying Agent;

(m) Investment agreements: with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “AA-” by S&P and “Aa3” by Moody's, and acceptable to the Bond Insurer (each an “Eligible Provider”); provided that:

(1) interest payments are to be made to the Paying Agent at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(2) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the Issuer and the Paying Agent hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(3) the provider shall send monthly reports to the Paying Agent, the Issuer and the Bond Insurer setting forth the balance the Issuer or Paying Agent has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

(4) the investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(5) the investment agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Bond Insurer;

(6) the Issuer, the Paying Agent and the Bond Insurer shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

(7) the Issuer, the Paying Agent and the Bond Insurer shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (b) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (c) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

(8) the investment agreement shall provide that if during its term:

(A) the provider's rating by either S&P or Moody's falls below “AA-” or “Aa3”, the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (i) provide a written guarantee acceptable to the Bond Insurer, (ii) post Eligible Collateral with the Issuer, the Paying Agent or a third party acting solely as agent therefore (the “Custodian”) free and clear of any third party liens or claims, or (iii) assign the agreement to an Eligible Provider, or (iv) repay the principal of and accrued but unpaid interest on the investment;

(B) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", the provider must, at the direction of the Issuer or the Paying Agent (who shall give such direction if so directed by the Insurer), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Issuer or Paying Agent;

(9) in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Paying Agent, the Issuer and the Bond Insurer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(10) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and

(11) the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Issuer or the Paying Agent (who shall give such direction if so directed by the Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Paying Agent, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Paying Agent, as appropriate.]***

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

"Purchase Price" means the principal amount of the Bonds plus accrued interest to the date of delivery[, plus a premium of \$_____][, less an underwriting discount of \$_____].

"Purchaser" means [Purchaser], [City, State], the original purchaser of the Bonds, and any successor and assigns.

"Rating Agency" means any company, agency or entity that provides financial ratings for the Bonds.

"Rebate Fund" means the Rebate Fund for General Obligation Refunding Bonds, Series 2008-B created pursuant to *Section 501* hereof.

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

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

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

"Refunded Bonds" means the Series 212 Bonds maturing in the years 2010 to 2020, inclusive, in the aggregate principal amount of \$2,415,000.

"Refunded Bonds Paying Agent" means the paying agent for the Refunded Bonds as designated in the Refunded Bonds Resolution, and any successor or successors at the time acting as paying agent of the Refunded Bonds.

"Refunded Bonds Redemption Date" means November 1, 2009.

"Refunded Bonds Resolution" means collectively the ordinance and resolution which authorized the Refunded Bonds.

"Replacement Bonds" means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 210* hereof.

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

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

"Series 212 Bonds" means the Issuer's General Obligation Bonds, Series 212, dated December 1, 2000.

"Series 212 Principal and Interest Account" means the Principal and Interest Account for the Series 212 Bonds.

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

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

"State" means the state of Kansas.

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

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

["**Term Bonds**" means the Bonds scheduled to mature in the year 2020.]

["**___ Term Bonds**" means the Bonds scheduled to mature in the year ____.]

["**2020 Term Bonds**" means the Bonds scheduled to mature in the year 2020.]

["**Term Bonds**" means jointly the ___ Term Bonds and the 2020 Term Bonds.]

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

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

"**Verification Report**" means the verification report referenced in *Section 508* hereof relating to the sufficiency of money and obligations deposited in the Escrow Fund to be applied in accordance with the Escrow Agreement.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of the Bonds. The Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$2,525,000*, for the purpose of providing funds to: (a) refund the Refunded Bonds; (b) pay Costs of Issuance; and (c) pay a portion of the interest on the Bonds to the Refunded Bonds Redemption Date.

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

[SERIAL BONDS]

<u>Stated Maturity</u> <u>November 1</u>	<u>Principal</u> <u>Amount</u>	<u>Annual Rate</u> <u>of Interest</u>	<u>Stated Maturity</u> <u>November 1</u>	<u>Principal</u> <u>Amount</u>	<u>Annual Rate</u> <u>of Interest</u>
2010	\$	_____%	2016	\$	_____%
2011			2017		

2012	2018
2013	2019
2014	2020
2015	

[TERM BONDS

Stated Maturity	Principal	Annual Rate
<u>November 1</u>	<u>Amount</u>	<u>of Interest</u>
2020	\$	_____ %]

The Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in **Section 204** hereof.

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

Section 203. Designation of Paying Agent and Bond Registrar. The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. The Mayor of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Bonds.

The Issuer will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Bond Registrar[, and shall appoint a successor Paying Agent at the request of the Bond Insurer,] by (a) filing with the Paying Agent or Bond Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Bond Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Bond Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Bond Registrar shall become effective until a successor [acceptable to the Bond Insurer] has been appointed and has accepted the duties of Paying Agent or Bond Registrar. [Each successor Paying Agent shall be approved in writing by the Bond Insurer before the appointment of such successor Paying Agent shall become effective.]

Every Paying Agent or Bond Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.

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

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

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

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

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

Section 205. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 206. Registration, Transfer and Exchange of Bonds. The Issuer covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature

satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds provided for by this Bond Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Code § 3406, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Section 303** hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof.

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

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

Section 207. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Clerk and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Clerk, which registration shall be evidenced by the manual or facsimile signature of the Clerk with the seal of the Issuer affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

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

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

Section 208. Mutilated, Lost, Stolen or Destroyed Bonds. If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Paying Agent may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

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

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

Section 210. Book-Entry Bonds; Securities Depository. The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

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

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

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

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

Section 211. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond,

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

Section 212. Final Official Statement. The Official Statement dated May 6, 2008, is hereby ratified and approved. An addendum to the Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor or chief financial officer of the Issuer are hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the final Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(3) and (4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

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

Section 214. Authorization of Escrow Agreement. The Issuer is hereby authorized to enter into the Escrow Agreement, and the Mayor and Clerk are hereby authorized and directed to execute the Escrow Agreement with such changes therein as such officials may deem appropriate, for and on behalf of and as the act and deed of the Issuer. The Escrow Agent is hereby authorized to carry out, on behalf of the Issuer, the duties, terms and provisions of the Escrow Agreement, and the Escrow Agent, the Purchaser and Bond Counsel are authorized to take all necessary actions for the subscription and purchase of the Escrowed Securities described therein, including the subscription for United States Treasury Securities - State and Local Government Series.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, Bonds or portions thereof maturing in the years 2019 and thereafter, may be called for redemption and payment prior to their Stated Maturity on November 1, 2018, and thereafter as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may

determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

[Mandatory Redemption. [(a) ____ *Term Bonds*. The [____] Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in **Article IV** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on November 1 in each year, the following principal amounts of such [____] Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
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*Final Maturity

[(b) 2020 *Term Bonds*. The 2020 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in **Article IV** hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on November 1 in each year, the following principal amounts of such 2020 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
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2020*

*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the Issuer may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the Issuer under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Issuer to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity as designated by the Issuer, and the principal amount of Term Bonds to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the Issuer intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the Issuer will, on or before the 45th day next preceding each mandatory Redemption

Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.]

Section 302. Selection of Bonds to be Redeemed.

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

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

(c) In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each a minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of the denomination of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such a minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such a minimum Authorized Denomination of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination of face value called for redemption (and to that extent only).

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for the Bonds. The Bonds shall be general obligations of the Issuer payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of improvements financed by the Refunded Bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The interest on the Bonds, to and including the Refunded Bonds Redemption Date, shall be primarily payable from the proceeds of certain Escrowed Securities and cash held in the Escrow Fund pursuant to the terms of the Escrow Trust Agreement. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

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

The taxes and/or assessments referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

If at any time said taxes and/or assessments are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or

interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS

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

- (a) Debt Service Account for General Obligation Refunding Bonds, Series 2008-B;
- (b) Rebate Fund for General Obligation Refunding Bonds, Series 2008-B; and
- (c) Costs of Issuance Account for General Obligation Refunding Bonds, Series 2008-B.

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

In addition to the Funds and Accounts described above, the Escrow Agreement establishes the Escrow Fund for Refunded Bonds to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement.

Section 502. Deposit of Bond Proceeds. The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as follows:

- (a) The sum of \$[_____] shall be deposited in the Costs of Issuance Account.
- (b) Any excess proceeds received from the sale of the Bonds shall be deposited in the Series 212 Principal and Interest Account and applied to payment of principal on the Series 212 Bonds that are not Refunded Bonds.
- (c) The remaining balance of the proceeds derived from the sale of the Bonds shall be transferred to the Escrow Agent and deposited in the Escrow Fund and applied in accordance with the Escrow Agreement.

Section 503. Application of Moneys in Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Bond Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be

deposited in accordance with and subject to all of the provisions contained in this Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys.

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

Section 504. Application of Moneys in the Rebate Fund.

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

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

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

Section 505. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank: (a) organized under the laws of the State or the United States with main offices located in the county or counties in which the Issuer is located; or (b) under certain conditions of State law, organized under the laws of the United States or any other State thereof, with main offices located outside of the State, but with a branch located in the county or counties in which the Issuer is located. All such depositories shall be members of the Federal Deposit Insurance Corporation. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

Moneys held in any Fund or Account other than the Escrow Fund may be invested in accordance with this Bond Resolution and the Federal Tax Certificate in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account.

Section 506. Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be

transferred to Issuer for deposit into the Series 212 Principal and Interest Account and applied to the payment of principal on the Series 212 Bonds that are not Refunded Bonds.

Section 507. Application of Moneys in the Escrow Fund. Under the Escrow Agreement, the Escrow Agent will apply moneys in the Escrow Fund to purchase the Escrowed Securities and to establish an initial cash balance in accordance with the Escrow Agreement. The cash and Escrowed Securities held in the Escrow Fund will be applied by the Escrow Agent solely in the manner authorized by the Escrow Agreement. All money deposited with the Escrow Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Refunded Bond Resolution and the Escrow Agreement.

Section 508. Verification of Certified Public Accountant. Prior to or concurrently with the issuance and delivery of the Bonds and the creation of the Escrow Fund, the Issuer shall obtain a Verification Report from an independent certified public accountant that such accountant has verified the accuracy of the calculations that demonstrate that the money and obligations required to be deposited with the Escrow Agent pursuant to *Section 502* of this Bond Resolution and the Escrow Agreement, together with the earnings to accrue thereon, will be sufficient for the timely payment of the principal of and redemption premium, if any, on the Refunded Bonds and the interest on the Bonds to the Refunded Bonds Redemption Date in accordance with the Escrow Agreement.

ARTICLE VI

DEFAULT AND REMEDIES

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

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

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

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

Section 602. Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and 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 Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein

provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bonds.

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

Section 604. [Control of Remedies Upon an Event of Default and Event of Insolvency. Upon the occurrence and continuance of an Event of Default, the Bond Insurer, provided the Bond Insurance Policy is in full force and effect and the Bond Insurer shall not be in default thereunder, shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners under this Bond Resolution. Any reorganization or liquidation plan with respect to the Issuer must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Owners who hold the Bonds insured by the Bond Insurer absent a default by the Bond Insurer under the applicable Bond Insurance Policy insuring such Bonds.]

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with *Section 302(a)* of this Bond Resolution. Any money and

Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Bond Resolution. [The Issuer shall notify the Bond Insurer of any defeasance under this Section.]

[Notwithstanding anything in this Bond Resolution to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer and the covenants, agreements and other obligations of the Issuer to the Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Owners.]

[***MBIA

The provisions of this Section shall not be operative unless the Issuer shall cause to be delivered: (a) a report of an Independent Accountant acceptable to the Bond Insurer verifying the sufficiency of the escrow established to pay the Bonds in full on the Stated Maturity or Redemption Date, (b) an escrow agreement acceptable in form and substance to the Bond Insurer, and (c) an opinion of Bond Counsel to the effect that the Bonds are no longer Outstanding under this Bond Resolution; each report and opinion shall be acceptable in form and substance, and addressed, to the Issuer and the Bond Insurer. In the event of a forward purchase agreement will be employed in the establishment of such escrow agreement, such agreement shall be subject to the approval of the Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than 15 business days prior to the funding of the escrow.]

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants.

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

(b) The Issuer covenants and agrees that (1) it will use the proceeds of the Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other

funds of the Issuer in any manner, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Code § 148(a).

(c) The Issuer covenants and agrees that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner (1) that would cause any Bond to be a "private activity bond" within the meaning of Code § 141(a), or (2) to make or finance a loan to any Person other than the State or a political subdivision thereof.

Section 802. Rebate Covenants. The Issuer covenants and agrees that it will pay or provide for the payment from time to time all amounts required to be rebated to the United States pursuant to Code § 148(f) and the Federal Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Federal Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 803. Survival of Covenants. The covenants contained in this Article shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to *Article VII* hereof or any other provision of this Bond Resolution until the final maturity date of all Bonds Outstanding.

ARTICLE IX

[PROVISIONS RELATING TO THE BOND INSURANCE POLICY

[USE THE FOLLOWING FOR Ambac:]

Section 901. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) At least one (1) day prior to all Interest Payment Dates the Paying Agent will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Paying Agent determines that there will be insufficient funds in the Funds and Accounts, the Paying Agent shall notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payment of principal or interest due on the Bonds on or before the first (1st) day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Paying Agent.

(b) the Paying Agent shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the Insurance Trustee (as defined in the Bond Insurance Policy), the Bond Register, and all records relating to Funds and Accounts maintained under this Bond Resolution.

(c) the Paying Agent shall provide the Bond Insurer and the Insurance Trustee with a list of Owners entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (1) to mail checks or drafts to the Owners entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal upon Bonds surrendered to the Insurance Trustee by the Owners entitled to receive full or partial principal payments from the Bond Insurer.

(d) the Paying Agent shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify Owners entitled to receive the payment of principal or interest thereon from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Owner entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (3) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Paying Agent, and (4) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Paying Agent, who shall note on such Bonds the portion of the principal paid by the Paying Agent, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) in the event that the Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment (as defined in the Bond Insurance Policy) and which is made to an Owner by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all Owner's that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payment of principal of and interest on the Bonds which have been made by the Paying Agent, and subsequently recovered from Owners and the dates on which such payments were made.

(f) in addition to those rights granted the Bond Insurer under this Bond Resolution, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon receipt of the Bond Insurer of proof of the payment of interest thereon to the Owners, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon surrender of the Bonds by the Owners thereof together with proof of the payment of principal thereof.

Section 902. Consent of the Bond Insurer. Any provision of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer. The Bond Insurer reserves the right to charge the Issuer a fee for any consent or amendment to this Bond Resolution while the Bond Insurance Policy is in effect.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners.

Section 903. Notices to the Bond Insurer.

(a) While the Bond Insurance Policy is in effect, the Issuer shall furnish to the Bond Insurer, upon request:

(1) As soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer;

(2) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds; and

(3) such additional information as the Bond Insurer may reasonably request.

(b) The Issuer shall notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.

(c) The Issuer will permit the Bond Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Issuer will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed an Event of Default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner.

(e) Notwithstanding any other provision of this Bond Resolution, the Issuer shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

Section 904. Third Party Beneficiary. To the extent that this Bond Resolution confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason of this Bond Resolution, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 905. Parties Interested Herein. Nothing in this Bond Resolution, expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer, the Bond Insurer, the Paying Agent and the Owners, any right, remedy or claim under or by reason of this Bond Resolution, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Paying Agent, the Bond Insurer and the Owners of the Bonds.]

[USE THE FOLLOWING FOR ASSURED:]

Section 906. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) At least two (2) Business Days prior to each Bond Payment Date, the Paying Agent will determine whether there will be sufficient funds in the Funds and Accounts to pay all Debt Service Requirements on the Bonds due on such Bond Payment Date and shall immediately notify the Bond Insurer or the Insurer's Fiscal Agent on the same Business Day by telephone or electronic mail, confirmed in writing by registered or certified mail, of the amount of any deficiency. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest or both. If the deficiency is made up in whole or in part prior to or on the Bond Payment Date, the Paying Agent shall so notify the Bond Insurer or the Insurer's Fiscal Agent.

(b) The Paying Agent, shall after giving notice to the Bond Insurer as provided above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the Insurer's Fiscal Agent, the Bond Register and all records relating to the Funds maintained under this Bond Resolution.

(c) The Paying Agent shall provide the Bond Insurer and the Insurer's Fiscal Agent with a list of Owners entitled to receive payments of Debt Service Requirements from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Bond Insurer, the Insurer's Fiscal Agent or another designee of the Bond Insurer to (1) mail checks or drafts to the Owners entitled to receive full or partial interest payments from the Bond Insurer and (2) pay principal upon Bonds surrendered to the Bond Insurer, the Insurer's Fiscal Agent or another designee of the Bond Insurer by the Owners entitled to receive full or partial principal payments from the Bond Insurer.

(d) The Paying Agent shall, at the time it provides notice to the Bond Insurer of any deficiency pursuant to (a) above, notify Owners entitled to receive the payment of Debt Service Requirements from the Bond Insurer (1) as to such deficiency and its entitlement to receive payment of principal or interest, as applicable, (2) that the Bond Insurer will remit to them all or a part of the interest payments due on the relevant Interest Payment Date upon proof of the Owner's entitlement thereto and delivery to the Bond Insurer or the Insurer's Fiscal Agent, in form satisfactory to the Bond Insurer, of an appropriate assignment of the Owner's right to payment, (3) that, if they are entitled to receive partial payment of principal from the Bond Insurer, they must surrender the related Bonds for payment first to the Paying Agent, which will note on such Bonds the portion of the principal paid by the Paying Agent and second to the Bond Insurer or its designee, together with the an appropriate assignment, in form satisfactory to the Bond Insurer, to permit ownership of such Bonds to be registered in the name of the Bond Insurer, which will then pay the unpaid portion of principal, and (4) that, if they are entitled to receive full payment of principal from the Bond Insurer, they must surrender the related Bonds for payment to the Bond Insurer or its designee, rather than the Paying Agent, together with an appropriate assignment, in form satisfactory to the Bond Insurer, to permit ownership of such Bonds to be registered in the name of the Bond Insurer.

(e) In the event that the Paying Agent has notice that any payment of Debt Service Requirements on a Bond which has become Due for Payment (as defined in the Bond Insurance Policy) and which is made to an Owner by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all Owners that in

the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payments of Debt Service Requirements on the Bonds which have been made by the Paying Agent and subsequently recovered from Owners and the dates on which such payments were made.

(f) In addition to those rights granted to the Bond Insurer under this Bond Resolution, the Bond Insurer shall, to the extent it makes any payment of Debt Service Requirements on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (1) in the case of claims for past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon receipt from the Bond Insurer of proof of payment of interest thereon to the Owners of the Bonds, and (2) in the case of claims for past due principal, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon surrender of the Bonds together with receipt of proof of payment of principal thereof.

Section 907. Consent of the Bond Insurer. Any provision of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer. The Bond Insurer reserves the right to charge the Issuer a fee for any consent or amendment to this Bond Resolution while the Bond Insurance Policy is in effect.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners. Any reorganization or liquidation plan with respect to the Issuer must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Owners absent a default by the Bond Insurer under the Bond Insurance Policy. Anything in this Bond Resolution to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Bond Insurer shall have the right, concurrent with the Owners, to enforce all rights and remedies granted to the Owners under this Bond Resolution.

Section 908. Notices to the Bond Insurer. While the Bond Insurance Policy is in effect, the Issuer shall furnish to the Bond Insurer, upon request:

- (a) The annual budget prior to the beginning of each Fiscal Year,
- (b) As soon as available, copies of any annual financial statements, audits and/or annual reports of the Issuer,
- (c) Such additional information it may reasonably request,
- (d) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and
- (e) Any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds.

The Bond Insurer shall be included as party to be notified in the event the Issuer provides any notices pursuant to SEC Rule 15c2-12 as authorized by this Bond Resolution. Such information shall be delivered at the Issuer's expense. In addition, the Issuer shall furnish to the Bond Insurer (a) any failure

of the Issuer to provide relevant notices, certificates, etc., and (b) if at any time there are insufficient moneys to make any payments of Debt Service Requirements as required under this Bond Resolution and immediately upon the occurrence of an Event of Default.

Section 909. Other Information. The Issuer will permit the Bond Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Issuer will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

Section 910. Reimbursement. To the extent permitted by law, the Issuer hereby agrees to pay or reimburse the Bond Insurer (a) for all amounts paid by the Bond Insurer under the terms of the Bond Insurance Policy, and (b) any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (1) any accounts established to facilitate payments under the Bond Insurance Policy, (2) the administration, enforcement, defense or preservation of any rights in respect of this Bond Resolution including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating this Bond Resolution, any party to this Bond Resolution or the transaction contemplated by this Bond Resolution, or (3) any amendment, waiver or other action with respect to, or related to, this Bond Resolution whether or not executed or completed; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Bond Insurer spent in connection with the actions described in (2) or (3). In addition, the Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Bond Resolution. The Issuer will pay interest on the amounts owed in this **Section 905** from the date of any payment due or paid, at the per annum rate of interest publicly announced from time to time by JP Morgan Chase Bank, National Association, at its principal office in New York, New York, as its prime lending rate (any change in such prime rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank, National Association) plus three percent (3%) per annum (the "Reimbursement Rate"). The Reimbursement Rate shall be calculated on the basis of the actual number of days elapsed over a 360-day year. In the event JPMorgan Chase Bank ceases to announce its prime rate publicly, the prime rate shall be the publicly announced prime rate or base lending rate of such national bank as the Bond Insurer shall specify.

Section 911. The Bond Insurer as a Third-Party Beneficiary. The Bond Insurer is hereby explicitly recognized as being a third-party beneficiary under this Bond Resolution and may enforce any such right, remedy or claim conferred, given or granted to the Owners under this Bond Resolution.

[USE THE FOLLOWING FOR FSA:]

Section 912. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) If, on the Business Day prior to the related Stated Maturity there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Bond Resolution, moneys sufficient to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall give notice to the Bond Insurer and to the Insurer's Fiscal Agent by telephone or telecopy of the amount of such deficiency by 1:00 p.m., New York City time, on such Business Day. If, on the related Stated Maturity, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Insurer's Fiscal Agent (if any) by telephone

of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal on the Bonds, confirmed in writing to the Bond Insurer and the Insurer's Fiscal Agent by 1:00 p.m., New York City time, on such Stated Maturity by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

(b) In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Paying Agent shall authenticate and deliver to affected Owners who surrender their Bonds a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered. The Paying Agent shall designate any portion of payment of principal on Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Bond Insurer, registered in the name of the Bond Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Bond Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (as hereinafter defined) and the allocation of such funds to payment of interest on and principal paid in respect of any Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Bond Insurance Policy the Paying Agent shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Owners in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent.

Any funds remaining in the Policy Payments Account following a Stated Maturity date shall promptly be remitted to the Bond Insurer.

(c) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy.

(d) The Issuer agrees to pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur in connection with (1) the administration, enforcement, defense or preservation of any rights or security in respect of the Bond Resolution, (2) the pursuit of any remedies under the Bond Resolution or otherwise afforded by law or equity, (3) any amendment, waiver or other action with respect to, or related to, the Bond Resolution whether or not executed or completed, (4) the violation by the Issuer of any law, rule or regulation, or any judgment, order or decree applicable to it or (5) any litigation or other dispute in connection with the

Bond Resolution or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Bond Resolution.

(e) Payments required to be made to the Bond Insurer shall be payable solely from the taxes levied pursuant to **Article IV** hereof and shall be paid (1) prior to an Event of Default, to the extent not paid from the Debt Service Account, and (2) after an Event of Default, with respect to amounts other than principal and interest on the Bonds, on the same priority as payments to the Paying Agent for expenses. The obligations to the Bond Insurer shall survive discharge or termination of the Bond Resolution.

(f) The Bond Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with this Bond Resolution, whether or not the Bond Insurer has received a Notice (as defined in the Bond Insurance Policy) of Nonpayment or a claim upon the Bond Insurance Policy.

Section 913. Consent of the Bond Insurer. Any provision of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners.

The Bond Insurer shall be deemed to be the sole Owner of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Bonds insured by it are entitled to take pursuant to this Bond Resolution.

Section 914. Notices to the Bond Insurer.

(a) While the Bond Insurance Policy is in effect, the Issuer shall, in addition to the other notice requirements contained in this Bond Resolution, furnish to the Bond Insurer:

(1) As soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer;

(2) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds;

(3) Notice of an Event of Default within five business days after the occurrence of such event; and

(4) such additional information as the Bond Insurer may reasonably request.

(b) The Issuer shall notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.

(c) The Issuer will permit the Bond Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Issuer will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed an Event of Default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner.

(e) Notwithstanding any other provision of this Bond Resolution, the Issuer shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

(f) In each case in which notice or other communication to the Bond Insurer refers to an Event of Default or with respect to which failure on the part of the Bond Insurer to respond shall be deemed to constitute consent or acceptance, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

Section 915. Third Party Beneficiary. To the extent that this Bond Resolution confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason of this Bond Resolution, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 916. Parties Interested Herein. Nothing in this Bond Resolution, expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer, the Bond Insurer, the Paying Agent and the Owners, any right, remedy or claim under or by reason of this Bond Resolution, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Paying Agent, the Bond Insurer and the Owners of the Bonds.

Section 917. Suspension of Bond Insurer's Rights. Rights of the Bond Insurer to direct or consent to actions granted under this Bond Resolution shall be suspended during any period in which the Bond Insurer is in default in its payment obligations under the Bond Insurance Policy (except to the extent of amounts previously paid by the Bond Insurer and due and owing to the Bond Insurer) and shall be of no force or effect in the event the Bond Insurance Policy is no longer in effect or the Bond Insurer asserts that the Bond Insurance Policy is not in effect or the Bond Insurer shall have provided written notice that it waives such rights.]

[USE THE FOLLOWING FOR MBIA:]

Section 918. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) In the event that, on the second Business Day, and again on the Business Day, prior to the Bond Payment Date, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, Business Day, the

Paying Agent shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the Bond Payment Date, the Paying Agent shall so notify the Bond Insurer or its designee.

(c) In addition, if the Paying Agent has notice that any Owner has been required to disgorge payments of principal or interest on the Bonds to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(d) The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Paying Agent shall (i) execute and deliver to the Insurance Paying Agent, in form satisfactory to the Insurance Paying Agent, an instrument appointing the Bond Insurer as agent for such Owners in any legal proceedings related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (ii) receive as designee of the respective Owners (and not as Paying Agent) in accordance with the terms of the Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Owners; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Paying Agent shall (i) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Bond Insurer as agent for such Owner in any legal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Bond surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (ii) receive as designee of the respective Owners (and not as Paying Agent) in accordance with the terms of the Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (iii) disburse the same to such Owners.

(e) Payments with respect to claims for interest on and principal of Bonds disbursed by the Paying Agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the Issuer with respect to such Bonds, and the Bond Insurer shall become the owner of such unpaid Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the Bond Insurer that:

(1) They recognize that to the extent the Bond Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Bonds, the Bond Insurer will be subrogated to the rights of such Owners to receive the amount of

such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Bond Resolution and the Bonds; and

(2) They will accordingly pay to the Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Bond Resolution and the Bond, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to Owners, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

Section 919. Consent of Bond Insurer. Any provision of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners.

Section 920. Notices.

(a) While the Bond Insurance Policy is in effect, the Issuer shall furnish to the Bond Insurer:

(1) As soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer;

(2) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds; and

(3) Such additional information it may reasonably request.

(b) The Issuer shall notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.

(c) Notwithstanding any other provision of this Bond Resolution, the Issuer shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

(d) Any notice that is required to be given to an Owner of the Bond or to the Paying Agent pursuant to this Bond Resolution shall also be provided to the Bond Insurer. All notices required to be given to the Bond Insurer under this Bond Resolution shall be in writing and shall be sent by registered or certified mail addressed to the Notice Address.

Section 921. Indemnification. The Issuer agrees to reimburse the Bond Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Bond Insurer in connection with (a) the enforcement by the Bond Insurer of the Issuer's obligations, or the preservation or defense of any rights of the Bond Insurer, under this Bond Resolution and any other document executed in connection with the issuance of the

Bonds, and (b) any consent, amendment, waiver or other action with respect to this Bond Resolution or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Bond Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

Section 922. Additional Provisions.

(a) The Issuer agrees not to use the Bond Insurer's name in any public documents, including, without limitation, a press release or presentation, announcement or forum without the Bond Insurer's prior consent. In any event that the Issuer is advised by legal counsel that it has a legal obligation to disclose the Bond Insurer's name in any press release, public announcement or other public document, the Issuer shall provide the Bond Insurer with at least three (3) business days' prior written notice of its intent to use the Bond Insurer's name together with a copy of the proposed use of the Bond Insurer's name and of any description of a transaction with the Bond Insurer and shall obtain the Bond Insurer's prior consent as to the form and substance of the proposed use of the Bond Insurer's name and any such description.

(b) The Issuer shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Bonds without the prior written consent of the Bond Insurer.]

[USE THE FOLLOWING FOR FGIC:]

Section 923. Payment Procedure Pursuant to Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) If, on the Business Day prior to the related Stated Maturity there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Bond Resolution, moneys sufficient to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall give notice to the Bond Insurer and to the Insurer's Fiscal Agent by telephone or telecopy of the amount of such deficiency by 1:00 p.m., New York City time, on such Business Day. If, on the related Stated Maturity, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Insurer's Fiscal Agent by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal on the Bonds, confirmed in writing to the Bond Insurer and the Insurer's Fiscal Agent by registered or certified mail by 1:00 p.m., New York City time, on such Stated Maturity.

(b) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy.

(c) The Bond Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with this Bond Resolution, whether or not the Bond Insurer has received a Notice (as defined in the Bond Insurance Policy) of Nonpayment or a claim upon the Bond Insurance Policy.

Section 924. Suspension of Bond Insurer's Rights. Rights of the Bond Insurer to direct or consent to actions granted under this Bond Resolution shall be suspended during any period in which the Bond Insurer is in default in its payment obligations under the Bond Insurance Policy (except to the extent of amounts previously paid by the Bond Insurer and due and owing to the Bond Insurer) and shall be of no force or effect in the event the Bond Insurance Policy is no longer in effect or the Bond Insurer asserts that the Bond Insurance Policy is not in effect or the Bond Insurer shall have provided written notice that it waives such rights.

Section 925. Consent of Bond Insurer. Any provisions of this Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners.

Section 926. Notices.

(a) While the Bond Insurance Policy is in effect, the Issuer shall furnish to the Bond Insurer:

(1) As soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer;

(2) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds; and

(3) Such additional information it may reasonably request.

(b) The Issuer shall notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.

(c) Notwithstanding any other provision of this Bond Resolution, the Issuer shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

(d) Any notice that is required to be given to an Owner of the Bond or to the Paying Agent pursuant to this Bond Resolution shall also be provided to the Bond Insurer. All notices required to be given to the Bond Insurer under this Bond Resolution shall be in writing and shall be sent by registered or certified mail addressed to the Notice Address.]

ARTICLE X

CONTINUING DISCLOSURE REQUIREMENTS

Section 1001. Disclosure Requirements. The Issuer hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Instructions, which are incorporated herein by reference. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Section 1002. Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its covenants contained in the preceding section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. [The Purchaser or Beneficial Owner shall provide a copy of any such demand or notice to the Bond Insurer.]

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 1101. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. The audit report shall contain a statement regarding the Issuer's compliance with the arbitrage rebate covenants contained in *Section 802* hereof and the covenants regarding continuing disclosure contained in *Section 1001* hereof and the Continuing Disclosure Instructions. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser [and to the Bond Insurer]. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner. As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Bond Resolution, the Issuer shall promptly cure such deficiency.

Section 1102. Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of [the Bond Insurer and] the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by [the Bond Insurer and] such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;

- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond;
- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Bond Resolution.

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to conform this Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners. [FSA-Copies of any amendments shall be provided to the applicable Rating Agency at least 10 days prior to the effective date thereof.][MBIA, ASSURED-Copies of any amendments which are consented to by the Bond Insurer shall be provided to Standard & Poor's.]

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

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

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

Section 1103. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action 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 proved by the Bond Register.

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

Section 1104. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent[and the Bond Insurer]. The Issuer, the Paying Agent[, the Bond Insurer] and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

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

Section 1105. Electronic Transactions. The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Section 1106. Further Authority. The officers and officials of the Issuer, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Bond Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 1107. Severability. If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

Section 1108. Governing Law. This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1109. Effective Date. This Bond Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

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ADOPTED by the governing body of the Issuer on May 20, 2008.

(SEAL)

Mayor

ATTEST:

Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Bond Resolution of the Issuer adopted by the governing body on May 20, 2008, as the same appears of record in my office.

DATED: May 20, 2008.

Clerk

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Bond Projection - Special Assessment Bond Issue May 2008-A

Project No.	Project	Temp Note Amount	Add'l Revenue	Payments To Be Made	Cash Balance 04/04/08	06/15/08 Interest To Be Paid	Total Project Cost Before Bonding and Discount Fee
ST0528	Grand Mere Village	\$ 1,949,000	\$ -	\$ -	\$ 133,141	\$ 35,569	\$ 1,851,428
SS0605	Stone Pointe Addition, Unit 1	423,000	-	-	2,351	7,720	428,369
ST0611	Stone Pointe Addition, Unit 1	1,293,000	-	-	(226,922)	23,597	1,543,520
ST0604	Western Hills Addition, Unit 13	290,000	15,402	-	1,369	5,293	278,522
ST0622	Kimball Townhomes	294,000	-	-	7,692	5,163	291,470
SS0620	Daisy Meadow	197,000	-	-	16,081	3,516	184,435
ST0624	Daisy Meadow	256,000	-	-	28,512	4,570	232,058
WA0623	Daisy Meadow	134,000	-	-	10,494	2,392	125,898
SS0607	Eureka Addition	121,000	64,843	-	(6,527)	2,160	64,843
WA0610	Eureka Addition	152,000	75,635	-	3,443	2,713	75,635
SS0601	Four Winds Village, Block 2	287,000	-	-	(6,571)	5,123	298,694
ST0603	Four Winds Village, Block 2	513,000	-	-	(53,189)	9,157	575,346
WA0602	Four Winds Village, Block 2	79,000	-	-	3,628	1,410	76,782
SS0617	Prairie Lakes Addition, Unit 3	498,000	47,018	-	11,966	8,889	447,905
WA0619	Prairie Lakes Addition, Unit 3	176,000	-	-	3,643	3,142	175,498
SS0614	Stone Pointe Addition, Unit 1, Phase 2	158,000	-	-	1,324	2,820	159,496
ST0617	Stone Pointe Addition, Unit 1, Phase 2	684,000	-	-	(50,200)	12,209	746,409
WA0616	Stone Pointe Addition, Unit 1, Phase 2	146,000	10,535	-	(1,900)	2,606	139,971
SM0602	Cedar Glen Addition	932,000	-	-	(22,248)	16,776	971,024
SS0615	Cedar Glen Addition	333,000	-	-	20,625	5,994	318,369
WA0617	Cedar Glen Addition	140,000	-	-	3,826	2,520	138,694
SS0519	Grand Vista Addition, Unit 1	211,000	-	-	(940)	3,798	215,738
ST0527	Grand Vista Addition, Unit 1	174,000	-	-	12,170	3,132	164,962
WA0520	Grand Vista Addition, Unit 1	40,000	-	-	2,336	720	38,385
SS0623	Grand Mere Vanesta, Unit 2	199,000	-	-	7,301	5,448	197,146
WA0627	Grand Mere Vanesta, Unit 2	81,000	-	-	(40,842)	2,217	124,059
SM0604	Lee Mill Heights Addition, Unit 3	109,000	-	-	685	2,984	111,299
SS0622	Lee Mill Heights Addition, Unit 3	218,000	-	-	6,324	5,968	217,643
ST0626	Lee Mill Heights Addition, Unit 3	355,000	49,254	-	(136)	9,718	315,601
WA0625	Lee Mill Heights Addition, Unit 3	111,000	9,941	-	5,981	3,039	98,116
SS0610	Miller Ranch Addition, Unit 3, Phase 2	347,000	-	-	11,231	9,499	345,268
WA0612	Miller Ranch Addition, Unit 3, Phase 2	148,000	-	-	7,011	4,052	145,041
SS0624	Stone Pointe Addition, Unit 2	496,000	16,323	-	23,665	8,432	464,445
WA0628	Stone Pointe Addition, Unit 2	238,000	10,632	-	5,452	4,046	225,962
ST0702	Heritage Square (US 24 Improvements & Traffic Signals)	1,321,000	225,000	1,898	16,310	7,100	1,088,688
WA0614	Heritage Square (External Waterline)	689,000	-	990	10,034	3,703	683,659
SS0612	Heritage Square South (Internal Sanitary Sewer)	199,000	-	286	2,328	1,070	198,027
ST0616	Heritage Square South (Internal Steets)	1,180,000	-	1,695	15,248	6,343	1,172,790
WA0613	Heritage Square South (Internal Waterline)	227,000	-	326	347	1,220	228,199
TOTAL SPECIAL ASSESSMENTS		\$ 15,398,000	\$ 524,583	\$ 5,194	\$ (34,955)	\$ 245,827	\$ 15,159,393
TOTAL TO BE BONDED		\$ 15,398,000	\$ 524,583	\$ 5,194	\$ (34,955)	\$ 245,827	\$ 15,159,393

Temporary notes to be paid	\$ 15,398,000
Payments to be made	5,194
Interest to be paid	245,827
Less: Cash Balance	(34,955)
Additional Revenue	524,583
Sub-Total	15,159,393
Bonding Fees(Attorney Fees)	33,170
Financial Advisor	42,963
Bond Rating Fees	18,000
Legal Publications	5,000
Official Statement Printing	2,500
Arbitrage Calculation	4,000
Paying Agent Fees	5,325
Miscellaneous Fees	121
Sub-Total	111,079
Discount Fees	114,529
TOTAL BOND ISSUE 2008A	\$ 15,385,000

\$2,525,000

City of Manhattan, Kansas
General Obligation Refunding Bonds, Series 2008
Crossover Refunding of Series 212

Preliminary Feasibility Summary

Dated 06/01/2008 | Delivered 06/01/2008

Sources Of Funds

Par Amount of Bonds.....	\$2,525,000.00
Total Sources.....	\$2,525,000.00

Uses Of Funds

Deposit to Crossover Escrow Fund.....	2,461,292.98
Costs of Issuance.....	38,000.00
Total Underwriter's Discount (0.850%).....	21,462.50
Rounding Amount.....	4,244.52
Total Uses.....	\$2,525,000.00

ISSUES REFUNDED AND CALL INFORMATION

Prior Issue Call Price.....	100.000%
Prior Issue Call Date.....	11/01/2009

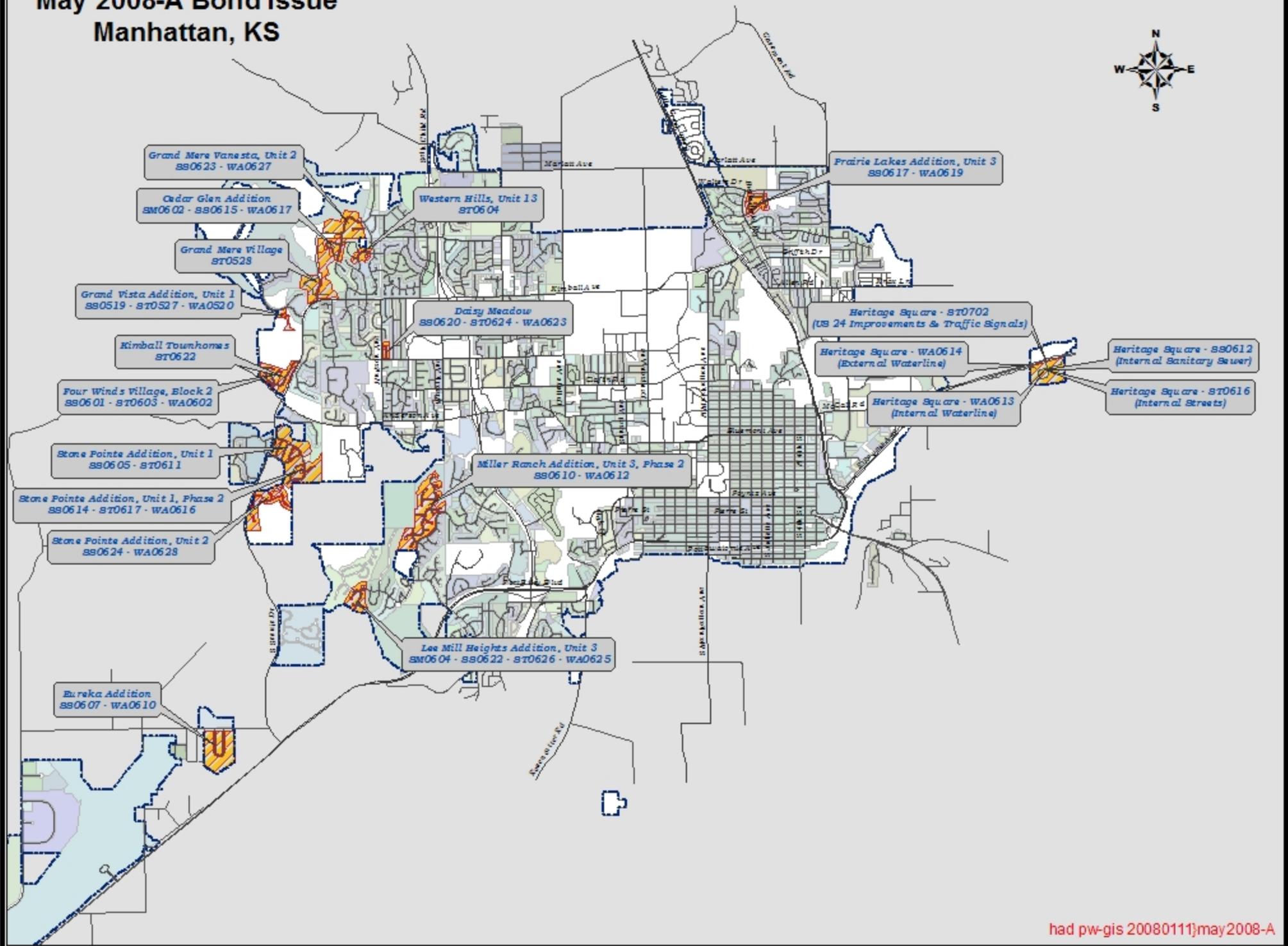
SAVINGS INFORMATION

Net Future Value Benefit.....	\$136,784.52
Net Present Value Benefit.....	\$108,556.96
Net PV Benefit / \$2,513,713.59 PV Refunded Debt Service.....	4.319%

BOND STATISTICS

Average Life.....	7.749 Years
Average Coupon.....	3.5469240%
Net Interest Cost (NIC).....	3.6566108%
True Interest Cost (TIC).....	3.6557325%

May 2008-A Bond Issue Manhattan, KS



**TIME TABLE - GENERAL OBLIGATION BOND ISSUE
SERIES 2008A and SERIES 2008B (May 2008)**

Projects and spreadsheets from Engineering, which should include a map of each benefit district and a city map showing location of each project	Friday, December 28, 2007
Breakdown completed by Finance Department	Friday, January 4, 2008
Set date for Public Hearing on Special Assessments Send letters to property owners on Wednesday, January 23. Send notice to Mercury on Wednesday, January 23. Notice should be published on Friday, January 25.	Tuesday, January 22, 2008
Hold Public Hearing First Reading of Special Assessment Ordinance	Tuesday, February 5, 2008
Second Reading of Special Assessment Ordinance Send letters to property owners and have Deputy City Clerk send ordinance to Mercury on Wednesday, March 5. Ordinance should be published on Sunday, March 9.	Tuesday, March 4, 2008
Special Payoffs by (30 days from date letter sent)	Friday, April 4, 2008
Final Bond Numbers due	Friday, April 4, 2008
Send Special Assessment Proceedings to Bond Counsel	Friday, April 4, 2008
Send Notice of Bond Sale for Publication on Thursday, May 8	Thursday, April 30, 2008
Set date for Bond Sale by Resolution/First Reading of Bond Ordinance	Tuesday, May 6, 2008
Send letters calling Temporary Notes early for bond issue if applicable	Friday, May 9, 2008
Second Reading of Ordinance/Bond Sale	Tuesday, May 20, 2008
Send Ordinance for publication on Sunday, May 25	Wednesday, May 21, 2008
Bond Closing on Bonds	Monday, June 9, 2008