

Agenda

Basehor City Council Work Session

August 2, 2010 7:00 p.m.
Basehor City Hall



1. Approve Issuance of Series 2010-01 Temporary Notes & Resolution No. 2010-07
2. No Parking 141st St.
3. Adoption of the Ordinance for Uniform Public Offense Code
4. Adoption of the Standard Traffic Ordinance
5. All Jurisdiction Hazard Mitigation Plan
6. Creek Ridge Phase 4- Final Development Plan
7. Creek Ridge Phase 4 – Final Plat
8. Executive Session (if needed)

Memo

Date: 7/2/2010
To: Basehor City Council
Cc: Mayor, Terry Hill
From: Mark Loughry, City Administrator
RE: Temporary Note Issuance for Basehor Town Center

Council the current temporary notes issued to fund the Basehor Town Center improvements is set to expire the end of August. While the project is complete there are still a few issues to be wrapped up which cannot be completed prior to the expiration of the current notes. The City's Bond Counsel and financial advisor recommend extending the temporary financing for an additional two years with the intent of paying them off as soon as everything is in place to issue bonds. All additional interest and issuance fees will be rolled into the bond issuance and included in the appropriate benefit districts assessments.

Because of timing and staff vacation at the Attorney General's office the public hearing and final approval of this sale will need to be conducted at the August 2nd work session.

If you have questions or require further discussion please let me know.

CITY OF BASEHOR, KANSAS
General Obligation Temporary Notes
Series 2010

DRAFT CALENDAR OF EVENTS DATED JUNE 21, 2010

DATE	EVENT
June 22, 2010	Preliminary Sizing and Structuring of Note Issue
June 24, 2010	Distribute draft Authorizing Resolution for Note Issue
June 28, 2010	Distribute draft of the Preliminary Official Statement; Final Authorizing Resolution for Note Issue to City for July 12 th Work Session.
July 6, 2010	Deadline for Submitting Information to the City for the Work Session on July 12, 2010.
July 7, 2010	Distribute draft of Legal Documents
July 8, 2010	Submit Rating Presentation to the Rating Agency.
July 12, 2010	City Council – Work Session Discuss Renewal of Temporary Notes
July 19, 2010	City Council Meeting (6:00 PM) City Council considers adoption of the Authorizing Resolution for Note issue.
July 23, 2010	Rating released by the Rating Agency. Print and Mail the Preliminary Official Statement to Bidders.
July 26, 2010	Final Resolution for issuance of Temporary Notes to City for August 2 Council meeting.
August 2, 2010	Note Sale (11:00 AM) City Council Meeting (6:00 PM) Present results of Note Sale to City Council City Council considers Resolution for issuance of Temporary Notes
August 3 - 23, 2010	Prepare Closing Memorandum Submit Transcript to Attorney General Print Final Official Statement
August 24, 2010	Closing of Note Issue. Transfer Funds for Payment of outstanding Temporary Notes to State Treasurer
September 1, 2010	Payment of outstanding Temporary Notes

[BASIC DOCUMENTS - REGISTERED NOTES]

- A. Notice of Special Meeting/Consent to Meeting
 - B. Excerpt of Minutes of Meeting approving sale, approving Note Resolution
 - C. Note Resolution
-

NOTICE OF SPECIAL MEETING

**TO THE MEMBERS OF THE GOVERNING BODY
OF THE CITY OF BASEHOR, KANSAS:**

You are hereby notified that I have called and do hereby call a special meeting of the governing body of the City of Basehor, Kansas (the "Issuer"), to be held at the usual meeting place in Basehor, Kansas, on August 2, 2010, at 7:00 p.m., for the purpose of acting on the resolution of said City authorizing and directing the issuance, sale and delivery of \$3,460,000 principal amount of General Obligation Temporary Notes, Series 2010-1 (the "Notes"), of the City and transacting such further business as may come before said meeting.

DATED: August 2, 2010.

Terry L. Hill, Mayor

CONSENT TO MEETING

We, the undersigned, being all the members of the governing body of the City of Basehor, Kansas, hereby accept service of the foregoing notice, waiving any and all irregularities in such service and in such notice and consent and agree that said governing body shall meet at the time and place therein specified and for the purposes therein stated.

DATED: August 2, 2010.

Councilmember

Councilmember

Councilmember

Councilmember

Councilmember

Councilmember

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF BASEHOR, KANSAS
HELD ON AUGUST 2, 2010**

The governing body met in special session at the usual meeting place in the City, at 7:00, the following members being present and participating, to-wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * *

(Other Proceedings)

The City Administrator reported that pursuant to the Notice of Note Sale heretofore duly given, bids for the purchase of \$3,460,000 principal amount of General Obligation Temporary Notes, Series 2010-1, dated August 15, 2010, of the City had been received. A tabulation of said bids is set forth as *Exhibit A* hereto.

Thereupon, the governing body reviewed and considered the bids and it was found and determined that the bid of UMB Bank, N.A., Kansas City, Missouri, was the best bid for the Notes, a copy of which is attached hereto as *Exhibit B*.

Councilmember _____ moved that said bid be accepted and that the Mayor and Clerk be authorized and directed to execute the bid form selling the Notes to the best bidder on the basis of said bid and the terms specified in the Notice of Note Sale. The motion was seconded by Councilmember _____. Said motion was carried by a vote of the governing body with the vote being as follows:

Yea: _____.

Nay: _____.

Thereupon, there was presented a Resolution entitled:

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF \$3,460,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2010-1, OF THE CITY OF BASEHOR, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX, IF NECESSARY, FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID NOTES AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

Thereupon, Councilmember _____ moved that said Resolution be adopted. The motion was seconded by Councilmember _____. Said Resolution was duly read and

considered, and upon being put, the motion for the adoption of said Resolution was carried by the vote of the governing body, the vote being as follows:

Yea: _____.

Nay: _____.

Thereupon, the Mayor declared said Resolution duly adopted and the Resolution was then duly numbered Resolution No. 2010-07 and was signed by the Mayor and attested by the Clerk.

(Other Proceedings)

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On motion duly made, seconded and carried, the meeting thereupon adjourned.

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the governing body of the City of Basehor, Kansas, held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)

Clerk

EXHIBIT A
BID TABULATION

EXHIBIT B
(BID OF PURCHASER)

RESOLUTION NO. 2010-07

OF

THE CITY OF BASEHOR, KANSAS

ADOPTED

AUGUST 2, 2010

\$3,460,000
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1

RESOLUTION

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RESOLUTION NO. 2010-07

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF \$3,460,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2010-1, OF THE CITY OF BASEHOR, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX, IF NECESSARY, FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID NOTES AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the Issuer is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, pursuant to the provisions of the laws of the State of Kansas applicable thereto, by proceedings duly had, the governing body of the Issuer has caused the following improvements (jointly the "Improvements") to be made in the City, to-wit:

<u>Description</u>	<u>Resolution No.</u>	<u>Authority</u>	<u>Total Authorized Cost</u>
155 th Street Improvements	Res. No. 2008-08	K.S.A. 12-6a01 <i>et seq.</i>	\$ 935,000
Basehor Boulevard Improvements	Res. No. 2008-07	K.S.A. 12-6a01 <i>et seq.</i>	<u>2,825,000</u>
		Total =	\$3,760,000

WHEREAS, it is necessary for the Issuer to provide cash funds (from time to time) to meet its obligations incurred in constructing the Improvements prior to the completion thereof and the issuance of the Issuer's general obligation bonds, and it is desirable and in the interest of the Issuer that such funds be raised by the issuance of temporary notes of the Issue pursuant to the Act; and

WHEREAS, the Issuer has heretofore issued \$3,760,000 principal amount of temporary notes (the "Existing Notes"); and

WHEREAS, all aspects of the Improvements will not be completed prior to the maturity date of the Existing Notes and it is necessary for the Issuer to provide cash funds to meet its obligations on the Existing Notes by the issuance of additional temporary notes of the Issuer pursuant to the Act; and

WHEREAS, the governing body of the Issuer hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Notes in the principal amount of \$3,460,000 to pay the costs of the Improvements and refund the Existing Notes.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF BASEHOR, 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 Note 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, specifically including K.S.A. 10-123, K.S.A. 10-620 *et seq* and K.S.A. 12-6a01 *et seq.*, all as amended and supplemented from time to time.

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

“**Beneficial Owner**” of the Notes includes any Owner of the Notes and any other Person who, directly or indirectly has the investment power with respect to any of the Notes.

“**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.

“**Business Day**” means a day other than a Saturday, Sunday or holiday 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.

“**City**” means the City of Basehor, 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 proposed or promulgated thereunder of the United States Department of the Treasury.

“**Costs of Issuance**” means all costs of issuing the Notes, 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, and all expenses incurred in connection with receiving ratings on the Notes.

“**Costs of Issuance Account**” means the Costs of Issuance Account for General Obligation Temporary Notes, Series 2010-1 created pursuant to **Section 501** hereof.

“Dated Date” means August 15, 2010.

“Debt Service Account” means the Debt Service Account for General Obligation Temporary Notes, Series 2010-1 (within the Bond and Interest Fund) created pursuant to *Section 501* hereof.

“Debt Service Requirements” means the aggregate principal payments and interest payments on the Notes 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 Note which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

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

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

“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 Notes shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise; or

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

“Existing Notes” means the Issuer’s General Obligation Temporary Notes, Series 2008, dated as of September 15, 2008.

“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.

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

“Funds and Accounts” means funds and accounts created by or referred to in *Section 501* hereof.

“Improvements” means the improvements referred to in the preamble to this Note Resolution.

“Interest Payment Date(s)” means the Maturity of the Note.

“Issue Date” means the date when the Issuer delivers the Notes 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 Note means the date on which the principal of such Note 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.

“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.

“Note Payment Date” means any date on which principal of or interest on any Note is payable.

“Note Register” means the books for the registration, transfer and exchange of Notes kept at the office of the Note Registrar.

“Note Registrar” means the State Treasurer, and its successors and assigns.

“Note Resolution” means this resolution relating to the Notes.

“Notes” means the General Obligation Temporary Notes, Series 2010-1, authorized and issued by the Issuer pursuant to this Note Resolution.

“Notice Address” means with respect to the following entities:

(a) To the Issuer at:

2620 N. 155th Street
Basehor, Kansas 66007

(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:

UMB Bank, N.A.
1010 Grand Blvd.
Kansas City, MO 64141

(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, Inc.
55 Water Street, 38th Floor
New York, New York 10004

“Notice Representative” means:

- (a) With respect to the Issuer, the Clerk.
- (b) With respect to the Note 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.

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

- (a) Notes theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Notes deemed to be paid in accordance with the provisions of *Section 701* hereof; and
- (c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered hereunder.

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

“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; (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, federal home loan mortgage corporation or government national mortgage association; (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), all as may be further restricted or modified by amendments to applicable State law.

“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 Notes, plus a bid premium of \$173.00 plus accrued interest to the date of delivery.

“Purchaser” means UMB Bank, N.A., Kansas City, Missouri, the original purchaser of the Notes, and any successors and assigns.

“Rating Agency” means any company, agency or entity that provides financial ratings for the Notes.

“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 Note to be redeemed means the date fixed for the redemption of such Note pursuant to the terms of this Note Resolution.

“Redemption Fund” means the Redemption Fund for Existing Notes created pursuant to *Section 501* hereof.

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

“Replacement Notes” means Notes issued to the Beneficial Owners of the Notes in accordance with *Section 211* 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.

“Special Record Date” means the date fixed by the Paying Agent pursuant to *Section 205* 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.

“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 Note or any installment of interest thereon means the date specified in such Note and this Note Resolution as the fixed date on which the principal of such Note or such installment of interest is due and payable.

“**Treasurer**” means the duly appointed and/or elected Treasurer or, in the Treasurer’s absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

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

ARTICLE II

AUTHORIZATION AND DETAILS OF THE NOTES

Section 201. Authorization of the Notes.

There shall be issued and hereby are authorized and directed to be issued the General Obligation Temporary Notes, Series 2010-1, of the Issuer in the Principal amount of \$3,460,000, for the purpose of: (a) providing a portion of the funds to retire the Existing Notes; and (b) paying Costs of Issuance.

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

Stated Maturity	Principal	Annual Rate
<u>September 1</u>	<u>Amount</u>	<u>of Interest</u>
2012	\$3,460,000	1.000%

The Notes 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 205* hereof.

Each of the Notes, 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 Note Registrar. The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Note and Note Registrar with respect to the registration, transfer and exchange of Notes. The Mayor of the Issuer is

hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Note Registrar and Paying Agent for the Notes.

The Issuer will at all times maintain a Paying Agent and Note 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 Note Registrar by (a) filing with the Paying Agent or Note Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Note Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Note Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Note Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Note Registrar.

Every Paying Agent or Note 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 Notes. The principal of, or Redemption Price, if any, and interest on the Notes 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 and interest on each Note shall be paid at Maturity to the Person in whose name such Note is registered on the Note Register at the Maturity thereof, upon presentation and surrender of such Note at the principal office of the Paying Agent. Such amounts shall be paid to the Owner of such Note as shown on the Note 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 Note Register or at such other address as is furnished to the Paying Agent in writing by such Owner; or (b) in the case of a payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer to such Owner upon written notice given to the Note 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 Note shall cease to be payable to the Owner of such Note on the relevant Record Date and shall be payable to the Owner in whose name such Note 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 Note and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Note entitled to such notice at the address of such Owner as it appears on the Note 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 Notes 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 Note Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Note Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Note Payment Date, and no interest shall accrue for the period after such Note Payment Date.

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

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

Notes 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 Note 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 Notes is exercised, the Note Registrar shall authenticate and deliver Notes in accordance with the provisions of this Note Resolution. The Issuer shall pay the fees and expenses of the Note Registrar for the registration, transfer and exchange of Notes provided for by this Note Resolution and the cost of printing a reasonable supply of registered note blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, are the responsibility of the Owners of the Notes. 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 Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Notes.

The Issuer and the Note Registrar shall not be required (a) to register the transfer or exchange of any Note that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Section 304** 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 Note 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 205** hereof.

The Issuer and the Paying Agent may deem and treat the Person in whose name any Note is registered on the Note Register as the absolute Owner of such Note, whether such Note 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 Note 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 Note 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 Note Registrar, the Note Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or more in principal amount of the Notes then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Note Registrar.

Section 207. Execution, Registration, Authentication and Delivery of Notes. Each of the Notes, including any Notes issued in exchange or as substitutions for the Notes 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 Notes in the manner herein specified, and to cause the Notes 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 Notes 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. The Notes shall be countersigned by the manual or facsimile signature of the Clerk and the seal of the Issuer shall be affixed or imprinted adjacent thereto following registration of the Notes by the Treasurer of the State of Kansas. In case any officer whose signature appears on any Notes ceases to be such officer before the delivery of such Notes, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Note may be signed by such persons who at the actual time of the execution of such Note are the proper officers to sign such Note although at the date of such Note such persons may not have been such officers.

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

The Notes 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 Note Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Notes that may be issued hereunder at any one time. No Note shall be entitled to any security or benefit under this Note Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Note Registrar. Such executed certificate of authentication upon any Note shall be conclusive evidence that such Note has been duly authenticated and delivered under this Note Resolution. Upon authentication, the Note Registrar shall deliver the Notes to the Purchaser upon instructions of the Issuer or its representative.

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

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

Upon the issuance of any new Note under this Section, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation

thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Note 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 Note Resolution equally and ratably with all other Outstanding Notes.

Section 209. Cancellation and Destruction of Notes Upon Payment. All Notes 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 Notes so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

Section 210. Book-Entry Notes; Securities Depository. The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Notes 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 Notes, except in the event the Note Registrar issues Replacement Notes as provided in this Section. It is anticipated that during the term of the Notes, 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 Notes to the Participants until and unless the Note Registrar authenticates and delivers Replacement Notes 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 Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes; or

(b) if the Note Registrar receives written notice from Participants having interests in not less than 50% of the Notes 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 Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes, then the Note Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Note Registrar shall register in the name of and authenticate and deliver Replacement Notes 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 Note 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 Note. Upon the issuance of Replacement Notes, 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 Note Registrar, to the extent applicable with

respect to such Replacement Notes. If the Securities Depository resigns and the Issuer, the Note Registrar or Owners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Note Registrar shall authenticate and cause delivery of Replacement Notes to Owners, as provided herein. The Note Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Notes. The cost of printing, registration, authentication, and delivery of Replacement Notes 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 Note Registrar receives written evidence satisfactory to the Note 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 Note Registrar upon its receipt of a Note or Notes for cancellation shall cause the delivery of Notes to the successor Securities Depository in appropriate denominations and form as provided herein.

Section 211. Nonpresentment of Notes. If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note 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 Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Note Resolution or on, or with respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note 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 Note, and such Note shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 212. Preliminary and Final Official Statement. For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the Issuer are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of such Rule.

The final Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor is hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the final Official Statement by the Purchaser in connection with the reoffering of the Notes 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 Notes sufficient copies of the final Official Statement to enable the Purchaser to comply with the

requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 213. Sale of the Notes. The sale of the Notes 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 Notes shall be made to the Purchaser on the Issue Date (which shall be as soon as practicable after the adoption of this Note Resolution), upon payment of the Purchase Price.

ARTICLE III

REDEMPTION OF NOTES

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, the Notes may be called for redemption and payment prior to their Stated Maturity on September 1, 2011, and thereafter as a whole or in part (selection of the amount of Notes 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.

Section 302. Selection of Notes to be Redeemed.

(a) In the event the Issuer desires to call the Notes for redemption prior to maturity, written notice of such intent shall be provided to the Note Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Note Registrar shall call Notes for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Note 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 Notes to be called for redemption. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in *Section 304* are met.

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

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

become due and payable on the redemption date to the extent of a minimum Authorized Denomination of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. Unless waived by any Owner of Notes to be redeemed, if the Issuer shall call any Notes for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Notes to the State Treasurer and the Purchaser. In addition, the Issuer shall cause the Note Registrar to give written notice of redemption to the Owners of said Notes. 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 Notes are to be redeemed, the identification (and, in the case of partial redemption of any Notes, the respective principal amounts) of the Notes to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Note 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 Notes 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 Notes or portions of Notes that are to be redeemed on such Redemption Date.

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

Official notice of redemption having been given as aforesaid, the Notes or portions of Notes 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 Notes or portion of Notes shall cease to bear interest. Upon surrender of such Notes for redemption in accordance with such notice, the Redemption Price of such Notes 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 Note, there shall be prepared for the Owner a new Note or Notes of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Notes 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 Note 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 Notes being redeemed; (2) the date of issue of the Notes as originally issued; (3) the rate of interest borne by each Note being redeemed; (4) the maturity date of each Note being redeemed; and (5) any other descriptive information needed to identify accurately the Notes 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 Note Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Notes and to one or more national information services that disseminate notices of redemption of obligations such as the Notes.

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

ARTICLE IV

SECURITY FOR NOTES

Section 401. Security for the Notes. The Notes shall be general obligations of the Issuer payable as to both principal and interest from special assessments levied upon the property benefited by the construction of the Improvements, or from general obligation bonds of the Issuer 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 full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Notes 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 Notes as the same become due, if necessary, by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls 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 Notes as and when the same become due, and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Notes 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 NOTE PROCEEDS

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

- (a) Redemption Fund for Existing Notes;
- (b) Debt Service Account for General Obligation Temporary Notes, Series 2010-1; and
- (c) Costs of Issuance Account for General Obligation Temporary Notes, Series 2010-1.

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

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

- (a) All accrued interest received from the sale of the Notes, plus the bid premium of \$173.00 shall be deposited in the Debt Service Account.
- (b) The sum of \$32,402.71 shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Notes shall be deposited in the Redemption Fund.

Section 503. Application of Moneys in the Redemption Fund. Moneys in the Redemption Fund shall be paid and transferred to the paying agent for the Existing Notes, with irrevocable instructions to apply such amount to the payment of the Existing Notes. Any moneys remaining in the Redemption Fund not needed to retire the Existing 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 Notes as and when the same become due and the usual and customary fees and expenses of the Note 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 Notes and the fees and expenses of the Note Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent, if other than the Issuer, 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 Note Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Notes are no longer entitled to enforce payment of the Notes 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 Note Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Notes 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 Notes were issued shall be transferred and paid into the Bond and Interest Fund.

Section 505. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the Issuer; or (b) if no such entity has a main or branch office located in the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositories shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. 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 Note 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; provided that, during the period of construction of the Improvements, earnings on the investment of such funds shall be credited to the Debt Service 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 90 days after the issuance of the Notes, shall be transferred to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

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

Section 602. Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Notes shall be for the equal benefit, protection, and security of the Owners of any or all of the Notes, all of which Notes shall be of equal rank and without preference or priority of one Note over any other Note in the application of the funds herein pledged to the payment of the principal of and the interest on the Notes, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Note 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 Notes.

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 Note 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 Notes by this Note 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 Notes shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Notes, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Note Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Notes or scheduled interest payments thereon so paid and discharged. Notes, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Note 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 Notes 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 Notes 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

Notes, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Notes, 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 Note Registrar to give such notice of redemption in compliance with *Section 303(a)* of this Note 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 Notes, 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 Notes, 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 Note Resolution.

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants.

The Issuer covenants and agrees that: it will comply with (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Notes; and (b) all provisions and requirements of the Federal Tax Certificate. The Mayor and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. 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 Notes will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Section 802. Survival of Covenants. The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Notes pursuant to *Article VII* hereof or any other provision of this Note Resolution until such time as is set forth in the Federal Tax Certificate.

ARTICLE IX

CONTINUING DISCLOSURE REQUIREMENTS

Section 901. Disclosure Requirements. The Mayor and Clerk are hereby authorized and directed to execute the Disclosure Instructions in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. 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 902. 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.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1001. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser. 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 Notes, 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 Note Resolution, the Issuer shall promptly cure such deficiency.

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

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

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Note 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 Note Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Notes or of this Note Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the governing body of the Issuer amending or supplementing the provisions of this Note Resolution and shall be deemed to be a part of this Note Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of this Note Resolution shall always be kept on file in the office of the Clerk, and shall be made available for inspection by the Owner of any Note or a prospective purchaser or owner of any Note authorized by this Note 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 Note 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 Owners of the Notes then Outstanding. It shall not be necessary to note on any of the Outstanding Notes any reference to such amendment or modification.

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

Section 1003. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Notes, if made in the following manner, shall be sufficient for any of the purposes of this Note 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 Notes, the amount or amounts, numbers and other identification of Notes, and the date of holding the same shall be proved by the Note Register.

In determining whether the Owners of the requisite principal amount of Notes Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Note Resolution, Notes owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Note 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 Notes which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Notes 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 Notes and that the pledgee is not the Issuer.

Section 1004. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Note 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. The

Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

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

Section 1005. Electronic Transactions. The issuance of the Notes and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Section 1006. 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 Note 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 1007. Severability. If any section or other part of this Note 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 Note Resolution.

Section 1008. Governing Law. This Note Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1009. Effective Date. This Note Resolution shall take effect and be in full force from and after its passage by the governing body of the Issuer.

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ADOPTED by the governing body of the Issuer on August 2, 2010.

(SEAL)

Mayor

ATTEST:

Clerk

**EXHIBIT A
(FORM OF NOTES)**

**REGISTERED
NUMBER _____**

**REGISTERED
\$**

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

**UNITED STATES OF AMERICA
STATE OF KANSAS
CITY OF BASEHOR
GENERAL OBLIGATION TEMPORARY NOTE
SERIES 2010-1**

**Interest
Rate:**

**Maturity
Date:**

**Dated
Date: August 15, 2010**

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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

Method and Place of Payment. The principal or redemption price and interest thereon of this Note shall be paid at maturity or upon earlier redemption to the person in whose name this Note is registered at the maturity or redemption date thereof, upon presentation and surrender of this Note at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Note Registrar”). Such amounts shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Note Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or, (b) in the case of a payment to Cede & Co. by

electronic transfer to such Owner upon written notice given to the Note Registrar by such Registered 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 Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Notes shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Note Resolution.

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

Authorization of Notes. This Note is one of an authorized series of Notes of the Issuer designated "General Obligation Temporary Notes, Series 2010-1," aggregating the principal amount of \$3,460,000 (the "Notes") issued for the purposes set forth in the Resolution of the Issuer authorizing the issuance of the Notes (the "Note Resolution"). The Notes are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-123, K.S.A. 12-6a01 *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

General Obligations. The Notes constitute general obligations of the Issuer payable as to both principal and interest from special assessments levied upon the property benefited by the construction of certain Improvements (as said term is described in the Note Resolution), or from the proceeds of general obligation bonds of the Issuer 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 full faith, credit and resources of the Issuer are hereby pledged for the payment of the principal of and interest on this Note and the issue of which it is a part as the same respectively become due.

Redemption Prior to Maturity. The Notes are subject to redemption prior to maturity, as follows:

Optional Redemption. At the option of the Issuer, the Notes may be called for redemption and payment prior to their Stated Maturity as a whole or in part (selection of the amount of Notes 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.

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

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

the Issuer defaults in the payment of the redemption price), such Notes or portions of Notes shall cease to bear interest.

Book-Entry System. The Notes are being issued by means of a book-entry system with no physical distribution of note certificates to be made except as provided in the Note Resolution. One Note certificate with respect to each date on which the Notes are stated to mature or with respect to each form of Notes, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Notes by the Securities Depository's participants, beneficial ownership of the Notes in Authorized Denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Note Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Note, as the owner of this Note for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Note, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Notes by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Note Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Note, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Note shall be made in accordance with existing arrangements among the Issuer, the Note Registrar and the Securities Depository.

Transfer and Exchange. **EXCEPT AS OTHERWISE PROVIDED IN THE NOTE RESOLUTION, THIS GLOBAL NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.** This Note may be transferred or exchanged, as provided in the Note Resolution, only on the Note Register kept for that purpose at the principal office of the Note Registrar, upon surrender of this Note together with a written instrument of transfer or authorization for exchange satisfactory to the Note Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Note or Notes in any Authorized Denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Note Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Notes and the cost of a reasonable supply of note blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Note is registered on the Note Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Notes are issued in fully registered form in Authorized Denominations.

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

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Note have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of

the State of Kansas, and that the total indebtedness of the Issuer, including this series of notes, does not exceed any constitutional or statutory limitation.

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

CITY OF BASEHOR, KANSAS

[(Facsimile)(Seal)]

_____ (manual or facsimile)
Mayor

ATTEST:

By _____ (manual or facsimile)
Clerk

This General Obligation Temporary Note shall not be negotiable unless and until countersigned below following registration by the Treasurer of the State of Kansas.

[(Facsimile)(Seal)]

_____ (manual or facsimile)
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of a series of General Obligation Temporary Notes, Series 2010-1, of the City of Basehor, Kansas, described in the within-mentioned Note Resolution.

Registration Date _____

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

By _____

Registration Number _____

NOTE ASSIGNMENT

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

(Name and Address)

(Social Security or Taxpayer Identification No.)

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

Dated _____.

Name

Social Security or
Taxpayer Identification No.

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

Signature guarantee:

By _____

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Notes:

GILMORE & BELL, P.C.
Attorneys at Law
2405 Grand Boulevard
Suite 1100
Kansas City, Missouri 64108

(PRINTED LEGAL OPINION)

[REG. NOTES TRANSCRIPT DOCUMENTS AND OPINIONS]

- A. Closing List
- B. Transcript Certificate
- C. Certificates of Manual Signature
- D. Agreement Between Issuer and Agent
- E. Underwriting Safekeeping Agreement
- F. Certificate of Financial Advisor
- G. Form of Bond Counsel Opinion

TRANSCRIPT OF PROCEEDINGS

AUTHORIZING THE ISSUANCE

OF

\$3,460,000

CITY OF BASEHOR, KANSAS

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1**

DATED AUGUST 15, 2010

Legal Opinion

**Gilmore & Bell, P.C.
Kansas City, Missouri**

CITY OF BASEHOR, KANSAS

**\$3,460,000
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1**

DATED AUGUST 15, 2010

CLOSING LIST

Copies of the transcript of proceedings for the above referenced issue (the "Notes"), will be prepared and distributed as follows:

1. City of Basehor, Kansas (the "Issuer")
2. Attorney General of the State of Kansas
3. UMB Bank, N.A., Kansas City, Missouri (the "Original Purchaser")
4. Piper Jaffray & Co., Leawood, Kansas ("Financial Advisor")
5. Gilmore & Bell, P.C., Kansas City, Missouri ("Bond Counsel")

PROCEEDINGS AUTHORIZING THE IMPROVEMENTS

Document
Number

1. 155th Street Improvement District
2. Basehor Boulevard Improvement District
3. Development Agreement related to 155th Street Improvement District and Basehor Boulevard Improvement District

**PROCEEDINGS AUTHORIZING THE SALE
AND ISSUANCE OF THE NOTES**

4. Excerpt of minutes of the governing body meeting evidencing adoption of Resolution No. 2010-06
5. Resolution No. 2010-06 authorizing the offering for sale of the Notes

6. Notice of Note Sale, Preliminary Official Statement and Certificate Deeming Preliminary Official Statement Final
7. Official Statement
8. Notice and Consent to Special Meeting and Excerpt of minutes of the governing body meeting evidencing opening of the bids, acceptance of the best bid of the Original Purchaser and adoption of Resolution No. 2010-07
9. Resolution No. 2010-07 authorizing the issuance of the Notes and prescribing the form and details of the Notes

CLOSING DOCUMENTS

10. Transcript Certificate
11. Uniform Facsimile of Signature Certificate
12. Specimen Note
13. Agreement Between Issuer and Agent
14. DTC Documents
 - a. Blanket Letter of Representations
 - b. Underwriting Safekeeping Agreement
15. Rating Letters
16. Closing Certificate
 - Exhibit A* - Continuing Disclosure Instructions
17. Federal Tax Certificate with attachments as follows:
 - Exhibit A* - Internal Revenue Service Form 8038-G and Evidence of Filing
 - Exhibit B* - Receipt for Purchase Price
 - Exhibit C* - Receipt and Representation
 - Exhibit D* - Description of Property Comprising the Financed Improvements
 - Schedule I* - Debt Service Schedule & Proof of Yield
18. Certificate of Financial Advisor

LEGAL OPINIONS

19. Approving legal opinion of Gilmore & Bell, P.C.
20. Approval letter of Attorney General

MISCELLANEOUS DOCUMENTS

21. Closing Letter

* * * * *

TRANSCRIPT CERTIFICATE

\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010

The undersigned Mayor and Clerk of the City of Basehor, Kansas (the "Issuer"), do hereby make this certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described notes (the "Notes"); and do hereby certify as of August 2, 2010, as follows:

1. Meaning of Words and Terms. Capitalized words and terms used herein, unless otherwise defined herein or the context requires otherwise, shall have the same meanings ascribed to such words and terms in the hereinafter defined Resolution authorizing the Notes.

2. Organization. The Issuer is a legally constituted city of the third class organized and existing under the laws of the State of Kansas.

3. Transcript of Proceedings. The transcript of proceedings (the "Transcript") relating to the authorization and issuance of the Notes is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript, and the facts stated in the Transcript still exist. In each and every instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk.

4. Newspaper. *The Basehor Sentinel* was the official newspaper of the Issuer at all times during these proceedings.

5. Meetings. All of the meetings of the governing body of the Issuer at which action was taken as shown in the Transcript were either regular meetings or duly adjourned regular meetings or special meetings duly called and held in accordance with law and the ordinances and rules of the Issuer.

6. Incumbency of Officers. The following named persons were and are the duly qualified and acting officers of the Issuer at and during all the times when action was taken as indicated in the Transcript as follows:

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>
Terry L. Hill	Mayor	_____ to 4/2011
Chris Garcia	Mayor	4/2005 to 4/2009
James Washington	President & Councilmember	4/2007 to 4/2011
Iris Dysart	Councilmember	4/2003 to 4/2011
Terry L. Hill	Councilmember	4/2007 to 4/20____
David K. Breuer	Councilmember	4/20____ to 4/20____
Dennis Mertz	Councilmember	4/20____ to 4/20____
William R. Moyer	Councilmember	4/20____ to 4/20____

Roger McDowell	Councilmember	5/2008 to 4/2009
Keith Sifford	Councilmember	11/2002 to 4/2009
Mark Loughry	City Administrator	_____ to _____
Carl Slaugh	City Administrator	3/27/2006 to _____
Katherine Renn	City Clerk	_____ to _____
Mary Ann Mogle	City Clerk	11/6/1984 to _____
Susan Adams	Treasurer	2/21/2005 to Present

7. **Execution of Notes.** The Notes have been executed with manual or facsimile signatures; and the manual or facsimile signatures appearing on the face of the Notes are manual or facsimiles of the true and genuine signatures of the Mayor and Clerk of the Issuer. Each signature has been duly filed in the office of the Secretary of State of Kansas pursuant to K.S.A. 75-4001 *et seq.* A facsimile of the seal of the Issuer is affixed to or imprinted on each of the Notes and on the reverse side of each of the Notes at the place where the Clerk has executed by facsimile signature the Certificate of Registration; and each Notes bears a Certificate of Registration evidencing the fact that it has been registered in the office of the Clerk. A true impression of the seal is set forth adjacent to the signature of the Clerk below. The specimen note included in the Transcript is in the form adopted by the governing body of the Issuer for the Notes.

8. **Authorization of Notes.** The Notes are being issued pursuant to Resolution No. 2010-07 (the "Resolution") of the Issuer pursuant to K.S.A. 10-123 for the purpose of paying the costs of certain street, water and sewer improvements (the "Improvements"). The Improvements have been duly authorized by the Issuer pursuant to K.S.A. 12-6a01 *et seq.*, as amended, and all other applicable provisions of the laws of the State of Kansas. Estimates of the cost of the Improvements have been presented to and approved by the governing body of the Issuer, and said estimates of cost are on file in the office of the Clerk, and the total principal amount of the Notes does not exceed the cost of the Improvements for which the Notes are issued.

The Notes are also issued for the purpose of refunding certain Temporary Notes of the Issuer (the "Existing Notes") described as follows:

\$3,760,000 outstanding principal amount of General Obligation Temporary Notes, Series 2008, dated September 15, 2008

The Existing Notes, issued to temporarily finance the costs of the Improvements, will be redeemed and paid contemporaneously with the issuance of the Notes.

The interest rates on the Notes on the date of the sale of the Notes were within the maximum legal limit for interest rates under K.S.A. 10-1009, as amended.

9. **Indebtedness.** The currently outstanding applicable indebtedness of the Issuer, including the Notes, does not exceed any applicable constitutional or statutory limitations. A schedule of general obligation indebtedness is attached hereto as *Exhibit A* and made a part hereof by reference as though fully set out herein.

10. Valuation. The total assessed valuation of the taxable tangible property within the Issuer for the year 2009, is \$49,764,720.

11. Non-litigation. There is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Notes shown to be authorized in the Transcript; (e) the validity of the Notes, or any of the proceedings had in relation to the authorization, issuance or sale thereof; or (f) the levy and collection of a tax to pay the principal of and interest on the Notes.

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WITNESS our true and genuine manual signatures and the seal of the Issuer.

Mayor

(SEAL)

Clerk

(Signature page to Transcript Certificate)

EXHIBIT A

**SCHEDULE OF OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS
(as of August 15, 2010)**

Current Indebtedness of the Issuer

The following table sets forth as of August 15, 2010 all of the outstanding bonds and notes (including any State Revolving Fund loans) of the Issuer including the Notes:

General Obligation Bonds

<u>Series</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
2004	\$3,415,000	\$2,555,000
2005	2,840,000	<u>2,455,000</u>
Total General Obligation Bonds =		<u>\$5,010,000</u>

Temporary Notes

<u>Series</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
2008 ⁽¹⁾	\$3,760,000	\$0
2010 ⁽²⁾	3,460,000	<u>3,460,000</u>
Total =		<u>\$3,460,000</u>

⁽¹⁾ Excludes the Notes to be paid from proceeds of this issue.

⁽²⁾ This issue.

AGREEMENT BETWEEN ISSUER AND AGENT

\$3,460,000

CITY OF BASEHOR, KANSAS

GENERAL OBLIGATION TEMPORARY NOTES

SERIES 2010-1

DATED AUGUST 15, 2010

THIS AGREEMENT, dated as of August 15, 2010, between the City of Basehor, Kansas, a municipality (the "Issuer"), and the State Treasurer of Kansas, as Agent (the "Agent").

WHEREAS, for its lawful purposes, the Issuer has duly authorized the issue of the above-captioned notes (the "Securities"), and the Issuer wishes the Agent to act as its Paying Agent, Note Registrar, and Transfer Agent for the Securities:

Now, therefore, it is hereby agreed as follows:

I. APPOINTMENT

Issuer hereby appoints or has heretofore appointed the State Treasurer of Kansas to act as Paying Agent, Note Registrar and Transfer Agent for the Securities. The State Treasurer of Kansas hereby accepts its appointment as the Paying Agent, Note Registrar and Transfer Agent.

II. BASIC DUTIES

- A. Issuer or its duly authorized representative agrees to furnish Agent the name(s) and address(es) of the initial registered owner(s) of the Securities together with such registered owners' tax identification (social security) number(s), the maturity date(s), denomination(s) and interest rate(s) for each Security.
- B. Agent shall manually authenticate the originally issued Securities upon the written order of one or more authorized officers of Issuer. Thereafter, Agent shall manually authenticate all Securities resulting from transfer or exchange of Securities.
- C. Agent shall maintain an office in the City of Topeka, Kansas, where Securities may be presented for registration, transfer and exchange; and shall also maintain an office in the City of Topeka, Kansas, where Securities may be presented for payment. Agent shall keep a register of the Securities and their transfer and exchange.
- D. Agent may rely upon any document believed by it to be genuine and to have been signed or presented by the proper person. Agent need not investigate any fact or matter stated in the document. Agent undertakes to perform such duties and only such duties set forth in K.S.A. 10-620 *et seq.*, except as specifically provided in this Agreement.

Agent shall notify the owners of the Securities upon default in payment of principal or interest on the Securities and the Agent shall have no duties or responsibilities thereafter.

III. **COMPENSATION**

Issuer covenants and agrees to pay to Agent, as reasonable compensation for the services provided as Agent, a registration fee of \$30, plus a fee of \$600.

This amount will be due at the time of registration unless such fee is to be paid from the proceeds of the note issue in which case Issuer agrees to pay such fee within two (2) business days of the closing of the note issue. In addition to the aforementioned fee, Issuer covenants and agrees to pay to Agent the fee as stated and required by K.S.A. 10-505 for performing the duties of paying the principal of the Securities.

IV. **STANDARD OF PERFORMANCE**

Issuer shall provide, or shall cause to be provided to Agent, a designation of whether its Securities are to be issued in certificated or uncertificated form, or both.

A. ***STATEMENTS OF OWNERSHIP***

Agent agrees to provide Statements of Ownership to the owner of uncertificated Securities. Such Statements shall be in accordance with the standards set forth by the Attorney General. All Statements shall be issued in the denominations of \$1,000 or \$5,000 or integral multiples thereof except for one additional Security in another denomination, which additional Security shall mature in the initial maturity year of the series of the Securities. Interest is computed on the basis of \$1,000 or \$5,000 units and in all transactions involving the payment of interest, fractions of a cent equalling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Agent shall at all times maintain an adequate supply of Statements of Ownership for any anticipated transfers or exchanges of the Statements.

B. ***CERTIFICATED SECURITIES***

All certificated Securities issued by Issuer under this Agreement shall be in accordance with the standards set forth by the Attorney General and unless otherwise authorized by Agent, the principal thereof shall be payable only upon surrender of the Security to Agent. All certificates shall be issued in the denomination of \$1,000 or \$5,000 or integral multiples thereof except one authorized Security in another denomination which additional Security shall mature in the initial maturity year of the series of Securities. Interest is computed on the basis of \$1,000 or \$5,000 units and in all transactions involving the payment of interest, fractions of a cent equaling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Issuer shall at Issuer's cost provide Agent with an adequate supply of certificates for any anticipated transfers or exchanges of the certificates. Issuer shall be responsible for the payment of the printing or other expenses for such certificates. Issuer shall be responsible for obtaining appropriate "CUSIP" number(s) and shall notify Agent of each number(s) prior to the issuance of the applicable Securities.

C. ***INTEREST CALCULATIONS***

Agent shall calculate interest on the basis of \$1,000 and \$5,000 *units*, or in the case of one odd denomination, calculate the *unit* separately. Each *intermediate unit* calculation is first determined, then rounded to the sixth decimal position; *i.e.* whenever the seventh decimal place is equal to or greater than five the sixth decimal place is increased by one. The final per unit calculation is subsequently rounded to two decimal positions. (See *Attachment "A"* for sample calculation.)

D. ***SURRENDER***

Securities surrendered for payment, cancellation or partial redemption shall be cancelled by Agent and returned to Issuer in accordance with K.S.A. 10-111.

E. ***TRANSFERS AND EXCHANGES***

1. When Securities are presented to Agent for transfer or exchange, Agent shall so transfer or exchange such Securities if the requirements of *Section 8-401(1)* of the Uniform Commercial Code are met.
2. In accordance with the authorizing Resolution of the Issuer (the "Resolution"), payments of interest shall be made to the owner of record of each Security as of the close of business on the fifteenth day of the month preceding each interest payment date. The Agent shall make such payments to the record owner of each Security as set forth on the registration books maintained by Agent as of such date.
3. Agent shall not be required to transfer or exchange any Security during a period beginning on the day following the fifteenth day of the month preceding any interest payment date for such Securities and ending at the close of business on the interest payment date, or to transfer or exchange any Security selected or called for redemption in whole or in part subsequent to the date notice of such redemption is given in accordance with the Resolution authorizing the Securities.

F. ***REGISTRATION DATES AND FUNDS FOR PAYMENTS***

Date of Registration shall be affixed on the initial Securities. Subsequent transfers or exchanges shall bear a Date of Registration as of the date that all the required documentation is received at the Agent's official place of business. Issuer will provide funds to make any interest or principal payments in accordance with K.S.A. 10-130 and amendments thereto. Agent is hereby authorized to effect any semiannual payment of interest or any principal by charging the Issuer's Fiscal Agency account with Agent.

G. ***REPLACEMENT OF SECURITIES***

If the owner of a Security claims that a Security has been lost, destroyed or wrongfully taken, Issuer shall issue and Agent shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met. Only Agent shall perform this function. An indemnity bond and affidavit of loss shall be provided to

Agent and Issuer at the expense of the owner of the Security. Such indemnity bond and affidavit of loss must be sufficient in the judgment of Issuer and Agent to protect Issuer and Agent from any loss which any of them may suffer if the Security is replaced. Issuer may charge the Security owner for its expenses in the replacement of a Security.

H. **REDEMPTIONS**

Optional Redemption. If any Securities are to be redeemed pursuant to an optional redemption in accordance with their terms, Issuer agrees to give Agent at least fifteen (15) days written notice thereof prior to the notice to be given the Security owners. If there is no provision for notice to the Security owners, Issuer agrees to give at least thirty (30) days written notice to Agent.

Notice of Redemption. Agent shall then notify, by ordinary mail, the owner of such Securities to be so redeemed. Agent shall select the Securities to be so redeemed. Agent shall not be required to exchange or register a transfer of any Security for a period of fifteen (15) days preceding the date notice is to be provided to the Security owners for the purpose of selecting Securities on a partial redemption. Further, in the event notice is given to Agent for a complete redemption of the Issue according to the terms of the authorizing Resolution or Ordinance, Agent shall not be required to transfer or exchange any Security beginning on the day following the 15th day preceding the date set for redemption.

I. **MISCELLANEOUS**

Agent hereby acknowledges receipt of numbered Securities of Issuer (in a number equal to one Security for each maturity) for registration and exchange, and shall safeguard any "blank" Securities held for purpose of exchange or transfer.

J. **REPORTS**

Agent shall provide Issuer an annual report of the activity with respect to the issuance of Securities upon written request of Issuer.

K. **CONSTRUCTION**

This Agreement shall be construed in accordance with the laws of the State of Kansas and also the Resolution authorizing the issuance of the Securities.

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CITY OF BASEHOR, KANSAS

(SEAL)

By _____
Mayor

ATTEST:

By _____
Clerk

**OFFICE OF THE TREASURER
OF THE STATE OF KANSAS**

(SEAL)

By _____

ATTACHMENT "A"

SAMPLE

$$\begin{array}{rll} & \$5,000.00000 & \text{..... Bond Unit} \\ \times & \underline{.06875} & \text{..... Interest Rate} \\ = & 343.750000 & \text{Rounded to six decimal places} \\ \\ / & \underline{360} & \text{..... Days per year} \\ = & .954861 & \text{Rounded to six decimal places} \\ \\ \times & \underline{180} & \text{..... Day in interest period} \\ = & 171.874980 & \text{(Rounded to second decimal = \$171.87)} \end{array}$$

Unit interest is then multiplied by the number of units in the maturity.

**UNDERWRITING SAFEKEEPING AGREEMENT
BY AND BETWEEN
DEPOSITORY TRUST COMPANY
AND
THE CITY OF BASEHOR, KANSAS
AND
THE OFFICE OF THE KANSAS STATE TREASURER**

**\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010**

In order to induce the Depository Trust Company (the "DTC") to accept delivery of the above captioned notes (the "Notes") for safekeeping prior to the delivery of the Notes on August 24, 2010 (the "Closing Date"), the City of Basehor, Kansas (the "Issuer"), and the Treasurer of the State of Kansas (the "Agent") hereby agree to place the entire principal amount of the Notes, in the custody, control and possession of DTC at least one day prior to the Closing Date. The Issuer further agrees that by copy of this letter appropriately executed, it will notify DTC to follow the instructions of UMB Bank, N.A., Kansas City, Missouri, as the Underwriter (the "Underwriter") in distributing the Notes.

By executing this agreement in the appropriate place DTC acknowledges receipt from the Agent of possession, custody and control of the Notes, and agrees to safekeep and hold in escrow the Notes until it shall have received notification from one of the following authorized representatives of the Issuer to release or return the Notes: Katherine Renn, Clerk or Gilmore & Bell, P.C., Bond Counsel. Notification may be made by telephone or by receipt of an executed notice, delivered or telecopied to DTC; provided, however, that if the notification is made by telephone, written notice must be sent within 24 hours of the original notification. In the event the Issuer executes the release of the Notes, DTC will distribute the Notes pursuant to written instructions provided by the Underwriter; however, in the event a demand for the return of the Notes is received, DTC shall return the Notes as soon as practicable, but in any event, no later than the following business day.

DTC agrees to hold the Issuer and the Agent, as their interests may appear, and any of their officers or employees, harmless from any liability, loss, damage or reasonable expense in connection with the loss, theft, destruction or other disappearance of the Notes while they are in the possession, custody or control of DTC, prior to concluding the Closing with respect to the Notes and prior to distributing the Notes in accordance with the instructions furnished by the Underwriter.

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CITY OF BASEHOR, KANSAS

Dated: August 2, 2010

By: _____
Clerk

**OFFICE OF THE TREASURER OF
THE STATE OF KANSAS, As Agent**

Dated: _____

By: _____
Title: _____

DEPOSITORY TRUST COMPANY

Dated: _____

By: _____
Title: _____

DTC hereby acknowledges receipt from
the Agent of custody, control
and possession of the Notes.

Dated: _____.

DEPOSITORY TRUST COMPANY

By _____
Title _____

Re: \$3,460,000 General Obligation Temporary Notes, Series 2010-1, dated August 15, 2010, of the City of Basehor, Kansas

Dated: August 24, 2010.

The formal Closing of the above-referenced Notes has occurred, and DTC is hereby authorized to distribute the Notes as previously agreed:

By: _____
GILMORE & BELL, P.C.,
as Bond Counsel for the Issuer

The Closing of the above-referenced Notes did not occur and DTC is requested to return the Notes to the custody, control and possession of the Agent:

By: _____
GILMORE & BELL, P.C.,
as Bond Counsel for the Issuer

CERTIFICATE OF FINANCIAL ADVISOR

**\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010**

Piper Jaffray & Co., Leawood, Kansas, is employed as financial advisor to the City of Basehor, Kansas (the "Issuer") with respect to the above captioned notes (the "Notes").

1. Duties. The Financial Advisor rendered certain professional services to the Issuer, including advising the Issuer with respect to the sale of the Notes, and assisting the Issuer with the preparation of the Preliminary Official Statement dated July 12, 2010 and the Official Statement dated August 2, 2010, (both documents referred to collectively herein as the "Official Statement").

2. Official Statement. The Financial Advisor has read the Official Statement, but has not, however, independently verified the factual and financial information contained in the Official Statement, including the appendices attached thereto, nor have we participated in the drafting for the appendices to the Official Statement.

3. Certification. Based on the foregoing, the Financial Advisor certifies, to the best of our knowledge, information and belief, the information contained in the Official Statement (except for *Appendices B and C* attached to the Official Statement) are, as of its date and as of the date hereof, true and correct in all material respects, and the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made.

Dated August 24, 2010.

**PIPER JAFFRAY & CO.
LEAWOOD, KANSAS**

By _____
Title:

[FORM OF BOND COUNSEL OPINION]

GILMORE & BELL, P.C.
Attorneys at Law
2405 Grand Blvd., Suite 1100
Kansas City, Missouri 64108

[August 24, 2010]

Governing Body
City of Basehor, Kansas

UMB Bank, N.A.
Kansas City, Missouri

Re: \$3,460,000 General Obligation Temporary Notes, Series 2010-1, of the City of Basehor, Kansas, Dated August 15, 2010

We have acted as Bond Counsel in connection with the issuance by the City of Basehor, Kansas (the "Issuer"), of the above-captioned notes (the "Notes"). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the resolution adopted by the governing body of the Issuer authorizing the issuance of the Notes.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Notes have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.
2. The Notes are payable as to both principal and interest from special assessments levied upon the property benefited by the construction of certain improvements or from general obligation bonds of the Issuer 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 Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent that necessary funds are not provided from other sources.
3. The interest on the Notes [(including any original issue discount properly allocable to an owner of a Note)] is excluded from gross income for federal income tax purposes. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the

Notes in order to preserve the exclusion of the interest on the Notes from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest on the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

4. The interest on the Notes is excluded from computation of Kansas adjusted gross income.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth in this opinion.

The rights of the owners of the Notes and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

GILMORE & BELL, P.C.

[NOTES - REGISTERED NOTES. CLOSING DOCUMENTS - PART II]

- A. Closing Certificate
Exhibit A - Continuing Disclosure Instructions
- B. Federal Tax Certificate

LIST OF EXHIBITS TO FEDERAL TAX CERTIFICATE

- A. IRS FORM 8038-G
Evidence of Filing
- B. RECEIPT FOR PURCHASE PRICE
- C. RECEIPT AND REPRESENTATION
- D. DESCRIPTION OF PROPERTY COMPRISING THE FINANCED
IMPROVEMENTS

Schedule 1 - Debt Service Schedule and Proof of Yield

CLOSING CERTIFICATE

\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010

The undersigned Mayor and Clerk of the City of Basehor, Kansas (the "Issuer"), make this Certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described notes (the "Notes"); and certify as of August 24, 2010 (the "Issue Date"), as follows:

1. Meaning of Words and Terms. Capitalized words and terms used in this Certificate, unless otherwise defined in this Certificate or the context requires otherwise, have the same meanings ascribed to such words and terms in the Note Resolution (defined below) authorizing the Notes.

2. Transcript of Proceedings. The transcript of proceedings relating to the authorization and issuance of the Notes (the "Transcript"), furnished to the Purchaser of the Notes, is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript; and the facts stated in the Transcript still exist. In each instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk. All certifications made by the Issuer in the Transcript Certificate dated August 2, 2010 are true and correct as of this date and are incorporated in this Certificate by reference.

3. The Note Resolution. The Issuer is issuing and delivering the Notes simultaneously with the delivery of this Certificate, pursuant to and in full compliance with the Constitution and statutes of the State, including particularly K.S.A. 10-123, K.S.A. 12-6a01 et seq., as amended, and Resolution No. 2010-07 of the Issuer duly adopted by the governing body of the Issuer on August 2, 2010 (the "Note Resolution").

4. Purpose of the Notes. The Notes are being issued for the purpose of providing funds to pay the costs of certain street, water and sewer improvements, as described in the Note Resolution (the "Improvements") and to refund and cancel certain temporary notes of the Issuer (the "Notes"). The Notes issued to temporarily finance the costs of the Improvements will be redeemed and paid contemporaneously with the issuance of the Notes.

5. Security for the Notes. The Notes are general obligations of the Issuer payable from the proceeds of general obligation bonds of the Issuer or from special assessments levied upon the property benefited by the Improvements and, if not so paid, to the extent necessary, 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 pledged under the Note Resolution to the payment of the principal of and interest on the Notes.

6. Sale of Notes. The Notes have been sold at rates not in excess of the limitations set forth in K.S.A. 10-1009. The Notice of Note Sale dated July 12, 2010 and included in the Transcript constitutes a full true and correct copy thereof. A copy of such Notice of Note Sale and Preliminary Official Statement

was sent to prospective purchasers of the Notes, and to all other persons and firms requesting copies of such Notice of Note Sale and Preliminary Official Statement.

7. Official Statement. The Official Statement contained in the Transcript constitutes a full, true and correct copy of the Official Statement relating to the Notes. To the best of our knowledge, the Official Statement, other than the sections entitled “The Depository Trust Company,” “Note Ratings,” “Legal Matters,” and “Tax Matters,” and *Appendices B and C*, about which the Issuer expresses no opinion, is true in all material respects, and does not contain any untrue statement of a material fact or does not omit to state a material fact, necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. As of this date there has been no material adverse change in the financial condition or the financial affairs of the Issuer since the date of the Official Statement. No other event has occurred which is necessary to be disclosed in the Official Statement in order to make the statements therein not misleading in any material respect as of the date of this Certificate. The Issuer has previously caused to be delivered to the Purchaser copies of the Official Statement.

8. Continuing Disclosure Instructions. The Issuer, in the Note Resolution, has covenanted to disseminate such information as is required in accordance with the provisions of the SEC Rule and the Continuing Disclosure Instructions, which are attached to this Certificate as *Exhibit A*, and incorporated in this Certificate by reference.

9. Non-Litigation. There is no controversy, action, suit, proceeding, or to the best of our knowledge, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the best of our knowledge, threatened against or affecting the Issuer, its officers or its property, or, to the best of our knowledge, any basis therefor questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Notes shown to be authorized in the Transcript; (e) the validity of the Notes, or any of the proceedings had in relation to the authorization, issuance or sale thereof; (f) the levy and collection of an ad valorem property tax to pay the principal of and interest on the Notes; or (g) the federal or state tax-exempt status of the interest on the Notes; wherein any unfavorable decision, ruling or finding would adversely affect the Issuer, the transactions contemplated by the Note Resolution or the Official Statement, or the validity or enforceability of the Notes, which are not disclosed in the final Official Statement.

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WITNESS our hands and the seal of the Issuer.

Signature

Official Title

Mayor

(SEAL)

Clerk

EXHIBIT A

CONTINUING DISCLOSURE INSTRUCTIONS

\$3,460,000

**CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010**

THESE CONTINUING DISCLOSURE INSTRUCTIONS (the “Disclosure Instructions”) are executed and delivered by the Issuer in connection with the issuance of the above-described notes (the “Notes”) which are being issued simultaneously herewith pursuant to the Note Resolution, in which the Issuer covenants to enter into this undertaking to provide certain financial and other information with respect to the Notes in order to assist the Participating Underwriter in complying with the provisions of the SEC Rule. The Issuer is the only “obligated person” with responsibility for continuing disclosure with respect to the Notes.

Section 1. Definitions. In addition to the definitions set forth in the Note Resolution, which apply to any capitalized term used in these Disclosure Instructions, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of these Disclosure Instructions.

“**Beneficial Owner**” means any registered owner of any Notes and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“**Designated Agent**” means Gilmore & Bell, P.C. or one or more other entities designated in writing by the Issuer to serve as a designated agent of the Issuer for purposes of these Disclosure Instructions.

“**Dissemination Agent**” means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to these Disclosure Instructions and which has filed with the Issuer a written acceptance of such designation substantially in the form attached hereto as **Exhibit B**.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures (www.emma.msrb.org).

“**Financial Information**” means the financial information of the Issuer described in **Section 2(a)(1)** hereof.

“**Fiscal Year**” means the one year period ending December 31, or such other date or dates as may be adopted by the Issuer for its general accounting purposes.

“GAAP” means generally accepted accounting principles, as applied to governmental units, as in effect at the time of the preparation of the Financial Information.

“Issuer” means the City and any successors or assigns.

“Material Events” means any of the events listed in *Section 3(a)* hereof.

“MSRB” means the Municipal Securities Rulemaking Board.

“Note Resolution” means the resolution of the governing body of the Issuer authorizing the issuance of the Notes.

“Official Statement” means the Issuer's Official Statement for the Notes.

“Operating Data” means the operating data of the Issuer described in *Section 2(a)(2)* hereof.

“Participating Underwriter” means any of the original underwriters of the Notes required to comply with the SEC Rule in connection with offering of the Notes.

“Repository” means the MSRB via EMMA.

“SEC” means the Securities and Exchange Commission of the United States.

“SEC Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's Fiscal Year, commencing with the Fiscal Year ended in 2010, provide to the Repository, the Issuer's Financial Information and Operating Data (jointly, the “Annual Report”), as follows:

(1) **Financial Information.** The financial statements of the Issuer for such prior Fiscal Year, accompanied by an audit report resulting from an audit conducted by an Independent Accountant in conformity with generally accepted auditing standards. If such audit report is not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements and the audit report and accompanying financial statements shall be filed in the same manner as the Annual Report promptly after they become available. The method of preparation and basis of accounting of the Financial Information may not be changed to a basis less comprehensive than contained in the Official Statement, unless the Issuer provides notice of such change in the same manner as for a Material Event under *Section 3(b)* hereof.

(2) **Operating Data.** Updates as of the end of the Fiscal Year of substantially all of the information and data contained in those sections of *Appendix A* to the Official Statement entitled

GENERAL - Population Trends

FINANCIAL INFORMATION OF THE ISSUER - Assessed Valuation

FINANCIAL INFORMATION OF THE ISSUER - Aggregate Tax Levies

FINANCIAL INFORMATION OF THE ISSUER - Tax Collection Record

DEBT STRUCTURE OF THE ISSUER - Current Indebtedness of the Issuer
DEBT STRUCTURE OF THE ISSUER - History of Indebtedness
DEBT STRUCTURE OF THE ISSUER - Overlapping Indebtedness.

and all information contained in those sections of *Appendix A* to the Official Statement that is customarily prepared by the Issuer and is publicly available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the SEC Rule), which have been filed with each of the Repository, the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB via EMMA. The Issuer shall clearly identify each such other document so included by reference. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; *provided* that the audit report and accompanying financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under *Section 3(b)*.

(b) If no Dissemination Agent has been appointed, the Issuer shall file the Annual Report as specified by *Section 2(a)* hereof; or if the Annual Report is not filed within the time period specified in *Section 2(a)* hereof, the Issuer shall send a notice to each Repository in substantially the form attached as *Exhibit A*.

Section 3. Reporting of Material Events.

(a) Pursuant to the provisions of this Section, the Issuer shall give, or cause the Dissemination Agent, if any, to give, notice of the occurrence of any of the following events with respect to the Notes, if the Issuer deems such events to be material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Notes;
- (7) modifications to rights of Noteowners;
- (8) optional, contingent or unscheduled note calls;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Notes; or
- (11) rating changes.

(b) Such notice shall be given by promptly filing a notice of such occurrence with the Repository. Notwithstanding the foregoing, notice of Material Events described in *subsections (a)(8)* and *(9)* need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Owners of affected Notes pursuant to the Note Resolution.

Section 4. Dissemination Agent.

(a) **General.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under these Disclosure Instructions, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

(b) **Annual Reports.** If a Dissemination Agent is appointed, not later than 15 Business Days prior to the date specified in **Section 2(a)** for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent or the Repository. The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to these Disclosure Instructions, stating the date it was provided, or that the Issuer has certified to the Dissemination Agent that the Issuer has provided the Annual Report to the Repository. If the Dissemination Agent has not received an Annual Report or has not received a written notice from the Issuer that it has provided an Annual Report to the Repository, by the date required in **Section 2(a)**, the Dissemination Agent shall send a notice to the Repository in substantially the form attached as **Exhibit A**.

(c) **Material Event Notices.**

(1) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to **Section 4(c)(3)**.

(2) The Issuer will promptly respond in writing to any such request. Whenever the Issuer obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to this **subsection (c)** or otherwise, the Issuer shall promptly determine if such event would be material under applicable federal securities law. If the Issuer has determined that knowledge of the occurrence of a Material Event would be material under applicable federal securities law, the Issuer shall promptly so notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to **Section 4(c)(3)**. If the Issuer has determined that knowledge of a Material Event would not be material under federal securities law, the Issuer shall promptly so notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent not to report the occurrence pursuant to **Section 4(c)(3)**.

(3) If the Dissemination Agent has been given written instructions by the Issuer to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence with the Repository, with copies to the Issuer. Notwithstanding the foregoing, notice of Material Events described in **Sections 3(a)(8)** and **(9)** need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Owners of affected Notes pursuant to the Note Resolution.

(d) **Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in these Disclosure Instructions, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to these Disclosure Instructions.

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

Section 5. Termination of Reporting Obligation. The Issuer's obligations under these Disclosure Instructions shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If the Issuer's obligations hereunder are assumed in full by some other entity as permitted in the Note Resolution, such person shall be responsible for compliance with under these Disclosure Instructions in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3(b)**.

Section 6. Amendment; Waiver. Notwithstanding any other provision of these Disclosure Instructions, the Issuer and the Dissemination Agent, if any, may amend of these Disclosure Instructions (and the Dissemination Agent shall not unreasonably refuse to execute any amendment so requested by the Issuer) and any provision of these Disclosure Instructions may be waived, provided that: (a) Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer and the Dissemination Agent, if any, with its opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the SEC Rule and all current amendments thereto and interpretations thereof that are applicable to these Disclosure Instructions; (b) if the amendment or waiver relates to **Sections 2(a)** or **3(a)**, it may only be made in connection with a change in circumstances that arises from a change in law or legal requirements, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted; and (c) the amendment or waiver is either (1) approved by the Owners of the Notes in the same manner as provided in the Note Resolution with consent of the Owners, or (2) does not in the opinion of Bond Counsel materially impair the interests of the Owners or Beneficial Owners of the Notes.

If there is an amendment or waiver of a provision of these Disclosure Instructions, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of Financial Information or Operating Data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Material Event under **Section 3(b)**, and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in these Disclosure Instructions shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in these Disclosure Instructions or any other means of communication, or including any other

information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by these Disclosure Instructions. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by these Disclosure Instructions, the Issuer shall have no obligation under these Disclosure Instructions to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Noncompliance. In the event of a failure of the Issuer or the Dissemination Agent, if any, to comply with any provision of these Disclosure Instructions, the Participating Underwriter or any Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, if any, as the case may be, to comply with its obligations under these Disclosure Instructions. Noncompliance with the provisions of these Disclosure Instructions shall not be deemed an Event of Default under the Note Resolution, and the sole remedy under these Disclosure Instructions in the event of any failure of the Issuer or the Dissemination Agent, if any, to comply with these Disclosure Instructions shall be an action to compel performance.

Section 9. Notices. Any notices or communications to or among any of the parties referenced in these Disclosure Instructions may be given as follows:

(a) To the Issuer at:

2620 N. 155th Street
Basehor, Kansas 66007
Fax: (913)724-3388
Attention: Clerk

(b) To the Participating Underwriter at the address set forth in the Note Resolution

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

(c) To the Dissemination Agent at the address set forth on *Exhibit B* attached hereto.

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 10. Electronic Transactions. Actions taken hereunder and the arrangement described herein may be conducted and related documents may be stored by electronic means.

Section 11. Beneficiaries. These Disclosure Instructions shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, the Participating Underwriter and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Section 12. Severability. If any provision in these Disclosure Instructions, the Note Resolution or the Notes relating hereto, shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13. Governing Law. These Disclosure Instructions shall be governed by and construed in accordance with the laws of the State of Kansas.

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Dated: August 24, 2010.

CITY OF BASEHOR, KANSAS

(SEAL)

Mayor

Clerk

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Basehor, Kansas

Name of Note Issue: \$3,460,000 General Obligation Temporary Notes, Series 2010-1, dated as of August 15, 2010

Name of Obligated Person: City of Basehor, Kansas

Date of Issuance: August 24, 2010

NOTICE IS GIVEN that the City of Basehor, Kansas (the "Issuer") has not provided an Annual Report with respect to the above-named Notes as required by the Continuing Disclosure Instructions dated as of August 24, 2010. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF BASEHOR, KANSAS

By _____

By _____, as
Dissemination Agent

cc: City of Basehor, Kansas

EXHIBIT B

ACCEPTANCE OF DISSEMINATION AGENT

Name of Issuer: City of Basehor, Kansas

Name of Note Issue: \$3,460,000 General Obligation Temporary Notes, Series 2010-1, dated as of August 15, 2010

Dissemination Agent:

Notice Address of Dissemination Agent:

_____, having been duly appointed by the City of Basehor, Kansas to act in the capacity of Dissemination Agent pursuant to the Continuing Disclosure Instructions to which this acceptance is attached, accepts such duties and responsibilities set forth therein.

Dated: _____

FEDERAL TAX CERTIFICATE

Dated as of August 24, 2010

OF

THE CITY OF BASEHOR, KANSAS

\$3,460,000
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1

FEDERAL TAX CERTIFICATE

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- B. **RECEIPT FOR PURCHASE PRICE**
- C. **RECEIPT AND REPRESENTATION**
- D. **DESCRIPTION OF PROPERTY COMPRISING THE FINANCED IMPROVEMENTS**

Schedule 1 **Debt Service Schedule and Proof of Yield**

* * *

FEDERAL TAX CERTIFICATE

THIS FEDERAL TAX CERTIFICATE (the "Tax Certificate"), is executed as of August 24, 2010 (the "Issue Date"), by the City of Basehor, Kansas, (the "Issuer").

RECITALS

1. This Tax Certificate is being executed and delivered in connection with the issuance by the Issuer of \$3,460,000 principal amount of General Obligation Temporary Notes, Series 2010-1 (the "Notes"), under Resolution No. 2010-07 of the Issuer duly adopted by the governing body of the Issuer on August 2, 2010 (the "Note Resolution"), for the purposes described in this Tax Certificate and in the Note Resolution.

2. The Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the "Regulations"), impose certain limitations on the uses and Investment of the Note proceeds and of certain other money relating to the Notes and set forth the conditions under which the interest on the Notes will be excluded from gross income for federal income tax purposes.

3. The Issuer is executing this Tax Certificate in order to set forth certain facts, covenants, representations, and expectations relating to the use of Note proceeds and the property financed or refinanced with those proceeds and the Investment of the Note proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Notes from gross income for federal income tax purposes.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Certificate, the Issuer represents, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions of Words and Terms. Except as otherwise provided in this Tax Certificate or unless the context otherwise requires, capitalized words and terms used in this Tax Certificate have the same meanings as set forth in the Note Resolution, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Certificate have the following meanings:

"Bona Fide Debt Service Fund" means a fund, which may include Note proceeds, that: (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and (b) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) one-twelfth of the principal and interest payments on the Notes for the immediately preceding Bond Year.

"Bond Counsel" means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Issuer.

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending September 1 or another one-year period selected by the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended.

“Financed Improvements” means any of the property financed or refinanced with the proceeds of the Original Obligations as described on *Exhibit D*.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Notes, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds or other Investment proceeds), (c) any amounts held in a sinking fund for the Notes, (d) any amounts held in a pledged fund or reserve fund for the Notes, and (e) any other replacement proceeds.

Specifically, Gross Proceeds includes (but is not limited) to amounts held in the following funds and accounts:

- (1) Redemption Fund.
- (2) Debt Service Account.
- (3) Costs of Issuance Account.

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

“Investment” means any security, obligation, annuity contract or other Investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds, including the Investment element of an interest rate cap agreement. Such term does not include a tax-exempt bond, except for “specified private activity bonds” as such term is defined in Code § 57(a)(5)(C), but does include the Investment element of most interest rate caps.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means August 24, 2010.

“Issuer” means the City of Basehor, Kansas, and its successors and assigns, or any body, agency or instrumentality of the State succeeding to or charged with the powers, duties and functions of the Issuer.

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Improvements, such as a contract to manage the entire Financed Improvements or a portion of the Financed Improvements. However, contracts for services that are solely incidental to the primary governmental function of the Financed Improvements (for example, contracts for janitorial, office equipment repair, billing, or similar services) are not treated as Management Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Improvements with proceeds of the Original Obligations, the period beginning on the later of (i)

the issue date of the Original Obligations or (ii) the date the property was or will be placed on service, and ending on the earlier of (A) the final maturity date of the Notes or (B) the expected economic useful life of the property.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Notes.

“Net Proceeds” means the sale proceeds of the Notes (excluding pre-issuance accrued interest), less any proceeds deposited in a reasonably required reserve or replacement fund, plus all Investment earnings on such sale proceeds.

“Non-Qualified Use” means use of Note proceeds or the Financed Improvements in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Note proceeds or the Financed Improvements are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Improvements, will constitute use under Regulations § 1.141-3.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Note” or **“Notes”** means any Note or Notes described in the recitals, authenticated and delivered under the Note Resolution.

“Note Resolution” means the Resolution No. 2010-07 as originally executed by the Issuer as amended and supplemented in accordance with the provisions of the Note Resolution.

“Opinion of Bond Counsel” means the written opinion of Gilmore & Bell, P.C. or other nationally recognized firm of bond counsel. Unless otherwise specifically noted herein an Opinion of Bond Counsel must conclude that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the interest on the Notes from gross income for federal income tax purposes.

“Original Obligations” means the Issuer’s Series 2008 Notes, which was the initial issue of tax-exempt governmental obligations that financed or refinanced a portion of the Financed Improvements.

“Output Contract” is defined in Regulations § 1.141-7 and generally includes any contract with a Non-Qualified User that provides for the purchase of the output of Financed Improvements.

“Purchaser” means UMB Bank, N.A., Kansas City, Missouri, the original purchaser of the Notes, and any successor and assigns.

“Qualified Use Agreement” means any of the following:

(a) A lease or other short-term use by members of the general public who occupy the Financed Improvements on a short-term basis in the ordinary course of the Issuer’s governmental purposes.

(b) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Improvements for a period up to 200 days in length pursuant to an arrangement whereby (1) the use of the Financed Improvements under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (2) the compensation for the use is determined based on generally applicable, fair market value rates that

are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Improvements under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(c) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Improvements for a period up to 100 days in length pursuant to arrangements whereby (1) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (2) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (3) the Financed Improvements was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Improvements under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(d) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Improvements for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Improvements was not constructed for a principal purpose of providing the property for use by that person.

“Qualified User” means a state, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Refunded Obligations” means the Series 2008 Notes maturing on September 1, 2010, in the aggregate principal amount of \$3,760,000.

“Regulations” means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Notes.

“Series 2008 Notes” means the Issuer's General Obligation Temporary Notes, Series 2008, dated September 15, 2008.

“State” means the State of Kansas.

“Tax Certificate” means this Federal Tax Certificate as it may from time to time be amended and supplemented in accordance with its terms.

“Transcript” means the Transcript of Proceedings relating to the authorization and issuance of the Notes.

“Yield” means Yield on the Notes, computed under Regulations § 1.148-4, and Yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.01 Representations and Covenants of the Issuer. The Issuer represents and covenants as follows:

(a) **Organization and Authority.** The Issuer (1) is a city of the third class, duly created, organized and existing under the Constitution and laws of the State, and (2) has lawful power and authority to issue the Notes for the purposes set forth in the Note Resolution, to enter into, execute and deliver the Note Resolution, the Notes, and this Tax Certificate and to carry out its obligations under this Tax Certificate and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Note Resolution, the Notes, and this Tax Certificate, acting by and through its duly authorized officials.

(b) **Tax-Exempt Status of Notes—General Representation and Covenants.** In order to maintain the exclusion of the interest on the Notes from gross income for federal income tax purposes, the Issuer (1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code; (2) will not use or invest, or permit the use or Investment of, any Note proceeds, other money held under the Note Resolution, or other funds of the Issuer, in a manner that would violate applicable provisions of the Code; and (3) will not use, or permit the use of, any portion of the Financed Improvements in a manner that would cause any Note to become a “private activity bond” as defined in Code § 141.

(c) **Governmental Obligations—Use of Proceeds.** Throughout the Measurement Period all of the Financed Improvements are expected to be owned by the Issuer or another Governmental Person. Throughout the Measurement Period no portion of the Financed Improvements are expected to be used in a Non-Qualified Use. Throughout the Measurement Period the Issuer will not permit any Non-Qualified Use of the Financed Improvements without first obtaining an Opinion of Bond Counsel.

(d) **Governmental Obligations—Private Security or Payment.** As of the Issue Date the Issuer expects that none of the principal and interest on the Notes and the payment of principal of and interest on the Refunded Obligations and on all other obligations which directly or indirectly refinanced the Original Obligations has not been (under the terms of the Notes or any underlying arrangement) directly or indirectly:

(1) secured by (i) any interest in property used or to be used for a private business use, or (ii) any interest in payments in respect of such property; or

(2) derived from payments (whether or not such payments are made to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use.

For purposes of the forgoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The Issuer will not permit any private security or payment with respect to the Notes without first obtaining an Opinion of Bond Counsel.

(e) **No Private Loan, Special Assessments.** Not more than 5% of the proceeds of the Notes will be loaned directly or indirectly to any person or entity that is not a state or local governmental unit. The payment of principal and interest on the Notes will be funded, and the payment of principal of and interest on the Refunded Obligations and on all other obligations which directly or indirectly

refinanced the Original Obligations was funded, in whole or in part from mandatory special assessments against the property benefiting from the Financed Improvements. The use of the proceeds of the Original Obligations is not treated as a loan of the Original Obligations proceeds because (1) the special assessment is an enforced contribution for the purpose of raising revenue for specific capital improvements; (2) the assessment does not include any fee for services; (3) the assessment and collection of the tax is not dependent upon, and does not vary, depending on whether the taxpayer engaged, or the property is used, in a trade or business; and (4) the tax is imposed to pay for an essential governmental function.

(f) **Management Agreements.** As of the Issue Date the Issuer has no Management Agreements with Non-Qualified Users. During the Measurement Period the Issuer will not enter into or renew any Management Agreement with any Non-Qualified User without first obtaining an Opinion of Bond Counsel.

(g) **Leases.** As of the Issue Date the Issuer has not entered into any leases of any portion of the Financed Improvements other than Qualified Use Agreements. During the Measurement Period the Issuer will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first obtaining an Opinion of Bond Counsel.

(h) **Output Contracts.** As of the Issue Date the Issuer does not have any "Output Contract". During the Measurement Period the Issuer will not enter into any "Output Contract," without first obtaining an Opinion of Bond Counsel.

(i) **Limit on Maturity of Notes.** A list of the assets included in the Financed Improvements and a computation of the "average reasonably expected economic life" is attached to this Tax Certificate as **Exhibit D**. Based on this computation, the "average maturity" of the Notes of [_____] years, as computed by Bond Counsel, does not exceed 120% of the average reasonably expected economic life of the Financed Improvements ([_____] years).

(j) **Reimbursement of Expenditures.** The governing body of the Issuer adopted a resolution(s) declaring the intent of the Issuer to finance the Financed Improvements with tax-exempt bonds and to reimburse the Issuer for expenditures made for the Financed Improvements prior to the issuance of such bonds. The resolutions are contained in Tabs 1 to 2, inclusive of the Transcript. No portion of the Net Proceeds of the Original Obligations were used to reimburse an expenditure paid by the Issuer more than 60 days prior to the date the respective resolution was adopted. The Issuer will evidence each allocation of the proceeds of the Original Obligations to an expenditure in writing. No reimbursement allocation will be made for an expenditure made more than three years prior to the date of the reimbursement allocation. In addition no reimbursement allocation will be made more than three years following the later of (1) the date of the expenditure or (2) the date the Financed Improvements were placed in service.

(k) **Registered Notes.** The Note Resolution requires that all of the Notes will be issued and held in registered form within the meaning of Code § 149(a).

(l) **Notes Not Federally Guaranteed.** The Issuer will not take any action or permit any action to be taken which would cause any Note to be "federally guaranteed" within the meaning of Code § 149(b).

(m) **IRS Form 8038-G.** Attached as **Exhibit A** is a copy of IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) that is being executed by a representative of the Issuer

and which is being filed with the Internal Revenue Service in connection with the issuance of the Notes as required by Code § 149 (e). Bond Counsel prepared Form 8038-G in connection with the issuance of the Notes. The Issuer knows of no inaccuracies in the Form 8038-G prepared by Bond Counsel. The Issuer is the sole Qualified User of the proceeds of the Notes listed on Lines 11-18 of Form 8038-G.

(n) **Hedge Bonds.** At least 85% of the Net Proceeds of the Original Obligations were used to carry out the governmental purpose of the Original Obligations within three years after the issue date of the Original Obligations, and not more than 50% of the proceeds of the Original Obligations were invested in Investments having a substantially guaranteed Yield for four years or more

(o) **Compliance with Future Tax Requirements.** The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Notes from gross income for federal income tax purposes.

(p) **Single Issue; No Other Issues.** The Notes constitute a single “issue” under Regulations § 1.150-1(c). No other debt obligations of the Issuer (1) are being sold within 15 days of the sale of the Notes, (2) are being sold under the same plan of financing as the Notes, and (3) are expected to be paid from substantially the same source of funds as the Notes (disregarding guarantees from unrelated parties, such as bond insurance).

(q) **Interest Rate Swap.** As of the Issue Date the Issuer has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Notes. The Issuer will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

(r) **Guaranteed Investment Contract.** As of the Issue Date of the Notes, the Issuer does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Notes. The Issuer will be responsible for complying with **Section 4.2(d)** hereof if it decides to enter into a Guaranteed Investment Contract at a later date.

(s) **Deemed Designated Bank Qualified Tax-Exempt Obligation.** The Deemed Designated Portion is part of a refunding or a series of refundings of an obligation that was a bank qualified obligations under Code § 265(b)(3). The Notes will not advance refund the Refunded Obligations. The amount of the Deemed Designated Portion does not exceed the outstanding amount of the Refunded Obligations. The average maturity date of the Notes does not exceed the average maturity date of the Refunded Obligations or, alternatively, the average maturity of and Refunded Obligations was 3 years or less. The Notes have a final maturity date that is not later than the date that is 30 years after the date the original qualified tax-exempt obligation was issued. The aggregate face and issue price of the Notes (as set forth in **Section 3.13**) does not exceed \$30,000,000.

Section 2.02 Survival of Representations and Covenants. All representations, covenants and certifications contained in this Tax Certificate or in any certificate or other instrument delivered by the Issuer under this Tax Certificate, will survive the execution and delivery of such documents and the issuance of the Notes, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Notes.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.01 General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the Issuer's expectations as to the sources, uses and Investment of Note proceeds and other money, in order to support the Issuer's conclusion that the Notes are not arbitrage bonds. The person executing this Tax Certificate on behalf of the Issuer is an officer of the Issuer responsible for issuing the Notes.

Section 3.02 Reasonable Expectations. The facts, estimates and expectations set forth in this Article are based upon and in reliance upon the Issuer's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Issuer's knowledge, the facts and estimates set forth in this Tax Certificate are accurate, and the expectations of the Issuer set forth in this Tax Certificate are reasonable. The Issuer has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Certificate are unreasonable or inaccurate or may not be relied upon.

Section 3.03 Purpose of Financing. The Notes are being issued for the purpose of providing funds to pay the costs of refunding the Refunded Obligations, as described in the Note Resolution, unless otherwise noted herein.

Section 3.04 Funds and Accounts. The following funds and accounts have been established under the Note Resolution:

- (a) Redemption Fund
- (b) Debt Service Account; and
- (c) Costs of Issuance Account.

Section 3.05 Amount and Use of Note Proceeds and Other Money.

(a) **Amount of Note Proceeds.** The total proceeds to be received by the Issuer from the sale of the Notes are as evidenced in *Exhibit B* attached to this Tax Certificate.

(b) **Use of Note Proceeds.** The Note proceeds are expected to be allocated to expenditures as follows:

(1) All accrued interest plus bid premium in the amount of \$173.00 will be deposited in the Debt Service Account and allocated to pay interest on the Notes.

(2) The sum of \$32,402.71 will be deposited in the Costs of Issuance Account and allocated to pay the Costs of Issuance of the Notes.

(3) The remaining Note proceeds in the amount of \$3,802,797.29, together with funds provided by the Issuer in accordance with *section (c)* hereof, shall be deposited into the Redemption Fund, and paid and transferred to the paying agent for the Refunded Obligations, with irrevocable instructions to apply such amount to the payment of the Refunded Obligations.

(c) **Use of Other Moneys.** Amounts held by the Issuer in accounts established for the Refunded Obligations and other money contributed by the Issuer are expected to be allocated to expenditures as follows:

(1) Simultaneously with the issuance of the Notes, the Issuer shall transfer from the Series 2008 Improvement Fund the sum of \$407,602.71 to the Redemption Fund to provide for payment of the Refunded Obligations.

(2) \$84,000.00 of unspent proceeds of the Refunded Obligations on deposit in the improvement fund established with respect to the Original Obligations will be used to complete the Financed Improvements.

Section 3.06 No Advance Refunding. No proceeds of the Notes will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.07 Current Refunding.

(a) **Proceeds Used For Current Refunding.** Proceeds of the Notes will be used to pay principal and interest on the Refunded Obligations. All such proceeds shall be spent not later than 90 days after the Issue Date.

(b) **Transferred Proceeds.** As of the Issue Date the following unspent proceeds of the Refunded Obligations remain: approximately \$84,000.00 in the improvement fund for the Refunded Obligations. Upon discharge of any principal amount of the Refunded Obligations with proceeds of the Notes, a ratable portion of the remaining unspent proceeds of the Refunded Obligations will become proceeds of the Notes (determined in accordance with Regulations § 1.148-9(b)).

Section 3.08 Completion of Financed Improvements. The Financed Improvements have previously been completed. ****[Insert alternate language – improvements not complete]****

Section 3.09 Sinking Funds. Except for the Debt Service Account, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Notes has been established or is expected to be established. Except for the Debt Service Account, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Notes has been established or is expected to be established. The Debt Service Account is used primarily to achieve a proper matching of revenues with principal and interest payments on the Notes within each Bond Year, and the Issuer expects that the Debt Service Account will qualify as a Bona Fide Debt Service Fund.

Section 3.10 Reserve, Replacement and Pledged Funds. No reserve fund has been or will be established for the Notes. None of the Note proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Improvements or refund the Refunded Obligations, and that instead has been or will be used to acquire higher Yielding Investments. Except for the Debt Service Account, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Notes if the Issuer encounters financial difficulty.

Section 3.11 Purpose Investment Yield. The proceeds of the Notes will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.12 Offering Prices and Yield on Notes.

(a) **Offering Price.** On *Exhibit C*, the Purchaser has certified that (1) all of the Notes have been the subject of an initial offering to the public at prices no higher than those shown on such *Exhibit C*, plus accrued interest (the "Offering Prices"); and (2) the Purchaser expects that at least 10% of the Notes will be sold to the public at initial offering prices no higher than said Offering Prices. The aggregate initial offering price of the Notes is \$3,470,483.80, plus accrued interest.

(b) **Note Yield.** Based on the Offering Prices, the yield on the Notes is _____%, as computed by Bond Counsel and shown on *Schedule 1* attached to this Certificate. Costs of Issuance were not taken into account in this computation. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Notes.

The Notes are subject to the special rules of Regulations § 1.148-4(b)(3) for certain Notes that are subject to optional redemption and issued at an original issue premium that exceeds the stated redemption price at maturity by more than ¼% multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date for such Note. Such maturity was sold to the public at an original issue premium in excess of the formula stated above. Therefore, in computing yield on the Notes, such maturity was treated as redeemed at the stated redemption price on the optional redemption date (September 1, 2011) that produces the lowest yield for the Notes.

Section 3.13 Miscellaneous Arbitrage Matters.

(a) **No Abusive Arbitrage Device.** The Notes are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) **No Over-Issuance.** The sale proceeds of the Notes, together with expected Investment earnings thereon and other money contributed by the Issuer, do not exceed the cost of the governmental purpose of the Notes as described above.

Section 3.14 Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Certificate, the Issuer does not expect that the Note proceeds will be used in a manner that would cause any Note to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

ARTICLE IV

ARBITRAGE INVESTMENT INSTRUCTIONS

Section 4.01 Temporary Periods/Yield Restriction. Except as described below, Gross Proceeds must not be invested at a Yield greater than the Yield on the Notes:

(a) **Redemption Fund.** Proceeds of the Notes deposited in the Redemption Fund and Investment earnings on such proceeds may be invested without Yield restriction for a period of 90 days after the Issue Date.

(b) **Cost of Issuance Account.** Note proceeds deposited in the Cost of Issuance Account and Investment earnings on such proceeds may be invested without Yield restriction for a period of 90 days after the Issue Date.

(c) **Debt Service Account.** To the extent that the Debt Service Account qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for one year after the date of receipt of such earnings.

(c) **Minor Portion.** In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.02 Fair Market Value.

(a) **General.** No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with § 1.148-5 of the Regulations.

(b) **Established Securities Market.** Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with § 1.148-5 of the Regulations.

(c) **Certificates of Deposit.** The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) **Guaranteed Investment Contracts.** The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) **Bona Fide Solicitation for Bids.** The Issuer makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

- (A) The bid specifications are in writing and are timely forwarded to potential providers.
- (B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.

- (C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the Issuer or any other person, for purposes of satisfying the requirements of the Regulations.
 - (D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.
 - (E) The terms of the solicitation take into account the Issuer’s reasonably expected deposit and draw-down schedule for the amounts to be invested.
 - (F) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.
 - (G) At least three “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.
- (2) *Bids Received.* The bids received must meet all of the following requirements:
- (A) At least three bids are received from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.
 - (B) At least one of the three bids received is from a reasonably competitive provider, as defined above.
 - (C) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) *Winning Bid.* The winning bid is the highest Yielding bona fide bid (determined net of any broker's fees).

(4) *Fees Paid.* The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) *Records.* The Issuer retains the following records with the note documents until three years after the last outstanding Note is redeemed:

- (A) A copy of the Guaranteed Investment Contract.
- (B) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer, and the certification as to fees paid, described in paragraph (d)(4) above.
- (C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.
- (D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments.* If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least three bids on the Investment must be received from persons with no financial interest in the Notes (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.03 Notes Exempt from the Rebate Requirement.

(a) *The Notes Qualify as a Rebate-Exempt Small Issue.*

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

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

(3) 95% or more of the Net Proceeds of the Notes are to be used for local governmental activities of the Issuer; and

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

Issuer to currently refund any other bond are not taken into account to the extent that the amount of the refunding bonds does not exceed the outstanding amount of the Refunded Obligations.

(5) Each Refunded Obligation was issued as part of an issue that was exempt from arbitrage rebate under the small-issuer exception of Code § 148(f)(4)(D);

(6) No Note has a maturity date later than 30 years after the issue date of the Original Obligations.

Based on these certifications, Bond Counsel has advised the Issuer that the Notes are exempt from the arbitrage rebate requirements of Code § 148(f), under the small-issuer exception set forth in Code § 148(f)(4)(D).

Section 4.04 Computation and Payment of Arbitrage Rebate.

(a) **Rebate Fund.** The Issuer will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Certificate. Any Investment earnings derived from the Rebate Fund will be credited to the Rebate Fund, and any Investment loss will be charged to the Rebate Fund.

(b) **Computation of Rebate Amount.** The Issuer will provide the Rebate Analyst Investment reports relating to each fund held by it that contains Gross Proceeds of the Notes together with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Issuer annually as of the end of each Bond Year and not later than ten days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Notes, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Issuer together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is less than the arbitrage rebate due, the Issuer will, within 55 days after such Computation Date, pay the rebate amount or amount of the deficiency for deposit into the Rebate Fund. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is greater than the Rebate Amount such surplus in the Rebate Fund to the Debt Service Account. After the final Computation Date or at any other time if the Rebate Analyst has advised the Issuer, any money left in the Rebate Fund will be paid to the Issuer and may be used for any purpose not prohibited by law.

(c) **Rebate Payments.** Within 60 days after each Computation Date, the Issuer will pay to the United States the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center
Ogden, UT 84201

Section 4.05 Successor Rebate Analyst. If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the Issuer desires that a different firm act as the Rebate Analyst, then the Issuer by an instrument or concurrent instruments in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Certificate, will engage a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder.

Section 4.06 Rebate Report Records. The Issuer will retain copies of each arbitrage rebate report and opinion until three years after the final Computation Date.

Section 4.07 Survival after Defeasance. Notwithstanding anything in the Note Resolution to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Notes.

Section 4.08 Filing Requirements. The Issuer will file or cause to be filed with the Internal Revenue Service such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.01 Term of Tax Certificate. This Tax Certificate will be effective concurrently with the issuance and delivery of the Notes and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Notes have been fully paid and all such Notes are cancelled; provided that, the provisions of *Article IV* of this Tax Certificate regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States.

Section 5.02 Amendments. This Tax Certificate may be amended from time to time by the parties to this Tax Certificate without notice to or the consent of any of the Owners, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then existing law, assuming compliance with this Tax Certificate as so amended such amendment will not cause interest on any Note to be included in gross income for federal income tax purposes. No such amendment will become effective until the Issuer receives this Opinion of Bond Counsel.

Section 5.03 Opinion of Bond Counsel. The Issuer may deviate from the provisions of this Tax Certificate if furnished with an Opinion of Bond Counsel addressed to each of them to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Notes from gross income for federal income tax purposes. The Issuer will comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Notes or the exclusion from gross income of interest on the Notes.

Section 5.04 Reliance. In delivering this Tax Certificate the Issuer is making only those certifications, representations and agreements as are specifically attributed to them in this Tax Certificate.

The Issuer is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Certificate and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The parties to this Tax Certificate understand that its certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Notes and the exclusion from federal gross income of the interest on the Notes.

Section 5.05 Severability. If any provision in this Tax Certificate or in the Notes is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.06 Benefit of Certificate. This Tax Certificate is binding upon the Issuer its respective successors and assigns, and inures to the benefit of the parties to this Tax Certificate and the owners of the Notes. Nothing in this Tax Certificate or in the Note Resolution or the Notes, express or implied, gives to any person, other than the parties to this Tax Certificate, their successors and assigns, and the owners of the Notes, any benefit or any legal or equitable right, remedy or claim under this Tax Certificate.

Section 5.07 Default; Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Certificate may be pursued by the Owners pursuant to the terms of the Note Resolution or any other document which references this Tax Certificate and gives remedies for a misrepresentation or breach thereof.

Section 5.08 Record Keeping Responsibilities. The Issuer recognizes: (i) that investors purchase the Notes with the expectation that interest on the Notes is excluded from gross income for federal income tax purposes, (ii) that the tax-exempt status of interest on the Notes depends on the accuracy of the representations and the satisfaction of the covenants contained herein by the Issuer, many of which relate to matters that will occur after the date the Notes are issued, and (iii) that as part of its ongoing tax-exempt bond audit program the Internal Revenue Service requires that records be created and maintained with respect to the following matters:

(a) Documentation evidencing expenditure of Note proceeds and the Original Obligation proceeds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure.

(b) Documentation evidencing use of the Financed Improvements by public and private persons (e.g., copies of Management Agreements).

(c) Documentation evidencing all sources of payment or security for the Notes.

(d) Documentation pertaining to any Investment of Note proceeds (including the purchase and sale of securities, SLGs subscriptions, actual Investment income received from the Investment of proceeds, guaranteed Investment contracts, and (if required) rebate calculations).

The Issuer has procedures in place or will establish procedures to create and retain these records or to cause these records to be created and retained. Unless otherwise specifically instructed in a written opinion of Bond Counsel or to the extent otherwise provided in this Tax Certificate, the Issuer shall retain and maintain these records until three years following the final maturity of (i) the Notes or (ii) any

obligation issued to refund the Notes. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22.

Section 5.09 Execution in Counterparts. This Tax Certificate may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.10 Governing Law. This Tax Certificate will be governed by and construed in accordance with the laws of the State.

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THE UNDERSIGNED, Mayor and Clerk of the Issuer, by their execution of this Tax Certificate hereby make the foregoing certifications, representations, and agreements contained in this Tax Certificate on behalf of the Issuer, as of the Issue Date of the Notes.

CITY OF BASEHOR, KANSAS

By: _____
Mayor

By: _____
Clerk

EXHIBIT A

IRS FORM 8038-G

EXHIBIT B

RECEIPT FOR PURCHASE PRICE

**\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010**

The undersigned Clerk of the City of Basehor, Kansas, this day received from UMB Bank, N.A., Kansas City, Missouri, the original purchaser of the above-described notes (the "Notes"), the full purchase price of the Notes, said purchase price and net amount received by the Issuer being calculated as follows:

Principal Amount	\$3,460,000.00
Plus Accrued Interest	865.00
Plus Bid Premium	173.00
Less Underwriting Discount	-10,310.80
Plus Original Issue Premium	10,483.80
Less Original Issue Discount	-0.00
Total Purchase Price	\$3,460,173.00

DATED: August 24, 2010.

CITY OF BASEHOR, KANSAS

By _____
Clerk

EXHIBIT C

RECEIPT AND REPRESENTATION

**\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010**

This certificate is being delivered by UMB Bank, N.A., Kansas City, Missouri (the "Purchaser") as original purchaser of the above-described notes (the "Notes"), being issued on the date of this Receipt by the City of Basehor, Kansas (the "Issuer"), certifies and represents as follows:

1. **Authorized Representative.** The undersigned is the duly authorized representative of the Purchaser.

2. **Receipt for Notes.** The Purchaser acknowledges receipt by the Depository Trust Company on behalf of the Purchaser on the Issue Date of the Notes consisting of fully registered "book-entry-only" notes in Authorized Denominations in a form acceptable to the Purchaser.

3. **Public Offering.** All of the Notes have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at prices no higher than the prices set forth on **Schedule I** attached to this Certificate, plus accrued interest (the "Offering Prices"). On the basis of information available to us which we believe to be correct, we expect that at least 10 percent of the Notes will be sold to the public at offering prices no higher than said Offering Prices.

4. **Reliance.** The Issuer may rely on the foregoing representations in executing and delivering its Federal Tax Certificate with respect to its certification as to issue price of the Notes under the Internal Revenue Code of 1986, as amended (the "Code"), and Gilmore & Bell, P.C., Bond Counsel, may rely on the foregoing representations in rendering its opinion relating to the exclusion from federal gross income of the interest on the Notes under the Code.

Dated: August 24, 2010.

**UMB Bank, N.A.,
Kansas City, Missouri**

By: _____
Title: _____

SCHEDULE I

<u>Stated Maturity September 1</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Price</u>
2012	\$3,460,000	1.000%	100.303

EXHIBIT D

**\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010**

DESCRIPTION OF PROPERTY COMPRISING THE FINANCED IMPROVEMENTS

Schedule 1
Debt Service Schedule and Proof of Yield

[REG. NOTES TRANSCRIPT DOCUMENTS AND OPINIONS]

- A. Closing List
- B. Transcript Certificate
- C. Certificates of Manual Signature
- D. Agreement Between Issuer and Agent
- E. Underwriting Safekeeping Agreement
- F. Certificate of Financial Advisor
- G. Form of Bond Counsel Opinion

TRANSCRIPT OF PROCEEDINGS

AUTHORIZING THE ISSUANCE

OF

\$3,460,000

CITY OF BASEHOR, KANSAS

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1**

DATED AUGUST 15, 2010

Legal Opinion

**Gilmore & Bell, P.C.
Kansas City, Missouri**

CITY OF BASEHOR, KANSAS

**\$3,460,000
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1**

DATED AUGUST 15, 2010

CLOSING LIST

Copies of the transcript of proceedings for the above referenced issue (the "Notes"), will be prepared and distributed as follows:

1. City of Basehor, Kansas (the "Issuer")
2. Attorney General of the State of Kansas
3. [Purchaser Name], [Purchaser City, State] (the "Original Purchaser")
4. Piper Jaffray & Co., Leawood, Kansas ("Financial Advisor")
5. Gilmore & Bell, P.C., Kansas City, Missouri ("Bond Counsel")

PROCEEDINGS AUTHORIZING THE IMPROVEMENTS

Document
Number

1. 155th Street Improvement District
2. Basehor Boulevard Improvement District
3. Development Agreement related to 155th Street Improvement District and Basehor Boulevard Improvement District

**PROCEEDINGS AUTHORIZING THE SALE
AND ISSUANCE OF THE NOTES**

4. Excerpt of minutes of the governing body meeting evidencing adoption of Resolution No. _____
5. Resolution No. _____ authorizing the offering for sale of the Notes

6. Notice of Note Sale, Preliminary Official Statement and Certificate Deeming Preliminary Official Statement Final
7. Official Statement
8. [Notice and Consent to Special Meeting and] Excerpt of minutes of the governing body meeting evidencing opening of the bids, acceptance of the best bid of the Original Purchaser and adoption of Resolution No. _____
9. Resolution No. _____ authorizing the issuance of the Notes and prescribing the form and details of the Notes

CLOSING DOCUMENTS

10. Transcript Certificate
11. Uniform Facsimile of Signature Certificate
12. Specimen Note
13. Agreement Between Issuer and Agent
14. DTC Documents
 - a. Blanket Letter of Representations
 - b. Underwriting Safekeeping Agreement
15. [Rating Letters]
16. Closing Certificate
 - Exhibit A* - Continuing Disclosure Instructions
17. Federal Tax Certificate with attachments as follows:
 - Exhibit A* - Internal Revenue Service Form 8038-G and Evidence of Filing
 - Exhibit B* - Receipt for Purchase Price
 - Exhibit C* - Receipt and Representation
 - Exhibit D* - Description of Property Comprising the Financed Improvements
 - Schedule I* - Debt Service Schedule & Proof of Yield
18. Certificate of Financial Advisor

LEGAL OPINIONS

19. Approving legal opinion of Gilmore & Bell, P.C.
20. Approval letter of Attorney General

MISCELLANEOUS DOCUMENTS

21. Closing Letter

* * * * *

TRANSCRIPT CERTIFICATE

\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010

The undersigned Mayor and Clerk of the City of Basehor, Kansas (the "Issuer"), do hereby make this certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described notes (the "Notes"); and do hereby certify as of August 2, 2010, as follows:

1. Meaning of Words and Terms. Capitalized words and terms used herein, unless otherwise defined herein or the context requires otherwise, shall have the same meanings ascribed to such words and terms in the hereinafter defined Resolution authorizing the Notes.

2. Organization. The Issuer is a legally constituted city of the third class organized and existing under the laws of the State of Kansas.

3. Transcript of Proceedings. The transcript of proceedings (the "Transcript") relating to the authorization and issuance of the Notes is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript, and the facts stated in the Transcript still exist. In each and every instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk.

4. Newspaper. *The Basehor Sentinel* was the official newspaper of the Issuer at all times during these proceedings.

5. Meetings. All of the meetings of the governing body of the Issuer at which action was taken as shown in the Transcript were either regular meetings or duly adjourned regular meetings or special meetings duly called and held in accordance with law and the ordinances and rules of the Issuer.

6. Incumbency of Officers. The following named persons were and are the duly qualified and acting officers of the Issuer at and during all the times when action was taken as indicated in the Transcript as follows:

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>
Terry L. Hill	Mayor	_____ to 4/2011
Chris Garcia	Mayor	4/2005 to 4/2009
James Washington	President & Councilmember	4/2007 to 4/2011
Iris Dysart	Councilmember	4/2003 to 4/2011
Terry L. Hill	Councilmember	4/2007 to 4/20____
David K. Breuer	Councilmember	4/20____ to 4/20____
Dennis Mertz	Councilmember	4/20____ to 4/20____
William R. Moyer	Councilmember	4/20____ to 4/20____

Roger McDowell	Councilmember	5/2008 to 4/2009
Keith Sifford	Councilmember	11/2002 to 4/2009
Mark Loughry	City Administrator	_____ to _____
Carl Slaugh	City Administrator	3/27/2006 to _____
Katherine Renn	City Clerk	_____ to _____
Mary Ann Mogle	City Clerk	11/6/1984 to _____
Susan Adams	Treasurer	2/21/2005 to Present

7. **Execution of Notes.** The Notes have been executed with manual or facsimile signatures; and the manual or facsimile signatures appearing on the face of the Notes are manual or facsimiles of the true and genuine signatures of the Mayor and Clerk of the Issuer. Each signature has been duly filed in the office of the Secretary of State of Kansas pursuant to K.S.A. 75-4001 *et seq.* A facsimile of the seal of the Issuer is affixed to or imprinted on each of the Notes and on the reverse side of each of the Notes at the place where the Clerk has executed by facsimile signature the Certificate of Registration; and each Notes bears a Certificate of Registration evidencing the fact that it has been registered in the office of the Clerk. A true impression of the seal is set forth adjacent to the signature of the Clerk below. The specimen note included in the Transcript is in the form adopted by the governing body of the Issuer for the Notes.

8. **Authorization of Notes.** The Notes are being issued pursuant to Resolution No. _____ (the "Resolution") of the Issuer pursuant to K.S.A. 10-123 for the purpose of paying the costs of certain street, water and sewer improvements (the "Improvements"). The Improvements have been duly authorized by the Issuer pursuant to K.S.A. 12-6a01 *et seq.*, as amended, and all other applicable provisions of the laws of the State of Kansas. Estimates of the cost of the Improvements have been presented to and approved by the governing body of the Issuer, and said estimates of cost are on file in the office of the Clerk, and the total principal amount of the Notes does not exceed the cost of the Improvements for which the Notes are issued.

The Notes are also issued for the purpose of refunding certain Temporary Notes of the Issuer (the "Existing Notes") described as follows:

\$3,760,000 outstanding principal amount of General Obligation Temporary Notes, Series 2008, dated September 15, 2008

The Existing Notes, issued to temporarily finance the costs of the Improvements, will be redeemed and paid contemporaneously with the issuance of the Notes.

The interest rates on the Notes on the date of the sale of the Notes were within the maximum legal limit for interest rates under K.S.A. 10-1009, as amended.

9. **Indebtedness.** The currently outstanding applicable indebtedness of the Issuer, including the Notes, does not exceed any applicable constitutional or statutory limitations. A schedule of general obligation indebtedness is attached hereto as *Exhibit A* and made a part hereof by reference as though fully set out herein.

10. Valuation. The total assessed valuation of the taxable tangible property within the Issuer for the year 20[], is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property	\$
Tangible Valuation of Motor Vehicles	
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations	\$

11. Non-litigation. There is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Notes shown to be authorized in the Transcript; (e) the validity of the Notes, or any of the proceedings had in relation to the authorization, issuance or sale thereof; or (f) the levy and collection of a tax to pay the principal of and interest on the Notes.

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WITNESS our true and genuine manual signatures and the seal of the Issuer.

Mayor

(SEAL)

Clerk

EXHIBIT A

SCHEDULE OF OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS
(as of August 15, 2010)

AGREEMENT BETWEEN ISSUER AND AGENT

\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010

THIS AGREEMENT, dated as of August 15, 2010, between the City of Basehor, Kansas, a municipality (the "Issuer"), and the State Treasurer of Kansas, as Agent (the "Agent").

WHEREAS, for its lawful purposes, the Issuer has duly authorized the issue of the above-captioned notes (the "Securities"), and the Issuer wishes the Agent to act as its Paying Agent, Note Registrar, and Transfer Agent for the Securities:

Now, therefore, it is hereby agreed as follows:

I. APPOINTMENT

Issuer hereby appoints or has heretofore appointed the State Treasurer of Kansas to act as Paying Agent, Note Registrar and Transfer Agent for the Securities. The State Treasurer of Kansas hereby accepts its appointment as the Paying Agent, Note Registrar and Transfer Agent.

II. BASIC DUTIES

- A. Issuer or its duly authorized representative agrees to furnish Agent the name(s) and address(es) of the initial registered owner(s) of the Securities together with such registered owners' tax identification (social security) number(s), the maturity date(s), denomination(s) and interest rate(s) for each Security.
- B. Agent shall manually authenticate the originally issued Securities upon the written order of one or more authorized officers of Issuer. Thereafter, Agent shall manually authenticate all Securities resulting from transfer or exchange of Securities.
- C. Agent shall maintain an office in the City of Topeka, Kansas, where Securities may be presented for registration, transfer and exchange; and shall also maintain an office in the City of Topeka, Kansas, where Securities may be presented for payment. Agent shall keep a register of the Securities and their transfer and exchange.
- D. Agent may rely upon any document believed by it to be genuine and to have been signed or presented by the proper person. Agent need not investigate any fact or matter stated in the document. Agent undertakes to perform such duties and only such duties set forth in K.S.A. 10-620 *et seq.*, except as specifically provided in this Agreement.

Agent shall notify the owners of the Securities upon default in payment of principal or interest on the Securities and the Agent shall have no duties or responsibilities thereafter.

III. COMPENSATION

Issuer covenants and agrees to pay to Agent, as reasonable compensation for the services provided as Agent, a registration fee of \$30, plus a fee of \$600.

This amount will be due at the time of registration unless such fee is to be paid from the proceeds of the note issue in which case Issuer agrees to pay such fee within two (2) business days of the closing of the note issue. In addition to the aforementioned fee, Issuer covenants and agrees to pay to Agent the fee as stated and required by K.S.A. 10-505 for performing the duties of paying the principal of the Securities.

IV. **STANDARD OF PERFORMANCE**

Issuer shall provide, or shall cause to be provided to Agent, a designation of whether its Securities are to be issued in certificated or uncertificated form, or both.

A. ***STATEMENTS OF OWNERSHIP***

Agent agrees to provide Statements of Ownership to the owner of uncertificated Securities. Such Statements shall be in accordance with the standards set forth by the Attorney General. All Statements shall be issued in the denominations of \$1,000 or \$5,000 or integral multiples thereof except for one additional Security in another denomination, which additional Security shall mature in the initial maturity year of the series of the Securities. Interest is computed on the basis of \$1,000 or \$5,000 units and in all transactions involving the payment of interest, fractions of a cent equalling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Agent shall at all times maintain an adequate supply of Statements of Ownership for any anticipated transfers or exchanges of the Statements.

B. ***CERTIFICATED SECURITIES***

All certificated Securities issued by Issuer under this Agreement shall be in accordance with the standards set forth by the Attorney General and unless otherwise authorized by Agent, the principal thereof shall be payable only upon surrender of the Security to Agent. All certificates shall be issued in the denomination of \$1,000 or \$5,000 or integral multiples thereof except one authorized Security in another denomination which additional Security shall mature in the initial maturity year of the series of Securities. Interest is computed on the basis of \$1,000 or \$5,000 units and in all transactions involving the payment of interest, fractions of a cent equaling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Issuer shall at Issuer's cost provide Agent with an adequate supply of certificates for any anticipated transfers or exchanges of the certificates. Issuer shall be responsible for the payment of the printing or other expenses for such certificates. Issuer shall be responsible for obtaining appropriate "CUSIP" number(s) and shall notify Agent of each number(s) prior to the issuance of the applicable Securities.

C. ***INTEREST CALCULATIONS***

Agent shall calculate interest on the basis of \$1,000 and \$5,000 *units*, or in the case of one odd denomination, calculate the *unit* separately. Each *intermediate unit* calculation is

first determined, then rounded to the sixth decimal position; *i.e.* whenever the seventh decimal place is equal to or greater than five the sixth decimal place is increased by one. The final per unit calculation is subsequently rounded to two decimal positions. (See *Attachment "A"* for sample calculation.)

D. ***SURRENDER***

Securities surrendered for payment, cancellation or partial redemption shall be cancelled by Agent and returned to Issuer in accordance with K.S.A. 10-111.

E. ***TRANSFERS AND EXCHANGES***

1. When Securities are presented to Agent for transfer or exchange, Agent shall so transfer or exchange such Securities if the requirements of *Section 8-401(1)* of the Uniform Commercial Code are met.
2. In accordance with the authorizing Resolution of the Issuer (the "Resolution"), payments of interest shall be made to the owner of record of each Security as of the close of business on the fifteenth day of the month preceding each interest payment date. The Agent shall make such payments to the record owner of each Security as set forth on the registration books maintained by Agent as of such date.
3. Agent shall not be required to transfer or exchange any Security during a period beginning on the day following the fifteenth day of the month preceding any interest payment date for such Securities and ending at the close of business on the interest payment date, or to transfer or exchange any Security selected or called for redemption in whole or in part subsequent to the date notice of such redemption is given in accordance with the Resolution authorizing the Securities.

F. ***REGISTRATION DATES AND FUNDS FOR PAYMENTS***

Date of Registration shall be affixed on the initial Securities. Subsequent transfers or exchanges shall bear a Date of Registration as of the date that all the required documentation is received at the Agent's official place of business. Issuer will provide funds to make any interest or principal payments in accordance with K.S.A. 10-130 and amendments thereto. Agent is hereby authorized to effect any semiannual payment of interest or any principal by charging the Issuer's Fiscal Agency account with Agent.

G. ***REPLACEMENT OF SECURITIES***

If the owner of a Security claims that a Security has been lost, destroyed or wrongfully taken, Issuer shall issue and Agent shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met. Only Agent shall perform this function. An indemnity bond and affidavit of loss shall be provided to Agent and Issuer at the expense of the owner of the Security. Such indemnity bond and affidavit of loss must be sufficient in the judgment of Issuer and Agent to protect Issuer and Agent from any loss which any of them may suffer if the Security is replaced. Issuer may charge the Security owner for its expenses in the replacement of a Security.

H. **REDEMPTIONS**

Optional Redemption. If any Securities are to be redeemed pursuant to an optional redemption in accordance with their terms, Issuer agrees to give Agent at least fifteen (15) days written notice thereof prior to the notice to be given the Security owners. If there is no provision for notice to the Security owners, Issuer agrees to give at least thirty (30) days written notice to Agent.

Notice of Redemption. Agent shall then notify, by ordinary mail, the owner of such Securities to be so redeemed. Agent shall select the Securities to be so redeemed. Agent shall not be required to exchange or register a transfer of any Security for a period of fifteen (15) days preceding the date notice is to be provided to the Security owners for the purpose of selecting Securities on a partial redemption. Further, in the event notice is given to Agent for a complete redemption of the Issue according to the terms of the authorizing Resolution or Ordinance, Agent shall not be required to transfer or exchange any Security beginning on the day following the 15th day preceding the date set for redemption.

I. **MISCELLANEOUS**

Agent hereby acknowledges receipt of numbered Securities of Issuer (in a number equal to one Security for each maturity) for registration and exchange, and shall safeguard any "blank" Securities held for purpose of exchange or transfer.

J. **REPORTS**

Agent shall provide Issuer an annual report of the activity with respect to the issuance of Securities upon written request of Issuer.

K. **CONSTRUCTION**

This Agreement shall be construed in accordance with the laws of the State of Kansas and also the Resolution authorizing the issuance of the Securities.

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CITY OF BASEHOR, KANSAS

(SEAL)

By _____
Mayor

ATTEST:

By _____
Clerk

**OFFICE OF THE TREASURER
OF THE STATE OF KANSAS**

(SEAL)

By _____

ATTACHMENT "A"

SAMPLE

$$\begin{array}{r} \$5,000.00000 \dots\dots\dots \text{Bond Unit} \\ \times \quad \underline{.06875} \dots\dots\dots \text{Interest Rate} \\ = \quad 343.750000 \quad \text{Rounded to six decimal places} \\ \\ / \quad \underline{360} \dots\dots\dots \text{Days per year} \\ = \quad .954861 \quad \text{Rounded to six decimal places} \\ \\ \times \quad \underline{180} \dots\dots\dots \text{Day in interest period} \\ = \quad 171.874980 \quad (\text{Rounded to second decimal} = \$171.87) \end{array}$$

Unit interest is then multiplied by the number of units in the maturity.

**UNDERWRITING SAFEKEEPING AGREEMENT
BY AND BETWEEN
DEPOSITORY TRUST COMPANY
AND
THE CITY OF BASEHOR, KANSAS
AND
THE OFFICE OF THE KANSAS STATE TREASURER**

**\$3,460,000
CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010**

In order to induce the Depository Trust Company (the "DTC") to accept delivery of the above captioned notes (the "Notes") for safekeeping prior to the delivery of the Notes on August 24, 2010 (the "Closing Date"), the City of Basehor, Kansas (the "Issuer"), and the Treasurer of the State of Kansas (the "Agent") hereby agree to place the entire principal amount of the Notes, in the custody, control and possession of DTC at least one day prior to the Closing Date. The Issuer further agrees that by copy of this letter appropriately executed, it will notify DTC to follow the instructions of [Purchaser Name], [Purchaser City, State], as the Underwriter (the "Underwriter") in distributing the Notes.

By executing this agreement in the appropriate place DTC acknowledges receipt from the Agent of possession, custody and control of the Notes, and agrees to safekeep and hold in escrow the Notes until it shall have received notification from one of the following authorized representatives of the Issuer to release or return the Notes: Katherine Renn, Clerk or Gilmore & Bell, P.C., Bond Counsel. Notification may be made by telephone or by receipt of an executed notice, delivered or telecopied to DTC; provided, however, that if the notification is made by telephone, written notice must be sent within 24 hours of the original notification. In the event the Issuer executes the release of the Notes, DTC will distribute the Notes pursuant to written instructions provided by the Underwriter; however, in the event a demand for the return of the Notes is received, DTC shall return the Notes as soon as practicable, but in any event, no later than the following business day.

DTC agrees to hold the Issuer and the Agent, as their interests may appear, and any of their officers or employees, harmless from any liability, loss, damage or reasonable expense in connection with the loss, theft, destruction or other disappearance of the Notes while they are in the possession, custody or control of DTC, prior to concluding the Closing with respect to the Notes and prior to distributing the Notes in accordance with the instructions furnished by the Underwriter.

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CITY OF BASEHOR, KANSAS

Dated: August 2, 2010

By: _____
Clerk

**OFFICE OF THE TREASURER OF
THE STATE OF KANSAS, As Agent**

Dated: _____

By: _____
Title: _____

DEPOSITORY TRUST COMPANY

Dated: _____

By: _____
Title: _____

DTC hereby acknowledges receipt from
the Agent of custody, control
and possession of the Notes.

Dated: _____.

DEPOSITORY TRUST COMPANY

By _____
Title _____

Re: \$3,460,000 General Obligation Temporary Notes, Series 2010-1, dated August 15, 2010, of the City of Basehor, Kansas

Dated: August 24, 2010.

The formal Closing of the above-referenced Notes has occurred, and DTC is hereby authorized to distribute the Notes as previously agreed:

By: _____
GILMORE & BELL, P.C.,
as Bond Counsel for the Issuer

The Closing of the above-referenced Notes did not occur and DTC is requested to return the Notes to the custody, control and possession of the Agent:

By: _____
GILMORE & BELL, P.C.,
as Bond Counsel for the Issuer

CERTIFICATE OF FINANCIAL ADVISOR

\$3,460,000

**CITY OF BASEHOR, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1
DATED AUGUST 15, 2010**

Piper Jaffray & Co., Leawood, Kansas, is employed as financial advisor to the City of Basehor, Kansas (the "Issuer") with respect to the above captioned notes (the "Notes").

1. Duties. The Financial Advisor rendered certain professional services to the Issuer, including advising the Issuer with respect to the sale of the Notes, and assisting the Issuer with the preparation of the Preliminary Official Statement dated July 12, 2010 and the Official Statement dated August 2, 2010, (both documents referred to collectively herein as the "Official Statement").

2. Official Statement. The Financial Advisor has read the Official Statement, but has not, however, independently verified the factual and financial information contained in the Official Statement, including the appendices attached thereto, nor have we participated in the drafting for the appendices to the Official Statement.

3. Certification. Based on the foregoing, the Financial Advisor certifies, to the best of our knowledge, information and belief, the information contained in the Official Statement (except for *Appendices B and C* attached to the Official Statement) are, as of its date and as of the date hereof, true and correct in all material respects, and the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made.

Dated August 24, 2010.

**PIPER JAFFRAY & CO.
LEAWOOD, KANSAS**

By _____
Title:

[FORM OF BOND COUNSEL OPINION]

GILMORE & BELL, P.C.
Attorneys at Law
2405 Grand Blvd., Suite 1100
Kansas City, Missouri 64108

[August 24, 2010]

Governing Body
City of Basehor, Kansas

[Purchaser Name]
[Purchaser City, State]

Re: \$3,460,000 General Obligation Temporary Notes, Series 2010-1, of the City of Basehor, Kansas, Dated August 15, 2010

We have acted as Bond Counsel in connection with the issuance by the City of Basehor, Kansas (the "Issuer"), of the above-captioned notes (the "Notes"). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the resolution adopted by the governing body of the Issuer authorizing the issuance of the Notes.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Notes have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.
2. The Notes are payable as to both principal and interest from special assessments levied upon the property benefited by the construction of certain improvements or from general obligation bonds of the Issuer 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 Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent that necessary funds are not provided from other sources.
3. The interest on the Notes [(including any original issue discount properly allocable to an owner of a Note)] is excluded from gross income for federal income tax purposes. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the

Notes in order to preserve the exclusion of the interest on the Notes from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Notes are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institution’s interest expense allocable to interest on the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

4. The interest on the Notes is excluded from computation of Kansas adjusted gross income.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth in this opinion.

The rights of the owners of the Notes and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

GILMORE & BELL, P.C.

[BASIC DOCUMENTS - REGISTERED NOTES]

- A. Notice of Special Meeting/Consent to Meeting
 - B. Excerpt of Minutes of Meeting approving sale, approving Note Resolution
 - C. Note Resolution
-

NOTICE OF SPECIAL MEETING

**TO THE MEMBERS OF THE GOVERNING BODY
OF THE CITY OF BASEHOR, KANSAS:**

You are hereby notified that I have called and do hereby call a special meeting of the governing body of the City of Basehor, Kansas (the "Issuer"), to be held at the usual meeting place in Basehor, Kansas, on August 2, 2010, at 7:00 p.m., for the purpose of acting on the resolution of said City authorizing and directing the issuance, sale and delivery of \$3,460,000 principal amount of General Obligation Temporary Notes, Series 2010-1 (the "Notes"), of the City and transacting such further business as may come before said meeting.

DATED: August 2, 2010.

Terry L. Hill, Mayor

CONSENT TO MEETING

We, the undersigned, being all the members of the governing body of the City of Basehor, Kansas, hereby accept service of the foregoing notice, waiving any and all irregularities in such service and in such notice and consent and agree that said governing body shall meet at the time and place therein specified and for the purposes therein stated.

DATED: August 2, 2010.

Councilmember

Councilmember

Councilmember

Councilmember

Councilmember

Councilmember

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF BASEHOR, KANSAS
HELD ON AUGUST 2, 2010**

The governing body met in special session at the usual meeting place in the City, at 7:00, the following members being present and participating, to-wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * *

(Other Proceedings)

The City Administrator reported that pursuant to the Notice of Note Sale heretofore duly given, bids for the purchase of \$3,460,000 principal amount of General Obligation Temporary Notes, Series 2010-1, dated August 15, 2010, of the City had been received. A tabulation of said bids is set forth as *Exhibit A* hereto.

Thereupon, the governing body reviewed and considered the bids and it was found and determined that the bid of _____, was the best bid for the Notes, a copy of which is attached hereto as *Exhibit B*.

Councilmember _____ moved that said bid be accepted and that the Mayor and Clerk be authorized and directed to execute the bid form selling the Notes to the best bidder on the basis of said bid and the terms specified in the Notice of Note Sale. The motion was seconded by Councilmember _____. Said motion was carried by a vote of the governing body with the vote being as follows:

Yea: _____.

Nay: _____.

Thereupon, there was presented a Resolution entitled:

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF \$3,460,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2010-1, OF THE CITY OF BASEHOR, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX, IF NECESSARY, FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID NOTES AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

Thereupon, Councilmember _____ moved that said Resolution be adopted. The motion was seconded by Councilmember _____. Said Resolution was duly read and

considered, and upon being put, the motion for the adoption of said Resolution was carried by the vote of the governing body, the vote being as follows:

Yea: _____.

Nay: _____.

Thereupon, the Mayor declared said Resolution duly adopted and the Resolution was then duly numbered Resolution No. _____ and was signed by the Mayor and attested by the Clerk.

(Other Proceedings)

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On motion duly made, seconded and carried, the meeting thereupon adjourned.

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the governing body of the City of Basehor, Kansas, held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)

Clerk

EXHIBIT A
BID TABULATION

EXHIBIT B
(BID OF PURCHASER)

RESOLUTION NO. _____

OF

THE CITY OF BASEHOR, KANSAS

ADOPTED

AUGUST 2, 2010

\$3,460,000
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2010-1

RESOLUTION

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RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF \$3,460,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2010-1, OF THE CITY OF BASEHOR, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX, IF NECESSARY, FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID NOTES AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the Issuer is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, pursuant to the provisions of the laws of the State of Kansas applicable thereto, by proceedings duly had, the governing body of the Issuer has caused the following improvements (jointly the "Improvements") to be made in the City, to-wit:

<u>Description</u>	<u>Resolution No.</u>	<u>Authority</u>	<u>Total Authorized Cost</u>
155 th Street Improvements	Res. No. 2008-08	K.S.A. 12-6a01 <i>et seq.</i>	\$ 935,000
Basehor Boulevard Improvements	Res. No. 2008-07	K.S.A. 12-6a01 <i>et seq.</i>	<u>2,825,000</u>
		Total =	\$3,760,000

WHEREAS, it is necessary for the Issuer to provide cash funds (from time to time) to meet its obligations incurred in constructing the Improvements prior to the completion thereof and the issuance of the Issuer's general obligation bonds, and it is desirable and in the interest of the Issuer that such funds be raised by the issuance of temporary notes of the Issue pursuant to the Act; and

WHEREAS, the Issuer has heretofore issued \$3,760,000 principal amount of temporary notes (the "Existing Notes"); and

WHEREAS, all aspects of the Improvements will not be completed prior to the maturity date of the Existing Notes and it is necessary for the Issuer to provide cash funds to meet its obligations on the Existing Notes by the issuance of additional temporary notes of the Issuer pursuant to the Act; and

WHEREAS, the governing body of the Issuer hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Notes in the principal amount of \$3,460,000 to pay the costs of the Improvements and refund the Existing Notes.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF BASEHOR, 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 Note 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, specifically including K.S.A. 10-123, K.S.A. 10-620 *et seq* and K.S.A. 12-6a01 *et seq.*, all as amended and supplemented from time to time.

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

“Beneficial Owner” of the Notes includes any Owner of the Notes and any other Person who, directly or indirectly has the investment power with respect to any of the Notes.

“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.

“Business Day” means a day other than a Saturday, Sunday or holiday 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.

“City” means the City of Basehor, 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 proposed or promulgated thereunder of the United States Department of the Treasury.

“Costs of Issuance” means all costs of issuing the Notes, 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, and all expenses incurred in connection with receiving ratings on the Notes.

“Costs of Issuance Account” means the Costs of Issuance Account for General Obligation Temporary Notes, Series 2010-1 created pursuant to **Section 501** hereof.

“Dated Date” means August 15, 2010.

“Debt Service Account” means the Debt Service Account for General Obligation Temporary Notes, Series 2010-1 (within the Bond and Interest Fund) created pursuant to *Section 501* hereof.

“Debt Service Requirements” means the aggregate principal payments and interest payments on the Notes 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 Note which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

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

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

“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 Notes shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise; or

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

“Existing Notes” means the Issuer’s General Obligation Temporary Notes, Series 2008, dated as of September 15, 2008.

“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.

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

“Funds and Accounts” means funds and accounts created by or referred to in *Section 501* hereof.

“Improvements” means the improvements referred to in the preamble to this Note Resolution.

“Interest Payment Date(s)” means the Maturity of the Note.

“Issue Date” means the date when the Issuer delivers the Notes 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 Note means the date on which the principal of such Note 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.

“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.

“Note Payment Date” means any date on which principal of or interest on any Note is payable.

“Note Register” means the books for the registration, transfer and exchange of Notes kept at the office of the Note Registrar.

“Note Registrar” means the State Treasurer, and its successors and assigns.

“Note Resolution” means this resolution relating to the Notes.

“Notes” means the General Obligation Temporary Notes, Series 2010-1, authorized and issued by the Issuer pursuant to this Note Resolution.

“Notice Address” means with respect to the following entities:

(a) To the Issuer at:

2620 N. 155th Street
Basehor, Kansas 66007

(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 NAME]
[Purchaser Address]
[Purchaser City, State]
Fax:

(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, Inc.
55 Water Street, 38th Floor
New York, New York 10004

“Notice Representative” means:

- (a) With respect to the Issuer, the Clerk.
- (b) With respect to the Note 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.

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

- (a) Notes theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Notes deemed to be paid in accordance with the provisions of *Section 701* hereof; and
- (c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered hereunder.

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

“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; (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, federal home loan mortgage corporation or government national mortgage association; (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), all as may be further restricted or modified by amendments to applicable State law.

“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 Notes plus accrued interest to the date of delivery[, plus a premium of \$ _____] [, less an underwriting discount of \$ _____] [, less an original issue discount of \$ _____].

“Purchaser” means [Purchaser Name], [Purchaser City, State], the original purchaser of the Notes, and any successors and assigns.

“Rating Agency” means any company, agency or entity that provides financial ratings for the Notes.

“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 Note to be redeemed means the date fixed for the redemption of such Note pursuant to the terms of this Note Resolution.

“Redemption Fund” means the Redemption Fund for Existing Notes created pursuant to *Section 501* hereof.

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

“Replacement Notes” means Notes issued to the Beneficial Owners of the Notes in accordance with *Section 211* 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.

“Special Record Date” means the date fixed by the Paying Agent pursuant to *Section 205* 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.

“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 Note or any installment of interest thereon means the date specified in such Note and this Note Resolution as the fixed date on which the principal of such Note or such installment of interest is due and payable.

“**Treasurer**” means the duly appointed and/or elected Treasurer or, in the Treasurer’s absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

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

ARTICLE II

AUTHORIZATION AND DETAILS OF THE NOTES

Section 201. Authorization of the Notes.

There shall be issued and hereby are authorized and directed to be issued the General Obligation Temporary Notes, Series 2010-1, of the Issuer in the Principal amount of \$3,460,000, for the purpose of: (a) providing a portion of the funds to retire the Existing Notes; and (b) paying Costs of Issuance.

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

Stated Maturity	Principal	Annual Rate
<u>September 1</u>	<u>Amount</u>	<u>of Interest</u>
2012	\$3,460,000	_____ %

The Notes 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 205* hereof.

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

The Issuer will at all times maintain a Paying Agent and Note 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 Note Registrar by (a) filing with the Paying Agent or Note Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Note Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Note Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Note Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Note Registrar.

Every Paying Agent or Note 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 Notes. The principal of, or Redemption Price, if any, and interest on the Notes 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 and interest on each Note shall be paid at Maturity to the Person in whose name such Note is registered on the Note Register at the Maturity thereof, upon presentation and surrender of such Note at the principal office of the Paying Agent. Such amounts shall be paid to the Owner of such Note as shown on the Note 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 Note Register or at such other address as is furnished to the Paying Agent in writing by such Owner; or (b) in the case of a payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer to such Owner upon written notice given to the Note 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 Note shall cease to be payable to the Owner of such Note on the relevant Record Date and shall be payable to the Owner in whose name such Note 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 Note and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Note entitled to such notice at the address of such Owner as it appears on the Note 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 Notes 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 Note Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Note Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Note Payment Date, and no interest shall accrue for the period after such Note Payment Date.

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

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

Notes 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 Note 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 Notes is exercised, the Note Registrar shall authenticate and deliver Notes in accordance with the provisions of this Note Resolution. The Issuer shall pay the fees and expenses of the Note Registrar for the registration, transfer and exchange of Notes provided for by this Note Resolution and the cost of printing a reasonable supply of registered note blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, are the responsibility of the Owners of the Notes. 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 Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Notes.

The Issuer and the Note Registrar shall not be required (a) to register the transfer or exchange of any Note that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Section 304** 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 Note 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 205** hereof.

The Issuer and the Paying Agent may deem and treat the Person in whose name any Note is registered on the Note Register as the absolute Owner of such Note, whether such Note 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 Note 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 Note 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 Note Registrar, the Note Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or more in principal amount of the Notes then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Note Registrar.

Section 207. Execution, Registration, Authentication and Delivery of Notes. Each of the Notes, including any Notes issued in exchange or as substitutions for the Notes 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 Notes in the manner herein specified, and to cause the Notes 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 Notes 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. The Notes shall be countersigned by the manual or facsimile signature of the Clerk and the seal of the Issuer shall be affixed or imprinted adjacent thereto following registration of the Notes by the Treasurer of the State of Kansas. In case any officer whose signature appears on any Notes ceases to be such officer before the delivery of such Notes, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Note may be signed by such persons who at the actual time of the execution of such Note are the proper officers to sign such Note although at the date of such Note such persons may not have been such officers.

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

The Notes 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 Note Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Notes that may be issued hereunder at any one time. No Note shall be entitled to any security or benefit under this Note Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Note Registrar. Such executed certificate of authentication upon any Note shall be conclusive evidence that such Note has been duly authenticated and delivered under this Note Resolution. Upon authentication, the Note Registrar shall deliver the Notes to the Purchaser upon instructions of the Issuer or its representative.

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

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

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

Every new Note 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 Note Resolution equally and ratably with all other Outstanding Notes.

Section 209. Cancellation and Destruction of Notes Upon Payment. All Notes 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 Notes so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

Section 210. Book-Entry Notes; Securities Depository. The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Notes 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 Notes, except in the event the Note Registrar issues Replacement Notes as provided in this Section. It is anticipated that during the term of the Notes, 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 Notes to the Participants until and unless the Note Registrar authenticates and delivers Replacement Notes 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 Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes; or

(b) if the Note Registrar receives written notice from Participants having interests in not less than 50% of the Notes 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 Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes, then the Note Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Note Registrar shall register in the name of and authenticate and deliver Replacement Notes 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 Note 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 Note. Upon the issuance of Replacement

Notes, 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 Note Registrar, to the extent applicable with respect to such Replacement Notes. If the Securities Depository resigns and the Issuer, the Note Registrar or Owners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Note Registrar shall authenticate and cause delivery of Replacement Notes to Owners, as provided herein. The Note Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Notes. The cost of printing, registration, authentication, and delivery of Replacement Notes 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 Note Registrar receives written evidence satisfactory to the Note 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 Note Registrar upon its receipt of a Note or Notes for cancellation shall cause the delivery of Notes to the successor Securities Depository in appropriate denominations and form as provided herein.

Section 211. Nonpresentment of Notes. If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note 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 Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Note Resolution or on, or with respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note 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 Note, and such Note shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 212. Preliminary and Final Official Statement. For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the Issuer are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of such Rule.

The final Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor is hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the final Official Statement by the Purchaser in connection with the reoffering of the Notes 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 Notes sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 213. Sale of the Notes. The sale of the Notes 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 Notes shall be made to the Purchaser on the Issue Date (which shall be as soon as practicable after the adoption of this Note Resolution), upon payment of the Purchase Price.

ARTICLE III

REDEMPTION OF NOTES

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, the Notes may be called for redemption and payment prior to their Stated Maturity on September 1, 2011, and thereafter as a whole or in part (selection of the amount of Notes 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.

Section 302. Selection of Notes to be Redeemed.

(a) In the event the Issuer desires to call the Notes for redemption prior to maturity, written notice of such intent shall be provided to the Note Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Note Registrar shall call Notes for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Note 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 Notes to be called for redemption. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in *Section 304* are met.

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

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

such Note to the Paying Agent for payment and exchange as aforesaid, such Note shall, nevertheless, become due and payable on the redemption date to the extent of a minimum Authorized Denomination of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. Unless waived by any Owner of Notes to be redeemed, if the Issuer shall call any Notes for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Notes to the State Treasurer and the Purchaser. In addition, the Issuer shall cause the Note Registrar to give written notice of redemption to the Owners of said Notes. 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 Notes are to be redeemed, the identification (and, in the case of partial redemption of any Notes, the respective principal amounts) of the Notes to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Note 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 Notes 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 Notes or portions of Notes that are to be redeemed on such Redemption Date.

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

Official notice of redemption having been given as aforesaid, the Notes or portions of Notes 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 Notes or portion of Notes shall cease to bear interest. Upon surrender of such Notes for redemption in accordance with such notice, the Redemption Price of such Notes 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 Note, there shall be prepared for the Owner a new Note or Notes of the same Stated Maturity in the amount of the

unpaid principal as provided herein. All Notes 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 Note 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 Notes being redeemed; (2) the date of issue of the Notes as originally issued; (3) the rate of interest borne by each Note being redeemed; (4) the maturity date of each Note being redeemed; and (5) any other descriptive information needed to identify accurately the Notes 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 Note Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Notes and to one or more national information services that disseminate notices of redemption of obligations such as the Notes.

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

ARTICLE IV

SECURITY FOR NOTES

Section 401. Security for the Notes. The Notes shall be general obligations of the Issuer payable as to both principal and interest from special assessments levied upon the property benefited by the construction of the Improvements, or from general obligation bonds of the Issuer 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 full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Notes 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 Notes as the same become due, if necessary, by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls 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 Notes as and when the same become due, and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Notes 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 NOTE PROCEEDS

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

- (a) Redemption Fund for Existing Notes;
- (b) Debt Service Account for General Obligation Temporary Notes, Series 2010-1; and
- (c) Costs of Issuance Account for General Obligation Temporary Notes, Series 2010-1.

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

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

- (a) All accrued interest received from the sale of the Notes shall be deposited in the Debt Service Account.
- (b) The sum of \$_____ shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Notes shall be deposited in the Redemption Fund.

Section 503. Application of Moneys in the Redemption Fund. Moneys in the Redemption Fund shall be paid and transferred to the paying agent for the Existing Notes, with irrevocable instructions to apply such amount to the payment of the Existing Notes. Any moneys remaining in the Redemption Fund not needed to retire the Existing 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 Notes as and when the same become due and the usual and customary fees and expenses of the Note 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 Notes and the fees and expenses of the Note Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent, if other than the Issuer, 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 Note Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Notes are no longer entitled to enforce payment of the Notes 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 Note Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Notes 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 Notes were issued shall be transferred and paid into the Bond and Interest Fund.

Section 505. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the Issuer; or (b) if no such entity has a main or branch office located in the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositories shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. 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 Note 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; provided that, during the period of construction of the Improvements, earnings on the investment of such funds shall be credited to the Debt Service 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 90 days after the issuance of the Notes, shall be transferred to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

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

Section 602. Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Notes shall be for the equal benefit, protection, and security of the Owners of any or all of the Notes, all of which Notes shall be of equal rank and without preference or priority of one Note over any other Note in the application of the funds herein pledged to the payment of the principal of and the interest on the Notes, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Note 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 Notes.

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 Note 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 Notes by this Note 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 Notes shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Notes, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Note Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Notes or scheduled interest payments thereon so paid and discharged. Notes, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Note 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 Notes 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 Notes 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 Notes, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Notes, 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 Note Registrar to give such notice of redemption in compliance with *Section 303(a)* of this Note 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 Notes, 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 Notes, 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 Note Resolution.

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants.

The Issuer covenants and agrees that: it will comply with (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Notes; and (b) all provisions and requirements of the Federal Tax Certificate. The Mayor and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. 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 Notes will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Section 802. Survival of Covenants. The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Notes pursuant to *Article VII* hereof or any other provision of this Note Resolution until such time as is set forth in the Federal Tax Certificate.

ARTICLE IX

CONTINUING DISCLOSURE REQUIREMENTS

Section 901. Disclosure Requirements. The Mayor and Clerk are hereby authorized and directed to execute the Disclosure Instructions in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. 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 902. 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.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1001. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser. 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 Notes, 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 Note Resolution, the Issuer shall promptly cure such deficiency.

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

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

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Note 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 Note Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Notes or of this Note Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the governing body of the Issuer amending or supplementing the provisions of this Note Resolution and shall be deemed to be a part of this Note Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of this Note Resolution shall always be kept on file in the office of the Clerk, and shall be made available for inspection by the Owner of any Note or a prospective purchaser or owner of any Note authorized by this Note 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 Note 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 Owners of the Notes then Outstanding. It shall not be necessary to note on any of the Outstanding Notes any reference to such amendment or modification.

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

Section 1003. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Notes, if made in the following manner, shall be sufficient for any of the purposes of this Note 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 Notes, the amount or amounts, numbers and other identification of Notes, and the date of holding the same shall be proved by the Note Register.

In determining whether the Owners of the requisite principal amount of Notes Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Note Resolution, Notes owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Note 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 Notes which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Notes 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 Notes and that the pledgee is not the Issuer.

Section 1004. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Note 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. The

Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

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

Section 1005. Electronic Transactions. The issuance of the Notes and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Section 1006. 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 Note 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 1007. Severability. If any section or other part of this Note 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 Note Resolution.

Section 1008. Governing Law. This Note Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1009. Effective Date. This Note Resolution shall take effect and be in full force from and after its passage by the governing body of the Issuer.

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ADOPTED by the governing body of the Issuer on August 2, 2010.

(SEAL)

Mayor

ATTEST:

Clerk