

ORDINANCE No. 292

WHEREAS, it is in conformity with Kansas Administrative Regulation 28-15-18 and in the public interest to protect the quality of water to the consumers of City of South Haven public water supply system, hereinafter referred to as "the city"; and,

WHEREAS, this public water supply system is operated by the city in compliance with the policies and regulations of the Kansas Department of Health & Environment, hereafter referred to as "KDHE"; and,

WHEREAS, Ordinance No. 262, an cross connection policy ordinance, was passed and approved in July 1992 by the governing body of the City of South Haven, and,

WHEREAS, further restrictions are necessary to prevent contamination of the water provided to the consumers from cross connections with the public water supply system.

NOW THEREFORE, Be it ordained by the governing body of the City of South Haven that the following cross connection and backflow regulations be adopted:

Section I. Definitions. The following definitions shall apply in the interpretation and enforcement of this policy:

1. Air gap separation means the unobstructed vertical distance through the free atmosphere between the lowest opening from any pipe or faucet supplying water to a tank, plumbing fixture, or other device and the overflow level rim of the receptacle, and shall be at least double the diameter of the supply pipe measured vertically above the flood level rim of the vessel, but in no case less than one inch.
2. Approved tester means a person qualified to make inspections; to test and repair backflow prevention/cross connection control devices; and who is approved by the city.
3. Authorized representative means any person designated by the city to administer this cross connection control regulation.
4. Auxiliary water supply means any water source or system, other than the city, that may be available in the building or premises. This does not include other KDHE permitted public water supply systems.
5. Backflow means the flow other than the intended direction of flow, of any foreign liquids, gases, used water or substances into the distribution system of a public water supply system.
6. Backflow prevention device means any device, method, or type of construction intended to prevent backflow into the public water supply system.
7. Consumer means any individual, firm, partnership, corporation, or agency or their authorized agent receiving water from the city.
8. Contamination means an introduction of any sewage, process fluids, chemicals, wastes or any other substance that would be objectionable. Contamination may be a threat to life or health, or may cause an esthetic deterioration, color, taste or odor.
9. Cross connection means any physical connection or arrangement between two (2) otherwise separate piping systems; one of which contains potable water of the public water supply system, and the second, water of unknown or questionable safety, or steam, gases, chemicals, or substances whereby there may be backflow from the second system to the public water supply system. No physical cross connection shall be permitted between a public water supply system and an auxiliary water supply system.
10. Degree of hazard means an evaluation of the potential risk to public health and the adverse effect of the hazard upon anyone using the water.

Section IV. Survey and Investigations.

- A. The consumer's premises shall be open at all reasonable times to the city or its authorized representative, for the conduction of surveys and investigations of water use practices within the consumer's premises to determine whether there are actual or potential cross connections in the consumer's water system.
- B. On request by the city or its authorized representative, the consumer shall furnish requested information on water use practices within his premises and in the consumer's water system.
- C. On request by the city or its authorized representative, the consumer shall conduct periodic surveys of water use practices on the premises of the consumer's water system to determine whether there are actual or potential cross connections. The consumer shall provide the survey results to the city or its authorized representative.

Section V. Where Protection is Required.

A. An approved backflow prevention device shall be installed on each service line to a consumer's water system serving premises where, in the judgment of the city or its authorized representative or the KDHE, actual or potential cross connections exist. The type and degree of protection required shall be commensurate with the degree of hazard and/or type of contamination that may enter the public water supply system.

B. An approved air gap separation or reduced pressure principle backflow prevention device shall be installed at the service connection or within any premises where, in the judgment of the city or its authorized representative or the KDHE, the nature and extent of activities on the premises, or the materials used in connection with the activities, or materials stored on the premises, would present a health hazard or contamination of the public water supply system from a cross connection. This includes but is not limited to the following situations:

1. Premises having an auxiliary water supply, unless the quality of the auxiliary supply is acceptable to the city or its authorized representative and the KDHE.
2. Premises having internal plumbing arrangements, which make it impractical to ascertain whether or not, cross connections exist.
3. Premises where entry is restricted so that inspections for cross connections cannot be made with sufficient frequency or at sufficiently short notice to assure the cross connections do not exist.
4. Premises having a repeated history of cross connections being established or re-established.
5. Premises, which due to the nature of the enterprise therein, are subject to recurring modification or expansion.
6. Premises on which any substance is handled under pressure so as to permit entry into the public water supply system, or where a cross connection could reasonably be expected to occur. This shall include the handling of process waters and cooling waters.
7. Premises where toxic or hazardous materials are handled.

C. The following types of facilities fall into one or more of the categories or premises where an approved air gap separation or reduced pressure principle backflow prevention device may be required by the city or its authorized representative or the KDHE to protect the public water supply and must be installed at these facilities unless all hazardous or potentially hazardous conditions have been eliminated or corrected by other methods to the satisfaction of the city or its authorized representative and the KDHE:

1. Agricultural chemical facilities
2. Auxiliary water systems, wells
3. Boilers
4. Bulk water loading facilities
5. Car washing facilities

3. Reduced pressure principle backflow prevention devices shall be inspected and tested for tightness at the time of installation and at least every twelve months thereafter. They shall be dismantled, inspected internally, cleaned, and repaired whenever needed and at least every five years.

B. Inspections, tests, and overhauls of backflow prevention devices shall be made at the expense of the consumer and shall be performed by an approved tester.

C. Whenever backflow prevention devices required by this policy are found to be defective, they shall be repaired or replaced without delay at the expense of the consumer.

D. The consumer must maintain a complete record of each backflow prevention device from purchase to retirement. This shall include a comprehensive listing that includes a record of all tests, inspections, and repairs. All records of inspections, tests, repairs, and overhauls shall be provided within 30 days to the city or its authorized representative.

E. All backflow prevention devices shall have a tag showing the date of the last inspection, test, or overhaul or other maintenance.

F. Backflow prevention devices shall not be bypassed, made inoperative, removed, or otherwise made ineffective without specific authorization by the city or its authorized representative.

Section IX. Devices.

The following devices are recognized for cross connection control and backflow prevention by the Kansas Department of Health & Environment:

- A. Air Gap. Gap must be two pipe diameters (in on instance less than one inch). Must be inspected annually. Satisfactory for any material. Whenever practical the control method of choice.
- B. Reduced Pressure Principle Backflow Preventer. Contains two specifically designed, soft seated, independently acting check valves with a reduced pressure zone (with relief valve) between the two checks. Shut off valves before and after the device. Satisfactory for most toxic materials. Significant pressure loss (10 psi or more) must be tested and inspected annually and repaired as necessary.
- C. Double Check Valve Assembly. Contains two soft-seated independently acting check valves in series. Shut off valves before and after device. Adequate for non-toxic applications only. Minor pressure loss. Must be inspected and tested annually and repaired as necessary.
- D. Pressure Vacuum Breaker. Must be installed a minimum of 12 inches above highest point of usage. No back pressure, only back siphonage. Can operate under constant pressure. Shut off valve can be located beyond the vacuum breaker. Must be inspected and tested annually and repaired as necessary.
- E. Atmospheric Vacuum Breaker. Must be installed a minimum of 6 inches above highest point of usage. No back pressure, only back siphonage. Not for use under constant pressure. Shut off valves must be located ahead of vacuum breaker. Must be inspected annually and repaired as necessary.

Section X. Violation and Penalties.

A. The city or its authorized representative shall deny or discontinue the water service to any premises or any consumer wherein any backflow prevention device required by this policy is not installed, tested, and maintained in a manner acceptable to the city or its authorized representative, or if it is found that the backflow prevention device has been removed or bypassed, or if an unprotected cross connection exists.

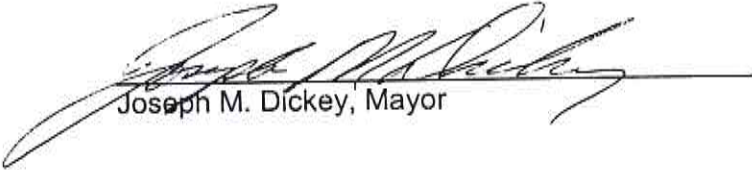
B. Water service to such premises shall not be restored until the consumer is in compliance with this cross connection regulation to the satisfaction of the city or its authorized representative.

Section XI. Repeal.

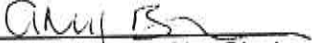
A. Ordinance No. 262 is hereby repealed.

This ordinance shall take effect and be in full force after its passage and publication one time in the official city newspaper.

Passed and approved by the governing body of the City of South Haven this 2nd day of June, 2008.


Joseph M. Dickey, Mayor

(SEAL)


Amy Brown, City Clerk

Approved as to form:


Kerwin Spencer, City Attorney

RESOLUTION NO. 1-2008

RESOLUTION APPROVING CONTRACT AND QUIT CLAIM DEED

Whereas a proposed real estate contract has been received by the City of South Haven concerning approximately 3.5 acres in the Northeast Quarter of the Northwest Quarter of Section 35, Township 34 South, Range 1 West of the 6th P.M. in Sumner County, Kansas, wherein the City would reserve unto itself an easement for water lines but would transfer ownership of the property, including two old water wells on said property which are no longer in use, and in return the grantees, Sandra Proffitt and Curtis Proffitt, would assume all liability for maintaining or capping said wells, and

Whereas the governing body of the City of South Haven, after due deliberation, has determined that said agreement is in the best interests of said City and its residents and, in particular, that maintaining ownership of said well-sites is not necessary or conducive to maintaining a source for City water and that said contract should be approved:

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SOUTH HAVEN KANSAS:

That the Real Estate Contract dated May 5, 2008, consisting of 2 pages, a copy of which shall be maintained by the South Haven City Clerk and attached to this resolution, is hereby approved and accepted, and the Governing Body does hereby ratify and affirm Mayor Joseph Dickey's signature on said document on the behalf of the City of South Haven. Further, the Mayor is further authorized to execute the quit claim deed which has been drafted and a copy of which shall likewise be maintained by the City Clerk and attached hereto. Upon execution thereof, the mayor is authorized to deliver said deed to the Grantees, Sandra Lee Proffitt and Curtis Wayne Proffitt.


Adopted by the Council this 2nd day of June, 2008.

(SEAL)



Mayor

Attest



City Clerk,

Form Approved:



Kerwin L. Spencer, City Attorney

Kerwin L. Spencer
South Haven City Attorney
119 E. 11th
Wellington, KS 67152
620-326-6199

REAL ESTATE CONTRACT

Whereas Sandra Lee Proffitt and Curtis Wayne Proffitt currently are the deeded owners of certain real estate in the Northeast Quarter of the Northwest Quarter of Section 35, Township 34 South, Range 1 West of the 6th PM and their deed references an exception of approximately 3.5 acres conveyed to the City of South Haven on June 21, 1937, and whereas the City of South Haven is under the belief but does not warrant that it is the owner of said 3.5 acres and has erected water well(s) and piping on said property, but the wells are no longer used by the City of South Haven, now, therefore, the City of South Haven, together with Sandra Lee Proffitt and Curtis Wayne Proffitt, hereby agree to the following:



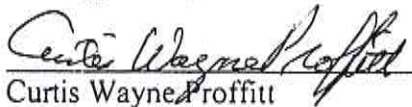
1. The City of South Haven shall retain an easement for water lines along the current placement of water lines on the property up to the current water meter on the property.
2. The City of South Haven will transfer by quit claim deed to Sandra Lee Proffitt and Curtis Wayne Proffitt ownership of the aforementioned 3.5 acres in the present condition and subject to the aforementioned reservation of an easement for city water lines.
3. The City of South Haven by said deed shall also transfer ownership of the abandoned city water wells on said property but does not transfer the water rights to use of said water since said water rights are included in how much water the City can pump from wells on nearby property that are currently in use.
4. Sandra Lee Proffitt and Curtis Wayne Proffitt hereby agree to assume any and all responsibility for the condition of the city wells no longer in use on said property. At their option, they may plug said wells or repair said wells so as to make them usable. If the wells are made useful again, then the water to be obtained therefrom shall not be so great as to interfere with the amount of water which the City is entitled to obtain from the City's nearby wells under certain water rights granted by the State of Kansas.
5. The purpose of this contract is to grant to Mr. and Mrs. Proffitt ownership of the 3.5 acres involved to the extent that such ownership does not in any way jeopardize the stable water supply for the City of South Haven. The compensation provided to the City of South Haven is relief from the financial responsibility to plug said water wells, as the city has recently decided to forego any option of ever returning to said wells for the City water supply. If Mr. and Mrs. Proffitt choose to repair the wells so as to use said water for their own private use, the City has no problem with that, but of course makes no

warranty as to the quality of the water involved. Any interpretation of this contract shall be consistent with the foregoing intended purpose.

6. The parties understand that, prior to execution of the quit claim deed herein by the mayor on behalf of the City of South Haven, the city council will have to approve a resolution authorizing the mayor to execute said deed on behalf of the City of South Haven and the Mayor has no authority to bind the City without the passage of such a resolution.

By signing this document, Mr. and Mrs. Proffitt are indicating the terms are acceptable to them, and Mayor Dickey will then endeavor to obtain council approval for him to execute the contract and the proposed deed.

In witness whereof we have affixed our signatures on the dates indicated.

 Joseph Dickey, Mayor	<u>5/5/08</u> Date
 Sandra Lee Proffitt	<u>5/5/08</u> Date
 Curtis Wayne Proffitt	<u>5-5-08</u> Date

Entered in Transfer Record in my office this

_____ day of _____ A.D., _____

County Clerk

This 30 day of June, 2008

The City of South Haven (GRANTOR) does hereby

QUIT CLAIM TO

Sandra Lee Proffitt and Curtis Wayne Proffitt

as JOINT TENANTS, with rights of survivorship, all the following described REAL ESTATE in the County of Sumner and the State of Kansas, to-wit:

Beginning at the Northwest corner of the Northeast Quarter of the Northwest Quarter of Section 35, Township 34 South, Range 1 West of the 6th P.M.; thence East along the North line of the said Northeast Quarter of the Northwest Quarter, 635 feet 3 inches; thence West parallel with the North line of the Northeast Quarter of the Northwest Quarter of said Section 35, 240 feet to a point of the West line of the Northeast Quarter of the Northwest Quarter of Section 35, aforesaid, thence North along the West line of the Northeast Quarter of the Northwest Quarter of said Section 35, 635 feet 3 inches to the point of beginning, and subject to railroad right of way and highway right of way (containing approximately 3.5 acres more or less).

EXCEPT AND SUBJECT TO

easements and restrictions of record, and the City of South Haven does hereby reserve unto itself an easement for water lines along the current placement of the water lines on the property up to the water meter. The City at its option may maintain or replace said lines and may use said lines to extend water service to nearby properties.

for the sum of

one dollar and other valuable consideration, the receipt of which is hereby acknowledged:

IN WITNESS WHEREOF,

said Grantor has caused this deed to be signed on its behalf by its Mayor, attested by the City Clerk, thereunto duly authorized so to do and has caused its seal to be hereunto affixed on the day and year first above written.

The City of South Haven, Kansas

ATTEST:

[Signature]

AMY BROWN, CITY CLERK

BY:

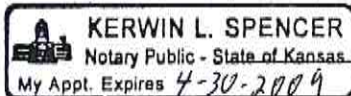
[Signature]

HONORABLE JOSEPH DICKEY, MAYOR

STATE OF KANSAS, Sumner COUNTY, SS;

BE IT REMEMBERED, That on this 30 day of June, 2008, before me, the undersigned, a notary public in and for the County and State, came HONORABLE JOSEPH DICKEY, Mayor of the City of South Haven, and attested to by AMY BROWN, City Clerk, who are personally known to me to be the same persons executed, as such City Official, signed the foregoing deed on behalf of said city, and such persons duly acknowledged the execution of the same to be the act and deed for said City.

IN TESTIMONY WHEREOF, I have hereunto subscribed my hand and affixed my official seal, the day and year last mentioned above.



[Signature]
Notary Public

STATE OF _____ SS.

_____ County,

This instrument was filed for record on the _____ day of _____ A.D., _____ at _____ o'clock ____ M., and duly recorded in book _____ of _____ at page _____.

Register of Deeds

RESOLUTION NO. 2-2008

RESOLUTION APROOVING LEASE TO MAINTAIN ACCESS TO WATER SUPPLY

Whereas a proposed Easement and Lease Agreement has been offered to the City of South Haven, Kansas concerning maintaining access to the City's two current water wells from January 1, 2011 through December 31, 2051, by Charles M. McGregor and Mildred L. McGregor, Co-Trustees of the Charles and Mildred McGregor Revocable Trust concerning real estate located in the East half of the Northeast Quarter of Section 26, Township 34 South, Range 1 West in Sumner County, and

Whereas the governing body of the City of South Haven after due deliberation has determined that said agreement is in the best interest of said City and its residents and should be approved.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SOUTH HAVEN, KANSAS;

That the "Easement and Lease Agreement which shall be dated June _____, 2008, consisting of 5 pages and which by its terms goes into effect on January 1, 2011, and at that time replaces the agreement now in effect dated February, 2004, is hereby approved and accepted and the Mayor is hereby authorized to execute on behalf of the City of South Haven, Kansas. A copy of said Easement and Lease Agreement shall be attached to the resolution and maintained by the South Haven City Clerk. The Mayor is further authorized to file said Easement and Lease Agreement with the office of the Sumner County Register of Deeds, and to see to it that the obligations undertaken in said Agreement by the City of South Haven are fulfilled on a timely basis.

Adopted by the Council this 2 day of June, 2008.

(SEAL)



Mayor

Attest



City Clerk

Form Approved:



Kerwin L. Spencer, City Attorney

EASEMENT
AND
LEASE AGREEMENT

Agreement made this 11 day of JUNE, 2008, between the Charles and Mildred
McGregor Revocable Trust (Grantor) and the City of South Haven, Kansas (Grantee).

1. In exchange for consideration described below and in accordance with acknowledgments
described below, Grantor hereby grants to Grantee an easement for access on land described
immediately below for the purpose of the operation, maintenance, and repair of the two existing
wells, and such tanks, pipelines, and pumps necessary for obtaining and diverting the supply of water
to Grantee as authorized by the Water Rights also described below.

TRACT 1. An easement beginning at the northeast corner of the east half of the
northeast quarter (E 1/2, NE 1/4) of Section 26, Township 34 South, Range 1 West of
the 6th P.M. thence due south along the east side of the said real estate 400 feet,
thence west 170 feet to the place of beginning of the tract of land which is the subject
of this easement, thence west 209 feet, thence south 208 feet, thence east 209 feet,
thence due north 208 feet to the place of beginning of the tract of land which is the
subject of this easement; also a tract of land beginning near the southeast corner of
the said tract thence running in a southeasterly direction, 25 feet wide for a road
connecting said tract of land with the public highway running along the east side of
the above described east one-half of the northeast quarter of said Section 26,
Township 34, Range 1 west of the 6th P.M., including a right of way from said tract
of land across said east half of the northeast quarter of said section, in a
southwesterly direction for the purpose of maintaining a water pipeline from said
tract to the City of South Haven, Kansas, said pipeline to be laid not less than three
feet below the ground level;

INDEXED ✓
DIRECT ✓
INDIRECT ✓
PHOTO ✓
COMPARED WITH ✓
COPY ✓

And

TRACT 2. An easement beginning at the northeast corner of the east half of the
Northeast quarter (E 1/2, NE 1/4) of Section 26, Township 34 South, Range 1 West,
thence west 170 feet to the place of beginning, thence west 200 feet, thence south 200
feet, thence east 200 feet, thence north 200 feet to the place of beginning; including
a right of way from this said Tract 2 to the above described Tract 1 for the purpose
of maintaining a water pipeline between said tracts, said pipeline to be laid not less
than 3 feet below ground level.

RECORDED IN THE OFFICE OF THE COUNTY CLERK OF THE COUNTY OF SEYDIEH, KANSAS, ON JUNE 11, 2008, AT 10:00 AM.

this agreement becomes effective it supersedes all previous contracts, agreements, easements, leases, or other understandings of the parties and each party hereby releases the other party from any obligation of the Easement dated February 2004.

6. **Successors.** This easement shall run with the land and it shall apply to all future buyers, sellers, lessors, lessees, assignors, and successors in interest of any kind pertaining to any interest in the land herein described and to any and all of the parties, future buyers, sellers, lessors, lessees, assignors, and successors in interest of any kind pertaining to any interest in the water rights herein described which are exercised through the use of wells on the above-described real estate.

7. **No Warranties.** Grantor makes no representations, nor any warranties or guarantees regarding the quality or quantity of water available from the two well sites. Grantor shall not be liable for any deficiency, present or future, pertaining to the quality or quantity of water available from these well sites.

8. **Modifications.** In the event either party seeks to modify this agreement, such modification may only be effected by a subsequent written agreement or contract executed by both parties, or their respective successor(s) in interest. The agreement will be renegotiated in the event the Grantee obtains new and different water rights or permits for the State of Kansas.

9. **Waiver.** Grantee hereby waives any future claim(s) for impairment of its ability to divert water from these wells sites arising from the potential installation and operation of any domestic well(s) on the east half of the northeast quarter of Section 26, Township 34 South, Range 1 West, Sumner County, Kansas, during the period of this easement contract.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year stated

below.

GRANTOR

Charles M. McGregor
Charles M. McGregor, Co-Trustee for
Charles and Mildred McGregor Revocable Trust

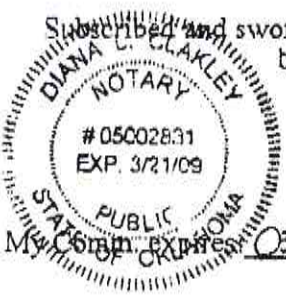
Date: May 30, 08

Mildred L. McGregor
Mildred L. McGregor, Co-Trustee for
Charles and Mildred McGregor Revocable Trust

Date: May 30, 08

STATE OF OKLAHOMA, COUNTY OF OKLAHOMA:

Subscribed and sworn to before me this 30th day of May, 2008
by Charles M. McGregor and Mildred L. McGregor



Diana L. Clakley
Notary Public

GRANTEE

Joseph M. Dickey
Mayor, City of South Haven, Kansas

Date: June 11, 2008

STATE OF KANSAS, COUNTY OF SUMNER:

Subscribed and sworn to before me this 11th day of June, 2008
by Joseph M. Dickey, Mayor of South Haven



D. Louise Leslie
Notary Public

My Comm. expires: _____

State of Kansas, Sumner County SS:
Filed for record on the 11th Day of
June 2008 A.D. at 4:30
o'clock PM and recorded in photo
Book 1166 at page 991
fees \$ 24.00
Joyce A. Love
Joyce A. Love Register of Deeds

RESOLUTION NO. 2-2008

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF SOUTH HAVEN, KANSAS, DIRECTING THE CALL FOR REDEMPTION OF CERTAIN OUTSTANDING TEMPORARY NOTES AND PROVIDING FOR NOTICE OF SAID REDEMPTION.

WHEREAS, the City of South Haven, Kansas (the "Issuer") has heretofore issued and has outstanding the following temporary notes (the "Notes"):

<i>Description</i>	<i>Dated Date</i>	<i>Res. No.</i>	<i>Amount</i>	<i>Redemption Date</i>
Temporary Notes, Series 2007	June 1, 2007	3-2007	\$750,000	August 15, 2008

WHEREAS, the governing body of the Issuer hereby finds and determines that it is in the best interests of the Issuer to redeem the Notes prior to their stated maturity on the redemption date referenced above.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SOUTH HAVEN, KANSAS:

Section 1. The Notes are hereby called for redemption prior to their stated maturity as set forth above, in accordance with the resolution which authorized the same.

Section 2. The Clerk is hereby authorized and directed to notify the Paying Agent for the Notes in accordance with K.S.A. 10-129, as amended, of such call for redemption by disseminating the Notice of Call for Redemption substantially in the form attached hereto as *Exhibit A* by certified mail at least thirty (30) days prior to the Redemption Date.

Section 3. The Clerk is further authorized and directed to cause the Paying Agent to notify the Owners of the Notes in the manner set forth in the resolution authorizing the same.

Section 4. All costs associated with the redemption of the Notes shall be paid by the Issuer.

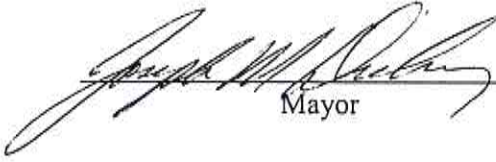
Section 5. This Resolution shall be in full force and effect from and after its adoption.

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ADOPTED by the governing body on July 7, 2008.

(SEAL)

ATTEST:



Mayor



Clerk

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF SOUTH HAVEN, KANSAS
HELD ON JULY 7, 2008**

The governing body met in regular session at the usual meeting place in the City, at 6:30 p.m., the following members being present and participating, to-wit:

Don Minor, Linda Elliott, Crystal Smith, Lonnie Ingram

Absent: David Brown

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

(Other Proceedings)

Thereupon, there was presented a Resolution entitled:

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF SOUTH HAVEN, KANSAS, DIRECTING THE CALL FOR REDEMPTION OF CERTAIN OUTSTANDING TEMPORARY NOTES AND PROVIDING FOR NOTICE OF SAID REDEMPTION.

Thereupon, Councilmember Minor moved that said Resolution be adopted. The motion was seconded by Councilmember Ingram. 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: 4

Nay: 0

Thereupon, the Mayor declared said Resolution duly adopted and the Resolution was then duly numbered Resolution No. 3-2008 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 South Haven, Kansas, held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)



Clerk

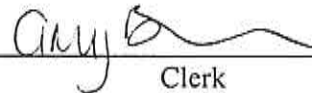
EXHIBIT A

**NOTICE OF CALL FOR REDEMPTION
TO THE OWNERS OF
THE CITY OF SOUTH HAVEN, KANSAS
TEMPORARY NOTES
SERIES 2007
DATED JUNE 1, 2007
(THE "NOTES")**

Notice is hereby given that pursuant to the provisions of Resolution No. 3-2007 (the "Resolution") of the City of South Haven, Kansas (the "Issuer"), that all of the above mentioned Notes which are scheduled to mature on December 1, 2008, and bearing interest at the rate of 4.250% per annum, have been called for redemption and payment on August 15, 2008 (the "Redemption Date") at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent").

On such Redemption Date there shall become due and payable, upon the presentation and surrender of each such Note, the redemption price thereof equal to 100% of the principal amount of each Note together with interest accrued to the Redemption Date. Interest shall cease to accrue on the Notes so called for redemption from and after the Redemption Date, provided such funds for redemption are on deposit with the Paying Agent.

CITY OF SOUTH HAVEN, KANSAS

BY: 
Clerk

This Notice of Call for Redemption shall be mailed to the Treasurer of the State of Kansas, Topeka, Kansas and the original purchaser of the Notes, not less than 30 days prior to the Redemption Date. Notice may also be given in accordance with guidelines set forth in Securities and Exchange Commission Release No. 34-23856, but such notice is not required by law.

ORDINANCE NO. 293

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF \$774,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2008, OF THE CITY OF SOUTH HAVEN, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

WHEREAS, the City of South Haven, Kansas (the "City") is a city of the third class, 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 City has caused the following improvements to the public water supply system (the "Improvements") to be made in the City, to wit:

Description	Res. No.	Authority	Authorized Cost
Public Water Supply System	2-2007	K.S.A. 65-163d through 65-163u	\$1,500,000

WHEREAS, all legal requirements pertaining to the Improvements have been complied with, and the governing body of the City now finds and determines that the total cost of the Improvements (including interest on temporary notes of the City and issuance costs of the bonds) and related expenses are at least \$1,500,000, said cost to be paid by the City at large, and there is \$326,000 available to the City from a Federal Grant and \$400,000 available to the City from a Community Development Block Grant to pay part of said cost, leaving \$774,000 to be paid for by the issuance of general obligation bonds; and

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

WHEREAS, none of such general obligation bonds heretofore authorized have been issued and the City proposes to issue \$774,000 of its general obligation bonds to pay a portion of the costs of the Improvements (the "Bonds"); and

WHEREAS, the City has received a commitment from the United States of America, acting through the Department of Agriculture - Rural Development ("RD/USDA") to purchase the City's general obligation bonds in an amount of \$774,000, the proceeds of which, together with funds derived from a grant from RD/USDA in the amount of \$326,000 and a Community Development Block Grant in the amount of \$400,000 will be used to fund the Improvements, all pursuant a letter of conditions dated January 3, 2007 and an approval letter dated January 26, 2007.

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

Section 1. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms in this Ordinance shall have the meanings hereinafter set forth.

Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 65-163d through 65-163u, all as amended and supplemented from time to time.

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

“Bond Resolution” means the resolution to be adopted by the governing body of the City prescribing the terms and details of the Bonds and making covenants with respect thereto.

“Bonds” means the Issuer's General Obligation Bonds, Series 2008, in the aggregate principal amount of \$774,000, dated as of the Dated Date and authorized by this Ordinance.

“City” means the City of South Haven, Kansas.

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

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

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

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

“Ordinance” means this Ordinance authorizing the issuance of the Bonds.

“Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

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

“RD/USDA” means Rural Development, United States Department of Agriculture.

“State” means the State of Kansas.

Section 2. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Bonds, Series 2008, of the City in the principal amount of \$774,000, for the purpose of providing funds to: (a) pay a portion of the costs of the Improvements; (b) pay costs of issuance of the Bonds; and (c) retire interim financing issued to finance the Improvements.

Section 3. Security for the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

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

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

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

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

Section 6. Tax Covenants. The City covenants and agrees that (a) it will comply with all applicable provisions of the Code, including Code § 103 and 141 through 150, necessary to maintain the exclusion from federal gross income of the interest on the Bonds; and (b) it will not use or permit the use of any proceeds of Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, which would adversely affect the exclusion from federal gross income of the interest on the Bonds. The City will also adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with other applicable future law, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

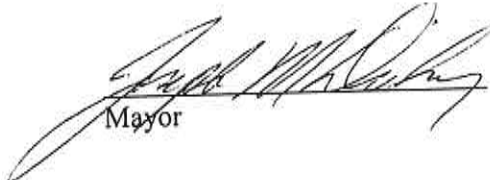
Section 7. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 8. Governing Law. This Ordinance and the Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State.

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

PASSED by the governing body of the City on August 4, 2008, and APPROVED AND SIGNED by the Mayor.

(SEAL)



Mayor

ATTEST:



City Clerk

RESOLUTION NO. [4]-2008

OF

THE CITY OF SOUTH HAVEN, KANSAS

ADOPTED

AUGUST 4, 2008

\$774,000
GENERAL OBLIGATION BONDS
SERIES 2008

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

Section 101.	Definitions of Words and Terms.	1
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ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201.	Authorization of the Bonds.....	7
Section 202.	Description of the Bonds.	8
Section 203.	Designation of Paying Agent and Bond Registrar.....	8
Section 204.	Method and Place of Payment of the Bonds.....	8
Section 205.	Loan Resolution.....	9
Section 206.	Payments Due on Saturdays, Sundays and Holidays.....	9
Section 207.	Registration, Transfer and Exchange of Bonds.	9
Section 208.	Execution, Registration, Authentication and Delivery of Bonds.....	10
Section 209.	Mutilated, Lost, Stolen or Destroyed Bonds.	11
Section 210.	Cancellation and Destruction of Bonds Upon Payment.	11
Section 211.	Nonpresentment of Bonds.	12

ARTICLE III

REDEMPTION OF BONDS

Section 301.	Redemption by Issuer.	12
Section 302.	Selection of Bonds to be Redeemed.	12
Section 303.	Notice and Effect of Call for Redemption.....	13

ARTICLE IV

SECURITY FOR BONDS

Section 401.	Security for the Bonds.	14
Section 402.	Levy and Collection of Annual Tax.	14

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS

DEPOSIT AND APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 501.	Creation of Funds and Accounts.	15
Section 502.	Deposit of Bond Proceeds and Other Moneys.....	15
Section 503.	Application of Moneys in the Improvement Fund.	15
Section 504.	Application of Moneys in Debt Service Account.....	16
Section 505.	Deposits and Investment of Moneys.....	16
Section 506.	Application of Moneys in the Costs of Issuance Account.....	17

ARTICLE VI

DEFAULT AND REMEDIES

Section 601. Remedies. 17
Section 602. Limitation on Rights of Owners. 17
Section 603. Remedies Cumulative. 18

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. 18

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants. 19
Section 802. Rebate Covenants. 19
Section 803. Qualified Tax-Exempt Obligations. 20
Section 804. Survival of Covenants. 20

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 901. Insurance; Fidelity Bond Coverage. 20
Section 902. Annual Audit. 21
Section 903. USDA Deemed to be Owner. 21
Section 904. Sale, Disposition or Use of the Improvements. 21
Section 905. Amendments. 21
Section 906. Notices, Consents and Other Instruments by Owners. 22
Section 907. Notices. 23
Section 908. Electronic Transactions. 23
Section 909. Further Authority. 23
Section 910. Severability. 23
Section 911. Governing Law. 23
Section 912. Effective Date. 23
EXHIBIT A – FORM OF BONDS. A-1
SCHEDULE I - AMORTIZATION SCHEDULE S-1

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RESOLUTION NO. 14-2008

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF \$774,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2008, OF THE CITY OF SOUTH HAVEN, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 293 OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

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

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

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

ARTICLE I

DEFINITIONS

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

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 65-163d through 65-163u, all as amended and supplemented from time to time.

“Amortization Schedule” means the schedule(s) that set forth the principal and interest payments on the Bonds, and which is attached hereto as *Schedule I* which shall also be printed on each Bond.

“Authorized Denomination” means \$5,000 or any integral multiples thereof, except one Bond in denomination of \$4,000 (or such amount added to \$5,000 or an integral multiples thereof) or any amount of principal stated to be paid pursuant to the Amortization Schedule.

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

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

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

“Bond Payment Date” means each anniversary of the Dated Date of the Bond, commencing on the anniversary of the Dated Date in 2009.

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

“Bond Registrar” means the State Treasurer and any successors and assigns.

“Bond Resolution” means this resolution relating to the Bonds.

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

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

“City” means the City of South Haven, Kansas.

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

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

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

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

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

“Dated Date” means August 15, 2008.

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

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

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

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

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

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

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

"Federal Grant" means funds received from the United States of America, acting through RD/USDA pursuant to a letter of conditions dated January 3, 2007 and an approval letter dated January 26, 2007.

"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 pursuant to or referred to in *Section 501* hereof.

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

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

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

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

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

"Loan Resolution" means the Loan Resolution (Form RUS Bulletin 1780-27), between the Issuer and the RD/USDA, dated as of August 4, 2008.

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

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

"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.

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

(a) To the Issuer at:

City of South Haven
231 S. Main, P.O. Box 130
South Haven, Kansas 67140

(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:

United States of America
Department of Agriculture
1520 Market Street
St. Louis, Missouri 63103

(d) To the Rating Agency(ies):

Moody's Municipal Rating Desk
99 Church Street
New York, New York 10007

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

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

"Notice Representative" means:

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

"Ordinance" means Ordinance No. [293] of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

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

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

“Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

“Paying Agent” means the State Treasurer, and any successors and assigns appointed in accordance with *Section 203* hereof.

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

“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 100% of the principal amount of the Bonds.

“Purchaser” means USDA, or if and to the extent any rights, privileges or duties of USDA hereunder are assigned by USDA pursuant to an assignment of the Loan Resolution, the assignee of USDA.

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

“RD/USDA” means Rural Development, United States Department of Agriculture.

“Record Dates” means the fifteenth day (whether or not a Business Day) next preceding such Bond Payment Date.

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

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

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

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

“State” means the state of Kansas.

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

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

“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.

“USDA” means the United States of America, acting through the United States Department of Agriculture.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of the Bonds. The Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$774,000, for the purpose of providing funds to: (a) pay a portion of the costs of the Improvements; (b) pay Costs of Issuance; and (c) retire interim financing issued to finance the Improvements.

Section 202. Description of the Bonds. The Bonds shall consist of fully registered bonds in an Authorized Denomination, and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof. The Bonds shall bear interest at the rate of 4.125% per annum (computed on the basis of a 365-day year) from the later of the Dated Date or the most recent Bond Payment Date on which interest has been paid in the manner set forth in *Section 204* hereof.

At the option of the Purchaser, the Bonds may be issued as a single certificate in the denomination of \$774,000, or the Outstanding declining principal balance thereof. The principal on such Bond shall be payable on the dates and in the amounts set forth on the Amortization Schedule, provided that the entire remaining principal payments shall become due and payable on the Bond Payment Date in 2048. Interest on such Bonds shall be payable on the Bond Payment Date. If issued as other than as a single certificate with an Amortization Schedule, the Stated Maturities and principal amounts of the Bonds shall be on the dates and in the amounts as set forth in the Amortization Schedule.

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

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

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

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

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

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

single certificate with an Amortization Schedule is issued, principal will be paid in the same manner as interest is paid and presentation and surrender of the Bond to the Paying Agent shall not be necessary until the final payment of the entire obligation evidenced by such Bond.

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

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

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

Section 205. Loan Resolution. The Issuer acknowledges that in addition to this Bond Resolution, the Issuer has adopted the Loan Resolution, which shall be construed together with the provisions of this Bond Resolution so long as USDA is the Owner of the Bonds or insures the repayment of the Bonds.

Section 206. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 207. Registration, Transfer and Exchange of Bonds. The Issuer covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

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

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

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

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

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

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

Section 208. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Clerk and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Clerk, which registration shall be evidenced by the manual or facsimile signature of the Clerk with the seal of

the Issuer affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

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

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

Section 209. Mutilated, Lost, Stolen or Destroyed Bonds. If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

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

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

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

Section 210. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

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

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, the Bonds (including installments of principal set forth on the Amortization Schedule) may be called for redemption and payment prior to the Stated Maturity as a whole or in part (selection of principal installments and amounts to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

Mandatory Redemption. The Issuer acknowledges the provisions of 7 U.S.C. 1983(3) and right of USDA to require the redemption of the entire unpaid principal amount of the Bonds in accordance therewith.

Section 302. Selection of Bonds to be Redeemed.

(a) In the event the Issuer desires to call the Bonds for redemption prior to maturity, written notice of such intent shall be provided to the Bond Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Bond Registrar shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Bond Registrar at least 45 days prior to the Redemption Date of written instructions of the Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in *Section 303* are met.

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

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

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

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

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

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

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

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the

Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been surrendered for redemption shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

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

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

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

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

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

ARTICLE IV

SECURITY FOR BONDS

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

Section 402. Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes 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 in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

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

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

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

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

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

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

- (a) All accrued interest received from the sale of the Bonds shall be deposited in the Debt Service Account.
- (b) The sum of \$[] shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Bonds, together with funds provided by the Issuer in accordance with *subsection (d)* hereof, shall be deposited in the Improvement Fund.
- (d) In addition to proceeds of the Bonds, moneys representing a Federal Grant in the amount of \$326,000 and a Community Development Block Grant in the amount of \$400,000 shall be deposited in the Improvement Fund.

Section 503. Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purposes of: (a) paying the costs of the Improvements, in

accordance with the plans and specifications therefor prepared by the Consulting Engineer heretofore approved by the governing body of the Issuer and on file in the office of the Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consulting Engineer and approved by the governing body of the Issuer; (b) retiring any temporary financing for the Improvements; and (c) transferring any amounts required by *Section 505* hereof.

Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Issuer's Clerk (or designate) stating that such payment is being made for a purpose within the scope of this Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Issuer's Clerk (or designate) stating that such payment is being made for a purpose within the scope of this Bond Resolution.

Any temporary notes issued to temporarily finance the costs of the Improvements pending the issuance of the Bonds are hereby called for redemption and payment. The Clerk is hereby authorized and instructed to provide appropriate notice of redemption in accordance with the resolution authorizing the issuance of such temporary notes.

Upon completion of the Improvements, any surplus remaining in the Improvement Fund (a) consisting of proceeds of the Federal Grant shall be returned to the grantor thereof; and (b) consisting of proceeds of the Bonds shall be deposited in the Debt Service Account.

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

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

Section 505. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank: (a) organized under the laws of the State or the United States with main offices located in the county or counties in which the Issuer is located; or (b) under certain conditions of State law, organized under the laws of the United States or any other State thereof, with main offices located outside of the State, but with a branch located

in the county or counties in which the Issuer is located. All such depositaries shall be members of the Federal Deposit Insurance Corporation. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

Moneys held in any Fund or Account may be invested in accordance with this Bond Resolution and the 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 may 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 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be transferred to the Improvement Fund until completion of the Improvements and thereafter to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

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

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

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

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

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

security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bonds.

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

ARTICLE VII

DEFEASANCE

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

Notwithstanding anything in this Bond Resolution to the contrary, so long as any of the Bonds are owned or insured by USDA, the Issuer will not issue any additional bonds or other obligations for the purpose of providing funds to refund all or a part of the Bonds unless either: (a) all of the Bonds are paid, retired and cancelled concurrently with the issuance of such refunding bonds or obligations or at the next occurring Stated Maturity; or (b) written consent to the issuance of such refunding bonds or obligations is given by USDA.

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants.

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

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

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

Section 802. Rebate Covenants.

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 901. Insurance; Fidelity Bond Coverage. The Issuer will carry and maintain such reasonable amount of all-risk insurance on all properties constituting the Improvements insofar as they are of an insurable nature as would be carried by a municipality with similar property and performing similar functions; and in the event of loss or damage, the Issuer will use the proceeds of such insurance to reconstruct or replace the damaged or destroyed property, or if such reconstruction or replacement be unnecessary, then such proceeds shall be used in redeeming or paying off Outstanding Bonds. The Issuer also will carry general liability insurance in amounts not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Kansas tort claims act or other similar future law (currently \$500,000 per occurrence).

So long as the Bonds are owned or insured by USDA, all officers and employees of the Issuer handling the Funds and Accounts shall be bonded in each Fiscal Year in an amount not less than the total Debt Service Requirements on the Outstanding Bonds, until the final maturity date of the Outstanding Bonds or such other amount as is agreed to by USDA.

As long as any of the Bonds owned or insured by USDA remain Outstanding, the Issuer will annually submit a report of its insurance and fidelity bond coverage to USDA for review and approval.

Section 902. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of its Funds and Accounts for the preceding Fiscal Year by an Independent Accountant. As long as any of the Bonds owned or insured by USDA remain Outstanding, such audit to be performed in accordance with RUS Staff Instruction 1780-4 and OMB Circular A-133.

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 USDA. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner.

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

Section 903. USDA Deemed to be Owner. So long as any of the Bonds are owned or insured by USDA remain Outstanding, USDA shall be deemed to be an Owner of such Bond.

Section 904. Sale, Disposition or Use of the Improvements. So long as any of the Bonds are owned or insured by USDA remain Outstanding, the Issuer will not sell, lease or otherwise dispose of the Improvements to any nongovernmental person or entity without the prior written consent of USDA.

Section 905. Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

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

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to

grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more precisely identify the Improvements, to conform this Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

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

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

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

Section 906. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

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

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

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

Section 907. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. 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 908. Electronic Transactions. The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Section 909. Further Authority. The officers and officials of the Issuer, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Bond Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 910. Severability. If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

Section 911. Governing Law. This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 912. Effective Date. This Bond Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

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ADOPTED by the governing body of the Issuer on August 4, 2008.

(SEAL)

Mayor

ATTEST:

Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Bond Resolution of the Issuer adopted by the governing body on August 4, 2008, as the same appears of record in my office.

DATED: August 4, 2008.

Clerk

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ORDINANCE NUMBER 294

AN ORDINANCE ATTESTING TO AN INCREASE IN TAX REVENUES FOR BUDGET YEAR 2009 FOR THE City of South Haven

WHEREAS, the City of South Haven must continue to provide services to protect the health, safety, and welfare of the citizens of this community; and

WHEREAS, the cost of providing essential services to the citizens of this city continues to increase.

NOW THEREFORE, be it ordained by the Governing Body of the City of South Haven:

Section One. In accordance with state law, the City of South Haven has scheduled a public hearing and has prepared the proposed budget necessary to fund city services from January 1, 2009 until December 31, 2009.

Section Two. After careful public deliberations, the governing body has determined that in order to maintain the public services that are essential for the citizens of this city, it will be necessary to budget property tax revenues in an amount exceeding the levy in the 2008 budget.

Section Three. This ordinance shall take effect after publication once in the official city newspaper.

Passed and approved by the Governing Body on this 7th day of August, 2008.

ATTEST: /s/ Amy B
City Clerk

/s/ Joseph M. ...
Mayor

(SEAL)