# **BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS**

### WEDNESDAY, MAY 2, 2012

4:00 p.m.

-Convene

# **REGULAR AGENDA**

- (1) a. A Resolution authorizing and providing for the sale, issuance and delivery of General Obligation Sales Tax Refunding Bonds, Series 2012-A And Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, of Douglas County, Kansas for the purpose of providing funds to refund a portion of the issuer's outstanding General Obligation Sales Tax bonds; providing for the levy and collection of an annual tax for the purpose of paying the principal of and interest on said bonds as they become due; making certain covenants and agreements to provide for the payment and security thereof and authorizing certain other documents and actions connected therewith.
  - b. A Resolution authorizing and providing for the sale, issuance and delivery of General Obligation Refunding Bonds, Series 2012-C, and Taxable General Obligation Refunding Bonds, Series 2012-D, of Douglas County, Kansas, for the purpose of providing funds to refund a portion of the issuer's outstanding General Obligations Bonds; providing for the levy and collection of an annual tax for the purpose of paying the principal of and interest on said bonds as they become due; making certain covenants and agreements to provide for the payment and security thereof and authorizing certain other documents and actions connected therewith.
  - c. A Resolution providing for the adoption of Tax-Exempt Financing Compliance procedures relating to obligations issued and to be issued by Douglas County, Kansas.
- (2) Adjourn

# WEDNESDAY, MAY 9, 2012

6:35 p.m.

- -Discussion of EMS expansion to Eudora (Caitlin Stene)
- -Public hearing to accept comment about the possible extension of Road No. 650 (N1675 Road) (Michael Kelly)
- -Consider resolution extending permanent Road Redord No. 650 (N1675 Road) (Michael Kelly)
- **CUP-2-1-12**: Consider a Conditional Use Permit to allow wine tasting and sales at Twin Oaks Golf Course, located at 1326 East 1900 Road. Submitted by Pep Selvan, for JF Burey, property owner of record. (PC Item 1; approved 9-0 on 4/23/12) Mary Miller will present the item.
- **TA-8-10-11**: Consider a Text Amendment to the Douglas County Zoning Regulations for the Unincorporated Territory of Douglas County to establish a Special Event Permit Process and associated Standards for certain temporary uses in various zoning districts. (PC Item 8; approved 9-0 on 4/23/12) Mary Miller will present the item.

# **WEDNESDAY, MAY 16, 2012**

WEDNESDAY, MAY 23, 2012 - cancelled

# WEDNESDAY, MAY 30, 2012

4:00 p.m. (Proclamation for Relay for Life Week June 3-9)

WEDNESDAY, JULY 11, 2012 4:00 p.m. - Cancelled; 6:35 p.m. - Tentatively Cancelled

**Note**: The Douglas County Commission meets regularly on Wednesdays at 4:00 P.M. for administrative items and 6:35 P.M. for public items at the Douglas County Courthouse. Specific regular meeting dates that are not listed above have not been cancelled unless specifically noted on this schedule.

### **BOND PURCHASE AGREEMENT**

### **BETWEEN**

**DOUGLAS COUNTY, KANSAS** 

AND

PIPER JAFFRAY & CO. LEAWOOD, KANSAS

\_\_\_\_\_

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED AS OF JUNE 4, 2012** 

### **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

May 2, 2012

Chairman and Governing Body Douglas County, Kansas

# **BOND PURCHASE AGREEMENT**

On the basis of the representations, warranties and covenants and upon the terms and conditions contained in this Bond Purchase Agreement, Piper Jaffray & Co., Leawood, Kansas (the "Purchaser"), hereby offers to purchase all (but not less than all) of the above-described bonds (the "Series 2012-A Bonds," "Series 2012-B Bonds," "Series 2012-D Bonds," and collectively the "Bonds") to be issued by Douglas County, Kansas (the "Issuer"), under and pursuant to resolutions to be adopted by the governing body of the Issuer this date (collectively the "Bond Resolution"). All capitalized terms not specifically defined herein shall have the same meaning as defined in the Bond Resolution, unless some other meaning is plainly indicated.

This offer is made subject to acceptance of this Bond Purchase Agreement by or on behalf of the governing body of the Issuer on or before 10:00 p.m., applicable Central time, on this date (the "Sale Date").

### SECTION 1. PURCHASE, SALE AND DELIVERY OF THE BONDS

(a) On the basis of the representations, warranties and covenants contained herein and in the other agreements and documents referred to herein, and subject to the terms and conditions herein set forth, the Purchaser agrees to purchase from the Issuer and the Issuer agrees to sell to the Purchaser the Bonds not later than 12:00 Noon, applicable Central time on June 4, 2012, or such other place, time or date as shall be mutually agreed upon by the Issuer and the Purchaser, at the purchase price set forth on *Exhibit A* attached hereto, plus accrued interest from the Dated Date to the Closing Date (the "Purchase Price"). The date of such delivery and payment is herein called the "Closing Date," the hour and date of such delivery and payment is herein called the "Closing Time" and the transactions to be accomplished for delivery of the Bonds on the Closing Date shall be herein called the "Closing." The Bonds shall be issued under and secured as provided in the Bond Resolution and the Bonds shall have the maturities and interest rates as set forth therein and on *Exhibit A* attached hereto, which also contains a summary of the redemption provisions of the Bonds. The Bonds shall contain such other provisions as are described in the Bond Resolution and the Official Statement (as hereinafter defined).

- (b) Issuer acknowledges and agrees that: (1) the primary role of the Purchaser, as an underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the Issuer and the Purchaser and that the Purchaser has financial and other interests that differ from those of the Issuer; (2) the Purchaser is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or any other person or entity and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the Issuer on other matters); (3) the only obligations the Purchaser has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (4) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.
- (c) Payment of the Purchase Price for the Bonds shall be made by federal wire transfer in immediately available federal funds, payable to the order of the Escrow Agent for the accounts of the Issuer on or before the Closing Time on the Closing Date. Upon such payment, the Bonds shall be delivered and released upon the instructions of the Purchaser to The Depository Trust Company, New York, New York ("DTC").
- (d) The delivery of the Bonds shall be made in "book-entry-only" fully registered form duly executed and authenticated and bearing CUSIP numbers (provided neither the printing of a wrong CUSIP number on any Bond nor the failure to print a number thereon shall constitute cause to refuse delivery of any Bond); provided, however, that the Bonds may be delivered in temporary form. The Bonds shall be available at DTC at least 24 hours prior to the Closing Time.
- (e) The Purchaser agrees to offer the Bonds to the public initially at the offering prices or yields set forth in *Exhibit A* attached hereto, but may subsequently change such offering price. The Purchaser agrees to notify the Issuer of such changes, if such changes occur prior to the Closing Time, but failure so to notify shall not invalidate such changes. The Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the offering prices set forth in *Exhibit A* attached hereto.
- (f) On or prior to the Closing Time, the Purchaser will execute and deliver to the Issuer a written certification (the "Issue Price Certificate") containing substantially the following: (a) all of the Bonds have been the subject of a *bona fide* offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the "Public"); and (b) on the Sale Date, the Purchaser reasonably expected that at least 10 percent of the principal amount of each such maturity of each series of the Bonds would be initially sold to the Public at the respective price for that maturity set forth on *Exhibit A* attached hereto, without accrued interest (the "Offering Prices").
- (g) At the request of the Issuer, the Purchaser will provide information explaining the factual basis for the Purchaser's Issue Price Certificate. This agreement by the Purchaser to provide such information will continue to apply after the Closing Time if: (1) the Issuer requests the information in connection with an audit or inquiry by: (A) the Internal Revenue Service (the "IRS"), or (B) the Securities and Exchange Commission (the "SEC"), whether pursuant to the Securities Act of 1933, as amended (the "1933 Act"), the Securities Exchange Act of 1934, as amended (the "1934 Act") or otherwise; or (2) the information is required to be retained by the Issuer pursuant to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

# SECTION 2. OFFICIAL STATEMENT

- (a) The Issuer has previously furnished to the Purchaser the Preliminary Official Statement, dated April 24, 2012, relating to the Bonds, including all appendices thereto and maps and pictorial information included therein, as may have been amended or supplemented (the "Preliminary Official Statement"). For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12 of the SEC (the "Rule"), promulgated under the 1934 Act, the Issuer has heretofore deemed the Preliminary Official Statement "final" as of its date, except for the omission of such information as is permitted by such Rule, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, identity of the underwriters and other terms of the Bonds depending on such matters. The Issuer hereby ratifies and confirms the Purchaser's use and public distribution of the Preliminary Official Statement in connection with the offering for sale of the Bonds.
- (b) The Issuer will cause the Preliminary Official Statement to be amended and supplemented into a final official statement to be dated the Sale Date (the "Official Statement"). The Issuer agrees to provide to the Purchaser within seven business days of the Sale Date or within sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, whichever is earlier, sufficient copies of the Official Statement to enable the Purchaser to comply with the requirements of the Rule and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board (the "MSRB"). The Issuer hereby confirms the authority of the Purchaser to use, and consents to the use of, the Official Statement in connection with the public offering and sale of the Bonds.
- (c) The Preliminary Official Statement and Official Statement may be delivered in printed and/or electronic form to the extent permitted by the applicable rules of the MSRB and as may be agreed to by the Issuer and the Purchaser.
- (d) If, prior to the earlier of: (1) 90 days after the "end of the underwriting period" (as defined in the Rule); or (2) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case earlier than 25 days after the end of the underwriting period, any event shall occur relating to or affecting the Issuer, as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances existing when the Official Statement is delivered to a purchaser, not materially misleading, or the Official Statement is required to be amended or supplemented to comply with law, the Issuer shall promptly prepare and furnish, at the expense of the Issuer, to the Purchaser and to the dealers (whose names and addresses the Purchaser will furnish to the Issuer) to which Bonds may have been sold by the Purchaser and to any other dealers upon request, such amendments or supplements to the Official Statement as may be necessary so that the statements in the Official Statement as so amended or supplemented will not, in the light of the circumstances existing when the Official Statement is delivered to a purchaser of the Bonds, be misleading or so that the Official Statement will comply with law.
- (e) From the Sale Date until the Closing Time, the Issuer shall furnish the Purchaser with a copy of any proposed amendment or supplement to the Official Statement for review and shall not use any such proposed amendment or supplement to which the Purchaser reasonably objects.
- (f) The Issuer authorizes the Purchaser to file, to the extent required by applicable SEC or MSRB rule, and the Purchaser agrees to file or cause to be filed, the Official Statement with: (1) the MSRB or its designee (including the MSRB's Electronic Municipal Market Access system); or (2) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above). If an amended Official Statement is prepared in accordance with **Section 2(d)**, the Purchaser

also shall make the required filings of the amended Official Statement in the manner set forth in this section.

# SECTION 3. REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE PURCHASER

By the execution hereof the Purchaser hereby represents, warrants and agrees with the Issuer that as of the date hereof and at the Closing Time the Purchaser is duly authorized to enter into this Bond Purchase Agreement and to take all actions required or contemplated to be performed by the Purchaser under this Bond Purchase Agreement.

### SECTION 4. ISSUER'S REPRESENTATIONS AND WARRANTIES

By the Issuer's acceptance hereof the Issuer hereby represents and warrants to, and agrees with, the Purchaser that as of the date hereof and at the Closing Time:

- (a) The Issuer is a political subdivision duly organized under the laws of the State of Kansas (the "State").
- (b) The Issuer has complied with all provisions of the Constitution and laws of the State and has full power and authority to consummate all transactions contemplated by the Bond Resolution and this Bond Purchase Agreement, and all other agreements relating thereto.
- (c) The Issuer has duly authorized by all necessary action to be taken by the Issuer: (1) the adoption and performance of the Bond Resolution; (2) the execution, delivery and performance of this Bond Purchase Agreement; (3) the execution and performance of an Escrow Trust Agreement between the Issuer and the Escrow Agent (the "Escrow Trust Agreement"); (4) the approval of the Official Statement; (5) the execution and performance of any and all such other agreements and documents as may be required to be executed, delivered and performed by the Issuer in order to carry out, give effect to and consummate the transactions contemplated by the Bond Resolution and this Bond Purchase Agreement; and (6) the carrying out, giving effect to and consummation of the transactions contemplated by the Bond Resolution and this Bond Purchase Agreement. Executed counterparts of the Bond Resolution and all such other agreements and documents specified herein will be made available to the Purchaser by the Issuer at the Closing Time.
- (d) The Bond Resolution, the Escrow Trust Agreement and this Bond Purchase Agreement, when executed and delivered by the Issuer, will be the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other law or laws affecting the enforcement of creditors' rights generally or against entities such as the Issuer and further subject to the availability of equitable remedies.
- (e) The Bonds have been duly authorized by the Issuer, and when issued, delivered and paid for as provided for herein and in the Bond Resolution, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding general obligations of the Issuer enforceable in accordance with their terms and entitled to the benefits and security of the Bond Resolution (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other law or laws affecting the enforcement of creditors' rights generally or against entities such as the Issuer and further subject to the availability of equitable remedies). The Series 2012-A Bonds and Series 2012-B Bonds are general obligations of the Issuer, payable as to both principal and interest from the Issuer's portion of the Sales Tax, and if not so paid, to the extent necessary, from ad valorem taxes which may be levied without

limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Series 2012-C Bonds and Series 2012-D Bonds are general obligations of the Issuer, payable as to both principal and interest, if necessary, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer.

- (f) The execution and delivery of the Bond Resolution, this Bond Purchase Agreement, the Bonds, the Escrow Trust Agreement and the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Issuer a violation or breach of, or a default under, any existing law, regulation, court or administrative decree or order, or any agreement, resolution, mortgage, lease or other instrument to which it is subject or by which it is or may be bound.
- (g) The Issuer is not, or with the giving of notice or lapse of time or both would not be, in violation of or in default under its organizational documents or any indenture, mortgage, deed of trust, loan agreement, bonds or other agreement or instrument to which the Issuer is a party or by which it is or may be bound, except for violations and defaults which individually and in the aggregate are not material to the Issuer and will not be material to the beneficial owners of the Bonds. As of the Closing Time, no event will have occurred and be continuing which with the lapse of time or the giving of notice, or both, would constitute an event of default under the Bond Resolution, the Escrow Trust Agreement or the Bonds.
- (h) The Preliminary Official Statement did not, and the Official Statement and in any amendment or supplement thereto, will not, as of the Closing Time, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided that, the Issuer makes no statement as to the Excluded Sections (as defined in **Section 6(b)(3)** hereof).
- (i) The financial statements of the Issuer attached to the Official Statement as *Appendix B* thereto, except as noted therein, present fairly and accurately the financial condition of the Issuer as of the dates indicated and the results of its operations for the periods specified, and such financial statements are prepared in the method stated therein consistently applied in all material respects for the periods involved.
- (j) The Issuer has not, since the date of such financial statements, incurred any material liabilities and there has been no material adverse change in the condition of the Issuer, financial or otherwise, other than as set forth in the Official Statement.
- (k) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer (or, to its knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Bond Resolution or the validity of the Bonds, the Bond Resolution, the Escrow Trust Agreement, this Bond Purchase Agreement or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Bond Resolution.
- (l) The Bond Resolution authorizes and directs the Issuer to execute the Continuing Disclosure Instructions attached to the Issuer's closing certificate (the "Disclosure Undertaking") in which the Issuer covenants to provide and disseminate certain financial information, operating data and event notices in the manner and to the extent required by the Rule. The specific nature of the undertaking to comply with such rule shall be contained in the Disclosure Undertaking, a summary of which is attached to the Preliminary Official Statement and Official Statement. Except to the extent disclosed in the Official Statement, at no time in the last five years has the Issuer failed to comply in any material respect

with any of the informational reporting undertakings contained in any previous continuing disclosure undertakings made by the Issuer pursuant to the Rule.

Any certificate signed by any of the authorized officials of the Issuer and delivered to the Purchaser in connection with the Closing shall be deemed a representation and warranty by the Issuer to the Purchaser as to the statements made therein.

#### SECTION 5. COVENANTS AND AGREEMENTS OF THE ISSUER

The Issuer covenants and agrees with the Purchaser for the time period specified, and if no period is specified, for so long as any of the Bonds remain Outstanding, as follows:

- (a) The proceeds of the Bonds will be used as provided in the Bond Resolution in accordance with the laws of the State.
- (b) The proceeds of the Series 2012-A Bonds and Series 2012-C Bonds shall not be used in a manner which would jeopardize the exclusion of interest on the Series 2012-A Bonds and Series 2012-C Bonds from gross income for federal income tax purposes.
- (c) To cooperate with the Purchaser and its counsel in any reasonable endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Purchaser may reasonably request; provided that nothing contained herein shall require the Issuer to file written consents to suit and file written consents to service of process in any jurisdiction in which such consent may be required by law or regulation so that the Bonds may be offered or sold. The Issuer consents to the use of drafts of the Preliminary Official Statement, the Preliminary Official Statement and drafts of the Official Statement prior to the availability of the Official Statement, by the Purchaser in obtaining such qualification. The Purchaser shall pay all expenses and costs (including legal, registration and filing fees) incurred in connection therewith.

# SECTION 6. CONDITIONS TO THE PURCHASER'S OBLIGATIONS

The Purchaser's obligations hereunder shall be subject to the due performance by the Issuer of the Issuer's obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy of and compliance with the Issuer's representations and warranties contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions:

- (a) The Bond Resolution, the Escrow Trust Agreement and the Bonds shall have been duly authorized, executed and delivered in the form heretofore approved by the Purchaser with only such changes therein as shall be mutually agreed upon by the Issuer and the Purchaser.
  - (b) At the Closing Time, the Purchaser shall receive:
  - (1) Opinions dated as of the Closing Date, of Messrs. Gilmore & Bell, P.C. ("Bond Counsel"), substantially in the form attached hereto as *Exhibits B-1* through *B-8*.
  - (2) A certificate of the Issuer, satisfactory in form and substance to the Purchaser, dated as of the Closing Date, to the effect that: (A) since the date of the Official Statement there has not been any material adverse change in the business, properties, financial condition or results of operations of the Issuer, whether or not arising from transactions in the ordinary course of business, from that set forth in the Official Statement, and except in the ordinary course of business or as set forth in the Official Statement, the Issuer has not incurred any material liability;

- (B) there is no action, suit, proceeding or, to the knowledge of the Issuer, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer, its officers or its property or, to the best of the knowledge of the Issuer, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the Issuer, the transactions contemplated hereby or by the Bond Resolution, the Escrow Trust Agreement or the Official Statement or the validity or enforceability of the Bonds, the Escrow Trust Agreement or the Bond Purchase Agreement, which are not disclosed in the Official Statement; (C) to the knowledge of the Issuer, the information contained in the Official Statement, other than the sections entitled "The Depository Trust Company," "Verification of Escrow," "Bond Rating," "Legal Matters," "Tax Matters," and Appendices B and C (collectively, the "Excluded Sections"), for which the Issuer expresses no opinion, is true in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; (D) the Issuer has duly authorized, by all necessary action, the execution, delivery and due performance by the Issuer of the Escrow Trust Agreement and this Bond Purchase Agreement; and (E) the representations and warranties of the Issuer set forth herein were accurate and complete as of the date hereof and are accurate and complete as of the Closing Time.
- (3) An executed Federal Tax Certificate, satisfactory in form and substance to the Purchaser, dated as of the Closing Date.
  - (4) A completed and executed IRS Form 8038-G.
  - (5) An executed copy of the Disclosure Undertaking.
  - (6) Receipt of a municipal bond rating by Moody's of at least "[\_\_\_]".
- (7) Such additional certificates, legal and other documents, listed on a closing agenda to be approved by Bond Counsel and counsel to the Purchaser, as the Purchaser may reasonably request to evidence performance or compliance with the provisions hereof and the transactions contemplated hereby and by the Bond Resolution, or as Bond Counsel shall require in order to render its opinion, all such certificates and other documents to be satisfactory in form and substance to the Purchaser.

### SECTION 7. CONDITIONS TO THE ISSUER'S OBLIGATIONS

The obligations of the Issuer hereunder are subject to: (a) the Purchaser's performance of its obligations hereunder; (b) the receipt of a letter, in form and substance satisfactory to the Issuer and the Purchaser, from an Independent Accountant verifying the mathematical accuracy of the computations relating to a payment of the Bonds and the sufficiency of funds and Government Obligations deposited to and held under the Escrow Trust Agreement to provide for payment of the Refunded Bonds (consisting of Series 2004-A Bonds) in accordance with the Bond Resolution and the Escrow Agreement; and (c) the receipt of certificates of the Paying Agent regarding the sufficiency of funds and Government Obligations held to provide for payment of the Refunded Bonds (consisting of the Series 2003-A Bonds, Series 2003-B Bonds, and Series 2005-A Bonds) in accordance with the Escrow Agreement and the Bond Resolution.

### SECTION 8. THE PURCHASER'S RIGHT TO CANCEL

The Purchaser shall have the right to cancel the obligation hereunder to purchase the Bonds (such cancellation shall not constitute a default for purposes of Section 1 hereof) by notifying the Issuer in

writing or by facsimile of its election to make such cancellation prior to the Closing Time, if at any time after the execution of this Bond Purchase Agreement and prior to the Closing Time, the market price or marketability of the Bonds, or the ability of the Purchaser to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:

- (a) A committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it legislation which, if enacted in its form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Issuer or by any similar body or upon interest received on obligations of the general character of the Series 2012-A Bonds and Series 2012-C Bonds, or the Series 2012-A Bonds and Series 2012-C Bonds.
- (b) A tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or be recommended to the Congress of the United States for passage by the President of the United States, or be enacted by the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the IRS shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation, upon revenues or other income of the general character to be derived by the Issuer or by any similar body or upon interest received on obligations of the general character of the Series 2012-A Bonds and Series 2012-C Bonds, or the Series 2012-A Bonds and Series 2012-C Bonds.
- (c) Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by the Legislature of the State or by any other governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered, or litigation challenging the law under which the Bonds are to be issued shall be filed in any court in the State.
- (d) A stop order, ruling, regulation or official statement by, or on behalf of, the SEC or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the 1933 Act, the 1934 Act or the Trust Indenture Act of 1939, as amended.
- (e) Legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the 1933 Act or the 1934 Act.
- (f) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.
- (g) The New York Stock Exchange or any other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Purchaser.

- (h) Any general banking moratorium shall have been established by federal, New York or Kansas authorities.
- (i) A material default has occurred with respect to the obligations of, or proceedings have been instituted under the Federal bankruptcy laws or any similar state laws by or against, any state of the United States or any city located in the United States having a population in excess of one million persons or any entity issuing obligations on behalf of such a city or state.
  - (j) Any proceeding shall be pending or threatened by the SEC against the Issuer.
- (k) A war involving the United States shall have been declared, or any conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the effective operation of government or the financial community shall have occurred.
  - (l) Any financial rating assigned to the Bonds shall have been downgraded or withdrawn.
- (m) A default by or a moratorium initiated by the United States in respect to payment of any direct obligation of, or obligation the principal of and interest on which is fully and unconditionally guaranteed as to full and timely payment by, the United States of America.
- (n) Any event shall have occurred, or information become known, which makes untrue in any material respect, any statement or information contained in the Preliminary Official Statement, or has the effect that the Preliminary Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.
- (o) The Official Statement makes material modifications to the Preliminary Official Statement deemed "final" by the Issuer pursuant to the Rule, other than modifications permitted by the Rule, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters.
- (p) Investment agreements or similar instruments relating to the investment of moneys in various funds and accounts created under the Escrow Trust Agreement in form and substance satisfactory to the Purchaser, have not been executed by the parties thereto and received by the Purchaser as of the Closing Time, or the Government Obligations contemplated thereby have not been issued to or received by the Escrow Agent prior to the Closing Time or any opinions with respect to the investments contemplated by such instruments and the nature of the transaction contemplated thereby, in form and substance satisfactory to the Purchaser and its counsel, have not been received by the Purchaser as of the Closing Time.

# SECTION 9. PAYMENT OF EXPENSES

(a) Whether or not the Bonds are sold by the Issuer to the Purchaser (unless such sale be prevented at the Closing Time by the Purchaser's default), the Purchaser, unless otherwise contracted for, shall be under no obligation to pay any expenses incident to the performance of the obligations of the Issuer hereunder; nor shall the Issuer, unless otherwise contracted for, be under any obligation to pay any expenses incident to the performance of the obligations of the Purchaser hereunder (unless such sale be prevented at the Closing Time by the Issuer's default).

If the Bonds are sold by the Issuer to the Purchaser, except as hereinafter set forth, all expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Bonds shall be paid by the Issuer out of the proceeds of the Bonds or other Issuer funds. Such expenses and costs shall include, but not be limited to: (1) the fees and disbursements of Bond Counsel; (2) the fees and disbursements of the Issuer's legal counsel; (3) costs associated with obtaining municipal bond insurance or municipal bond ratings relating to the Bonds, if any; (4) the expenses and costs for the preparation, printing, photocopying, execution and delivery of the Bonds, the Official Statement, this Bond Purchase Agreement and all other agreements and documents contemplated hereby; (5) fees of the Bond Registrar and Paying Agent designated by the Issuer pursuant to the Bond Resolution; (6) all costs and expenses of the Issuer relating to the issuance of the Bonds; and (7) the fees and disbursements of the Escrow Agent and any accountants and of any other experts or consultants retained in connection with verification of the cash flow projections made in connection with the Bonds and the refunding of the Refunded Bonds. The Purchaser shall be responsible for payment of the costs of qualifying the Bonds for sale in the various states chosen by the Purchaser, all advertising expenses in connection with the offering of the Bonds, the fees and disbursements of the Purchaser's legal counsel and all other expenses incurred by the Purchaser in connection with the offering, sale and distribution of the Bonds.

### **SECTION 10. NOTICE**

Any notice or other communication to be given under this Bond Purchase Agreement may be given in the manner set forth in the Bond Resolution, as follows:

- (a) If to the Issuer at: Douglas County, Kansas, Douglas County Courthouse, 1100 Massachusetts, Lawrence, Kansas 66044, Attention: Clerk.
- (b) If to the Purchaser at: Piper Jaffray & Co., 11150 Overbrook, Suite 310, Leawood, Kansas 66211, Attention: Manager, Public Finance Department.

# **SECTION 11. INDEMNIFICATION**

(a) The Issuer agrees, to the extent legally permitted, to indemnify and hold harmless the Purchaser, and each person, if any, who controls (within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act) the Purchaser (collectively, the "Indemnified Parties"), against any and all losses, claims, damages, liabilities or expenses whatsoever caused by any untrue statements or misleading statement or allegedly misleading statement of a material fact contained in the Official Statement or caused by any omission or alleged omission from the Official Statement of any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided that the Issuer shall have no indemnification obligation with respect to any statement or omission in the information contained in the Official Statement under the heading "Underwriting."

In case any action shall be brought against one or more of the Indemnified Parties based upon the Official Statement and in respect of which indemnity may be sought against the Issuer, the Indemnified Parties shall promptly notify the Issuer in writing and the Issuer shall promptly assume the defense thereof, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless employment of such counsel has been specifically authorized by the Issuer. The Issuer shall not be liable for any settlement of any such action effected without its consent by any of the Indemnified Parties, but if settled with the consent of the Issuer or if there be a final judgment for the plaintiff in any such action against the

Issuer or any of the Indemnified Parties, with or without the consent of the Issuer, the Issuer agrees to indemnify and hold harmless the Indemnified Parties to the extent provided herein.

(b) The Purchaser agrees, to the extent legally permitted, to indemnify and hold harmless the Issuer and any governing body member, officer, official or employee of the Issuer, against any and all losses, claims, damages, liabilities or expenses whatsoever caused by any untrue statements or misleading statement or allegedly misleading statement of a material fact made by the Purchaser, or any agent, employee or official of the Purchaser, made in conjunction with the offering and/or sale of the Bonds; provided that the Purchaser shall have no indemnification obligation with respect to any statement or omission in the information contained supplied by the Issuer or the Issuer's representatives that are contained in the Official Statement.

In case any action shall be brought against one or more of the persons or entities identified in the preceding paragraph and in respect of which indemnity may be sought against the Purchaser, such parties shall promptly notify the Purchaser in writing and the Purchaser shall promptly assume the defense thereof, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of such parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such party unless employment of such counsel has been specifically authorized by the Purchaser. The Purchaser shall not be liable for any settlement of any such action effected without its consent by any of such parties, but if settled with the consent of the Purchaser or if there be a final judgment for the plaintiff in any such action against the Purchaser or any of such parties, with or without the consent of the Purchaser, the Purchaser agrees to indemnify and hold harmless such parties to the extent provided herein.

### **SECTION 12. MISCELLANEOUS**

- (a) This Bond Purchase Agreement shall be binding upon the Purchaser, the Issuer, and their respective successors. This Bond Purchase Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that the representations, warranties, indemnities and agreements of the Issuer contained in this Bond Purchase Agreement shall also be deemed to be for the benefit of the person or persons, if any, who control the Purchaser (within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act). Nothing in this Bond Purchase Agreement is intended or shall be construed to give any person, other than the persons referred to in this Paragraph, any legal or equitable right, remedy or claim under or in respect of this Bond Purchase Agreement or any provision contained herein. All of the representations, warranties and agreements of the Issuer contained herein shall remain in full force and effect, regardless of: (1) any investigation made by or on behalf of the Purchaser, (2) delivery of and payment for the Bonds; or (3) any termination of this Bond Purchase Agreement.
- (b) For purposes of this Bond Purchase Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.
- (c) This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State.
- (d) This Bond Purchase Agreement may be executed in one or more counterparts, and if executed in more than one counterpart, the executed counterparts shall together constitute a single instrument.
- (e) This Bond Purchase Agreement may not be assigned by either party without the express written consent of the other party.

# **SECTION 13. EFFECTIVE DATE**

This Bond Purchase Agreement shall become effective upon acceptance hereof by the Issuer.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

Upon your acceptance of the offer, the foregoing agreement will be binding upon you and the Purchaser. Please acknowledge your agreement with the foregoing by executing the enclosed copy of this Bond Purchase Agreement prior to the date and time specified on page 1 hereof and returning it to the undersigned.

# PIPER JAFFRAY & CO. LEAWOOD, KANSAS

Date: May 2, 2012 Time::m.			
		Ву:	Managing Director
Accepted and agreed to as of the date first above written.			
DOUGLAS COUNTY, KANSAS			
			May 2, 2012; p.m.
By:Chairman			
ATTEST:	(Seal)		
By:			

### EXHIBIT A

# **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

### **CALCULATION OF PURCHASE PRICE**

	Series 2012-A	Series 2012-B	Series 2012-C	Series 2012-D
Principal Amount	\$6,115,000*.00	\$6,025,000*.00	\$550,000*.00	\$230,000*.00
Less Underwriter's Discount	-	-	-	
Plus Original Issue Premium				
Less Original Issue Discount	-	-	-	
Total Purchase Price				

### **MATURITY SCHEDULES**

### SERIES 2012-A BONDS[ - SERIAL BONDS]

		Annual				Annual	
Stated	Principal	Rate of		Stated	Principal	Rate of	
<b>Maturity</b>	Amount	<u>Interest</u>	<b>Price</b>	<b>Maturity</b>	Amount	<u>Interest</u>	<b>Price</b>
8/1/2012	\$	%	%	2/1/2015	\$	%	%
2/1/2013		%	%	8/1/2015		%	%
8/1/2013		%	%	2/1/2016		%	%
2/1/2014		%	%	8/1/2016		%	%
8/1/2014		%	%				

### [SERIES 2012-A BONDS - TERM BONDS

Stated	Principal	Annual Rate of	
<b>Maturity</b>	Amount \$	<u>Interest</u>	<b>Price</b>
	Ť		]

# SERIES 2012-B BONDS[ - SERIAL BONDS]

Stated <u>Maturity</u>	Principal <u>Amount</u>	Annual Rate of <u>Interest</u>	<u>Price</u>	Stated <u>Maturity</u>	Principal <u>Amount</u>	Annual Rate of <u>Interest</u>	<u>Price</u>
8/1/2012	\$	%	%	8/1/2016	\$	%	%
2/1/2013		%	%	2/1/2017		%	%
8/1/2013		%	%	8/1/2017		%	%
2/1/2014		%	%	2/1/2018		%	%
8/1/2014		%	%	8/1/2018		%	%
2/1/2015		%	%	2/1/2019		%	%
8/1/2015		%	%	8/1/2019		%	%
2/1/2016		%	%				

# [SERIES 2012-B BONDS - TERM BONDS

Stated <u>Maturity</u>	Principal <u>Amount</u> \$	Annual Rate of <u>Interest</u>	<u>Price</u>
			]

# SERIES 2012-C BONDS[ - SERIAL BONDS]

		Annual				Annual	
Stated	<b>Principal</b>	Rate of		Stated	Principal	Rate of	
<b>Maturity</b>	<b>Amount</b>	<u>Interest</u>	<b>Price</b>	<b>Maturity</b>	<b>Amount</b>	<u>Interest</u>	<b>Price</b>
9/1/2012	\$	%	%	9/1/2014	\$	%	%
9/1/2013		%	%	9/1/2015		%	%

# [SERIES 2012-C BONDS - TERM BONDS

Stated <u>Maturity</u>	Principal <u>Amount</u> \$	Annual Rate of <u>Interest</u>	<u>Price</u>
9/1/2015			]

# SERIES 2012-D BONDS[ - SERIAL BONDS]

Stated	Principal	Annual Rate of		Stated	Principal	Annual Rate of	
<b>Maturity</b>	Amount	<u>Interest</u>	<b>Price</b>	<b>Maturity</b>	Amount	<u>Interest</u>	<b>Price</b>
8/1/2012	\$	%	%	8/1/2017	\$	%	%
8/1/2013		%	%	8/1/2018		%	%
8/1/2014		%	%	8/1/2019		%	%
8/1/2015		%	%	8/1/2020		%	%
8/1/2016		%	%	8/1/2021		%	%

### **SERIES 2012-D BONDS - TERM BONDS**

Stated <u>Maturity</u>	Principal <u>Amount</u> \$	Annual Rate of <u>Interest</u>	Price
8/1/2021			]

(Plus accrued interest from June 4, 2012)

### REDEMPTION OF BONDS

### **Redemption by Issuer**.

## Optional Redemption.

- (a) Series 2012-A Bonds. The Series 2012-A Bonds shall not be subject to optional redemption and payment prior to their Stated Maturity.
- (b) Series 2012-B Bonds. At the option of the Issuer, Series 2012-B Bonds maturing on February 1, 2019, and thereafter, will be subject to redemption and payment prior to maturity on August 1, 2018, and thereafter, as a whole or in part (selection of maturities and the amount of Series 2012-B Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.
- (c) Series 2012-C Bonds. The Series 2012-C Bonds shall not be subject to optional redemption and payment prior to their Stated Maturity.
- (d) Series 2012-D Bonds. The Series 2012-D Bonds shall not be subject to optional redemption and payment prior to their Stated Maturity.
- [ Mandatory Redemption. The Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The Issuer shall redeem on September 1 in each year, the following principal amounts of such Term Bonds:

Principal <u>Amount</u> \$	<u>Year</u>
	20*
*Final Maturity]	

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

### FORM OF BOND COUNSEL OPINION - SERIES 2012-A BONDS

GILMORE & BELL, P.C.
Attorneys at Law

100 N. Main Suite 800
Wichita, Kansas 67202

[June 4, 2012]

Governing Body Douglas County, Kansas Piper Jaffray & Co. Leawood, Kansas

Re: \$6,115,000\* General Obligation Sales Tax Refunding Bonds, Series 2012-A, of Douglas County, Kansas, Dated June 4, 2012

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

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

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

- 1. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.
- 2. The Bonds are payable as to both principal and interest from the Issuer's portion of the receipts from a local option retailers' sales tax imposed within the boundaries of the Issuer (the "Sales Tax") on a parity of lien with respect to such Sales Tax with any Parity Bonds (as said term is defined in the Bond Resolution), and if not so paid, to the extent necessary from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer.
- 3. The interest on the Bonds [(including any original issue discount properly allocable to an owner of a Bond)] is: (a) excluded from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order to preserve the exclusion of the interest on the Bonds from gross income for federal

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

**4.** The interest on the Bonds is exempt from income taxation by the State of Kansas.

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

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

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

GILMORE & BELL, P.C.

### FORM OF BOND COUNSEL OPINION – SERIES 2012-B BONDS

GILMORE & BELL, P.C.
Attorneys at Law

100 N. Main Suite 800
Wichita, Kansas 67202

[June 4, 2012]

Governing Body Douglas County, Kansas Piper Jaffray & Co. Leawood, Kansas

Re: \$6,025,000\* Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, of Douglas County, Kansas, Dated June 4, 2012

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

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

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

- 1. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.
- 2. The Bonds are payable as to both principal and interest from the Issuer's portion of the receipts from a local option retailers' sales tax imposed within the boundaries of the Issuer (the "Sales Tax") on a parity of lien with respect to such Sales Tax with any Parity Bonds (as said term is defined in the Bond Resolution), and if not so paid, to the extent necessary from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer.
  - **3.** The interest on the Bonds is exempt from income taxation by the State of Kansas.

We express no opinion regarding federal tax consequences arising with respect to the Bonds.

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

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

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

GILMORE & BELL, P.C.

### FORM OF BOND COUNSEL OPINION - SERIES 2012-C BONDS

GILMORE & BELL, P.C.
Attorneys at Law

100 N. Main Suite 800
Wichita, Kansas 67202

[June 4, 2012]

Governing Body Douglas County, Kansas Piper Jaffray & Co. Leawood, Kansas

Re: \$550,000\* General Obligation Refunding Bonds, Series 2012-C, of Douglas County, Kansas, Dated June 4, 2012

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

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

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

- 1. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.
- 2. The Bonds are payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of certain improvements, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.
- 3. The interest on the Bonds [(including any original issue discount properly allocable to an owner of a Bond)] is: (a) excluded from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the

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

**4.** The interest on the Bonds is exempt from income taxation by the State of Kansas.

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

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

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

GILMORE & BELL, P.C.

### FORM OF BOND COUNSEL OPINION – SERIES 2012-D BONDS

GILMORE & BELL, P.C.
Attorneys at Law

100 N. Main Suite 800
Wichita, Kansas 67202

[June 4, 2012]

Governing Body Douglas County, Kansas Piper Jaffray & Co. Leawood, Kansas

Re: \$230,000\* Taxable General Obligation Refunding Bonds, Series 2012-D, of Douglas County, Kansas, Dated June 4, 2012

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

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

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

- 1. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.
- 2. The Bonds are payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of certain improvements, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.
  - **3.** The interest on the Bonds is exempt from income taxation by the State of Kansas.

We express no opinion regarding federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the

Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

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

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

GILMORE & BELL, P.C.

### FORM OF DEFEASANCE OPINION – SERIES 2003-A BONDS

GILMORE & BELL, P.C.
Attorneys at Law

100 N. Main Suite 800
Wichita, Kansas 67202

[June 4, 2012]

Governing Body Douglas County, Kansas Piper Jaffray & Co. Leawood, Kansas

Security Bank of Kansas City Kansas City, Kansas

Re: Douglas County, Kansas, General Obligation Sales Tax Refunding Bonds, Series 2003-A

This opinion is delivered to you in connection with the satisfaction, discharge and defeasance of the following described bonds originally issued by Douglas County, Kansas (the "Issuer") (the "Defeased Bonds"):

Series	Dated Date	Defeased Amount	Years	Redemption Date
2003-A	May 1, 2003	\$6,140,000	2013 to 2016	August 1, 2012

The Defeased Bonds were issued pursuant to a resolution adopted by the governing body of the Issuer (the "Bond Resolution"). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Bond Resolution.

Provision has been made for the payment of the principal, redemption price, if any, and interest due or to become due on the Defeased Bonds to the above-referenced Redemption Date in the manner specified in the Bond Resolution, by the irrevocable deposit in trust with Security Bank of Kansas City, Kansas City, Kansas, as escrow agent (the "Escrow Agent"), pursuant to the Escrow Trust Agreement dated as of June 4, 2012 (the "Escrow Trust Agreement"), between the Issuer and the Escrow Agent, of cash and government securities that, according to the Paying Agent's Certification, described below, will mature as to principal in amounts and at times that will provide sufficient moneys to make such payment.

We have examined the law, the Bond Resolution, the Escrow Trust Agreement and the other documents and certified proceedings that we deem necessary to render this opinion. Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

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

- 1. The Escrow Trust Agreement has been duly authorized, executed and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer, enforceable against the Issuer except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and by equitable principles whether considered at law or in equity.
- **2.** Provision has been made for payment of the Defeased Bonds in accordance with K.S.A. 10-427 *et seq*. All conditions precedent to the satisfaction, discharge and defeasance of the Defeased Bonds contained in the Bond Resolution have been complied with, and the Defeased Bonds are deemed to be paid and discharged under the Bond Resolution.
- **3.** Provision for the payment, discharge and defeasance of the Defeased Bonds will not, in and of itself, cause the interest on the Defeased Bonds to become included in gross income for federal income tax purposes.

In rendering the opinions set forth herein, we have relied upon the calculations and conclusions contained in the Paying Agent's Certification, dated June 4, 2012, and certain yield calculations relating to the Issuer's General Obligation Sales Tax Refunding Bonds, Series 2012-A, dated June 4, 2012 and the Defeased Bonds, without undertaking to verify the same.

We express no opinion with respect to the effect on the original status of the interest on the Defeased Bonds for federal income tax purposes of any actions taken or omitted to be taken by the Issuer or its affiliates with respect to the ownership, use or operation of the facilities financed or refinanced with the proceeds of the Defeased Bonds other than as stated in this opinion.

This opinion is delivered to you for your use only and may not be used or relied on by any third party for any purpose without our prior written approval in each instance.

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

**GILMORE & BELL, P.C.** 

### FORM OF DEFEASANCE OPINION – SERIES 2004-A BONDS

GILMORE & BELL, P.C.
Attorneys at Law

100 N. Main Suite 800
Wichita, Kansas 67202

[June 4, 2012]

Governing Body Douglas County, Kansas Piper Jaffray & Co. Leawood, Kansas

Security Bank of Kansas City Kansas City, Kansas

Re: Douglas County, Kansas, General Obligation Sales Tax Refunding Bonds, Series 2004-A

This opinion is delivered to you in connection with the satisfaction, discharge and defeasance of the following described bonds originally issued by Douglas County, Kansas (the "Issuer") (the "Defeased Bonds"):

Series	Dated Date	Defeased Amount	Years	Redemption Date
2004-A	February 1, 2004	\$5,560,000	2014 to 2019	August 1, 2013

The Defeased Bonds were issued pursuant to a resolution adopted by the governing body of the Issuer (the "Bond Resolution"). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Bond Resolution.

Provision has been made for the payment of the principal, redemption price, if any, and interest due or to become due on the Defeased Bonds to the above-referenced Redemption Date at the times and in the manner specified in the Bond Resolution, by the irrevocable deposit in trust with Security Bank of Kansas City, Kansas City, Kansas, as escrow agent (the "Escrow Agent"), pursuant to the Escrow Trust Agreement dated as of June 4, 2012 (the "Escrow Trust Agreement"), between the Issuer and the Escrow Agent, of cash and government securities that, according to the Verification Report described below, will mature as to principal and will pay interest in amounts and at times that will provide sufficient moneys to make such payments.

We have examined the law, the Bond Resolution, the Escrow Trust Agreement and the other documents and certified proceedings that we deem necessary to render this opinion. Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

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

- 1. The Escrow Trust Agreement has been duly authorized, executed and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer, enforceable against the Issuer except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and by equitable principles whether considered at law or in equity.
- **2.** Provision has been made for payment of the Defeased Bonds in accordance with K.S.A. 10-427 *et seq*. All conditions precedent to the satisfaction, discharge and defeasance of the Defeased Bonds contained in the Bond Resolution have been complied with, and the Defeased Bonds are deemed to be paid and discharged under the Bond Resolution.
- [ 3. Provision for the payment, discharge and defeasance of the Defeased Bonds will not, in and of itself, cause the interest on the Defeased Bonds to become included in gross income for federal income tax purposes.]

In rendering the opinions set forth herein, we have relied upon the calculations and conclusions contained in the Verification Report of dated June 4, 2012, of Robert Thomas CPA, LLC, certified public accountants, relating to the sufficiency of the Escrow Fund established under the Escrow Trust Agreement and certain yield calculations relating to the Issuer's Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, dated June 4, 2012 and the Defeased Bonds, without undertaking to verify the same.

We express no opinion with respect to the effect on the original status of the interest on the Defeased Bonds for federal income tax purposes of any actions taken or omitted to be taken by the Issuer or its affiliates with respect to the ownership, use or operation of the facilities financed or refinanced with the proceeds of the Defeased Bonds other than as stated in this opinion.

This opinion is delivered to you for your use only and may not be used or relied on by any third party for any purpose without our prior written approval in each instance.

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

**GILMORE & BELL, P.C.** 

### FORM OF DEFEASANCE OPINION – SERIES 2003-B & 2005-A BONDS

GILMORE & BELL, P.C.
Attorneys at Law

100 N. Main Suite 800
Wichita, Kansas 67202

[June 4, 2012]

Governing Body Douglas County, Kansas Piper Jaffray & Co. Leawood, Kansas

Security Bank of Kansas City Kansas City, Kansas

Re: Douglas County, Kansas, General Obligation Refunding Bonds, Series 2003-B, and General Obligation Bonds, Series 2005-A

This opinion is delivered to you in connection with the satisfaction, discharge and defeasance of the following described bonds originally issued by Douglas County, Kansas (the "Issuer") (collectively the "Defeased Bonds"):

Series	Dated Date	Defeased Amount	Years	Redemption Date
2003-В	May 1, 2003	\$285,000	2013 to 2014	September 1, 2012
2005-A	March 1, 2005	255,000	2013 to 2015	September 1, 2012

The Defeased Bonds were each issued pursuant to a resolution adopted by the governing body of the Issuer (collectively the "Bond Resolution"). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Bond Resolution.

Provision has been made for the payment of the principal, redemption price, if any, and interest due or to become due on the Defeased Bonds to the above-referenced Redemption Dates in the manner specified in the Bond Resolution, by the irrevocable deposit in trust with Security Bank of Kansas City, Kansas City, Kansas, as escrow agent (the "Escrow Agent"), pursuant to the Escrow Trust Agreement dated as of June 4, 2012 (the "Escrow Trust Agreement"), between the Issuer and the Escrow Agent, of cash and government securities that, according to the Paying Agent's Certification, described below, will mature as to principal and will pay interest in amounts and at times that will provide sufficient moneys to make such payments.

We have examined the law, the Bond Resolution, the Escrow Trust Agreement and the other documents and certified proceedings that we deem necessary to render this opinion. Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

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

- 1. The Escrow Trust Agreement has been duly authorized, executed and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer, enforceable against the Issuer except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and by equitable principles whether considered at law or in equity.
- **2.** Provision has been made for payment of the Defeased Bonds in accordance with K.S.A. 10-427 *et seq*. All conditions precedent to the satisfaction, discharge and defeasance of the Defeased Bonds contained in the Bond Resolution have been complied with, and the Defeased Bonds are deemed to be paid and discharged under the Bond Resolution.
- **3.** Provision for the payment, discharge and defeasance of the Defeased Bonds will not, in and of itself, cause the interest on the Defeased Bonds to become included in gross income for federal income tax purposes.

In rendering the opinions set forth herein, we have relied upon the calculations and conclusions contained in the Paying Agent's Certification, dated June 4, 2012, and certain yield calculations relating to the Issuer's General Obligation Refunding Bonds, Series 2012-C, dated June 4, 2012 and the Defeased Bonds, without undertaking to verify the same.

We express no opinion with respect to the effect on the original status of the interest on the Defeased Bonds for federal income tax purposes of any actions taken or omitted to be taken by the Issuer or its affiliates with respect to the ownership, use or operation of the facilities financed or refinanced with the proceeds of the Defeased Bonds other than as stated in this opinion.

This opinion is delivered to you for your use only and may not be used or relied on by any third party for any purpose without our prior written approval in each instance.

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

**GILMORE & BELL, P.C.** 

### FORM OF DEFEASANCE OPINION – SERIES A, 2001 BONDS

GILMORE & BELL, P.C.
Attorneys at Law

100 N. Main Suite 800
Wichita, Kansas 67202

[June 4, 2012]

Governing Body Douglas County, Kansas Piper Jaffray & Co. Leawood, Kansas

Security Bank of Kansas City Kansas City, Kansas

Re: Douglas County, Kansas, Taxable General Obligation Bonds, Series A, 2001

This opinion is delivered to you in connection with the satisfaction, discharge and defeasance of the following described bonds originally issued by Douglas County, Kansas (the "Issuer") (the "Defeased Bonds"):

Series	Dated Date	Defeased Amount	Years	Redemption Date
A, 2001	March 1, 2001	\$230,000	2017 and 2021	June 15, 2012

The Defeased Bonds were issued pursuant to a resolution adopted by the governing body of the Issuer (the "Bond Resolution"). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Bond Resolution.

Provision has been made for the payment of the principal, redemption price, if any, and interest due or to become due on the Defeased Bonds to the above-referenced Redemption Date in the manner specified in the Bond Resolution, by the irrevocable deposit with the State Treasurer (the "Paying Agent"), the paying agent for the Defeased Bonds, of cash that, according to the Paying Agent's Certification, described below, will provide sufficient moneys to make such payment.

We have examined the law, the Bond Resolution and the other documents and certified proceedings that we deem necessary to render this opinion. Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

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

1. Provision has been made for payment of the Defeased Bonds in accordance with K.S.A. 10-427 *et seq*. All conditions precedent to the satisfaction, discharge and defeasance of the Defeased Bonds contained in the Bond Resolution have been complied with, and the Defeased Bonds are deemed to be paid and discharged under the Bond Resolution.

In rendering the opinions set forth herein, we have relied upon the calculations and conclusions contained in the Paying Agent's Certification, dated June 4, 2012, without undertaking to verify the same.

We express no opinion with respect to the effect on the original status of the interest on the Defeased Bonds for federal income tax purposes of any actions taken or omitted to be taken by the Issuer or its affiliates with respect to the ownership, use or operation of the facilities financed or refinanced with the proceeds of the Defeased Bonds other than as stated in this opinion.

This opinion is delivered to you for your use only and may not be used or relied on by any third party for any purpose without our prior written approval in each instance.

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

**GILMORE & BELL, P.C.** 

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

Midwest Capital Management, Inc. c/o DeWaay Financial Network, LLC 4435 Main, Suite 800 Kansas City, Missouri 64111

RE:

## **CALL FOR REDEMPTION**

## DOUGLAS COUNTY, KANSAS TAXABLE GENERAL OBLIGATION BONDS SERIES A, 2001, DATED MARCH 1, 2001

Notice is hereby given pursuant to K.S.A. 10-129, as amended, and pursuant to the provisions of Article III of Resolution No. 01-13 (the "Bond Resolution") of Douglas County, Kansas (the "Issuer") that the above mentioned bonds described in the attached Notice of Call for Redemption (the "Called Bonds"), have been called for redemption and payment on June 15, 2012, subject to the availability of funds therefor from the proceeds of refunding bonds to be issued by the Issuer.

The Paying Agent is hereby requested to disseminate the attached Notice of Call for Redemption in accordance with K.S.A. 10-129 and the Bond Resolution. After redemption of the Called Bonds the Paying Agent is requested to complete the attached Paying Agent's Certification and forward a copy of same to the undersigned.

## **DOUGLAS COUNTY, KANSAS**

By:		
•	Clerk	

[CERTIFIED MAIL]

## NOTICE OF CALL FOR REDEMPTION

## DOUGLAS COUNTY, KANSAS TAXABLE GENERAL OBLIGATION BONDS SERIES A, 2001, DATED MARCH 1, 2001

Notice is hereby given to the registered owners of the above-captioned bonds (the "Bonds") that pursuant to the provisions of Article III of Resolution No. 01-13 (the "Bond Resolution") of Douglas County, Kansas (the "Issuer") that the Bonds maturing August 1, 2017, and thereafter (the "Called Bonds"), have been called for redemption and payment on June 15, 2012 (the "Redemption Date"), at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Bond Registrar and Paying Agent").

#### **TERM BONDS**

<b>Maturity Date</b>	Principal	Interest	CUSIP No.
(August 1)	Amount	<b>Rate</b>	(Base: 259039)
2017	\$115,000	6.75%	UN 3
2021	115,000	7.00%	US 2

On the Redemption Date there shall become due and payable, upon the presentation and surrender of each such Called Bond, the redemption price thereof equal to 100% of the principal amount thereof together with interest accrued to the Redemption Date. Interest shall cease to accrue on the Called Bonds so called for redemption from and after the Redemption Date provided such funds for redemption are on deposit with the Paying Agent, subject to the availability of funds therefor from the proceeds of refunding bonds to be issued by the Issuer.

Neither the Issuer nor the Paying Agent shall be responsible for the selection or use of the CUSIP identification numbers shown above or printed on any of the Called Bonds. Said CUSIP identification numbers are included solely for the convenience of the owners of the Bonds.

Under the provisions of Section 3406(a)(1) of the Internal Revenue Code of 1986, as amended, paying agents making payments of principal on municipal securities may be obligated to withhold a 28% tax on the payment of principal to registered owners who have failed to provide the paying agent with a valid taxpayer identification number. Registered Owners of the Bonds who wish to avoid the imposition of the tax should provide a certified taxpayer identification number to the Paying Agent when presenting the Bonds for payment.

## **DOUGLAS COUNTY, KANSAS**

By:	
	Treasurer of the State of Kansas
	Topeka, Kansas, as Paying Agent

\*\*\*\*\*\*\*\*\*

This Notice of Redemption shall be mailed by certified mail to the Treasurer of the State of Kansas, Topeka, Kansas, not less than 45 days prior to the Redemption Date and to Midwest Capital Management, Inc., c/o DeWaay Financial Network, LLC, Kansas City, Missouri, the original purchaser of the Series A, 2001 Bonds, 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. The Paying Agent shall notify the registered owners of the Called Bonds as provided in K.S.A. 10-129 as amended, and the Bond Resolution.

## PAYING AGENT'S CERTIFICATION

## DOUGLAS COUNTY, KANSAS TAXABLE GENERAL OBLIGATION BONDS SERIES A, 2001, DATED MARCH 1, 2001

The State Treasurer, in its capacity as Paying Agent for the above-captioned Bonds, does hereby certify as follows:

- 1. Capitalized terms not defined herein, shall have the meanings ascribed thereto in the attached Notice of Call for Redemption or the Bond Resolution defined therein.
- **2**. The Called Bonds have been called for redemption and payment on June 15, 2012 (the "Redemption Date").
- 3. The full redemption price of the Called Bonds as determined pursuant to the Bond Resolution is calculated as follows:

Principal Amount of Called Bonds	\$230,000.00
Accrued Interest to Redemption Date	7,906.25
Total	\$237,906.25

- **4**. There was deposited with the Paying Agent the sum set forth above, which has been irrevocably pledged for the payment of the principal of, redemption premium, if any, and interest on the Called Bonds to the Redemption Date. In addition, sufficient funds have been deposited to provide for additional costs associated with such redemption.
- 5. The Notice of Call for Redemption, a copy of which is attached hereto, was disseminated in accordance with K.S.A. 10-129, as amended, and the Bond Resolution.

DATED as of June 15, 2012.

TREASURER OF THE STATE OF KANSAS TOPEKA, KANSAS

D			
By:			

## EXCERPT OF MINUTES OF A MEETING OF THE GOVERNING BODY OF DOUGLAS COUNTY, KANSAS HELD ON MAY 2, 2012

The governing body met in regular session at the usual meeting place in the County, at 4:00 p.m., the following members being present and participating, to-wit:

The Chairman declared that a quorum was present and called the meeting to order.
* * * * * * * * * * *
(Other Proceedings)
Thereupon, there was presented a Resolution entitled:
A RESOLUTION AUTHORIZING AND PROVIDING FOR THE SALE, ISSUANCE AND DELIVERY OF GENERAL OBLIGATION SALES TAX REFUNDING BONDS, SERIES 2012-A AND TAXABLE GENERAL OBLIGATION SALES TAX REFUNDING BONDS, SERIES 2012-B, OF DOUGLAS COUNTY, KANSAS, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE ISSUER'S OUTSTANDING GENERAL OBLIGATION SALES TAX BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.
Thereupon, Commissioner moved that said Resolution be adopted. The motion was seconded by Commissioner Said Resolution was duly read and considered, and upon being put, the motion for the adoption of said Resolution was carried by the vote of the governing body, the vote being as follows:
Yea:
Nay:
Thereupon, the Chairman declared said Resolution duly adopted and the Resolution was the duly numbered Resolution No. 12 and was signed by the Commissioners and attested by the Clerk.
* * * * * * * * * * * * * * * (Other Proceedings)
[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

JLN\600190.013\BASICDOCS - A & B (04-24-12)

Absent:

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

## **CERTIFICATE**

I hereby certify that the foregoing Excerpt of proceedings of the governing body of Douglas County, K official minutes of such proceedings are on file in my offic	ansas, held on the date stated therein, and that the
(SEAL)	Clerk

RESOLUTION NO. 12-[\_\_]

**OF** 

**DOUGLAS COUNTY, KANSAS** 

**ADOPTED** 

MAY 2, 2012

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION SALES
TAX REFUNDING BONDS
2012-B

# TABLE OF CONTENTS

## ARTICLE I

## **DEFINITIONS**

Section 101.	Definitions of Words and Terms	2
	ARTICLE II	
	AUTHORIZATION AND DETAILS OF THE BONDS	
	Authorization of the Series 2012 Bonds	
Section 202.	Description of the Series 2012 Bonds	12
Section 203.	Designation of Paying Agent and Bond Registrar	13
Section 204.	Method and Place of Payment of the Bonds	14
Section 205.	Payments Due on Saturdays, Sundays and Holidays	14
	Registration, Transfer and Exchange of Bonds	
Section 207.	Execution, Registration, Authentication and Delivery of Bonds	15
	Mutilated, Lost, Stolen or Destroyed Bonds	
Section 209.	Cancellation and Destruction of Bonds Upon Payment	16
Section 210.	Book-Entry Bonds; Securities Depository	17
Section 211.	Nonpresentment of Bonds	18
Section 212.	Preliminary and Final Official Statement	18
Section 213.	Sale of the Bonds – Bond Purchase Agreement	18
Section 214.	Authorization of Escrow Agreement	19
	ARTICLE III	
	REDEMPTION OF BONDS	
Section 301	Redemption by Issuer	19
	Selection of Bonds to be Redeemed; Notice and Effect of Call for Redemption	
	ARTICLE IV	
	SECURITY FOR BONDS	
Section 401. Section 402.	Security for the Bonds	21 21

## ARTICLE V

# ESTABLISHMENT AND RATIFICATION OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS

Section 501.	Creation and Ratification of Funds and Accounts	21
	Deposit of Series 2012 Bond Proceeds	
	Application of Moneys in the Escrow Fund	
	Application of Moneys in Debt Service Account-2012	
Section 505.	Application of Moneys in the Redemption Fund	23
Section 506.	Deposits and Investment of Moneys	23
	Application of Moneys in the Costs of Issuance Account-2012	
	Verification of Certified Public Accountant	
Section 509.	Application of Moneys in the Compliance Account	24
	ARTICLE VI	
	COLLECTION AND APPLICATION OF REVENUES	
	Revenue Fund	
Section 602.	Application of Moneys in the Revenue Fund	24
	ARTICLE VII	
	PARTICULAR COVENANTS	
Section 701.	Covenant Not to Cancel Sales Tax	24
Section 702.	Financial Records and Reports	25
	Annual Budget	
	Annual Audit	
	Owners' Right of Inspection	
Section 706.	Performance of Duties	26
	ARTICLE VIII	
	ADDITIONAL BONDS	
Section 801.	Additional Bonds; Incorporation by Reference	26
	ARTICLE VI	
	DEFAULT AND REMEDIES	
Section 901.	Remedies	
	Limitation on Rights of Owners	
	Remedies Cumulative	

## ARTICLE X

# **DEFEASANCE**

27

Section 1001.	Defeasance	
	ARTICLE XI	
	TAX COVENANTS	
	General Covenants	
	ARTICLE XII	
	CONTINUING DISCLOSURE REQUIREMENTS	
	Disclosure Requirements	
	ARTICLE XIII	
	MISCELLANEOUS PROVISIONS	
Section 1302.	Amendments	9
Section 1304.	Notices 30 Further Authority 30	0
Section 1306.	Severability 30 Governing Law 3 Effective Date 3	1

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

## RESOLUTION NO. 12-[\_\_]

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE SALE, ISSUANCE AND DELIVERY OF GENERAL OBLIGATION SALES TAX BONDS. **SERIES** 2012-A AND **TAXABLE** REFUNDING OBLIGATION SALES TAX REFUNDING BONDS, SERIES 2012-B, OF DOUGLAS COUNTY, KANSAS, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE ISSUER'S OUTSTANDING GENERAL OBLIGATION SALES TAX BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

**WHEREAS**, Douglas County, Kansas (the "Issuer") is a political subdivision, duly created, organized and existing under the Constitution and laws of the State; and

**WHEREAS**, the Issuer is authorized under K.S.A. 12-187 *et seq.*, as amended (the "Act"), to establish a countywide retailers' sales tax and to issue sales tax revenue and general obligation bonds to finance certain public improvements within the boundaries of the upon obtaining the approval of at least a majority of the qualified electors of the Issuer voting on the question; and

WHEREAS, pursuant to Resolution No. 94-42 and the Act, the Issuer heretofore held an election on November 8, 1994, to establish a countywide retailers' sales tax in the amount of 1% (the "Sales Tax"), a portion of which shall be received by the Issuer and used for general governmental purposes, including the issuance of sales tax revenue and general obligation bonds, and various other purposes set forth in said proposition, including but not limited to the acquisition and operation of a County detention facility (the "Detention Facility") and the acquisition, construction and improvements for the Lawrence-Douglas County Health Department; and

**WHEREAS**, it was found and determined that more than a majority of the qualified electors of the Issuer voting on such proposition had voted in favor of the establishment of the Sales Tax and the issuance of said bonds for the purpose aforesaid; and

**WHEREAS**, the Issuer has heretofore issued its General Obligation Sales Tax Bonds, Series 1999-A, dated July 1, 1999 (the "Series 1999-A Bonds) to pay the costs of various capital improvements and to refund previously issued temporary notes that provided interim financings for a portion of the costs of such improvements; and

WHEREAS, the Issuer has heretofore issued its General Obligation Sales Tax Refunding Bonds, Series 2003-A, dated May 1, 2003 (the "Series 2003-A Bonds") to refund a portion of the Series 1999-A Bonds, maturing in the years 2015 and 2016, in the aggregate principal amount of \$5,915,000 and certain previously issued temporary notes that provided interim financings for a portion of the costs of certain capital improvements in the Issuer; and

**WHEREAS**, the Issuer has heretofore issued its General Obligation Sales Tax Refunding Bonds, Series 2004-A, dated February 1, 2004 (the "Series 2004-A Bonds") to refund a portion of the Series 1999-A Bonds, scheduled to mature on August 1, 2007, to February 1, 2014, in the aggregate principal amount of \$12,975,000; and

**WHEREAS,** other than the Series 2003-A Bonds and the Series 2004-A Bonds, the Issuer does not have Outstanding any sales tax revenue bonds, general obligation bonds or temporary notes heretofore authorized by the election and the Act which are secured by the Sales Tax; and

**WHEREAS,** the Issuer is authorized by K.S.A. 10-427 *et seq.* to issue general obligation sales tax refunding bonds of the Issuer for the purpose of refunding certain Outstanding maturities of the Series 2003-A Bonds and the Series 2004-A Bonds (the "Refunded Bonds"); and

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF DOUGLAS COUNTY, 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 Supplemental Bond Resolution shall have the following meanings:
- "Act" means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq.*, K.S.A. 10-620 *et seq.* and K.S.A. 12-187 *et seq.*, all as amended and supplemented from time to time.
- "Additional Bonds" means any Bonds issued pursuant to and in accordance with *Article VIII* of the Series 1999-A Bond Resolution.
- **"Ambac"** shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.
  - "Authorized Denomination" means \$5,000 or any integral multiples thereof.
- **"Beneficial Owner"** of the Bonds includes any Owner of the Bonds and any other Person who, directly or indirectly has the investment power with respect to such Bonds.
- "Bond and Interest Fund" means the Bond and Interest Fund of the Issuer for its general obligation bonds.
- **"Bond Counsel"** means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.

- **"Bond Insurance Policy"** means, with respect to any series of Bonds, the municipal bond insurance policy, financial guaranty bond or financial guaranty insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on such Additional Bonds, as set forth in the supplemental resolution authorizing such Additional Bonds.
- **"Bond Insurer"** means: (a) with respect to the Series 2003-A Bonds, MBIA; (b) with respect to the Series 2004-A Bonds, Ambac; and (c) with respect to Additional Bonds, the entity set forth in the supplemental resolution authorizing such Additional Bonds.
  - "Bond Payment Date" means any date on which principal of or interest on any Bond is payable.
- **"Bond Purchase Agreement"** means the Bond Purchase Agreement for any series of Bonds between the Issuer and the Purchaser.
- **"Bond Register"** means the books for the registration, transfer and exchange of Bonds kept at the office of the Bond Registrar.
- **"Bond Registrar"** means the Treasurer of the State of Kansas, Topeka, Kansas, and any successors and assigns.
- **"Bond Resolution"** means collectively the Series 1999-A Bond Resolution, the Series 2003-A Bond Resolution, the Series 2004-A Bond Resolution, the Series 2012 Bond Resolution, and any supplemental resolutions authorizing the issuance of any Additional Bonds, specifically including this resolution.
- **"Bonds"** means, collectively, the Series 2003-A Bonds, Series 2004-A Bonds, Series 2012 Bonds and any Additional Bonds authorized and issued by the Issuer pursuant to this Bond Resolution or any Supplemental Resolution.
- **"Business Day"** means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.
  - "Cede & Co." means Cede & Co., as nominee of DTC and any successor nominee of DTC.
- "Chairman" means the duly elected and acting Chairman, or in the Chairman's absence, the duly appointed and/or elected Vice Chairman or Acting Chairman of the Issuer.
- "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 or applicable thereto.
- "Compliance Account" means the Compliance Account for General Obligation Sales Tax Refunding Bonds, Series 2012-A created pursuant to *Section 501* hereof.
- "Costs of Issuance" means all costs of issuing the Bonds, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection 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-2012" means collectively the Costs of Issuance Account-2012-A and Costs of Issuance Account-2012-B.
- **"Costs of Issuance Account-2012-A"** means the Costs of Issuance Account for General Obligation Sales Tax Refunding Bonds, Series 2012-A created pursuant to *Section 501* hereof.
- "Costs of Issuance Account-2012-B" means the Costs of Issuance Account for Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B created pursuant to *Section 501* hereof.
  - "County" means Douglas County, Kansas.
  - "Dated Date" means, with respect to the Series 2012 Bonds, June 4, 2012.
- **"Debt Service Account-2012"** means collectively the Debt Service Account-2012-A and Debt Service Account-2012-B.
- "Debt Service Account-2012-A" means the Debt Service Account for General Obligation Sales Tax Refunding Bonds, Series 2012-A (within the Bond and Interest Fund) created pursuant to Section 501 hereof.
- **"Debt Service Account-2012-B"** means the Debt Service Account for Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B (within the Bond and Interest Fund) created pursuant to *Section 501* hereof.
- "Debt Service Requirements" means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.
- "Defaulted Interest" means interest on any Bond which is payable but not paid on any Interest Payment Date.
  - "Defeasance Obligations" means any of the following obligations:
- (a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
  - (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

- (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;
- (3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;
- (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
- (5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
- (6) the obligations are rated in the highest rating category by Moody's (presently "Aaa") or Standard & Poor's (presently "AAA").
- "Derivative" means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.
- "Disclosure Instructions" means the Continuing Disclosure Instructions dated as of the Issue Date or any series of Bonds, attached to the Issuer's Closing Certificate, relating to certain obligations contained in the SEC Rule.
- "DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.
- **"DTC Representation Letter"** means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides for a book-entry system, or any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.
- "Escrow Agent" means Security Bank of Kansas City, Kansas City, Kansas, and its successors and assigns.
- **"Escrow Agreement**" means the Escrow Trust Agreement, dated as of the Dated Date, between the Issuer and the Escrow Agent.
- **"Escrow Fund"** means the Escrow Fund for Taxable Refunded Bonds referred to in *Section 501* hereof.
- **"Escrowed Securities"** means the direct, noncallable obligations of the United States of America, as described in the Escrow Agreement.
  - "Event of Default" means each of the following occurrences or events:
- (a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise; or

- (b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or
- (c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Resolution (other than the covenants relating to continuing disclosure requirements) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.
- **"Federal Tax Certificate"** means the Issuer's Federal Tax Certificate for the Series 2012-A Bonds, 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.
- "Fitch" means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Bond Insurer.
- **"Funds and Accounts"** means funds and accounts created pursuant to or referred to in **Section 501** hereof or any Supplemental Resolution.
- **"Insurance Paying Agent"** means: (a) with respect to the Series 2003-A Bonds, State Street Bank and Trust Company, N.A., New York, New York, or its successors under the Bond Insurance Policy, as insurance paying agent; and (b) with respect to Additional Bonds, the entity set forth in the supplemental resolution authorizing such Additional Bonds.
- "Insurance Trustee" means: (a) with respect to the Series 2004-A Bonds, The Bank of New York, New York, New York, or its successors under the Bond Insurance Policy, as insurance paying agent, as trustee or its successors, and (b) with respect to Additional Bonds, the entity set forth in the supplemental resolution authorizing such Additional Bonds.
- "Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which, with respect to the Series 2012 Bonds, shall be February 1 and August 1 of each year, commencing August 1, 2012.
- "Issue Date" means the date when the Issuer delivers any series of Bonds to the Purchaser in exchange for the Purchase Price.
  - "Issuer" means the County and any successors or assigns.
- "Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for redemption or otherwise.
- "Maximum Annual Debt Service" means the maximum amount of Debt Service Requirements as computed for the then current or any future Fiscal Year.

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

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

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

(a) To the Issuer at:

Douglas County Courthouse 1100 Massachusetts Lawrence, Kansas 66044 Attention: Clerk

(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:

Piper Jaffray & Co. 11150 Overbrook, Suite 310 Leawood, Kansas 66211-2298 Fax: (913) 345-3393

(d) To the Rating Agency(ies):

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

Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies 25 Broadway New York, New York 10004

(e) To the Escrow Agent at:

Security Bank of Kansas City Corporate Trust Department 701 Minnesota Avenue Suite 206, P.O. Box 171297 Kansas City, Kansas 66117

Fax: (913) 279-7960

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 Municipal Bond Clerk.
- (c) With respect to any Purchaser, the manager of its Municipal Bond Department.
- (d) With respect to any Rating Agency, any Vice President thereof.
- (e) With respect to the Escrow Agent, the Manager of the Corporate Trust Department.
- "Official Statement" means Issuer's Official Statement, dated May 2, 2012, relating to the Series 2012 Bonds.
- "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 1001* of the Series 1999-A Resolution; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder; and
  - (d) Bonds, the principal or interest of which has been paid by the Bond Insurer.
- "Owner" when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register. Whenever consent of the Owners is required pursuant to the terms of this Bond Resolution, and the Owner of the Bonds, as set forth on the Bond Register, is Cede & Co., the term Owner shall be deemed to be the Beneficial Owner of the Bonds.
- **"Parity Bond Resolutions"** means the Series 1999-A Bond Resolution, the Series 2003-A Bond Resolution, the Series 2004-A Bond Resolution, this Series 2012 Bond Resolution, and other Supplemental Resolutions under which any other Parity Bonds shall be issued.
- **"Parity Bonds"** means the Series 2003-A Bonds, the Series 2004-A Bonds, the Series 2012 Bonds and any Additional Bonds hereafter issued that meet the requirements of *Sections 802* or *804* of the Series 1999-A Bond Resolution.
- **"Participants"** means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.
- "Paying Agent" means the Treasurer of the State of Kansas, Topeka, Kansas, and any successors and assigns.

"Permitted Investments" shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the Issuer, which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks or the federal home loan mortgage corporation; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; (1) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f); or (m) other investment obligations authorized by the laws of the State and approved in writing by the Bond Insurer, all as may be further restricted or modified by amendments to applicable State law.

**"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, with respect to the Series 2012 Bonds, the amount set forth in the Bond Purchase Agreement.

**"Purchaser**" means, with respect to the Series 2012 Bonds, Piper Jaffray & Co., Leawood, Kansas, and any successor and assigns.

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

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

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

**"Redemption Fund"** means the Redemption Fund for the Tax-exempt Refunded Bonds held by the Escrow Agent referred to in *Section 501* hereof.

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

"Refunded Bonds" means collectively the Tax-exempt Refunded Bonds and the Taxable Refunded Bonds.

- "Refunded Bonds Paying Agent" means the respective paying agent for each series of the Refunded Bonds as designated in the respective Refunded Bonds Resolution, and any successor or successors at the time acting as paying agent for any of the Refunded Bonds.
- **"Refunded Bonds Redemption Date"** means collectively: (a) August 1, 2012 for the Tax-exempt Refunded Bonds, and (b) August 1, 2013 for the Taxable Refunded Bonds.
  - "Refunded Bonds Resolution" means each resolution which authorized the Refunded Bonds.
- "Replacement Bonds" means Bonds issued to the Beneficial Owners of the Bonds in accordance with Section 209 hereof.
  - "Revenue Fund" means the Sales Tax Revenue Fund referred to in Section 501 hereof.
- **"Revenues"** means the Issuer's portion (as determined in accordance with the Act) of the receipts collected from the implementation of the Sales Tax, together with any investment earnings on such collections in accordance with the provisions of the Bond Resolution.
- "Sales Tax" means the one percent (1%) retailers' sales tax collected within the boundaries of the Issuer which was authorized by an election held on November 8, 1994.
- **"SEC Rule"** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time.
  - "Securities Depository" means, initially, DTC, and its successors and assigns.
- "Series 1999-A Bonds" means the Issuer's General Obligation Sales Tax Bonds, Series 1999-A, dated July 1, 1999.
- "Series 1999-A Principal and Interest Account" means the Principal and Interest Account for the Series 1999-A Bonds.
- "Series 1999-A Bond Resolution" means Resolution No. 99-32 of the Issuer which authorized the Series 1999-A Bonds.
- "Series 2003-A Bond Resolution" means Resolution No. 03-13 of the Issuer which authorized the Series 2003-A Bonds.
- **"Series 2003-A Bonds"** means the Issuer's General Obligation Sales Tax Refunding Bonds, Series 2003-A, dated May 1, 2003.
- "Series 2004-A Bond Resolution" means Resolution No. 04-05 of the Issuer which authorized the Series 2004-A Bonds.
- "Series 2004-A Bonds" means the Issuer's General Obligation Sales Tax Refunding Bonds, Series 2004-A, dated February 1, 2004.
- "Series 2012 Bond Resolution" means this Supplemental Bond Resolution which authorizes the issuance of the Series 2012 Bonds.
  - "Series 2012 Bonds" means collectively the Series 2012-A Bonds and the Series 2012-B Bonds.

"Series 2012-A Bonds" means the General Obligation Sales Tax Refunding Bonds, Series 2012-A, authorized and issued by the Issuer pursuant to the Bond Resolution.

**"Series 2012-B Bonds"** means the Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, authorized and issued by the Issuer pursuant to the Bond Resolution.

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

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

"State" means the state of Kansas.

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

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

**"Supplemental Bond Resolution"** means this resolution and any supplemental or amendatory resolution under which any Additional Bonds are hereafter issued.

"Taxable Refunded Bonds" means the Series 2004-A Bonds maturing in the years 2014 to 2019, inclusive, in the aggregate principal amount of \$5,560,000.

"Tax-exempt Refunded Bonds" means the Series 2003-A Bonds maturing in the years 2013 to 2016, inclusive, in the aggregate principal amount of \$6,140,000.

**"Term Bonds"** means any Bonds designated as Term Bonds in the Bond Resolution or in any Supplemental Resolution authorizing the issuance of Additional Bonds.

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

["2012-A Term Bonds" means the Bonds scheduled to mature in the year	]
["2012-B Term Bonds" means the Bonds scheduled to mature in the year	]

"United States Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in

such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

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

**"Verification Report"** means the verification report relating to the Series 2012 Bonds and the Refunded Bonds as referenced in the Escrow Agreement.

## **ARTICLE II**

## **AUTHORIZATION AND DETAILS OF THE BONDS**

#### Section 201. Authorization of the Series 2012 Bonds.

- (a) There shall be issued and hereby are authorized and directed to be issued the General Obligation Sales Tax Refunding Bonds, Series 2012-A, of the Issuer in the principal amount of \$6,115,000\* for the purpose of providing funds to refund the Tax-exempt Refunded Bonds and pay Costs of Issuance of the Series 2012-A Bonds.
- (b) There shall be issued and hereby are authorized and directed to be issued the Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, of the Issuer in the principal amount of \$6,025,000\* for the purpose of providing funds to refund the Taxable Refunded Bonds and pay Costs of Issuance of the Series 2012-B Bonds.

**Section 202. Description of the Series 2012 Bonds.** The Series 2012 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 Series 2012 Bonds shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof, and shall bear interest at the rates per annum as follows:

## SERIES 2012-A BONDS[ - SERIAL BONDS]

Stated Maturity	Principal Amount	Annual Rate of Interest	Stated Maturity	Principal Amount	Annual Rate of Interest
8/1/2012	\$	%	2/1/2015	\$	%
2/1/2013		%	8/1/2015		%
8/1/2013		%	2/1/2016		%
2/1/2014		%	8/1/2016		%
8/1/2014		%			

## [SERIES 2012-A BONDS - TERM BONDS

		Annual	
Stated	Principal	Rate of	
<b>Maturity</b>	<b>Amount</b>	<u>Interest</u>	<b>Price</b>
	\$		

## SERIES 2012-B BONDS[ - SERIAL BONDS]

Stated	Principal	Annual Rate of	Stated	Principal	Annual Rate of
<b>Maturity</b>	<b>Amount</b>	<u>Interest</u>	<b>Maturity</b>	<b>Amount</b>	<b>Interest</b>
8/1/2012	\$	%	8/1/2016	\$	%
2/1/2013		%	2/1/2017		%
8/1/2013		%	8/1/2017		%
2/1/2014		%	2/1/2018		%
8/1/2014		%	8/1/2018		%
2/1/2015		%	2/1/2019		%
8/1/2015		%	8/1/2019		%
2/1/2016		%			

## [SERIES 2012-B BONDS - TERM BONDS

Stated	Principal	Annual Rate of	
<b>Maturity</b>	Amount \$	<u>Interest</u>	<u>Price</u>
			1

The Series 2012 Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in *Section 204* hereof. The Series 2012 Bonds shall be issued as Book-Entry-Only Bonds and administered in accordance with the provisions of *Section 210* hereof.

Each of the Series 2012 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* (Series 2012-A Bonds) and *EXHIBIT B* (Series 2012-B Bonds) or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq*.

**Section 203. Designation of Paying Agent and Bond Registrar.** The Treasurer of the State of Kansas, Topeka, Kansas, is hereby designated as the Paying Agent for the payment of principal of and interest on the Series 2012 Bonds and Bond Registrar with respect to the registration, transfer and exchange of Series 2012 Bonds. The Chairman and Clerk of the Issuer are hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Series 2012 Bonds.

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

Paying Agent and Bond Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Bond Registrar.

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

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

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

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Owner or (b) in the case of an interest payment to 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 (which shall be in the continental United States), 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. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

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

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

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

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

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

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

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

Section 207. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall

be executed for and on behalf of the Issuer by the manual or facsimile signature of the Chairman, attested by the manual or facsimile signature of the Clerk and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Chairman 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 Chairman 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 Series 2012 Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as *EXHIBIT A* (Series 2012-A Bonds) and *EXHIBIT B* (Series 2012-B Bonds) 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 Series 2012 Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

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

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

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

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

Section 209. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before

Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

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

- (a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or
- (b) if the Bond Registrar receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

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

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with

respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

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

**Section 212. Preliminary and Final Official Statement.** The Preliminary Official Statement dated April 24, 2012, relating to the Series 2012 Bonds, is hereby ratified and approved. For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the Issuer are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of such Rule.

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

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

**Section 213. Sale of the Bonds** – **Bond Purchase Agreement.** The Chairman is hereby authorized to enter into the Bond Purchase Agreement between the Issuer and the Purchaser in substantially the form submitted to the governing body concurrently with the adoption of this Bond Resolution, with such changes therein as shall be approved by the Chairman, such officer's signature thereon being conclusive evidence of the approval thereof. Pursuant to the Bond Purchase Agreement, the Issuer agrees to sell the Series 2012 Bonds to the Purchaser for the Purchase Price, upon the terms and conditions set forth therein.

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

## **ARTICLE III**

## REDEMPTION OF BONDS

## Section 301. Redemption by Issuer.

## (a) Optional Redemption.

- (1) Series 2012-A Bonds. The Series 2012-A Bonds shall **not** be subject to optional redemption and payment prior to their Stated Maturity.
- (2) Series 2012-B Bonds. At the option of the Issuer, Series 2012-B Bonds maturing on February 1, 2019, and thereafter, will be subject to redemption and payment prior to maturity on August 1, 2018, and thereafter, as a whole or in part (selection of maturities and the amount of Series 2012-B Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

## (b) Mandatory Redemption.

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

Issuer intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the Issuer will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.

[ (2) The Series [\_\_\_] Term Bonds. The Issuer shall, from the payments specified in Section 602(b) of the Series 1999-A Resolution which are to be deposited into the Debt Service Account, redeem on the dates set forth below the following principal amounts of Series [\_\_\_] Term Bonds:

Principal
Amount
\$

20\_\*

[ (3) None of the Series 2012 Bonds are subject to Mandatory Redemption.]

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

Section 302. Selection of Bonds to be Redeemed; Notice and Effect of Call for Redemption The manner of selection of Series 2012 Bonds to be redeemed and the provision for notice of such redemption shall be in the manner set forth in *Sections 302* and *303* of the Series 1999-A Resolution, which are incorporated herein by reference.

<sup>\*</sup>Final Maturity]

#### 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 the Revenues derived from the Sales Tax, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due. The lien of the Series 2012 Bonds on the Revenues shall be on a parity with the Parity Bonds.

**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, if necessary due to any shortfall in Revenues, by levying and collecting any necessary ad valorem taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The ad valorem 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 ad valorem 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 respective Debt Service Account of the Bond and Interest Fund 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 ad valorem 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 ad valorem taxes are collected.

## **ARTICLE V**

# ESTABLISHMENT AND RATIFICATION OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS

#### Section 501. Creation and Ratification of Funds and Accounts.

- (a) Simultaneously with the issuance of the Series 2012 Bonds, there shall be created within the Treasury of the Issuer the following Funds and Accounts:
  - (1) Debt Service Account for General Obligation Sales Tax Refunding Bonds, Series 2012-A.
  - (2) Debt Service Account for Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B.
    - (3) Compliance Account.

- (b) The Funds and Accounts established in the Series 1999-A Bond Resolution, the Series 2003-A Resolution and the Series 2004-A Resolution are hereby ratified and confirmed.
- (c) In addition to the Funds and Accounts described above, there shall be created with the Escrow Agent the following Funds and Accounts to be held and administered by the Escrow Agent in accordance with the provisions of this Bond Resolution and the Escrow Agreement:
  - (1) Escrow Fund for Taxable Refunded Bonds.
  - (2) Redemption Fund for Tax-exempt Refunded Bonds.
  - (3) Costs of Issuance Account for General Obligation Sales Tax Refunding Bonds, Series 2012-A.
  - (4) Costs of Issuance Account for Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B.

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

**Section 502. Deposit of Series 2012 Bond Proceeds.** The net proceeds received from the sale of the Series 2012 Bonds shall be deposited simultaneously with the delivery of the Series 2012 Bonds as follows:

## (a) Series 2012-A Bonds.

- (1) All accrued interest and excess proceeds, if any, received from the sale of the Series 2012-A Bonds shall be deposited in the Debt Service Account-2012-A.
- (2) The sum of \$[\_\_\_\_] shall be transferred to the Escrow Agent for deposit in the Costs of Issuance Account-2012-A and applied in accordance with the Escrow Agreement.
- (3) The remaining balance of the proceeds derived from the sale of the Series 2012-A Bonds shall be transferred to the Escrow Agent for deposit in the Redemption Fund.

#### (b) Series 2012-B Bonds.

- (1) All accrued interest and excess proceeds, if any, received from the sale of the Series 2012-B Bonds shall be deposited in the Debt Service Account-2012-B.
- (2) The sum of \$[\_\_\_\_\_] shall be transferred to the Escrow Agent for deposit in the Costs of Issuance Account-2012-B and applied in accordance with the Escrow Agreement.
- (3) The remaining balance of the proceeds derived from the sale of the Series 2012-B Bonds shall be transferred to the Escrow Agent for deposit in the Escrow Fund.

**Section 503. Application of Moneys in the Escrow Fund**. Under the Escrow Agreement, the Escrow Agent will apply moneys in the Escrow Fund to purchase the Escrowed Securities and to establish an initial cash balance in accordance with the Escrow Agreement. The cash and Escrowed Securities held

in the Escrow Fund will be applied by the Escrow Agent solely in the manner authorized by the Escrow Agreement. All money deposited with the Escrow Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Refunded Bond Resolution for the Taxable Refunded Bonds and the Escrow Agreement.

Section 504. Application of Moneys in Debt Service Account-2012. All amounts paid and credited to the Debt Service Account-2012 shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on each series of the Series 2012 Bonds as and when the same become due and the usual and customary fees and expenses of the Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account-2012 sums sufficient to pay both principal or Redemption Price of and interest on each series of the Series 2012 Bonds and the fees and expenses of the Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Series 2012 Bonds are no longer entitled to enforce payment of the Series 2012 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 Series 2012 Bonds entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account-2012-A after the retirement of the Series 2012-A Bonds shall be transferred and paid into the Revenue Fund. Any moneys or investments remaining in the Debt Service Account-2012-B after the retirement of the Series 2012-B Bonds shall be transferred and paid into the Revenue Fund.

**Section 505. Application of Moneys in the Redemption Fund.** Proceeds of the Series 2012-A Bonds in the amount of \$[\_\_\_\_\_] shall be used by the Escrow Agent to purchase Escrowed Securities, which shall be delivered to and deposited in the Redemption Fund, and \$[\_\_\_\_\_] shall be held uninvested in the Redemption Fund as a beginning balance.

On or prior to the Business Day preceding the Refunded Bonds Redemption Date for the Tax-exempt Refunded Bonds, the Escrow Agent shall withdraw from the Redemption Fund an amount equal to the principal of, redemption premium, if any, and interest on the Tax-exempt Refunded Bonds becoming due and payable on Refunded Bonds Redemption Date, and shall forward such amount to the offices of the respective Refunded Bonds Paying Agent, so that immediately available funds will reach the offices of the Refunded Bonds Paying Agent on or before 12:00 Noon, Central time on the Business Day preceding such Refunded Bonds Redemption Date. In order to make the payments required by this *Section 505*, the Escrow Agent is hereby authorized to redeem or otherwise dispose of Escrowed Securities in accordance with the maturity schedules prepared by the Purchaser. The Escrow Agent is authorized and instructed to provide appropriate notice of redemption in accordance with the Refunded Bonds Resolution authorizing the issuance of such Tax-exempt Refunded Bonds.

**Section 506. Deposits and Investment of Moneys**. Moneys in each of the Funds and Accounts shall be deposited and invested in accordance with the provisions of *Section 506* of the Series 1999-A Resolution.

Section 507. Application of Moneys in the Costs of Issuance Account-2012. Moneys in the Costs of Issuance Account-2012 shall be used by the Escrow Agent to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account-2012 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 Series 2012 Bonds, shall be transferred to the Compliance Account or the respective Debt Service Account.

**Section 508. Verification of Certified Public Accountant**. Prior to or concurrently with the issuance and delivery of the Series 2012-B Bonds and the creation of the Escrow Fund, the Issuer shall obtain a Verification Report from an independent certified public accountant that such accountant has verified the accuracy of the calculations that demonstrate that the money and obligations required to be deposited with the Escrow Agent pursuant to **Section 502** of this Bond Resolution and the Escrow Agreement, together with the earnings to accrue thereon, will be sufficient for the timely payment of the principal of, redemption premium, if any, and interest on the Taxable Refunded Bonds in accordance with the Escrow Agreement.

**Section 509. Application of Moneys in the Compliance Account.** Moneys in the Compliance Account shall be used by the Issuer to pay fees and expenses relating to compliance with federal arbitrage law, state or federal securities laws, and other costs or expenses of carrying or repaying the Series 2012-A Bonds as set forth in the Federal Tax Certificate. Any funds remaining in the Compliance Account on the sixth anniversary of the Issue Date shall be transferred to the Debt Service Account-2012-A.

## **ARTICLE VI**

## COLLECTION AND APPLICATION OF REVENUES

**Section 601. Revenue Fund.** The Issuer covenants and agrees that as long as any of the Bonds remain Outstanding and unpaid, all of the Revenues derived and received by the Issuer from the Sales Tax shall be segregated and kept separate and apart from all other moneys, revenues, Funds and Accounts of the Issuer and shall not be mingled with any other moneys, revenues, Funds and Accounts. Upon receipt, such Revenues will be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in *Article VI* of the Series 1999-A Bond Resolution, as modified by *Section 602* hereof.

Section 602. Application of Moneys in the Revenue Fund. The Issuer covenants and agrees that as long as any of the Bonds shall remain Outstanding and unpaid, the Issuer will administer and allocate, as of the first day of each month, all of the moneys then held in the Revenue Fund in the order set forth in *Section 602* of the Series 1999-A Bond Resolution, provide that deposits into the Debt Service Account-2012-B shall be deposited into such account on a parity basis with transfers into the Debt Service Account described in *Section 602(a)* of the Series 1999-A Bond Resolution.

#### ARTICLE VII

## PARTICULAR COVENANTS

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

**Section 701.** Covenant Not to Cancel Sales Tax. So long as any Bonds remain Outstanding, the Issuer will take no action, and will contest any action or attempted action, to cancel the Sales Tax or the collection of Revenues therefrom.

**Section 702. Financial Records and Reports**. The Issuer will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the Issuer) in which complete and correct entries will be made of all dealings and transactions of or in relation to the Revenues and the Sales Tax. Such accounts shall show the amount of Revenues received from the Sales Tax, the application of such Revenues, and all financial transactions in connection therewith. Said books shall be kept by the Issuer according to generally accepted accounting principles. The Treasurer shall make reports to the governing body of the Issuer, not less frequently than quarterly, relative to such Revenues and the application thereof.

Section 703. Annual Budget. Prior to the commencement of each Fiscal Year, the Issuer will cause to be prepared and filed with the Clerk a budget setting forth the estimated Revenues for the next succeeding Fiscal Year, which may be included within the general budget of the Issuer. The Clerk, promptly upon the filing of said budget in the Clerk's office, will mail a copy of said budget to the Purchaser, the applicable Bond Insurer and the Fiscal Agent. Said annual budget shall be prepared in accordance with the requirements of the laws of the State, and shall contain normal budgetary items, including:

- (a) An estimate of the receipts from the Sales Tax during the next ensuing Fiscal Year; and
- (b) A statement of the amount of principal and interest to be paid on Outstanding Bonds to be paid from the Sales Tax during the next Fiscal Year.

**Section 704. Annual Audit**. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the Revenues from the Sales Tax, which may be included within the general audit of the Issuer, for the preceding Fiscal Year by an Independent Accountant to be employed for that purpose. Said annual audit may be a component of the Issuer's overall audit and shall include:

- (a) A classified statement of the Revenues received during the previous Fiscal Year;
- (b) A complete balance sheet as of the end of each Fiscal Year with the amount on hand at the end of such year in each of the Funds and Accounts created by and referred to in this Bond Resolution;
- (c) A statement of all Bonds matured or redeemed and interest paid on Bonds during said Fiscal Year; and
- (d) Such remarks and recommendations regarding the practices and procedures of administering the Revenues and its accounting practices as said accountants may deem appropriate.

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 said audit shall be mailed to the Purchaser, the Bond Insurer and to the Fiscal Agent. Such audits 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, user or Owner.

As soon as possible after the completion of such annual audit, the governing body of the Issuer shall review such audit, and if any audit shall disclose that proper provision has not been made for all of the requirements of this Bond Resolution and the Act, the Issuer covenants and agrees that, to the extent it has power to do so, it will promptly cure such deficiency and will promptly (within 60 days) proceed to take such actions as may be necessary to adequately provide for such requirements.

**Section 705. Owners' Right of Inspection**. The Owner or Owners of any of the Bonds and the Bond Insurer shall have the right at all reasonable times to inspect the records, accounts and data relating thereto, and any such Owner shall be furnished all such information concerning the Revenues which such Owner may reasonably request.

**Section 706. Performance of Duties**. The Issuer will faithfully and punctually perform all duties and obligations with respect to the Revenues and the Sales Tax now or hereafter imposed upon the Issuer by the Constitution and laws of the State of Kansas and by the provisions of this Bond Resolution.

## ARTICLE VIII

## ADDITIONAL BONDS

**Section 801. Additional Bonds; Incorporation by Reference.** The provisions of *Article VIII* of the Series 1999-A Bond Resolution are incorporated herein by reference.

## ARTICLE IX

## **DEFAULT AND REMEDIES**

**Section 901. 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.

The Issuer hereby directs the Paying Agent to notify the Owners and Bond Insurer of any Event of Default of which it has actual notice.

Section 902. 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 903. 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 X

#### **DEFEASANCE**

Defeasance. When any or all of the Bonds or scheduled interest payments Section 1001. thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity, (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.

#### **ARTICLE XI**

#### TAX COVENANTS

**Section 1101. General Covenants**. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2012-A Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Chairman and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other 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 Series 2012-A Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

**Section 1102. Survival of Covenants.** The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Series 2012-A Bonds pursuant to *Article X* hereof or any other provision of the Bond Resolution until such time as is set forth in the Federal Tax Certificate.

#### ARTICLE XII

### CONTINUING DISCLOSURE REQUIREMENTS

**Section 1201. Disclosure Requirements.** The Chairman and Clerk are hereby authorized and directed to execute the Disclosure Instructions in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Instructions, which are incorporated herein by reference. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Section 1202. Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its covenants contained in the preceding section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. Notwithstanding any other provision of this Bond Resolution, failure of the Issuer to comply with its covenants contained in the preceding section shall not be considered an Event of Default under this Bond Resolution.

### **ARTICLE XIII**

#### MISCELLANEOUS PROVISIONS

**Section 1301. Amendments**. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any

respect by resolution of the Issuer with the written consent of the Bond Insurer and the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by the Bond Insurer and such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

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

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

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

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

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

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

**Section 1302.** Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing

appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

- (a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.
- (b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

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

**Section 1303. Notices**. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt; given to the Notice Representative at the Notice Address. Copies of such notices shall also be given to the Paying Agent and the Bond Insurer. 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 1304. Further Authority**. The officers and officials of the Issuer, including the Chairman 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 1305. Severability**. If any section or other part of this Supplemental 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 1306.** Governing Law. This Supplemental Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

**Section 1307. Effective Date.** This Supplemental Bond Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

(SEAL)	
	Mike Gaughan, Chair – 1 <sup>st</sup> District
	Nancy Thellman, Vice-Chair – 2 <sup>nd</sup> District
	Jim Flory, Commissioner – 3 <sup>rd</sup> District
ATTEST:	Jili Plory, Collinissioner – 3 District
Jameson D. Shew, County Clerk	
CERT	IFICATE
I hereby certify that the above and foregoin the Issuer adopted by the governing body on May 2	ng is a true and correct copy of the Bond Resolution of , 2012, as the same appears of record in my office.
DATED: May 2, 2012.	
	Jameson D. Shew, County Clerk
[BALANCE OF THIS PAGE IN	NTENTIONALLY LEFT BLANK]

**ADOPTED** by the Board of County Commissioners of Douglas County, Kansas on May 2, 2012.

## EXHIBIT A (FORM OF SERIES 2012-A BONDS)

REGISTERED REGISTERED NUMBER \$

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

# UNITED STATES OF AMERICA STATE OF KANSAS COUNTY OF DOUGLAS GENERAL OBLIGATION SALES TAX REFUNDING BOND SERIES 2012-A

Interest Maturity Dated CUSIP:

Rate: Date: Date: June 4, 2012

#### **REGISTERED OWNER:**

#### PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the County of Douglas, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above[, unless called for redemption prior to said Maturity Date], and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on February 1 and August 1 of each year, commencing August 1, 2012 (the "Interest Payment Dates"), until the Principal Amount has been paid.

**Method and Place of Payment.** The principal [or redemption price ]of this Series 2012-A Bond shall be paid at maturity [or upon earlier redemption ]to the person in whose name this Series 2012-A Bond is registered at the maturity [or redemption ]date thereof, upon presentation and surrender of this Series 2012-A Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The interest payable on this Series 2012-A Bond on any Interest Payment Date shall be paid to the person in whose name this Series 2012-A Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next

preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner or, (b) in the case of an interest payment to any Registered Owner of \$500,000 or more in aggregate principal amount of Series 2012-A Bonds, by electronic transfer to such Registered Owner upon written notice given to the Bond Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Series 2012-A Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

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

ADDITIONAL PROVISIONS OF THIS SERIES 2012-A BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

**Authentication.** This Series 2012-A Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Bond Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Series 2012-A Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of bonds, does not exceed any constitutional or statutory limitation.

**IN WITNESS WHEREOF**, the Issuer has caused this Series 2012-A Bond to be executed by the manual or facsimile signature of its Chairman and attested by the manual or facsimile signature of its Clerk, and its seal to be affixed hereto or imprinted hereon.

#### DOUGLAS COUNTY, KANSAS

(Facsimile Seal)	By:	(facsimile)	
	,	Chairman	
ATTEST:			
By: <u>(facsimile)</u> Clerk			

#### CERTIFICATE OF AUTHENTICATION AND REGISTRATION

Douglas County, Kansas, described in the within-mentioned Bond Resolution.

This Bond is one of a series of General Obligation Sales Tax Refunding Bonds, Series 2012-A, of

Paristantian Data	
Registration Date	
	Office of the State Treasurer
	Topeka, Kansas,
	as Bond Registrar and Paying Agent
	By
Registration Number 0022-023-060412-[]	

#### (FORM OF REVERSE SIDE OF BOND)

#### ADDITIONAL PROVISIONS

**Authorization of Series 2012-A Bonds.** This Series 2012-A Bond is one of an authorized series of bonds of the Issuer designated "General Obligation Sales Tax Refunding Bonds, Series 2012-A," aggregating the principal amount of \$6,115,000\* (the "Series 2012-A Bonds") issued for the purposes set forth in the Resolution of the Issuer authorizing the issuance and prescribing the form and details of the Series 2012-A Bonds (the "Bond Resolution"). The Series 2012-A Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-427 *et seq.*, K.S.A. 12-187 *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

**General Obligations.** The Series 2012-A Bonds constitute general obligations of the Issuer payable as to both principal and interest from the revenues derived by the Issuer's portion of the receipts from a one percent (1%) retailers' sales tax collected within the boundaries of the Issuer authorized by the electors of the Issuer on November 8, 1994 (the "Sales Tax"), and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby pledged for the payment of the principal of and interest on this Series 2012-A Bond and the issue of which it is a part as the same respectively become due. The Series 2012-A Bonds stand on a parity and are equally and ratably secured with respect to the payment of principal and interest from the Revenues derived by the Issuer from the Sales Tax and in all other respects with the Issuer's Outstanding General Obligation Sales Tax Refunding Bonds, Series 2003-A, dated May 1, 2003; General Obligation Sales Tax Refunding Bonds, Series 2004-A, dated February 1, 2004; and Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, dated June 4, 2012. Under the conditions set forth in the Bond Resolution, the Issuer has the right to issue Additional Bonds payable from the same source and secured by the Revenues on a parity with said Revenues; provided, however, that such Additional Bonds may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Bond Resolution.

**Certain Covenants.** The Issuer hereby covenants with the Owner of this Series 2012-A Bond to keep and perform all covenants and agreements contained in the Bond Resolution, and the Issuer will not cancel the collection of the Sales Tax so long as the Series 2012-A Bonds remain Outstanding. Reference is made to the Bond Resolution for a description of the covenants and agreements made with respect to the collection, segregation and application of the Revenues, the nature and extent of the security for the Series 2012-A Bonds, the rights, duties and obligations of the Issuer with respect thereto, and the rights of the Owners thereof.

**Redemption Prior to Maturity.** [The Series 2012-A Bonds are **not** subject to redemption prior to maturity.][The Series 2012-A Bonds are subject to redemption prior to maturity, as follows:

Optional Redemption. The Series 2012-A Bonds are not subject to optional redemption prior to

*Mandatory Redemption.* Each of the Series 2012-A Bonds maturing on [\_\_\_\_] 1, [\_\_\_\_], [\_\_\_\_ and] 2015 shall also be subject to mandatory redemption and payment prior to maturity pursuant to the redemption schedule set forth in the Bond Resolution at the Redemption Price of 100% (expressed

as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

**Redemption Denominations**. Whenever the Bond Registrar is to select Series 2012-A Bonds for the purpose of redemption, it shall, in the case of Series 2012-A Bonds in denominations greater than a minimum Authorized Denomination, if less than all of the Series 2012-A Bonds then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such Series 2012-A Bond as though it were a separate Series 2012-A Bond in the denomination of a minimum Authorized Denomination.

*Notice of Redemption.* Notice of redemption, unless waived, shall be given by the Issuer to the Purchaser of the Series 2012-A Bonds and to the Bond Registrar in accordance with the Bond Resolution. The Issuer shall cause the Bond Registrar to notify each Registered Owner at the address maintained on the Bond Register, such notice to be given by mailing an official notice of redemption by first class mail at least 30 days prior to the redemption date. Notice of redemption having been given as aforesaid, the Series 2012-A Bonds or portions of Series 2012-A Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer defaults in the payment of the redemption price), such Series 2012-A Bonds or portions of Series 2012-A Bonds shall cease to bear interest.]

**Book-Entry System.** The Series 2012-A Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Resolution. One Series 2012-A Bond certificate with respect to each date on which the Series 2012-A Bonds are stated to mature or with respect to each form of Series 2012-A Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Series 2012-A Bonds by the Securities Depository's participants, beneficial ownership of the Series 2012-A Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Bond Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Series 2012-A Bond, as the owner of this Series 2012-A Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Series 2012-A Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to

participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2012-A Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the Registered Owner of this Series 2012-A Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2012-A Bond shall be made in accordance with existing arrangements among the Issuer, the Bond Registrar and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE BOND RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR **SECURITIES DEPOSITORY**. This Series 2012-A Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Series 2012-A Bond, together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Series 2012-A Bond or Series 2012-A Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Series 2012-A Bonds and the cost of a reasonable supply of bond blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Series 2012-A Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Series 2012-A Bonds are issued in fully registered form in Authorized Denominations.

#### LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Series 2012-A Bonds:

#### GILMORE & BELL, P.C.

Attorneys at Law 100 N. Main Suite 800 Wichita, Kansas 67202

(PRINTED LEGAL OPINION)

## BOND ASSIGNMENT

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

	(Name and Address)
(Social Se	curity or Taxpayer Identification No.)
standing in the name of the undersign	s affixed in the outstanding principal amount of \$, and on the books of the Bond Registrar. The undersigned do(es) oint as agent to transfer said Bond on the power of substitution in the premises.
Dated	Name
	Social Security or Taxpayer Identification No.
	Signature (Sign here exactly as name(s) appear on the face of Certificate)
	Signature guarantee:
	Ву
C	CERTIFICATE OF CLERK
STATE OF KANSAS )	
COUNTY OF DOUGLAS ) SS.	
	Douglas County, Kansas, does hereby certify that the within stered in my office according to law as of June 4, 2012.
WITNESS my hand and officia	al seal.
(Facsimile Seal)	By: <u>(facsimile)</u> Clerk

## CERTIFICATE OF STATE TREASURER

## OFFICE OF THE TREASURER, STATE OF KANSAS

RON ESTES, Treasurer of the State proceedings leading up to the issuance of this S Treasurer, and that this Bond was registered in	Series 2012-A Bo	nd has been filed in the office	of the State
WITNESS my hand and official seal.			
(Facsimile Seal)	Ву:	(facsimile) Treasurer of the State of Kan	sas

### EXHIBIT B (FORM OF SERIES 2012-B BONDS)

REGISTERED REGISTERED NUMBER\_ \$

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

## UNITED STATES OF AMERICA STATE OF KANSAS COUNTY OF DOUGLAS TAXABLE GENERAL OBLIGATION SALES TAX REFUNDING BOND SERIES 2012-B

Interest Maturity Dated CUSIP:

Rate: Date: Date: June 4, 2012

#### **REGISTERED OWNER:**

#### PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the County of Douglas, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on February 1 and August 1 of each year, commencing August 1, 2012 (the "Interest Payment Dates"), until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Series 2012-B Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Series 2012-B Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Series 2012-B Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The interest payable on this Series 2012-B Bond on any Interest Payment Date shall be paid to the person in whose name this Series 2012-B Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding the

Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner or, (b) in the case of an interest payment to any Registered Owner of \$500,000 or more in aggregate principal amount of Series 2012-B Bonds, by electronic transfer to such Registered Owner upon written notice given to the Bond Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Series 2012-B Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

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

ADDITIONAL PROVISIONS OF THIS SERIES 2012-B BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

**Authentication.** This Series 2012-B Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Bond Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Series 2012-B Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of bonds, does not exceed any constitutional or statutory limitation.

**IN WITNESS WHEREOF**, the Issuer has caused this Series 2012-B Bond to be executed by the manual or facsimile signature of its Chairman and attested by the manual or facsimile signature of its Clerk, and its seal to be affixed hereto or imprinted hereon.

#### DOUGLAS COUNTY, KANSAS

(Facsimile Seal)	By:	(facsimile)	
	,	Chairman	
ATTEST:			
By: <u>(facsimile)</u> Clerk			

#### CERTIFICATE OF AUTHENTICATION AND REGISTRATION

2012-B, of Douglas County, Kansas, described in the within-mentioned Bond Resolution.

This Bond is one of a series of Taxable General Obligation Sales Tax Refunding Bonds, Series

Registration Date		
	Office of the State Treasurer Topeka, Kansas, as Bond Registrar and Paying Agent	
	Ву	
Registration Number 0022-023-060412-[]		

#### (FORM OF REVERSE SIDE OF BOND)

#### ADDITIONAL PROVISIONS

**Authorization of Series 2012-B Bonds.** This Series 2012-B Bond is one of an authorized series of bonds of the Issuer designated "Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B," aggregating the principal amount of \$6,025,000\* (the "Series 2012-B Bonds") issued for the purposes set forth in the Resolution of the Issuer authorizing the issuance and prescribing the form and details of the Series 2012-B Bonds (the "Bond Resolution"). The Series 2012-B Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-427 *et seq.* and K.S.A. 12-187 *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

General Obligations. The Series 2012-B Bonds constitute general obligations of the Issuer payable as to both principal and interest from the revenues derived by the Issuer's portion of the receipts from a one percent (1%) retailers' sales tax collected within the boundaries of the Issuer authorized by the electors of the Issuer on November 8, 1994 (the "Sales Tax"), and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby pledged for the payment of the principal of and interest on this Series 2012-B Bond and the issue of which it is a part as the same respectively become due. The Series 2012-B Bonds stand on a parity and are equally and ratably secured with respect to the payment of principal and interest from the Revenues derived by the Issuer from the Sales Tax and in all other respects with the Issuer's Outstanding General Obligation Sales Tax Refunding Bonds, Series 2003-A, dated May 1, 2003; General Obligation Sales Tax Refunding Bonds, Series 2004-A, dated February 1, 2004; and General Obligation Sales Tax Refunding Bonds, Series 2012-A, dated June 4, 2012. Under the conditions set forth in the Bond Resolution, the Issuer has the right to issue Additional Bonds payable from the same source and secured by the Revenues on a parity with said Revenues; provided, however, that such Additional Bonds may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Bond Resolution.

**Certain Covenants.** The Issuer hereby covenants with the Owner of this Series 2012-B Bond to keep and perform all covenants and agreements contained in the Bond Resolution, and the Issuer will not cancel the collection of the Sales Tax so long as the Series 2012-B Bonds remain Outstanding. Reference is made to the Bond Resolution for a description of the covenants and agreements made with respect to the collection, segregation and application of the Revenues, the nature and extent of the security for the Series 2012-B Bonds, the rights, duties and obligations of the Issuer with respect thereto, and the rights of the Owners thereof.

**Redemption Prior to Maturity.** The Series 2012-B Bonds are subject to redemption prior to maturity, as follows:

*Optional Redemption.* At the option of the Issuer, Series 2012-B Bonds maturing on February 1, 2019, and thereafter, will be subject to redemption and payment prior to maturity on August 1, 2018, and thereafter, as a whole or in part (selection of maturities and the amount of Series 2012-B Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

[ Mandatory Redemption. Each of the Series 2012-B Bonds maturing on [\_\_\_\_] 1, [\_\_\_\_], [\_\_\_\_ and] 20\_\_ shall also be subject to mandatory redemption and payment prior to maturity pursuant to the redemption schedule set forth in the Bond Resolution at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.]

**Redemption Denominations**. Whenever the Bond Registrar is to select Series 2012-B Bonds for the purpose of redemption, it shall, in the case of Series 2012-B Bonds in denominations greater than a minimum Authorized Denomination, if less than all of the Series 2012-B Bonds then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such Series 2012-B Bond as though it were a separate Series 2012-B Bond in the denomination of a minimum Authorized Denomination.

*Notice of Redemption.* Notice of redemption, unless waived, shall be given by the Issuer to the Purchaser of the Series 2012-B Bonds and to the Bond Registrar in accordance with the Bond Resolution. The Issuer shall cause the Bond Registrar to notify each Registered Owner at the address maintained on the Bond Register, such notice to be given by mailing an official notice of redemption by first class mail at least 30 days prior to the redemption date. Notice of redemption having been given as aforesaid, the Series 2012-B Bonds or portions of Series 2012-B Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer defaults in the payment of the redemption price), such Series 2012-B Bonds or portions of Series 2012-B Bonds shall cease to bear interest.

**Book-Entry System.** The Series 2012-B Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Resolution. One Series 2012-B Bond certificate with respect to each date on which the Series 2012-B Bonds are stated to mature or with respect to each form of Series 2012-B Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Series 2012-B Bonds by the Securities Depository's participants, beneficial ownership of the Series 2012-B Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer

and the Bond Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Series 2012-B Bond, as the owner of this Series 2012-B Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Series 2012-B Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2012-B Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the Registered Owner of this Series 2012-B Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2012-B Bond shall be made in accordance with existing arrangements among the Issuer, the Bond Registrar and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE BOND RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR **SECURITIES DEPOSITORY**. This Series 2012-B Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Series 2012-B Bond, together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Series 2012-B Bond or Series 2012-B Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Series 2012-B Bonds and the cost of a reasonable supply of bond blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Series 2012-B Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Series 2012-B Bonds are issued in fully registered form in Authorized Denominations.

#### **LEGAL OPINION**

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Series 2012-B Bonds:

#### **GILMORE & BELL, P.C.**

Attorneys at Law 100 N. Main Suite 800 Wichita, Kansas 67202

(PRINTED LEGAL OPINION)

## BOND ASSIGNMENT

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

	(Name and Address)
(Socia	al Security or Taxpayer Identification No.)
standing in the name of the under hereby irrevocably constitute and a	ent is affixed in the outstanding principal amount of \$, resigned on the books of the Bond Registrar. The undersigned do(es) appoint as agent to transfer said Bond on the full power of substitution in the premises.
Dated	
	Name
	Social Security or Taxpayer Identification No.
	Signature (Sign here exactly as name(s) appear on the face of Certificate)
	Signature guarantee:
	Ву
	CERTIFICATE OF CLERK
STATE OF KANSAS )	
COUNTY OF DOUGLAS )	SS.
	f Douglas County, Kansas, does hereby certify that the within Series ered in my office according to law as of June 4, 2012.
WITNESS my hand and of	fficial seal.
(Facsimile Seal)	By: <u>(facsimile)</u> Clerk

## CERTIFICATE OF STATE TREASURER

## OFFICE OF THE TREASURER, STATE OF KANSAS

RON ESTES, Treasurer of the S proceedings leading up to the issuance of th Treasurer, and that this Bond was registered	his Series 2012-B Bon	d has been filed in the office	ce of the State
WITNESS my hand and official sea	al.		
(Facsimile Seal)	Ву:	(facsimile) Treasurer of the State of K.	ansas

## EXCERPT OF MINUTES OF A MEETING OF THE GOVERNING BODY OF DOUGLAS COUNTY, KANSAS HELD ON MAY 2, 2012

The governing body met in regular session at the usual meeting place in the County, at 4:00 p.m., the following members being present and participating, to-wit:

The Chairman declared that a quorum was present and called the meeting to order.
* * * * * * * * * * * * *
(Other Proceedings)
(Other Proceedings)
Thereupon, there was presented a Resolution entitled:
A RESOLUTION AUTHORIZING AND PROVIDING FOR THE SALE, ISSUANCE AND DELIVERY OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012-C, AND TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012-D, OF DOUGLAS COUNTY, KANSAS, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE ISSUER'S OUTSTANDING GENERAL OBLIGATION BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.
Thereupon, Commissioner moved that said Resolution be adopted. The
motion was seconded by Commissioner Said Resolution was duly read and
considered, and upon being put, the motion for the adoption of said Resolution was carried by the vote of the governing body, the vote being as follows:
Yea:
Nay:
Thereupon, the Chairman declared said Resolution duly adopted and the Resolution was ther duly numbered Resolution No. 12 and was signed by the Commissioners and attested by the Clerk.
* * * * * * * * * * * * * *
(Other Proceedings)
(Still Frottsings)

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

Absent:

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

## **CERTIFICATE**

I hereby certify that the foregoing Excerpt of proceedings of the governing body of Douglas County, K official minutes of such proceedings are on file in my official	
(SEAL)	Clerk

RESOLUTION NO. 12-[\_\_]

**OF** 

**DOUGLAS COUNTY, KANSAS** 

**ADOPTED** 

**MAY 2, 2012** 

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

## TABLE OF CONTENTS

## **ARTICLE I**

## **DEFINITIONS**

Section 101.	Definitions of Words and Terms.	1
	ARTICLE II	
	AUTHORIZATION AND DETAILS OF THE BONDS	
Section 201. Section 202. Section 203. Section 204. Section 205. Section 206. Section 207. Section 208. Section 209. Section 210. Section 211. Section 212. Section 213.	Authorization of the Bonds.  Description of the Bonds.  Designation of Paying Agent and Bond Registrar.  Method and Place of Payment of the Bonds.  Payments Due on Saturdays, Sundays and Holidays.  Registration, Transfer and Exchange of Bonds.  Execution, Registration, Authentication and Delivery of Bonds.  Mutilated, Lost, Stolen or Destroyed Bonds.  Cancellation and Destruction of Bonds Upon Payment.  Book-Entry Bonds; Securities Depository.  Nonpresentment of Bonds.  Preliminary and Final Official Statement.  Sale of the Bonds – Bond Purchase Agreement.	
Section 214.	Authorization of Escrow Agreement.	16
	ARTICLE III	
	REDEMPTION OF BONDS	
Section 301. Section 302. Section 303. Section 304.	*[No Redemption of Bonds.  **[Redemption by Issuer.  Selection of Bonds to be Redeemed.  Notice and Effect of Call for Redemption.	17 18
	ARTICLE IV	
	SECURITY FOR BONDS	
Section 401. Section 402.	Security for the BondsLevy and Collection of Annual Tax; Transfer to Debt Service Account	
	ARTICLE V	
	ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS	
Section 501. Section 502.	Creation of Funds and Accounts  Deposit of Bond Proceeds	

Section 503.	Application of Moneys in Debt Service Account.	
Section 504.	Deposits and Investment of Moneys.	
Section 505.	Application of Moneys in the Costs of Issuance Account.	
Section 506.	Application of Moneys in the Redemption Fund	23
Section 507.	Application of Moneys in the Compliance Account	23
	ARTICLE VI	
	DEFAULT AND REMEDIES	
Section 601.	Remedies	23
Section 602.	Limitation on Rights of Owners	
Section 603.	Remedies Cumulative.	
	ARTICLE VII	
	DEFEASANCE	
Section 701.	Defeasance.	24
	ARTICLE VIII	
	TAX COVENANTS	
Section 801.	General Covenants.	25
Section 802.	Survival of Covenants.	25
	ARTICLE IX	
	CONTINUING DISCLOSURE REQUIREMENTS	
Section 901.	Disclosure Requirements.	25
Section 902.	Failure to Comply with Continuing Disclosure Requirements	
	ARTICLE X	
	MISCELLANEOUS PROVISIONS	
Section 1001.	Annual Audit	26
Section 1001.	Amendments.	
Section 1002.	Notices, Consents and Other Instruments by Owners	
Section 1003.	Notices	
Section 1004.	Electronic Transactions.	
Section 1005.	Further Authority.	
Section 1000.	Severability.	
Section 1007.	Governing Law.	
Section 1009.	Effective Date.	
	ON OF SERVES 2012 S PONDS	
	RM OF SERIES 2012-C BONDS RM OF SERIES 2012-D BONDS	
EAHIDH D - FUI	ANI OF SERIES 2012-D DONDS	D-1

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

#### RESOLUTION NO. 12-[\_\_\_]

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE SALE, ISSUANCE AND DELIVERY OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012-C, AND TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012-D, OF DOUGLAS COUNTY, KANSAS, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE ISSUER'S OUTSTANDING GENERAL OBLIGATION BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

**WHEREAS**, Douglas County, Kansas (the "Issuer") is a political subdivision, duly created, organized and existing under the Constitution and laws of the State; and

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

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

**WHEREAS,** the governing body of the Issuer hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Series 2012-C Bonds in the principal amount of \$550,000\* and Series 2012-D Bonds in the principal amount of \$230,000\* to refund the Refunded Bonds.

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

#### **ARTICLE I**

#### **DEFINITIONS**

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

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

- "Authorized Denomination" means \$5,000 or any integral multiples thereof.
- **"Beneficial Owner"** of the Bonds includes any Owner of the Bonds and any other Person who, directly or indirectly has the investment power with respect to such Bonds.
- **"Bond and Interest Fund"** means the Bond and Interest Fund of the Issuer for its general obligation bonds.
- **"Bond Counsel"** means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.
  - "Bond Payment Date" means any date on which principal of or interest on any Bond is payable.
- **"Bond Purchase Agreement"** means the Bond Purchase Agreement dated as of [BPA Date], 2012, between the Issuer and the Purchaser.
- **"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 collectively the Series 2012-C Bonds and Series 2012-D Bonds.
- **"Business Day"** means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.
  - "Cede & Co." means Cede & Co., as nominee of DTC and any successor nominee of DTC.
- **"Chairman"** means the duly elected and acting Chairman of the Issuer, or in the Chairman's absence, the duly appointed and/or elected Vice Chairman or Acting Chairman of the Issuer.
- "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.
- **"Compliance Account"** means the Compliance Account for General Obligation Refunding Bonds, Series 2012-C created pursuant to *Section 501* hereof.
- "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 collectively the Costs of Issuance Account-2012-C and Costs of Issuance Account-2012-D.
- "Costs of Issuance Account-2012-C" means the Costs of Issuance Account for General Obligation Refunding Bonds, Series 2012-C created pursuant to Section 501 hereof.
- "Costs of Issuance Account-2012-D" means the Costs of Issuance Account for Taxable General Obligation Refunding Bonds, Series 2012-D created pursuant to *Section 501* hereof.
  - "County" means Douglas County, Kansas.
  - "Dated Date" means June 4, 2012.
- **"Debt Service Account"** means collectively the Debt Service Account-2012-C and Debt Service Account-2012-D.
- **"Debt Service Account-2012-C"** means the Debt Service Account for General Obligation Refunding Bonds, Series 2012-C created within the Bond and Interest Fund pursuant to *Section 501* hereof.
- **"Debt Service Account-2012-D"** means the Debt Service Account for Taxable General Obligation Refunding Bonds, Series 2012-D created within the Bond and Interest Fund pursuant to *Section 501* hereof.
- "Debt Service Requirements" means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.
- "Defaulted Interest" means interest on any Bond which is payable but not paid on any Interest Payment Date.

#### "Defeasance Obligations" means any of the following obligations:

- (a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
  - (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
  - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

- (3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;
- (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
- (5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
- (6) the obligations are rated in the highest rating category by Moody's (presently "Aaa") or Standard & Poor's (presently "AAA").
- "Derivative" means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.
- "Disclosure Instructions" means the Continuing Disclosure Instructions dated as of the Issue Date, attached to the Issuer's Closing Certificate, relating to certain obligations contained in the SEC Rule.
- **"DTC"** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.
- **"DTC Representation Letter"** means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides for a book-entry system, or any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.
- "Escrow Agent" means Security Bank of Kansas City, Kansas City, Kansas, and its successors and assigns.
- **"Escrow Agreement"** means the Escrow Trust Agreement, dated as of June 4, 2012, between the Issuer and the Escrow Agent.
- **"Escrowed Securities"** means the direct, noncallable obligations of the United States of America, as described in the Escrow Agreement.
  - **"Event of Default"** means each of the following occurrences or events:
- (a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise;
- (b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or
- (c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Resolution (other than the covenants relating to continuing disclosure requirements contained herein and in the Disclosure Instructions) on the part of the Issuer to be performed, and such default shall continue for thirty

(30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

**"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.

"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.

"Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which shall be: (a) with respect to the Series 2012-C Bonds, March 1 and September 1 of each year, commencing September 1, 2012; and (b) with respect to the Series 2012-D Bonds, February 1 and August 1 of each year, commencing August 1, 2012.

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

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

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

"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:

Douglas County Courthouse 1100 Massachusetts Lawrence, Kansas 66044 Fax: (785) 832-5320

(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

Fax: (785) 296-6976

#### (c) To the Purchaser:

Piper Jaffray & Co. 11150 Overbrook, Suite 310 Leawood, Kansas 66211 Fax: (913) 345-3393

#### (d) To the Rating Agency(ies):

Moody's Municipal Rating Desk 7 World Trade Center 250 Greenwich Street 23rd Floor New York, New York 10007

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

#### (e) To the Escrow Agent at:

Security Bank of Kansas City Corporate Trust Department 701 Minnesota Avenue Suite 206, P.O. Box 171297 Kansas City, Kansas 66117 Fax: (913) 279-7960

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

#### "Notice Representative" means:

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

"Official Statement" means Issuer's Official Statement, dated [BPA Date], 2012, relating to the Bonds.

- "Outstanding" means, when used with reference to the Bonds, as of a particular date of determination, all Bonds theretofore authenticated and delivered, except the following Bonds:
- (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

- (b) Bonds deemed to be paid in accordance with the provisions of *Section 701* hereof; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.
- "Owner" when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register. Whenever consent of the Owners is required pursuant to the terms of this Bond Resolution, and the Owner of the Bonds, as set forth on the Bond Register, is Cede & Co., the term Owner shall be deemed to be the Beneficial Owner of the Bonds.
- **"Participants"** means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.
  - "Paying Agent" means the State Treasurer, and any successors and assigns.
- "Permitted Investments" shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the Issuer which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (1) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.
- **"Person"** means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.
  - "Purchase Price" means collectively the amounts set forth in the Bond Purchase Agreement.
- **"Purchaser"** means Piper Jaffray & Co., Leawood, Kansas, the original purchaser of the Bonds, and any successor and assigns.
- "Rating Agency" means any company, agency or entity that provides, pursuant to request of the Issuer, financial ratings for the Bonds.

- "Record Dates" for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.
- "Redemption Date" means, when used with respect to any Bond to be redeemed, the date fixed for the redemption of such Bond pursuant to the terms of this Bond Resolution.
- "Redemption Fund" means collectively the Redemption Fund-2012-C and Redemption Fund-2012-D.
- "Redemption Fund-2012-C" means the Redemption Fund held by the Escrow Agent relating to the Series 2012-C Bonds.
- "Redemption Fund-2012-D" means the Redemption Fund held by the Escrow Agent relating to the Series 2012-D Bonds.
- **"Redemption Price"** means, when used with respect to any Bond to be redeemed, the price at which such Bond is to be redeemed pursuant to the terms of this Bond Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.
- "Refunded Bonds" means collectively the Taxable Refunded Bonds and the Tax-exempt Refunded Bonds.
- "Refunded Bonds Paying Agent" means the respective paying agent for each series of the Refunded Bonds as designated in the respective Refunded Bonds Resolution, and any successor or successors at the time acting as paying agent for any of the Refunded Bonds.
- **"Refunded Bonds Redemption Date"** means collectively: (a) June 15, 2012 for the Taxable Refunded Bonds; and (b) September 1, 2012 for the Tax-exempt Refunded Bonds.
  - "Refunded Bonds Resolution" means each resolution which authorized the Refunded Bonds.
- "Replacement Bonds" means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 210* hereof.
- **"SEC Rule"** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time.
  - "Securities Depository" means, initially, DTC, and its successors and assigns.
- "Series A, 2001 Bonds" means the Issuer's Taxable General Obligation Bonds, Series A, 2001, dated March 1, 2001.
- "Series 2003-B Bonds" means the Issuer's General Obligation Refunding Bonds, Series 2003-B, dated May 1, 2003.
- "Series 2005-A Bonds" means the Issuer's General Obligation Bonds, Series 2005-A, dated March 1, 2005.
- **"Series 2012-C Bonds"** means the Issuer's General Obligation Refunding Bonds, Series 2012-C, authorized and issued by the Issuer pursuant to this Bond Resolution.

**"Series 2012-D Bonds"** means the Issuer's Taxable General Obligation Refunding Bonds, Series 2012-D, authorized and issued by the Issuer pursuant to this Bond Resolution.

"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.

"Taxable Refunded Bonds" means the Series A, 2001 Bonds maturing in the years 2017 and 2021, in the aggregate principal amount of \$230,000.

**"Tax-exempt Refunded Bonds"** means collectively: (a) the Series 2003-B Bonds maturing in the years 2013 to 2014, inclusive, in the aggregate principal amount of \$285,000; and (b) the Series 2005-A Bonds maturing in the years 2013 to 2015, inclusive, in the aggregate principal amount of \$255,000.

L	"Term Bonds" means the Bonds scheduled to mature in the year 2015.]
[	" Term Bonds" means the Bonds scheduled to mature in the year]
[	"2015 Term Bonds" means the Bonds scheduled to mature in the year 2015.]
[	"Term Bonds" means collectively, the Term Bonds and the 2015 Term Bonds.

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

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

#### **ARTICLE II**

#### **AUTHORIZATION AND DETAILS OF THE BONDS**

#### Section 201. Authorization of the Bonds.

- (a) There shall be issued and hereby are authorized and directed to be issued the General Obligation Refunding Bonds, Series 2012-C, of the Issuer in the principal amount of \$550,000\*, for the purpose of providing funds to: (a) refund the Tax-exempt Refunded Bonds; and (b) pay Costs of Issuance of the Series 2012-C Bonds.
- (b) There shall be issued and hereby are authorized and directed to be issued the Taxable General Obligation Refunding Bonds, Series 2012-D, of the Issuer in the principal amount of \$230,000\*, for the purpose of providing funds to: (a) refund the Taxable Refunded Bonds; and (b) pay Costs of Issuance of the Series 2012-D Bonds.

**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[, without option of prior redemption and payment][, subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof], and shall bear interest at the rates per annum as follows:

#### SERIES 2012-C BONDS[ - SERIAL BONDS]

Stated Maturity Principal		Annual Rate Stated Maturity		Principal	<b>Annual Rate</b>
September 1	<b>Amount</b>	of Interest	September 1	<b>Amount</b>	of Interest
2012	\$	%	2014	\$	%
2013			2015		

#### **ISERIES 2012-C BONDS - TERM BONDS**

<b>Stated Maturity</b>	Principal	<b>Annual Rate</b>		
September 1	<b>Amount</b>	of Interest		
2015	\$	<u>%</u> ]		

#### SERIES 2012-D BONDS[ - SERIAL BONDS]

<b>Stated Maturity</b>	Principal	<b>Annual Rate Stated Maturity</b>		Principal	<b>Annual Rate</b>
August 1	<b>Amount</b>	of Interest	August 1	<b>Amount</b>	of Interest
2012	\$	%	2017	\$	%
2013			2018		
2014			2019		
2015			2020		
2016			2021		

#### **SERIES 2012-D BONDS - TERM BONDS**

Stated Maturity	Principal	<b>Annual Rate</b>		
August 1	<b>Amount</b>	of Interest		
2021	\$	%]		

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

Each of the Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as *EXHIBIT A* (Series 2012-C Bonds) or *EXHIBIT B* (Series 2012-D Bonds) 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 Chairman of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Bonds.

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

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

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

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

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

instructions including the bank ABA routing number and account number to which such Owner wishes to have such transfer directed.

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

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

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

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

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

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

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

than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Code § 3406, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

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

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

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

Section 207. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual or facsimile signature of the Chairman, attested by the manual or facsimile signature of the Clerk, and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Chairman 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 Chairman 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* (Series 2012-C Bonds) or *EXHIBIT B* (Series 2012-D Bonds) hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit

under this Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

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

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

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

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

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

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

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

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or

(3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or

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

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

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

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

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

**Section 212. Preliminary and Final Official Statement.** The Preliminary Official Statement dated April 24, 2012, is hereby ratified and approved. For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the Issuer are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of such Rule.

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

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

**Section 213. Sale of the Bonds** – **Bond Purchase Agreement.** The Chairman is hereby authorized to enter into the Bond Purchase Agreement between the Issuer and the Purchaser in substantially the form submitted to the governing body concurrently with the adoption of this Resolution, with such changes therein as shall be approved by the Chairman, such officer's signature thereon being conclusive evidence of the approval thereof. Pursuant to the Bond Purchase Agreement, the Issuer agrees to sell the Bonds to the Purchaser for the Purchase Price, upon the terms and conditions set forth therein.

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

### **ARTICLE III**

### REDEMPTION OF BONDS

**Section 301.** \*[No Redemption of Bonds. The Bonds shall not be subject to redemption and payment prior to their Stated Maturity.]\*

### Section 302. \*\*[Redemption by Issuer.

Optional Redemption.	The Bonds shall	I not be	subject t	to optional	redemption	and pa	ayment	prior
to their Stated Maturity								

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

Principal
Amount
\$

\*

[(b) 20[\_\_] Term Bonds.] The 20[\_\_] Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in *Article IV* hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on September 1 in each year, the following principal amounts of such 20[\_\_] Term Bonds:

Principal
Amount
\$

2015\*

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

<sup>\*</sup>Final Maturity

<sup>\*</sup>Final Maturity

accordingly reduced. If the Issuer intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the Issuer will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.

**Section 303. Selection of Bonds to be Redeemed.** 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.

In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption 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 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 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 304. Notice and Effect of Call for Redemption. 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 foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Term Bonds hereunder, and Term Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer and whether or not the Paying Agent holds moneys available and sufficient to effect the required redemption.

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

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

- (a) the Redemption Date;
- (b) the Redemption Price;

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

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

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

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

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

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

- (a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.
- (b) Each further notice of redemption shall be sent at least one day before the mailing of notice to Owners by first class, registered or certified mail or overnight delivery, as determined by the Bond Registrar, to all registered securities depositories then in the business of holding substantial amounts

of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

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

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

### ARTICLE IV

### SECURITY FOR BONDS

**Section 401. Security for the Bonds.** The Bonds shall be general obligations of the Issuer payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of certain improvements originally financed by the Refunded Bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The 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; Transfer to Debt Service Account. The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the Issuer in the manner provided by law.

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

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

### ARTICLE V

# ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS

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

- (a) Debt Service Account for General Obligation Refunding, Series 2012-C (within the Bond and Interest Fund).
- (b) Debt Service Account for Taxable General Obligation Refunding Bonds, Series 2012-D (within the Bond and Interest Fund).
  - (c) Compliance Account for General Obligation Refunding Bonds, Series 2012-C.

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

In addition to the Funds and Accounts described above, there shall be created with the Escrow Agent the following Funds and Accounts to be held and administered by the Escrow Agent in accordance with the provisions of this Bond Resolution and the Escrow Agreement:

- (a) Redemption Fund-2012-C for Tax-exempt Refunded Bonds.
- (b) Redemption Fund-2012-D for Taxable Refunded Bonds.
- (c) Costs of Issuance Account for General Obligation Refunding Bonds, Series 2012-C.
- (d) Costs of Issuance Account for Taxable General Obligation Refunding Bonds, Series 2012-D.

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

### (a) Series 2012-C Bonds.

- (1) All accrued interest and excess proceeds, if any, received from the sale of the Series 2012-C Bonds shall be deposited in the Debt Service Account-2012-C.
- (2) The sum of \$[\_\_\_\_] shall be transferred to the Escrow Agent for deposit in the Costs of Issuance Account-2012-C and applied in accordance with the Escrow Agreement.
- (3) The remaining balance of the proceeds derived from the sale of the Series 2012-C Bonds shall be transferred to the Escrow Agent for deposit in the Redemption Fund-2012-C.

### (b) Series 2012-D Bonds.

- (1) All accrued interest and excess proceeds, if any, received from the sale of the Series 2012-D Bonds shall be deposited in the Debt Service Account-2012-D.
- (2) The sum of \$[\_\_\_\_] shall be transferred to the Escrow Agent for deposit in the Costs of Issuance Account-2012-D and applied in accordance with the Escrow Agreement.
- (3) The remaining balance of the proceeds derived from the sale of the Series 2012-D Bonds shall be transferred to the Escrow Agent for deposit in the Redemption Fund-2012-D.

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

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

**Section 504. Deposits and Investment of Moneys.** Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States which has a main or branch office located in the Issuer. All such depositaries shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

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

**Section 505. Application of Moneys in the Costs of Issuance Account.** Moneys in the Costs of Issuance Account shall be used by the Escrow Agent 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 Compliance Account or the respective Debt Service Account.

### Section 506. Application of Moneys in the Redemption Fund.

(a) **Redemption Fund-2012-C.** Proceeds of the Series 2012-C Bonds in the amount of \$[\_\_\_\_\_] shall be used by the Escrow Agent to purchase Escrowed Securities, which shall be delivered to and deposited in the Redemption Fund-2012-C, and \$[\_\_\_\_\_] shall be held uninvested in the Redemption Fund-2012-C as a beginning balance.

On or prior to the Business Day preceding the Refunded Bonds Redemption Date for the Tax-exempt Refunded Bonds, the Escrow Agent shall withdraw from the Redemption Fund-2012-C an amount equal to the principal of, redemption premium, if any, and interest on the Tax-exempt Refunded Bonds becoming due and payable on Refunded Bonds Redemption Date, and shall forward such amount to the offices of the respective Refunded Bonds Paying Agent, so that immediately available funds will reach the offices of the Refunded Bonds Paying Agent on or before 12:00 Noon, Central time on the Business Day preceding such Refunded Bonds Redemption Date. In order to make the payments required by this **Section 506(a)**, the Escrow Agent is hereby authorized to redeem or otherwise dispose of Escrowed Securities in accordance with the maturity schedules prepared by the Purchaser. The Escrow Agent is authorized and instructed to provide appropriate notice of redemption in accordance with the Refunded Bonds Resolution authorizing the issuance of such Tax-exempt Refunded Bonds.

(b) **Redemption Fund-2012-D**. Proceeds of the Series 2012-D Bonds in the Redemption Fund-2012-D shall be paid and transferred by the Escrow Agent to the Refunded Bonds Paying Agent, with irrevocable instructions to apply such amount to the payment of the Taxable Refunded Bonds on the respective Refunded Bonds Redemption Date. The Clerk is authorized and instructed to provide appropriate notice of redemption in accordance with the Refunded Bonds Resolution authorizing the issuance of such Taxable Refunded Bonds. Any moneys remaining in the Redemption Fund-2012-D not needed to retire the Taxable Refunded Bonds shall be transferred to the Debt Service Account

**Section 507. Application of Moneys in the Compliance Account.** Moneys in the Compliance Account shall be used by the Issuer to pay fees and expenses relating to compliance with federal arbitrage law, state or federal securities laws, and other costs or expenses of carrying or repaying the Series 2012-C Bonds as set forth in the Federal Tax Certificate. Any funds remaining in the Compliance Account on the sixth anniversary of the Issue Date shall be transferred to the Debt Service Account-2012-C.

### 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.

Remedies Cumulative. No remedy conferred herein upon the Owners is Section 603. 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 303* of this Bond Resolution. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Bond Resolution.

### **ARTICLE VIII**

### TAX COVENANTS

**Section 801.** General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2012-C Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Chairman and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other 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 Series 2012-C Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

**Section 802. Survival of Covenants.** The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Series 2012-C Bonds pursuant to *Article VII* hereof or any other provision of this Bond Resolution until such time as is set forth in the Federal Tax Certificate.

### **ARTICLE IX**

### CONTINUING DISCLOSURE REQUIREMENTS

**Section 901. Disclosure Requirements.** The Chairman and Clerk are hereby authorized and directed to execute the Disclosure Instructions in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Instructions, which are incorporated herein by reference. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Section 902. Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its covenants contained in the preceding section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the

Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. Notwithstanding any other provision of this Bond Resolution, failure of the Issuer to comply with its covenants contained in the preceding section shall not be considered an Event of Default under this Bond Resolution.

### **ARTICLE X**

### MISCELLANEOUS PROVISIONS

**Section 1001. Annual Audit.** Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. The audit report shall contain a statement regarding the Issuer's compliance with the covenants regarding continuing disclosure contained in **Section 901** hereof and the Continuing Disclosure Instructions. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser. 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 1002. Amendments.** The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

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

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

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

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 1003. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

- (a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.
- (b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

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

satisfaction of the Owners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer.

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

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

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

**Section 1006. Further Authority.** The officers and officials of the Issuer, including the Chairman 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 1007. 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 1008.** Governing Law. This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

**Section 1009. 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.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

ADOPTED by the Board of County Comm	missioners of Douglas County, Kansas on May 2, 2012.
(SEAL)	
	Mike Gaughan, Chair – 1 <sup>st</sup> District
	Nancy Thellman, Vice-Chair – 2 <sup>nd</sup> District
	The Good of Division and Divisi
ATTEST:	Jim Flory, Commissioner – 3 <sup>rd</sup> District
Jameson D. Shew, County Clerk	
CERT	TIFICATE
• •	ng is a true and correct copy of the Bond Resolution of 2, 2012, as the same appears of record in my office.
DATED: May 2, 2012.	
	Jameson D. Shew, County Clerk

JLN\600190.013\BASICDOCS - C & D

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

# EXHIBIT A (FORM OF SERIES 2012-C BONDS)

REGISTERED REGISTERED NUMBER \_\_ \$

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

# UNITED STATES OF AMERICA STATE OF KANSAS COUNTY OF DOUGLAS GENERAL OBLIGATION REFUNDING BOND SERIES 2012-C

Interest Maturity Dated CUSIP:

Rate: Date: Date: June 4, 2012

### **REGISTERED OWNER:**

### PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the County of Douglas, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above[, unless called for redemption prior to said Maturity Date], and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on March 1 and September 1 of each year, commencing September 1, 2012 (the "Interest Payment Dates"), until the Principal Amount has been paid.

**Method and Place of Payment.** The principal or redemption price of this Bond shall be paid at maturity [or upon earlier redemption] to the person in whose name this Bond is registered at the maturity [or redemption] date thereof, upon presentation and surrender of this Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The interest payable on this Bond on any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the

calendar month next preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal [or redemption price of] and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

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

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

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

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

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

### **DOUGLAS COUNTY, KANSAS**

(Facsimile Sea	al)	By:	(facsimile)	
		•	Chairman	
ATTEST:				
Ву:	(facsimile) Clerk			

### CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of Gene County, Kansas, described in the within-men	eral Obligation Refunding Bonds, Series 2012-C, of Douglastioned Bond Resolution.
Registration Date	
	Office of the State Treasurer, Topeka, Kansas, as Bond Registrar and Paying Agent
	By
Registration Number 0022-023-060412-[	.]
(FORM OF R	REVERSE SIDE OF BOND)
ADDIT	IONAL PROVISIONS
designated "General Obligation Refunding I \$550,000* (the "Bonds") issued for the purp issuance and prescribing the form and detaissued by the authority of and in full complete.	ond is one of an authorized series of Bonds of the Issuer Bonds, Series 2012-C," aggregating the principal amount of poses set forth in the Resolution of the Issuer authorizing the ails of the Bonds (the "Bond Resolution"). The Bonds are liance with the provisions, restrictions and limitations of the s, including K.S.A. 10-427 <i>et seq.</i> , as amended, and all other applicable thereto.
principal and interest in part from special construction of certain improvements, and without limitation as to rate or amount upon territorial limits of the Issuer, the balance without limitation as to rate or amount upon territorial limits of the Issuer. The full faith,	constitute general obligations of the Issuer payable as to both all assessments levied upon the property benefited by the if not so paid, from ad valorem taxes which may be levied all the taxable tangible property, real and personal, within the being payable from ad valorem taxes which may be levied all the taxable tangible property, real and personal, within the all the taxable tangible property, real and personal, within the credit and resources of the Issuer are hereby pledged for the taxable tangible property.
<b>Redemption Prior to Maturity.</b> maturity.][The Bonds are subject to redempti	[The Bonds are <b>not</b> subject to redemption prior to ion prior to maturity, as follows:
Optional Redemption. The Bonds ar	re <b>not</b> subject to optional redemption prior to maturity.
2015 shall also be subject to mandatory redemption schedule set forth in the Bond F	he Bonds maturing on September 1, [], [ and redemption and payment prior to maturity pursuant to the Resolution at the Redemption Price of 100% (expressed as a crued interest thereon to the Redemption Date.

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

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

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

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE BOND RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Bond, together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond or Bonds in any Authorized Denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Bonds and

the cost of a reasonable supply of bond blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issued in fully registered form in Authorized Denominations.

### **LEGAL OPINION**

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

### **GILMORE & BELL, P.C.**

Attorneys at Law 100 N. Main Suite 800 Wichita, Kansas 67202

(PRINTED LEGAL OPINION)

# FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to (Name and Address) (Social Security or Taxpayer Identification No.) the Bond to which this assignment is affixed in the outstanding principal amount of \$\_\_\_\_\_\_, standing in the name of the undersigned on the books of the Bond Registrar. The undersigned do(es) hereby irrevocably constitute and appoint \_\_\_\_\_\_\_ as agent to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises. Dated \_\_\_\_\_\_\_ Name Social Security or Taxpayer Identification No. Signature (Sign here exactly as name(s) appear on the face of Certificate)

Signature guarantee:

	CERTIFICATE OF CLERK	
STATE OF KANSAS	) ) SS.	
been duly registered in my offic	k of Douglas County, Kansas, does herelee according to law as of June 4, 2012.	by certify that the within Bond has
WITNESS my hand an	d official seal.	
(Facsimile Seal)	By:	(facsimile) Clerk
CI	ERTIFICATE OF STATE TREASU	<b>JRER</b>
OFFICE OF THE TREASURE	R, STATE OF KANSAS	
proceedings leading up to the is	rer of the State of Kansas, does hereb ssuance of this Bond has been filed in the such office according to law on	e office of the State Treasurer, and
WITNESS my hand an	d official seal.	

By: <u>(facsimile)</u>
Treasurer of the State of Kansas

(Facsimile Seal)

### EXHIBIT B (FORM OF SERIES 2012-D BONDS)

REGISTERED REGISTERED NUMBER \_\_ \$

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

# UNITED STATES OF AMERICA STATE OF KANSAS COUNTY OF DOUGLAS TAXABLE GENERAL OBLIGATION REFUNDING BOND SERIES 2012-D

Interest Maturity Dated CUSIP:

Rate: Date: Date: June 4, 2012

### **REGISTERED OWNER:**

### PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the County of Douglas, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above[, unless called for redemption prior to said Maturity Date], and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on February 1 and August 1 of each year, commencing August 1, 2012 (the "Interest Payment Dates"), until the Principal Amount has been paid.

**Method and Place of Payment.** The principal or redemption price of this Bond shall be paid at maturity [or upon earlier redemption] to the person in whose name this Bond is registered at the maturity [or redemption] date thereof, upon presentation and surrender of this Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The interest payable on this Bond on any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the

calendar month next preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal [or redemption price of] and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

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

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

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

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

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

### **DOUGLAS COUNTY, KANSAS**

(Facsimile Sea	1)	By:	(facsimile)	
			Chairman	
ATTEST:				
Ву:	(facsimile)			
	Clerk			

### CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series Taxable Douglas County, Kansas, described in the with	General Obligation Refunding Bonds, Series 2012-D, or in-mentioned Bond Resolution.
Registration Date	
	Office of the State Treasurer, Topeka, Kansas, as Bond Registrar and Paying Agent
	Ву
Registration Number 0022-023-060412-[]	
(FORM OF RE	EVERSE SIDE OF BOND)
ADDITIO	ONAL PROVISIONS
designated "Taxable General Obligation Reformation amount of \$230,000* (the "Bonds") issued for authorizing the issuance and prescribing the for Bonds are issued by the authority of and	d is one of an authorized series of Bonds of the Issue unding Bonds, Series 2012-D," aggregating the principal for the purposes set forth in the Resolution of the Issue form and details of the Bonds (the "Bond Resolution"). The in full compliance with the provisions, restrictions and the State of Kansas, including K.S.A. 10-427 <i>et seq.</i> , as of the State of Kansas applicable thereto.
principal and interest in part from special construction of certain improvements, and if without limitation as to rate or amount upon al territorial limits of the Issuer, the balance be without limitation as to rate or amount upon al territorial limits of the Issuer. The full faith, c	assessments levied upon the property benefited by the not so paid, from ad valorem taxes which may be levied I the taxable tangible property, real and personal, within the ing payable from ad valorem taxes which may be levied I the taxable tangible property, real and personal, within the redit and resources of the Issuer are hereby pledged for the his Bond and the issue of which it is a part as the same
Redemption Prior to Maturity. maturity.][The Bonds are subject to redemption	[The Bonds are <b>not</b> subject to redemption prior to prior to maturity, as follows:
Optional Redemption. The Bonds are	not subject to optional redemption prior to maturity.
shall also be subject to mandatory redemption	Bonds maturing on August 1, [], [ and] 2021 and payment prior to maturity pursuant to the redemption be Redemption Price of 100% (expressed as a percentage of ereon to the Redemption Date.

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

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

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

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE BOND RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Bond, together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond or Bonds in any Authorized Denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Bonds and

the cost of a reasonable supply of bond blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issued in fully registered form in Authorized Denominations.

### **LEGAL OPINION**

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

### **GILMORE & BELL, P.C.**

Attorneys at Law 100 N. Main Suite 800 Wichita, Kansas 67202

(PRINTED LEGAL OPINION)

### **BOND ASSIGNMENT**

	(Name and Address)
(Social Secu	rity or Taxpayer Identification No.)
standing in the name of the undersigned	affixed in the outstanding principal amount of \$,  on the books of the Bond Registrar. The undersigned do(es) t as agent to transfer said Bond on the wer of substitution in the premises.
	Name
	Social Security or Taxpayer Identification No.
	Signature (Sign here exactly as name(s) appear on the face of Certificate)
	Signature guarantee:

	CERTIFICATE OF CL	ERK
STATE OF KANSAS	) ) SS.	
COUNTY OF DOUGLAS	)	
	k of Douglas County, Kansas, do ce according to law as of June 4,	bes hereby certify that the within Bond has 2012.
WITNESS my hand an	d official seal.	
(Facsimile Seal)	Ву:	(facsimile) Clerk
CI	ERTIFICATE OF STATE TI	REASURER
OFFICE OF THE TREASURE	ER, STATE OF KANSAS	
proceedings leading up to the is		es hereby certify that a transcript of the led in the office of the State Treasurer, and
WITNESS my hand an	d official seal.	

By: \_\_\_\_\_(facsimile)
Treasurer of the State of Kansas

(Facsimile Seal)

### TRANSCRIPT OF PROCEEDINGS

### AUTHORIZING THE ISSUANCE

**OF** 

### **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

**Legal Opinion** 

Gilmore & Bell, P.C. Wichita, Kansas

### **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

### **CLOSING LIST**

Copies of the transcript of proceedings for the above referenced issue (the "Series 2012-A Bonds," "Series 2012-B Bonds," "Series 2012-D Bonds," and collectively the "Bonds"), will be prepared and distributed as follows:

- 1. Douglas County, Kansas (the "Issuer")
- 2. Evan H. Ice, Esq., Lawrence, Kansas ("Issuer's Counsel")
- 3. Attorney General of the State of Kansas
- 4.-5. Piper Jaffray & Co., Leawood, Kansas (the "Original Purchaser")
  - 6. Security Bank of Kansas City, Kansas City, Kansas (the "Escrow Agent")
  - 7. Gilmore & Bell, P.C., Wichita, Kansas ("Bond Counsel")

# Document Number

# PROCEEDINGS AUTHORIZING THE SALE AND ISSUANCE OF THE BONDS

- 1. Excerpt of Minutes of the governing body meeting evidencing adoption of Resolution No. 12-[\_\_]
- 2. Resolution No. 12-[\_\_] authorizing the offering for sale of the Bonds
- 3. Preliminary Official Statement and Certificate Deeming Preliminary Official Statement Final
- 4. Official Statement

- 5. Bond Purchase Agreement
- 6. Excerpt of Minutes evidencing adoption of Resolution No. 12-[\_\_] and Resolution No. 12-[\_\_]
- 7. Resolution No. 12-[\_\_] authorizing the issuance and prescribing the form and details of the Series 2012-A Bonds and Series 2012-B Bonds
- 8. Resolution No. 12-[\_\_] authorizing the issuance and prescribing the form and details of the Series 2012-C Bonds and Series 2012-D Bonds
- 9. Resolution No. 01-13 authorizing the Refunded Bonds (Series A, 2001)
- 10. Resolution No. 03-13 authorizing the Refunded Bonds (Series 2003-A)
- 11. Resolution No. 03-14 authorizing the Refunded Bonds (Series 2003-B)
- 12. Resolution No. 04-05 authorizing the Refunded Bonds (Series 2004-A)
- 13. Resolution No. 05-11 authorizing the Refunded Bonds (Series 2005-A)
- 14. Redemption Documents (Series A, 2001 Bonds)
  - · Call for Redemption
  - · Notice of Call for Redemption
  - · Paying Agent's Certification
- 15. Escrow Trust Agreement

Schedule I – Verification Report (Series 2004-A Bonds)

*Appendix A-1* – Redemption Documents (Series 2003-A Bonds)

Appendix A-2 – Redemption Documents (Series 2003-B Bonds)

*Appendix A-3* – Redemption Documents (Series 2004-A Bonds)

*Appendix A-4* – Redemption Documents (Series 2005-A Bonds)

*Appendix B* – Notices of Defeasance

*Appendix C* – Event Notice

16. Subscriptions/Confirmations for the purchase of United States Government Obligations for Escrow Fund

### **CLOSING DOCUMENTS**

17. Transcript Certificate

**Exhibit** A – Statement of Costs

*Exhibit B* – Schedule of Outstanding General Obligation Indebtedness

- 18. Uniform Facsimile of Signature Certificate
- 19. Authorization of State Treasurer to use facsimile signature and seal
- 20. Specimen Bonds and Bond Printer's Certificate

- 21. Agreement Between Issuer and Agent
- 22. DTC Blanket Letter of Representations
- 23. Rating Letter Moody's
- 24. Closing Certificate

**Exhibit** A – Continuing Disclosure Instructions

- 25. Federal Tax Certificate with attachments as follows:
  - Exhibit A Internal Revenue Service Form 8038-G and evidence of filing
  - *Exhibit B* Receipt for Purchase Price
  - Exhibit C Receipt and Representation
  - Exhibit D Description of Property Comprising the Financed Improvements
  - **Exhibit E** Sample Annual Compliance Checklist
  - Schedule 1 Debt Service Schedule & Proof of Yield
- 26. Escrow Agent's Closing Certificate

### **LEGAL OPINIONS**

- 27. Approving legal opinion of Gilmore & Bell, P.C. (Series 2012-A Bonds)
- 28. Approving legal opinion of Gilmore & Bell, P.C. (Series 2012-B Bonds)
- 29. Approving legal opinion of Gilmore & Bell, P.C. (Series 2012-C Bonds)
- 30. Approving legal opinion of Gilmore & Bell, P.C. (Series 2012-D Bonds)
- 31. Defeasance Opinion of Gilmore & Bell, P.C. (Series A, 2001 Bonds)
- 32. Defeasance Opinion of Gilmore & Bell, P.C. (Series 2003-A Bonds)
- 33. Defeasance Opinion of Gilmore & Bell, P.C. (Series 2003-B Bonds & Series 2005-A Bonds)
- 34. Defeasance Opinion of Gilmore & Bell, P.C. (Series 2004-A Bonds)
- 35. Approval letter of Attorney General

### MISCELLANEOUS DOCUMENTS

- 36. Resolution No. 99-32 authorizing the Series 1999-A Bonds
- 37. Closing Letter

\* \* \* \* \*

### TRANSCRIPT CERTIFICATE

### **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

The undersigned Chairman and Clerk of Douglas County, Kansas (the "Issuer"), do hereby make this certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described bonds (the "Series 2012-A Bonds," "Series 2012-B Bonds," "Series 2012-D Bonds," and collectively the "Bonds"); and do hereby certify as of May 2, 2012, as follows:

- 1. Meaning of Words and Terms. Capitalized words and terms used herein, unless otherwise defined herein or the context requires otherwise, shall have the same meanings ascribed to such words and terms in the resolutions which authorized the Bonds (collectively the "Bond Resolution").
- **2. Organization**. The Issuer is a legally constituted political subdivision organized and existing under the laws of the State of Kansas.
- 3. Transcript of Proceedings. The transcript of proceedings (the "Transcript") relating to the authorization and issuance of the Bonds is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript, and the facts stated in the Transcript still exist. In each and every instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk.
- **4. Newspaper**. *The Lawrence Daily Journal-World* was the official newspaper of the Issuer at all times during these proceedings.
- **5. Meetings**. All of the meetings of the governing body of the Issuer at which action was taken as shown in the Transcript were either regular meetings or duly adjourned regular meetings or special meetings duly called and held in accordance with law and the rules of the Issuer.
- **6. Incumbency of Officers**. The following named persons were and are the duly qualified and acting officers of the Issuer at and during all the times when action was taken as indicated in the Transcript as follows:

NameTitleTerm of OfficeMike GaughanChairman01/12 to 01/13Commissioner04/09 to 01/15

Nancy Thellman	Vice-Chair	01/12 to 01/13
	Commissioner	01/09 to 01/13
Jim Flory	Commissioner	01/09 to 01/13
Jameson D. Shew	Clerk	01/05 to 01/13

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

### 8. Authorization of Bonds.

(a) *Series 2012-A Bonds*. The Series 2012-A Bonds are being issued pursuant to K.S.A. 10-427 *et seq.*, K.S.A. 12-187 *et seq.*, and Resolution No. 12-[\_\_] of the Issuer for the purpose of refunding the following bonds of the Issuer:

Description	Series	Dated Date	Years	Amount
G.O. Sales Tax Refunding Bonds	2003-A	May 1, 2003	2013 to 2016	\$6,140,000

(b) *Series 2012-B Bonds*. The Series 2012-B Bonds are being issued pursuant to K.S.A. 10-427 *et seq.*, K.S.A. 12-187 *et seq.*, and Resolution No. 12-[\_\_] of the Issuer for the purpose of refunding the following bonds of the Issuer:

Description	Series	Dated Date	Years	Amount
G.O. Sales Tax Refunding Bonds	2004-A	February 1, 2004	2014 to 2019	\$5,560,000

(c) *Series 2012-C Bonds*. The Series 2012-C Bonds are being issued pursuant to K.S.A. 10-427 *et seq.* and Resolution No. 12-[\_\_] of the Issuer for the purpose of refunding the following bonds of the Issuer:

Description	Series	Dated Date	Years	Amount
G.O. Refunding Bonds	2003-В	May 1, 2003	2013 to 2014	\$285,000
G.O. Bonds	2005-A	March 1, 2005	2013 to 2015	255,000

(d) *Series 2012-D Bonds*. The Series 2012-D Bonds are being issued pursuant to K.S.A. 10-427 *et seq.* and Resolution No. 12-[\_\_] of the Issuer for the purpose of refunding the following bonds of the Issuer:

Description	Series	Dated Date	Years	Amount
Taxable G.O. Bonds	A, 2001	March 1, 2001	2017 and 2021	\$230,000

The total principal amount of the Bonds issued to refund the above-described Refunded Bonds does not exceed the aggregate amounts prescribed in K.S.A. 10-427, as amended. A Statement of Cost is attached hereto as *Exhibit A* and made a part hereof by reference as though fully set out herein.

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

- **9. Bonded Indebtedness**. The currently outstanding applicable indebtedness of the Issuer, including the Bonds, does not exceed any applicable constitutional or statutory limitations. A Schedule of Bonded Indebtedness, which sets forth all currently outstanding general obligation indebtedness of the Issuer, is attached hereto as *Exhibit B* and made a part hereof by reference as though fully set out herein.
- **10. Valuation**. The total assessed valuation of the taxable tangible property within the Issuer for the year 2011 is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property	\$1,139,929,895
Tangible Valuation of Motor Vehicles	98,777,983
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations	\$1,238,707,878

11. Non-litigation. There is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in the Transcript; (e) the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof; or (f) the levy and collection of a tax to pay the principal of and interest on the Bonds, or the levy and collection of the Sales Tax to pay the principal of and interest on the Series 2012-A Bonds and the Series 2012-B Bonds.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

	Chairman
(SEAL)	
	Clerk

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

#### **EXHIBIT** A

#### STATEMENT OF COST

Re: General Obligation Sales Tax Refunding Bonds, Series 2012-A, Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, General Obligation Refunding Bonds, Series 2012-C, and Taxable General Obligation Refunding Bonds, Series 2012-D, dated June 4, 2012, of Douglas County, Kansas

	Series	2012-A	Series 2012-B	Seri	es 2012-C	Serie	s 2012-D
Sources of Funds:							
Principal Amount of the Bonds	\$6,115,	000*.00	\$6,025,000*.00	\$55	50,000*.00	\$23	0,000*.00
Underwriter's Discount		-	-		-		-
[Original Issue Premium]							
[Original Issue Discount]		-	-		-		-
Total		\$	\$		\$		\$
Uses of Funds:							
Deposit to Escrow Fund	\$	0.00	\$	\$	0.00	\$	0.00
Deposit to Redemption Fund			0.00				
Costs of Issuance							
Deposit to Debt Service Account							
Total		\$	\$		<i>\$</i>		<i>\$</i>

#### EXHIBIT B

#### **DOUGLAS COUNTY, KANSAS**

### SCHEDULE OF OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS (as of June 4, 2012)

#### **GENERAL OBLIGATION BONDS**

			Original	
Category of	Dated	Final	Principal	Amount
<u>Indebtedness</u>	<b>Date</b>	<b>Maturity</b>	<b>Amount</b>	<b>Outstanding</b>
G.O. Taxable Bonds, Series A, 2001 <sup>1</sup>	03/01/2001	08/01/2021	\$ 345,000	\$ 0
G.O. Sales Tax Refunding Bonds, Series				
$2003$ -A $^{2}$	05/01/2003	08/01/2016	8,175,000	40,000
G.O. Refunding Bonds, Series 2003-B <sup>3</sup>	05/01/2003	09/01/2014	1,325,000	135,000
G.O. Sales Tax Refunding Bonds, Series				
2004-A <sup>4</sup>	02/01/2004	08/01/2019	13,650,000	3,095,000
G.O. Bonds, Series 2005-A <sup>3</sup>	03/01/2005	09/01/2015	737,000	80,000
G.O. Bonds, Series 2006-A	08/15/2006	09/01/2016	255,000	141,000
G.O. Bonds, Series 2008-A	09/15/2008	09/01/2028	285,000	250,000
G.O. Refunding & Improvement Bonds,				
Series 2009-A	10/01/2009	09/01/2030	2,445,000	2,410,000
G.O. Sales Tax Refunding Bonds, Series				
2012-A	06/04/2012	08/01/2016	6,135,000*	6,135,000*
G.O. Taxable Sales Tax Refunding Bonds,				
Series 2012-B	06/04/2012	08/01/2019	6,025,000*	6,025,000*
G.O. Refunding Bonds, Series 2012-C	06/04/2012	09/01/2015	550,000*	550,000*
G.O. Taxable Refunding Bonds, Series				
2012-D	06/04/2012	08/01/2015	230,000*	230,000*
Total				

**Total** 

#### **TEMPORARY NOTES**

As of the issuance of the Bonds, the Issuer does not have any outstanding temporary notes.

<sup>&</sup>lt;sup>1</sup> Excludes Refunded Bonds refunded with proceeds of the Series 2012-D Bonds. <sup>2</sup> Excludes Refunded Bonds refunded with proceeds of the Series 2012-A Bonds.

<sup>&</sup>lt;sup>3</sup> Excludes Refunded Bonds refunded with proceeds of the Series 2012-C Bonds.

<sup>&</sup>lt;sup>4</sup> Excludes Refunded Bonds refunded with proceeds of the Series 2012-B Bonds.

# CERTIFICATE OF MANUAL SIGNATURE OF THE CHAIRMAN OF DOUGLAS COUNTY, KANSAS

# IN THE OFFICE OF THE SECRETARY OF STATE OF THE STATE OF KANSAS

STATE OF KANSAS	)
COUNTY OF DOUGLAS	) SS. )
· · · · · · · · · · · · · · · · · · ·	<b>ghan</b> , being duly sworn on oath certify that I am the duly qualified s, and that the signature appearing below is my signature and I file S.A. 75-4001 to 75-4007, inclusive.
	Mike Gaughan
Subscribed and sworn to before me as	of May 2, 2012.
(SEAL)	Notary Public in and for said County and State
My commission expires:	

#### AGREEMENT BETWEEN ISSUER AND AGENT

#### **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

**THIS AGREEMENT**, dated as of June 4, 2012, between Douglas County, Kansas, a political subdivision (the "Issuer"), and the State Treasurer of Kansas, as Agent (the "Agent").

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

Now, therefore, it is hereby agreed as follows:

#### I. APPOINTMENT

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

#### II. BASIC DUTIES

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

the document. Agent undertakes to perform such duties and only such duties set forth in K.S.A. 10-620 et seq., except as specifically provided in this Agreement.

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

#### III. COMPENSATION

Issuer covenants and agrees to pay to Agent, as reasonable compensation for the services provided as Agent, the following amounts:

	Series 2012-A	Series 2012-B	Series 2012-C	Series 2012-D
Initial Setup Fee	\$ 300.00	\$ 300.00	\$ 300.00	\$300.00
Registration Fee	30.00	30.00	30.00	30.00
Paying Agent Fee	<u>1,000.00</u> *	1,750.00*	<u>687.50</u> **	287.50**
Total	\$1,330.00	\$2,080.00	\$1,017.50	\$617.50

<sup>\*</sup> Based on "Book-entry Only" Securities.

1/8 of 1% (.125%) of the first \$10,000,000 1/16 of 1% (.0625%) of the next \$15,000,000 1/32 of 1% (.03125%) of the next \$25,000,000 1/64 of 1% (.015625%) of the next \$50,000,000 1/128 of 1% (.0078125%) over \$100,000,000.

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

#### IV. STANDARD OF PERFORMANCE

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

#### A. STATEMENTS OF OWNERSHIP

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

<sup>\*\*</sup> Based on a percentage of the aggregate principal amount of the Securities as follows:

#### B. CERTIFICATED SECURITIES

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

#### C. INTEREST CALCULATIONS

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

#### D. **SURRENDER**

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

#### E. TRANSFERS AND EXCHANGES

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

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

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

#### G. REPLACEMENT OF SECURITIES

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

#### H. **REDEMPTIONS**

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

[Mandatory Redemption. If any Securities are subject to mandatory redemption in accordance with their terms of the Bond Resolution, no additional notice is required to be given to the Agent to exercise the mandatory redemption. The Agent will provide notice of such redemption utilizing substantially the form of Notice of Mandatory Redemption attached hereto as Appendix I.]

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

#### I. MISCELLANEOUS

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

#### J. *REPORTS*

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

#### K. CONSTRUCTION

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

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

# DOUGLAS COUNTY, KANSAS

	Ву
(SEAL)	Chairman
ATTEST:	
ByClerk	<u> </u>
Clerk	
	OFFICE OF THE TREASURER OF THE STATE OF KANSAS
(SEAL)	Ву

# ATTACHMENT "A"

# SAMPLE

	\$5,000.00000	Bond Unit
X	<u></u>	Interest Rate
=	343.750000	Rounded to six decimal places
/	360	Days per year
=	.954861	Rounded to six decimal places
X	180	Day in interest period
=	171.874980	(Rounded to second decimal = $$171.87$ )

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

#### [APPENDIX I

#### NOTICE OF CALL FOR MANDATORY REDEMPTION TO THE OWNERS OF DOUGLAS COUNTY, KANSAS

[GENERAL OBLIGATION SALES TAX REFUNDING BONDS, SERIES 2012-A]
[TAXABLE GENERAL OBLIGATION SALES TAX REFUNDING BONDS, SERIES 2012-B]
[GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012-C]
[TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012-D]
DATED JUNE 4, 2012

the "Bond Resolution onds (the "Bonds"), have been	ereby given that pursuant to on") of Douglas County, Ka c) scheduled to mature on [ on called for mandatory red on the principal office of t	unsas (the "Issuer") that a 1, [20][_ emption and payment	a portion of the a ][ on []	above-mentioned] (the "Called 1, (the
[Nos.]	Maturity Date	Principal <u>Amount</u>	Interest <u>Rate</u>	CUSIP <u>Number</u>
urrender of each su hereof together wit han \$5,000 may be ssued to the Owner Called Bonds so ca	demption Date there shall ach Called Bond, the redemption hinterest accrued to the Red subject to partial redemption in the principal amount to alled for redemption from a eposit with the Paying Agent	otion price thereof equal lemption Date. Bonds is on. In such event, a new remain Outstanding. Int and after the Redemptio	to 100% of the p sued in denomin certificate or ce erest shall cease	principal amount ations of greater rtificates will be to accrue on the
		DOUGLAS CO	OUNTY, KANSA	AS
		Treasur	er of the State of Kansas]	

# UNDERWRITING SAFEKEEPING AGREEMENT BY AND BETWEEN DEPOSITORY TRUST COMPANY AND DOUGLAS COUNTY, KANSAS AND THE OFFICE OF THE KANSAS STATE TREASURER

#### **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

In order to induce the Depository Trust Company (the "DTC") to accept delivery of the above captioned bonds (collectively the "Bonds") for safekeeping prior to the delivery of the Bonds on June 4, 2012 (the "Closing Date"), Douglas County, Kansas (the "Issuer"), and the Treasurer of the State of Kansas (the "Agent") hereby agree to place the entire principal amount of each series of the Bonds, in the custody, control and possession of DTC at least one day prior to the Closing Date. The Issuer further agrees that by copy of this letter appropriately executed, it will notify DTC to follow the instructions of Piper Jaffray & Co., Leawood, Kansas, as the Underwriter (the "Underwriter") in distributing the Bonds.

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

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

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

# **DOUGLAS COUNTY, KANSAS**

	Dated: May 2, 2012		
Ву:			
Clerk			
OFFICE OF THE TREASURER OF THE STATE OF KANSAS, As Agent			
	Dated:	, 2012	
Ву:			
Title:			
DEPOSITORY TRUST COMPANY			
	Dated:	, 2012	
Ву:			
7TT-1			

DTC hereby acknowledges receipt from the Agent of custody, control and possession of the Bonds.	
Dated:, 2012.	DEPOSITORY TRUST COMPANY
	By:

Re: General Obligation Sales Tax Refunding Bonds, Series 2012-A, Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, General Obligation Refunding Bonds, Series 2012-C, and Taxable General Obligation Refunding Bonds, Series 2012-D, dated June 4, 2012, of Douglas County, Kansas

Dated: June 4, 2012.

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

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

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

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

#### ESCROW AGENT'S CLOSING CERTIFICATE

#### **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

Security Bank of Kansas City, Kansas City, Kansas, as escrow agent (the "Escrow Agent") under the Escrow Trust Agreements dated as of June 4, 2012 (the "Escrow Agreement"), between the Escrow Agent and Douglas County, Kansas, in connection with the issuance of the above described bonds (collectively the "Bonds"), does hereby certify as follows:

- 1. Power and Authority of Escrow Agent. The Escrow Agent is a state banking corporation duly organized and existing under the laws of the State of Kansas, is authorized and empowered to execute and deliver the Escrow Agreement and has full power and authority to act as Escrow Agent as provided in the Escrow Agreement.
- **2. Execution of Escrow Agreement.** The Escrow Agreement has been duly executed on behalf of the Escrow Agent, by a duly authorized officer, who was at the time of the execution of the Escrow Agreement, and is now, the duly elected or appointed, qualified and acting incumbent of his or her respective office, and duly authorized to perform the acts referred to in this paragraph.
- 3. Deposit of Cash and Escrowed Securities. The Escrow Agent, in accordance with the requirements of the Escrow Agreement, has received the cash and Escrowed Securities as described in the Escrow Agreement, and deposited said cash and Escrowed Securities in the Escrow Fund created by the Escrow Agreement.

DATED: June 4, 2012.

SECURITY BANK OF KANSAS CITY KANSAS CITY, KANSAS

as Escrow Agent

By:		
Title:	Vice President & Trust Manager	

#### **CLOSING CERTIFICATE**

#### **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

The undersigned Chairman and Clerk of Douglas County, Kansas (the "Issuer"), make this Certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described bonds (the "Series 2012-A Bonds," "Series 2012-B Bonds," "Series 2012-C Bonds," "Series 2012-D Bonds," and collectively the "Bonds"); and certify as of June 4, 2012 (the "Issue Date"), as follows:

- 1. Meaning of Words and Terms. Capitalized words and terms used in this Certificate, unless otherwise defined in this Certificate or the context requires otherwise, have the same meanings ascribed to such words and terms in the Bond Resolution (defined below) authorizing the Bonds.
- **2. Transcript of Proceedings**. The transcript of proceedings relating to the authorization and issuance of the Bonds (the "Transcript"), furnished to the Purchaser of the Bonds, is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript; and the facts stated in the Transcript still exist. In each instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk. All certifications made by the Issuer in the Transcript Certificate dated May 2, 2012 are true and correct as of this date and are incorporated in this Certificate by reference.
- **3.** The Bond Resolution. The Issuer is issuing and delivering the Bonds simultaneously with the delivery of this Certificate, pursuant to and in full compliance with the Constitution and statutes of the State, including particularly K.S.A. 10-427 *et seq.* and K.S.A. 12-187 *et seq.* (with regards to the Series 2012-A Bonds and Series 2012-B Bonds), as amended, and the Issuer's Resolution No. 12-[\_\_] (with regards to the Series 2012-A Bonds and Series 2012-B Bonds) and Resolution No. 12-[\_\_] (with regards to the Series 2012-C Bonds and Series 2012-D Bonds) duly adopted by the governing body of the Issuer on May 2, 2012 (collectively the "Bond Resolution").

#### 4. Purpose of the Bonds.

(a) Series 2012-A Bonds. The Series 2012-A Bonds are being issued pursuant to K.S.A. 10-427 et seq., K.S.A. 12-187 et seq., and the Bond Resolution for the purpose of refunding the following bonds of the Issuer:

Description	Series	Dated Date	Years	Amount
G.O. Sales Tax Refunding Bonds	2003-A	May 1, 2003	2013 to 2016	\$6,140,000

(b) Series 2012-B Bonds. The Series 2012-B Bonds are being issued pursuant to K.S.A. 10-427 et seq., K.S.A. 12-187 et seq., and the Bond Resolution for the purpose of refunding the following bonds of the Issuer:

Description	Series	Dated Date	Years	Amount
G.O. Sales Tax Refunding Bonds	2004-A	February 1, 2004	2014 to 2019	\$5,560,000

(c) *Series 2012-C Bonds*. The Series 2012-C Bonds are being issued pursuant to K.S.A. 10-427 *et seq.* and the Bond Resolution for the purpose of refunding the following bonds of the Issuer:

Description	Series	Dated Date	Years	Amount
G.O. Refunding Bonds	2003-B	May 1, 2003	2013 to 2014	\$285,000
G.O. Bonds	2005-A	March 1, 2005	2013 to 2015	255,000

(d) *Series 2012-D Bonds*. The Series 2012-D Bonds are being issued pursuant to K.S.A. 10-427 *et seq.* and the Bond Resolution for the purpose of refunding the following bonds of the Issuer:

Description	Series	Dated Date	Years	Amount
Taxable G.O. Bonds	A, 2001	March 1, 2001	2017 and 2021	\$230,000

The purpose of the refunding is to achieve interest cost savings through early redemption of the Refunded Bonds, to reduce debt service requirements of the Issuer for certain years, to restructure the debt payments on the Refunded Bonds and to provide an orderly plan of finance for the Issuer.

#### 5. Security for the Bonds.

- (a) Series 2012-A Bonds and Series 2012-B Bonds. The Series 2012-A Bonds and Series 2012-B Bonds are general obligations of the Issuer payable as to both principal and interest from the Issuer's portion of the receipts from a local option retailers' sales tax imposed within the boundaries of the Issuer (the "Sales Tax") on a parity of lien with respect to such Sales Tax with any Parity Bonds (as said term is defined in the Bond Resolution), and if not so paid, to the extent necessary from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are pledged under the Bond Resolution to the payment of the principal of and interest on the Series 2012-A Bonds and Series 2012-B Bonds.
- Bonds are general obligations of the Issuer payable in part from special assessments levied upon the property benefited by the improvements financed by a portion of the Refunded Bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer, with the balance payable, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are pledged under the Bond Resolution to the payment of the principal of and interest on the Series 2012-C and Series 2012-D Bonds. In the Bond Resolution, the governing body of the Issuer has covenanted to annually make provision for the payment of principal of, premium, if any, and interest on the Series 2012-C and Series 2012-D Bonds as the same become due by, to the extent

necessary, by levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the Issuer in the manner provided by law.

- **6. Sale of Bonds**. The Bonds have been sold at rates not in excess of the limitations set forth in K.S.A. 10-1009.
- **7. Official Statement.** The Official Statement contained in the Transcript constitutes a full, true and correct copy of the Official Statement relating to the Bonds. To the best of our knowledge, the Official Statement, other than the sections entitled "The Depository Trust Company," "Verification of Escrow," "Bond Rating," "Legal Matters," "Tax Matters," and *Appendices B* and *C*, about which the Issuer expresses no opinion, is true in all material respects, and does not contain any untrue statement of a material fact or does not omit to state a material fact, necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. As of this date there has been no material adverse change in the financial condition or the financial affairs of the Issuer since the date of the Official Statement. No other event has occurred which is necessary to be disclosed in the Official Statement in order to make the statements therein not misleading in any material respect as of the date of this Certificate. The Issuer has previously caused to be delivered to the Purchaser copies of the Official Statement.
- **8.** Continuing Disclosure Instructions. The Issuer, in the Bond Resolution, has covenanted to disseminate such information as is required in accordance with the provisions of the SEC Rule and the Continuing Disclosure Instructions, which are attached to this Certificate as *Exhibit A*, and incorporated in this Certificate by reference.
- 9. Non-Litigation. There is no controversy, action, suit, proceeding, or to the best of our knowledge, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the best or our knowledge, threatened against or affecting the Issuer, its officers or its property, or, to the best of our knowledge, any basis therefor questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in the Transcript; (e) the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof; (f) the levy and collection of a tax to pay the principal of and interest on the Bonds, or the levy and collection of the Sales Tax to pay the principal of and interest on the Series 2012-A Bonds and the Series 2012-B Bonds; or (g) the federal tax-exempt status of the interest on the Series 2012-A Bonds and Series 2012-C Bonds, or the state tax-exempt status of the interest on the Bonds; wherein any unfavorable decision, ruling or finding would adversely affect the Issuer, the transactions contemplated by the Bond Purchase Agreement, the Bond Resolution or the Official Statement, or the validity or enforceability of the Bonds or the Bond Purchase Agreement, which are not disclosed in the final Official Statement.
- 10. Representations and Warranties Required by the Bond Purchase Agreement. The Issuer has duly performed all of its obligations required to be performed at or prior to the date of this Closing Certificate by the Bond Purchase Agreement and each of the Issuer's representations and warranties contained in the Bond Purchase Agreement are true as of the Issue Date.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

	WITNESS our hands and the seal of the Issuer.	
	Signature	Official Title
(SEAL)		Chairman
(SE/IE)		Clerk

#### **EXHIBIT** A

#### CONTINUING DISCLOSURE INSTRUCTIONS

#### **DOUGLAS COUNTY, KANSAS**

\$6,115,000\*
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
2012-B

\$550,000\*
GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-C

\$230,000\*
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
2012-D

**DATED JUNE 4, 2012** 

THESE CONTINUING DISCLOSURE INSTRUCTIONS (the "Disclosure Instructions") are executed and delivered by the Issuer in connection with the issuance of the above-described bonds (collectively the "Bonds") which are being issued simultaneously herewith as of June 4, 2012, pursuant to the Bond Resolution, in which the Issuer covenants to enter into this undertaking to provide certain financial and other information with respect to the Bonds in order to assist the Participating Underwriter in complying with the provisions of the SEC Rule. The Issuer is the only "obligated person" with responsibility for continuing disclosure with respect to the Bonds.

- **Section 1. Definitions.** In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in these Disclosure Instructions, unless otherwise defined herein, the following capitalized terms shall have the following meanings:
- "Annual Report" means any Annual Report filed by the Issuer pursuant to, and as described in, Section 2 of these Disclosure Instructions.
- **"Beneficial Owner"** means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.
- "Bond Resolution" means the resolutions of the governing body of the Issuer authorizing the issuance of the Bonds.
  - "CAFR" means the Issuer's Comprehensive Annual Financial Report.
- "Designated Agent" means Gilmore & Bell, P.C. or one or more other entities designated in writing by the Issuer to serve as a designated agent of the Issuer for purposes of these Disclosure Instructions.
- **"Dissemination Agent"** means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to these Disclosure Instructions and which has filed with the Issuer a written acceptance of such designation substantially in the form attached hereto as *Exhibit B*.

- **"EMMA"** means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at <a href="https://www.emma.msrb.org">www.emma.msrb.org</a>.
- "Financial Information" means the financial information of the Issuer described in Section 2(a)(1) hereof.
- "Fiscal Year" means the one year period ending December 31, or such other date or dates as may be adopted by the Issuer for its general accounting purposes.
- "GAAP" means generally accepted accounting principles, as applied to governmental units, as in effect at the time of the preparation of the Financial Information.
  - "Issuer" means Douglas County, Kansas, and any successors or assigns.
  - "Material Events" means any of the events listed in Section 3(a) hereof.
  - "MSRB" means the Municipal Securities Rulemaking Board.
  - "Official Statement" means the Issuer's Official Statement for the Bonds.
  - "Operating Data" means the operating data of the Issuer described in Section 2(a)(2) hereof.
- **"Participating Underwriter"** means any of the original underwriters of the Bonds required to comply with the SEC Rule in connection with offering of the Bonds.
  - "Repository" means the MSRB via EMMA.
  - "SEC" means the Securities and Exchange Commission of the United States.
- "SEC Rule" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

#### Section 2. Provision of Annual Reports.

- (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's Fiscal Year, commencing with the Fiscal Year ended in 2012 file with the Repository the Issuer's CAFR which will contain the Financial Information and Operating Data (collectively the "Annual Report"), as follows:
  - Financial Information. The financial statements of the Issuer for such prior Fiscal Year, accompanied by an audit report resulting from an audit conducted by an Independent Accountant in conformity with generally accepted auditing standards. Such financial statements will be prepared in accordance with GAAP for all governmental funds, expendable trust and agency funds. A more detailed explanation of the accounting basis is contained in Appendix B to the Official Statement. If such audit report is not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain summary unaudited financial information and the audit report and accompanying financial statements shall be filed in the same manner as the Annual Report promptly after they become available. In the event that GAAP has changed since the submission of the last CAFR, and if such changes are material to the Issuer, a narrative explanation describing the impact of such changes shall be contained in the

CAFR. The method of preparation and basis of accounting of the Financial Information may not be changed to a basis less comprehensive than contained in the Official Statement, unless the Issuer provides notice of such change in the same manner as for a Material Event under Section 3(b) hereof.

Operating Data. Updates as of the end of the Fiscal Year of substantially all of the information and data contained in the section of the Official Statement entitled "LOCAL OPTION SALES TAX" and contained in the following sections of Appendix A to the Official Statement:

"ECONOMIC INFORMATION" Local Option Sales Tax "FINANCIAL INFORMATION" Assessed Valuation Property Tax Levies and Collections-Tax Rates

Major Taxpayers

Aggregate Tax Levies Tax Collection Record "DEBT STRUCTURE"

Current Indebtedness of the Issuer **Underlying Indebtedness** 

together with any material adverse changes in the other portions of the section entitled "FINANCIAL INFORMATION."

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

If no Dissemination Agent has been appointed, the Issuer shall file the Annual Report as specified by Section 2(a) hereof; or if the Annual Report is not filed within the time period specified in Section 2(a) hereof, the Issuer shall send a notice to each Repository in substantially the form attached as Exhibit A within 10 Business Days after the date the Annual Report is required to be filed as set forth herein.

#### Section 3. **Reporting of Material Events.**

- Pursuant to the provisions of this Section, the Issuer shall give, or cause the Dissemination Agent, if any, to give, to the Repository within 10 Business Days after the occurrence of any of the following events with respect to the Bonds, notice of the following events:
  - principal and interest payment delinquencies; (1)
  - (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bond, or other material events affecting the tax-exempt status of the Bonds;
  - (7) modifications to rights of Owners, if material;
  - (8) bond calls, if material, and tender offers;
  - (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
  - (11) rating changes;
  - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional Paying Agent or the change of name of the Paying Agent, if material.
- (b) Notwithstanding the foregoing, notice of Material Events described in *subsections* (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Bond Resolution.

#### **Section 4.** Dissemination Agent.

- (a) *General.* The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under these Disclosure Instructions, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.
- (b) Annual Reports. If a Dissemination Agent is appointed, not later than 15 Business Days prior to the date specified in Section 2(a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent or the Repository. The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been filed pursuant to these Disclosure Instructions, stating the date it was filed, or that the Issuer has certified to the Dissemination Agent that the Issuer has filed the Annual Report with the Repository. If the Dissemination Agent has not received an Annual Report or has not received a written notice from the Issuer that it has filed an Annual Report with the Repository, by the date required in Section 2(a), the Dissemination Agent shall send a notice to the Repository in substantially the form attached as Exhibit A.

#### (c) Material Event Notices.

- (1) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to **Section 4**(c)(3).
- Whenever the Issuer obtains knowledge of the occurrence of an event, because of a notice from the Dissemination Agent pursuant to **Section 4(c)(1)** or otherwise, the Issuer shall promptly determine if such event constitutes a Material Event and shall promptly notify the Dissemination Agent of such determination. If appropriate, such writing shall instruct the Dissemination Agent to report the occurrence pursuant to **Section 4(c)(3)**.
- (3) If the Dissemination Agent has been given written instructions by the Issuer to report the occurrence of a Material Event pursuant to **Section 4(c)(2)**, the Dissemination Agent shall promptly file a notice of such Material Event with the Repository and provide a copy thereof to the Issuer. Notwithstanding the foregoing, notice of Material Events described in **Sections 3(a)(8)** and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Bond Resolution.
- shall have only such duties as are specifically set forth in these Disclosure Instructions, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to these Disclosure Instructions.
- (e) *Other Designated Agents*. The Issuer may, from time to time, appoint or designate a Designated Agent to submit Annual Reports, Material Event notices, and other notices or reports pursuant to these Disclosure Instructions. The Issuer hereby appoints the Dissemination Agent and the Designated Agent(s) solely for the purpose of submitting Issuer-approved Annual Reports, Material Event notices, and other notices or reports pursuant to these Disclosure Instructions. The Issuer may revoke this designation at any time upon written notice to the Designated Agent.
- Section 5. Termination of Reporting Obligation. The Issuer's obligations under these Disclosure Instructions shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations hereunder are assumed in full by some other entity as permitted in the Bond Resolution, such person shall be responsible for compliance with under these Disclosure Instructions in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under Section 3(b).

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

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

**Section 7. Additional Information.** Nothing in these Disclosure Instructions shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in these Disclosure Instructions or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by these Disclosure Instructions. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by these Disclosure Instructions, the Issuer shall have no obligation under these Disclosure Instructions to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

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

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

(a) To the Issuer at:

Douglas County Courthouse 1100 Massachusetts Lawrence, Kansas 66044 Fax: (785) 832-5320 Attention: Clerk

(b) To the Participating Underwriter at:

Piper Jaffray & Co. 11150 Overbrook, Suite 310 Leawood, Kansas 66211 Fax: (913) 345-3393

Attention: Manager, Municipal Bond Department

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

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

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

- **Section 10. Electronic Transactions.** Actions taken hereunder and the arrangement described herein may be conducted and related documents may be stored by electronic means.
- **Section 11. Beneficiaries.** These Disclosure Instructions shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, the Participating Underwriter and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.
- **Section 12. Severability.** If any provision in these Disclosure Instructions, the Bond Resolution or the Bonds relating hereto, shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- **Section 13. Governing Law.** These Disclosure Instructions shall be governed by and construed in accordance with the laws of the State of Kansas.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

# DOUGLAS COUNTY, KANSAS

(SEAL)	
	Chairman
Clerk	<del></del>

#### EXHIBIT A

# NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Douglas County, Kansas
Name of Bond Issue:	General Obligation Sales Tax Refunding Bonds, Series 2012-A, Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, General Obligation Refunding Bonds, Series 2012-C, and Taxable General Obligation Refunding Bonds, Series 2012-D, dated June 4, 2012, of Douglas County, Kansas
Name of Obligated Person:	Douglas County, Kansas
Date of Issuance:	June 4, 2012
Report with respect to the ab	that Douglas County, Kansas (the "Issuer") has not provided an Annual cove-named Bonds as required by the Continuing Disclosure Instructions Issuer anticipates that the Annual Report will be filed by
Dated:	
	DOUGLAS COUNTY, KANSAS
	By
	By
cc: Douglas County, Kansas	

# EXHIBIT B

# ACCEPTANCE OF DISSEMINATION AGENT

Name of Issuer:	Douglas County, Kansas
Name of Bond Issue:	General Obligation Sales Tax Refunding Bonds, Series 2012-A, Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, General Obligation Refunding Bonds, Series 2012-C, and Taxable General Obligation Refunding Bonds, Series 2012-D, dated June 4, 2012, or Douglas County, Kansas
Dissemination Agent:	
Notice Address of Dissemina	ation Agent:
1 2	having been duly appointed by Douglas County, Kansas to act in Agent pursuant to the Continuing Disclosure Instructions to which this ts such duties and responsibilities set forth therein.
Dated:	

# DOUGLAS COUNTY, KANSAS GENERAL OBLIGATION SALES TAX REFUNDING BONDS SERIES 2012-A

# TAXABLE GENERAL OBLIGATION SALES TAX REFUNDING BONDS SERIES 2012-B

#### **DISTRIBUTION LIST**

**ISSUER** 

Douglas County, Kansas 1100 Massachusetts Street Lawrence, Kansas 66044 Telephone: (785) 832-5268 Fax: (785) 832-5192

Mr. Craig Weinaug, Administrator

Extension 5328

E-mail: <a href="mailto:cweinaug@douglas-county.com">cweinaug@douglas-county.com</a>
Ms. Sarah Plinsky, Assistant County Administrator

Extension 5329

E-mail: <a href="mailto:splinsky@douglas-county.com">splinsky@douglas-county.com</a>

Ms. Robin Crabtree, Executive Secretary

Extension 5268

E-mail: rcrabtree@douglas-county.com

Mr. Jamie Shew, County Clerk

Extension 5267

E-mail: jshew@douglas-county.com

Ms. Carrie F. Moore, Chief Deputy County Clerk

Extension 5279

E-mail: cmoore@douglas-county.com

BOND COUNSEL

GILMORE & BELL, P.C. 100 N. Main, Suite 800 Wichita, Kansas 67202 Telephone: (316) 267-2091 Fax: (316) 262-6523

Joe L. Norton, Esq.

E-mail: jnorton@gilmorebell.com

Garth J. Herrmann, Esq.

E-mail: <a href="mailto:gherrmann@gilmorebell.com">gherrmann@gilmorebell.com</a>
Ms. Robyn R. Dunlap, Senior Legal Assistant

E-mail: <a href="mailto:rdunlap@gilmorebell.com">rdunlap@gilmorebell.com</a>
Ms. Katherine B. Daniels, Legal Assistant
E-mail: kdaniels@gilmorebell.com

ISSUER'S COUNSEL

STEVENS & BRAND, L.L.P. 900 Massachusetts, Suite 500

P.O. Box 189

Lawrence, Kansas 66044-0189 Telephone: (785) 843-0811 Fax: (785) 843-0341

Evan H. Ice, Esq.

E-mail: EIce@stevensbrand.com

PAYING AGENT

TREASURER OF THE STATE OF KANSAS Landon State Office Building 900 Southwest Jackson, Suite 201 Topeka, Kansas 66612-1235 Telephone: (785) 296-4148

Fax: (785) 296-7950

Ms. Carmen J. Klopping, Director of Bond Services E-mail: <a href="mailto:carmen@treasurer.state.ks.us">carmen@treasurer.state.ks.us</a>

**UNDERWRITER** 

PIPER JAFFRAY & Co. 11150 Overbrook Road, Suite 310 Leawood, Kansas 66211-2298 Telephone: (913) 345-3351

Fax: (913) 345-3393

Mr. Greg Vahrenberg, Managing Director

Telephone: (913) 345-3374

E-mail: Gregory.m.vahrenberg@pjc.com

JLN\600190.013\DISTLIST Last Updated 4/27/2012

#### **VERIFICATION AGENT**

ROBERT THOMAS CPA, LLC 360 Lakeshore Drive West Shawnee Mission, Kansas 66217-8523

Mr. Robert Thomas, CPA Telephone: (913) 362-3555 Fax: (913) 273-1299

Cell: (816) 898-5577

E-mail: bthomas@rthomascpa.com

Ms. Jennifer Klumpp, CPA

8029 Manor Road

Shawnee Mission, Kansas 66206 Telephone: (913) 362-2556

Fax: (913) 273-0072 Cell: (913) 220-5310

E-mail: jklumpp@rthomascpa.com

#### ESCROW AGENT

SECURITY BANK OF KANSAS CITY 701 Minnesota Avenue, Suite 206 Kansas City, Kansas 66101 Telephone: (913) 621-8478

Fax: (913) 621-847

Mr. Matt McLaughlin, Vice President & Trust Mgr.

Telephone: (913) 279-7946

E-mail: mmclaughlin@securitybankkc.com

Mr. Pete Gardner

Telephone: (913) 279-7948

E-mail: pgardner@securitybankkc.com

Ms. Erica Lemon

E-mail: elemon@securitybankkc.com

# GILMORE & BELL

A PROFESSIONAL CORPORATION ATTORNEYS AT LAW

316-267-2091 FAX: 316-262-6523 WWW.GILMOREBELL.COM ONE MAIN PLACE

100 NORTH MAIN, SUITE 800

WICHITA, KANSAS 67202-1398

KANSAS CITY, MISSOURI ST. LOUIS, MISSOURI LINCOLN, NEBRASKA

April 27, 2012

Ms. Sarah Plinsky, Assistant County Administrator Douglas County, Kansas Douglas County Courthouse 1100 Massachusetts Lawrence, Kansas 66044

Re: Douglas County, Kansas – Tax-Exempt Financing Compliance Procedure

Dear Sarah:

#### Background.

For several years IRS officials have expressed concern that state and local government bond issuers do not have adequate written procedures to ensure that the ongoing tax requirements are met after the financing has closed. The IRS had been much less forthcoming when asked specifically what topics should be covered in these "written procedures" and whether those procedures should go beyond the provisions already contained in the federal tax certificate. The IRS has now published an article that clarifies its expectations and describes minimum post-issuance tax compliance standards for all issuers of tax-exempt debt and other "tax-advantaged" debt, such as build America bonds. In the article, the IRS strongly suggests that issuers adopt a comprehensive set of tax compliance procedures that will govern all of the issuer's tax-exempt debt, rather than attempting to follow the tax compliance procedures mandated by the federal tax certificate or tax compliance agreement relating to each specific bond issue. The article also outlines *key characteristics* that should be included in an issuer's written tax compliance procedures:

- Due diligence review at regular intervals;
- Identifying the official or employee of the issuer responsible for review;
- Training of the responsible official/employee of the issuer;
- Retention of adequate records to substantiate compliance (e.g., records relating to expenditure of proceeds):
- · Procedures reasonably expected to timely identify noncompliance; and
- Procedures ensuring that the issuer will take steps to timely correct noncompliance

For many years, Gilmore & Bell's tax compliance agreements and federal tax certificates have contained provisions that require issuers to arrange for arbitrage rebate calculations, to obtain an opinion of bond counsel prior to entering into typical private-use transactions involving bond-financed assets (such as management agreements or leases) and to retain copies of records to substantiate the investment and expenditure of bond proceeds and the use of financed property. These provisions, if followed, should cover the concerns raised by IRS auditors and tax administrators regarding post-issuance tax compliance.

However, as administrator of the tax laws, the IRS has wide latitude to decide the type of documentation and procedures local government issuers should follow when they issue tax-exempt debt. This includes setting reasonable standards for written substantiation to support the position that interest on a particular debt is tax-exempt. The IRS, through the above-referenced article, new audit and settlement policies, changes to informational tax returns filed by governmental issuers and tax-exempt organizations, and informational seminars, has stated a strong clear preference for a stand-alone tax compliance procedure that incorporates the *key characteristics* outlined above.

Although the IRS has not adopted any specific sanctions if an issuer does not implement written tax compliance procedures (such as loss of tax-exempt status or denial of the right to issue tax-exempt debt), it has adopted policies that provide more favorable settlement terms for issuers that have written tax compliance procedures in place. We believe governmental issuers that attempt to "get by with less" are likely to be at a significant disadvantage in the event of an IRS audit of a bond issue. In addition, because the tax-exempt status of a refunding issue depends on whether the refunded tax-exempt issue satisfied the post-issuance tax compliance requirements, issuers that lack proper substantiation documentation and records could find it difficult or even impossible to refinance their debt on a tax-exempt basis in the future.

#### What is changing?

- 1. Separate Written Compliance Procedure. Gilmore & Bell will require that each governmental issuer adopt a written procedure for post-issuance tax compliance and record-keeping that will apply to all tax-exempt debt. The written procedure will contain a list of documents and records that must be prepared and retained as part of a tax-exempt bond compliance file. The written compliance procedure will not replace the tax compliance agreement or federal tax certificate that is part of each financing, but instead will provide a framework that issuers will use to monitor and document tax compliance.
- 2. **Identified Bond Compliance Officer**. The written compliance procedure and the tax documents for each financing will designate a "bond compliance officer" who will be responsible for post-issuance bond compliance. For traditional government financings this will be an issuer employee or official -- usually the person with overall responsibility for administering the bond funds.
- 3. Final Written Allocation of Bond Proceeds. For each new money governmental purpose financing Gilmore & Bell will require issuers to prepare a "final written allocation" of proceeds to expenditures. This final written allocation must be prepared promptly after all proceeds have been spent, and must be reviewed by bond counsel or other legal counsel selected by the issuer. Refunding transactions will incorporate similar documentation as part of the tax closing documents to specify how refunded issue proceeds were spent.
- 4. Annual Compliance Checklist. For all financings we will require issuers to complete a short tax compliance checklist on an annual basis. A form of the checklist tailored to each issue will be included in the tax documentation for each financing.

The final written allocation and the annual checklists, along with related documents identified in the written compliance procedure, will comprise the "tax-exempt bond file" for the financing. The bond compliance officer will be responsible for assembling and maintaining the tax-exempt bond file. A special post-issuance tax compliance call or meeting with the bond compliance officer to discuss and answer questions regarding tax compliance for the specific financing as part of the issuance process can be arranged at the request of the issuer.

Tax-Exempt Financing Compliance Procedure Page 3

Gilmore & Bell recognizes that no two governmental issuers or financings are alike, and that imposing an inflexible set of documents or procedures that fails to take unique aspects of the issuer or the financing into account will not result in better tax compliance. Unique factors will be taken into account for each issue, and, when appropriate, modifications to the documentation or procedures described above may be necessary so long as the financing will continue to meet the compliance and documentation standards outlined by the IRS. Your comments on ways to improve tax documentation or compliance procedures are always welcome.

# Continuing Disclosure.

The Securities and Exchange Commission (the "SEC") has promulgated rules and regulations relating to continuing disclosure requirements that effect obligations issued by governmental units. In conjunction with issuance of certain of its obligations, the Issuer has entered into or anticipates entering into continuing disclosure undertakings to provide for submission of annual reports and notices of certain material events relating to such obligations. Such reports and notices are required to be filed with the SEC via the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the Municipal Securities Rulemaking Board, which can be accessed at <a href="https://www.emma.msrb.org">www.emma.msrb.org</a>.

#### **Procedure Documentation.**

Attached hereto is a form of Tax-Exempt Financing Compliance Procedure (the "Compliance Procedure") for governmental issues which meets the *key characteristics* suggested by the IRS [and the SEC] with respect to governmental purpose issues, together with a form of Excerpt of Minutes and Resolution adopting the Compliance Procedure. A separate form of compliance procedures will need to be adopted by issuers to cover conduit issues, such as industrial revenue bonds. Also attached is a separate Compliance Procedure and authorizing resolution for circumstances where the issuer is serving as a conduit issuer.

We can arrange a special post-issuance tax compliance call or meeting to discuss and answer questions regarding the Compliance Procedure if that would be helpful to you and other issuer representatives.

## **Adoption Procedure.**

After your review of these attachments, if there are no questions or comments, the Resolution and Compliance Procedure should be presented to the governing body at the May 2, 2012 special meeting. Once adopted, please retain a signed a copy of the Excerpt of Minutes, the Resolution and the Compliance Procedure (including Clerk's Certification) in your permanent records and furnish a copy of each to the undersigned for our records.

Should you have any questions, please feel free to contact Garth J. Herrmann, Robyn R. Dunlap or the undersigned.

Joe L. Norton

JLN:rrd Enclosures cc Distribution List

# EXCERPT OF MINUTES OF A MEETING OF THE GOVERNING BODY OF DOUGLAS COUNTY, KANSAS HELD ON MAY 2, 2012

The governing body met in special session at the usual meeting place in the County, at 4:00 p.m., the following members being present and participating, to-wit:

Absent:
The Chair declared that a quorum was present and called the meeting to order.
******
(Other Proceedings)
Thereupon, there was presented a Resolution entitled:
A RESOLUTION PROVIDING FOR THE ADOPTION OF TAX-EXEMPT FINANCING COMPLIANCE PROCEDURES RELATING TO OBLIGATIONS ISSUED AND TO BE ISSUED BY DOUGLAS COUNTY, KANSAS.
Thereupon, Commissioner moved that said Resolution be adopted. The motion was seconded by Commissioner 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:
Aye:
Nay:
Thereupon, the Chair declared said Resolution duly adopted and the Resolution was then duly numbered Resolution No. 12-15 and was signed by the Chair and attested by the Clerk.
* * * * * * * * * * *
[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

CERTIFIC	CATE
I hereby certify that the foregoing Excerpt of proceedings of the governing body of Douglas County, official minutes of such proceedings are on file in my off	
(SEAL)	
	Jameson D. Shew, County Clerk

(Other Proceedings)

\* \* \* \* \* \* \* \* \* \* \* \* \*

# **RESOLUTION NO. 12-15**

A RESOLUTION PROVIDING FOR THE ADOPTION OF TAX-EXEMPT FINANCING COMPLIANCE PROCEDURES RELATING TO OBLIGATIONS ISSUED AND TO BE ISSUED BY DOUGLAS COUNTY, KANSAS.

**WHEREAS**, the Douglas County, Kansas (the "Issuer") is a political subdivision, duly created, organized and existing under the Constitution and laws of the State of Kansas (the "State"); and

**WHEREAS**, the Issuer is authorized, pursuant to the Constitution and statutes of the State to issue bonds, notes, leases, certificates and other instruments that evidence indebtedness (collectively, the "Obligations") to finance certain improvements, projects and programs of the Issuer (collectively, the "Project Facilities") and on behalf of certain non-governmental private businesses ("Conduit Borrowers"); and

**WHEREAS**, the Issuer has heretofore issued certain Obligations and anticipates future issuances of additional Obligations, the interest on which is intended to be excluded from gross income for federal income tax purposes or which is subsidized by the federal government (*e.g.* build America bonds) (the "Tax-Exempt Obligations"); and

**WHEREAS**, the Internal Revenue Code of 1986, as amended and regulations promulgated thereunder (collectively, the "Code"), impose ongoing requirements related to the investment, use and expenditure of proceeds of Tax-Exempt Obligations and related funds and restrictions on use of the Project Facilities financed by such Tax-Exempt Obligations and separate restrictions on facilities financed on behalf of Conduit Borrowers by such Tax-Exempt Obligations; and

**WHEREAS**, pursuant to rules promulgated by the Securities and Exchange Commission (the "SEC"), the Issuer has entered into or anticipates entering into continuing disclosure undertakings to provide for the submission of annual reports and notices of certain material events relating to the Tax-Exempt Obligations for Project Facilities; and

**WHEREAS**, the Issuer and Conduit Borrowers have entered into or anticipates entering into continuing disclosure undertakings to provide for the submission of annual reports and notices of certain material events relating to the Tax-Exempt Obligations for facilities financed on behalf of Conduit Borrowers; and

**WHEREAS**, the Issuer is committed to full compliance with all such requirements with respect to the Issuer's Tax-Exempt Obligations.

# THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF DOUGLAS COUNTY, KANSAS:

**Section 1. Compliance Procedures.** In order to comply with the requirements of the Code and directives of the Internal Revenue Service and SEC and to improve tax compliance and documentation, the governing body of the Issuer hereby adopts the following: (a) Tax-Exempt Financing Compliance Procedure, dated as of May 2, 2012 (the "Governmental Compliance Procedure"); and (b) Tax-Exempt Financing Compliance Procedure-Conduit, dated as May 2, 2012 (the "Conduit Compliance Procedure").

**Section 2. Permanent Record.** A copy of the Governmental Compliance Procedure and Conduit Compliance Procedure shall be placed in the permanent records of the Issuer and shall be available for public inspection during regular business hours of the Issuer.

**Section 3**. **Effective Date.** This Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

<b>ADOPTED AND APPROVED</b> by the governing 2012.	ng body of the Douglas County, Kansas, on May 2
2012.	
(Seal)	
(Seal)	
	Mike Gaughan, Chair – 1 <sup>st</sup> District
	Nancy Thellman, Vice-Chair – 2 <sup>nd</sup> District
ATTEST:	Jim Flory, Commissioner – 3 <sup>rd</sup> District
Jameson D. Shew, County Clerk	
Jameson D. Shew, County Clerk	
CERTIFIC	CATE
I hereby certify that the above and foregoing is a Douglas County, Kansas adopted by the governing body my office.	a true and correct copy of Resolution No. 12-15 or y on May 2, 2012 as the same appears of record in
DATED: May 2, 2012.	
	Jameson D. Shew, County Clerk

	DOUGLAS COUNTY, KANSAS
ГАХ-ЕХЕМЕ	PT FINANCING COMPLIANCE PROCEDURE – GOVERNMENT ISSUE  Dated as of May 2, 2012

# TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE – GOVERNMENT ISSUES

# **TABLE OF CONTENTS**

		Page
	ARTICLE I	
	DEFINITIONS	
Section 1.1.	Definitions	1
	ARTICLE II	
	PURPOSE AND SCOPE	
Section 2.1.	Purpose of Compliance Procedure	3
Section 2.2.	Scope of Compliance Procedure; Conflicts	
Section 2.3.	Amendments to the Compliance Procedure	
	ARTICLE III	
	BOND COMPLIANCE OFFICER; TRAINING	
Section 3.1.	Bond Compliance Officer Duties	4
Section 3.2.	Training	4
	ARTICLE IV	
	TAX-EXEMPT BONDS CURRENTLY OUTSTANDING	
Section 4.1.	Tax-Exempt Bonds Covered by Article IV Procedures	
Section 4.2.	Tax-Exempt Bond File	
Section 4.4.	Annual Compliance Checklists  Correcting Prior Deficiencies in Compliance	
Section 4.4.	ARTICLE V	
(	COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BOND ISSUES	
		5
Section 5.1. Section 5.2.	Application  Prior to Issuance of Tax-Exempt Bonds	
Section 5.2. Section 5.3.	Accounting and Recordkeeping	
Section 5.4.	Final Allocation of Bond Proceeds	
	ARTICLE VI	
	ONGOING MONITORING PROCEDURES	
Section 6.1.	Annual Compliance Checklist	7
Section 6.2.	Arbitrage and Rebate Compliance	8
	ARTICLE VII	
	CONTINUING DISCLOSURE	
Section 7.1.	Annual Disclosure Filings	
Section 7.2.	Material Event Disclosure Filings	8
	<b>Exhibit</b> $A$ – List of Tax-Exempt Bonds Covered by this Compliance Procedure <b>Exhibit</b> $B$ – Form of Annual Compliance Checklist	

\* \* \*

# TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE – GOVERNMENT ISSUES

## **ARTICLE I**

#### **DEFINITIONS**

- **Section 1.1. Definitions**. Capitalized words and terms used in this Compliance Procedure have the following meanings:
- "Annual Compliance Checklist" means a questionnaire and/or checklist described in *Section 6.1* that is completed each year for each of the Tax-Exempt Bonds.
- **"Annual Report"** means the Issuer's audited financial statements (or unaudited financial statements as permitted by the Continuing Disclosure Undertaking for the Tax-Exempt Bonds) and certain other financial information and operating data required to be filed annually with the MSRB for the Tax-Exempt Bonds.
- "Bond Compliance Officer" means the Issuer's Assistant County Administrator, if said position is vacant, the person appointed or elected to fill the responsibilities of said position for the Issuer.
- "Bond Counsel" means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel, selected by the Issuer to provide a legal opinion regarding the tax status of interest on Tax-Exempt Bonds as of the issue date or the law firm selected to advise the Issuer regarding matters referenced in this Compliance Procedure.
- **"Bond Restricted Funds**" means the funds, accounts, and investments that are subject to arbitrage rebate and/or yield restriction rules that have been identified in the Tax Compliance Agreement for the Tax-Exempt Bonds.
- "**Bond Transcript**" means the "transcript of proceedings" or other similarly titled set of transaction documents assembled by Bond Counsel following the issuance of Tax-Exempt Bonds.
  - "Code" means the Internal Revenue Code of 1986, as amended.
  - "Compliance Procedure" means this Tax-Exempt Financing Compliance Procedure.
- "Continuing Disclosure Undertaking" means the Continuing Disclosure Agreement(s), Continuing Disclosure Undertaking(s), Continuing Disclosure Instructions or other written certification(s) of the Issuer setting out covenants for satisfying the Issuer's requirements for providing information to the MSRB pursuant to SEC Rule 15c2-12 on an ongoing basis for one or more Tax-Exempt Bond issues.
- "Cost" or "Costs" means all costs and expenses paid for the acquisition, design, construction, equipping or improvement of a Project Facility or costs of issuing Tax-Exempt Bonds for a Project Facility.
- **"EMMA"** means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at <a href="https://www.emma.msrb.org">www.emma.msrb.org</a>.
- "Final Written Allocation" means the Final Written Allocation of Tax-Exempt Bond proceeds prepared pursuant to *Section 5.4* of this Compliance Procedure.

JLN\600190.017\TAX POLICY AND PROCEDURE\POLICY AND PROCEDURES-GOVT (04-27-12)

"Financed Assets" means that part of a Project Facility treated as financed with Tax-Exempt Bond proceeds as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, the accounting records of the Issuer and the Tax Compliance Agreement for the Tax-Exempt Bonds.

"Governing Body" means the Commission of the Issuer.

"Intent Resolution" means a resolution of the Governing Body stating: (a) the intent of the Issuer to finance all or a portion of the Project Facility; (b) the expected maximum size of the financing; and (c) the intent of the Issuer to reimburse the Costs of the Project Facility paid by the Issuer from proceeds of the Tax-Exempt Bonds.

"IRS" means the Internal Revenue Service.

**"Issuer"** means Douglas County, Kansas, and its successors and assigns, or any body, agency or instrumentality of the State succeeding to or charged with the powers, duties and functions of the Issuer.

**"MSRB"** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the SEC in accordance with Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Placed In Service" means that date (as determined by the Bond Compliance Officer) when the Project Facility is substantially complete and in operation at substantially its design level.

"**Project Facility**" means all tangible or intangible property financed in whole or in part with Tax-Exempt Bonds that are: (a) functionally related or integrated in use; (b) located on the same physical site or proximate sites; and (c) expected to be Placed In Service within a one-year period of each other.

"Rebate Analyst" means the rebate analyst for the Tax-Exempt Bonds selected pursuant to the Tax Compliance Agreement.

**"Regulations"** means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to tax-exempt obligations.

"SEC" means the Securities and Exchange Commission.

"Tax Compliance Agreement" means the Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written certification or agreement of the Issuer setting out representations and covenants for satisfying the post-issuance tax compliance requirements for the Tax-Exempt Bonds.

"Tax-Exempt Bond(s)" means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Issuer or another political subdivision or government instrumentality, the proceeds of the which are to be loaned or otherwise made available to the Issuer, and the interest on which is: (a) excludable from gross income for federal income tax purposes; or (b) taxable for federal income purposes, but is payable at a lower rate as a result of federal subsidy payments or other assistance. A list of all Tax-Exempt Bonds outstanding and subject to this Compliance Procedure as of May 2, 2012, is attached as *Exhibit A*.

"**Tax-Exempt Bond File**" means documents and records which may consist of paper and electronic medium, maintained for each of the Tax-Exempt Bonds. Each Tax-Exempt Bond File will include the following information if applicable:

JLN\600190.017\TAX POLICY AND PROCEDURE\POLICY AND PROCEDURES-GOVT (04-27-12)

- (a) Intent Resolution.
- (b) Bond Transcript.
- (c) Final Written Allocation and/or all available accounting records related to the Project Facility showing expenditures allocated to the proceeds of the Tax-Exempt Bonds and expenditures (if any) allocated to other sources of funds.
- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculation.
- (e) IRS Forms 8038-T (Arbitrage Rebate, Yield Reduction Payment and Penalty in Lieu of Arbitrage Rebate) together with proof of filing and payment of rebate.
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:
  - (1) bid solicitation, bid responses, certificate of broker;
  - (2) written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
  - (3) copies of the investment agreement and any amendments.
- (g) Any item required to be maintained by the terms of the Tax Compliance Agreement involving the use of the Project Facility or expenditures related to tax compliance for the Tax-Exempt Bonds.
- (h) Any opinion of Bond Counsel regarding the Tax-Exempt Bonds not included in the Bond Transcript.
- (i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript.
- (j) Any correspondence with the IRS relating to the Tax-Exempt Bonds including all correspondence relating to an audit or examination by the IRS of the Tax-Exempt Bonds or any proceedings under the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP).
- (k) Any available questionnaires or correspondence substantiating the use of the Project Facility in accordance with the terms of the Tax Compliance Agreement for the Tax-Exempt Bonds.
- (l) For refunding bond issues, the Tax-Exempt Bond File for the refunded Tax-Exempt Bonds.

#### **ARTICLE II**

## PURPOSE AND SCOPE

# **Section 2.1. Purpose of Compliance Procedure.**

- (a) The Issuer uses Tax-Exempt Bonds to fund Costs of a Project Facility. The Issuer understands that in exchange for the right to issue Tax-Exempt Bonds at favorable interest rates and terms, the Code and Regulations impose ongoing requirements related to the proceeds of the Tax-Exempt Bonds and the Project Facility financed by the Tax-Exempt Bonds. These requirements focus on the investment, use and expenditure of proceeds of the Tax-Exempt Bonds and related funds as well as restrictions on the use of the Project Facility.
- (b) The Issuer recognizes that the IRS has stated that all issuers of Tax-Exempt Bonds should have *separate* written procedures regarding ongoing compliance with the federal tax requirements for Tax-Exempt Bonds.

- (c) The Issuer is required under the Continuing Disclosure Undertaking to provide disclosures of certain financial information and operating data and to file notices of certain material events to the marketplace to facilitate informed secondary market trading in Tax-Exempt Bonds issued by the Issuer. The Issuer is committed to full compliance with the tax and securities law requirements for all of its outstanding and future Tax-Exempt Bonds. This Compliance Procedure is adopted by the Governing Body to comply with the IRS and SEC directives and to improve tax compliance and documentation.
- Section 2.2. Scope of Compliance Procedure; Conflicts. This Compliance Procedure applies to *all* Tax-Exempt Bonds currently outstanding and *all* Tax-Exempt Bonds issued in the future. If the provisions of this Compliance Procedure conflict with a Tax Compliance Agreement, the Continuing Disclosure Undertaking or any other specific written instructions of Bond Counsel, the terms of the Tax Compliance Agreement, a Continuing Disclosure Undertaking or specific written instructions of Bond Counsel will supersede and govern in lieu of this Compliance Procedure. Any exception to this Compliance Procedure required by Bond Counsel as part of a future issue of Tax-Exempt Bonds will be incorporated in the Tax Compliance Agreement for the future issue. Any requirements imposed on the Issuer in the Tax Compliance Agreement will be noted by the Bond Compliance Officer and incorporated into the Annual Compliance Checklist. The Issuer acknowledges that the Continuing Disclosure Undertaking may also apply to one or more issues of taxable securities issued by the Issuer.
- **Section 2.3. Amendments to the Compliance Procedure**. This Compliance Procedure may be amended from time-to-time by the Governing Body. Copies of this Compliance Procedure and any amendments will be included in the permanent records of the Issuer.

#### **ARTICLE III**

# BOND COMPLIANCE OFFICER; TRAINING

- **Section 3.1. Bond Compliance Officer Duties**. The Bond Compliance Officer is responsible for implementing this Compliance Procedure. The Bond Compliance Officer will work with other employees that use the Project Facility to assist in implementing this Compliance Procedure. The Bond Compliance Officer will consult with Bond Counsel, legal counsel to the Issuer, accountants, tax return preparers and other outside experts to the extent necessary to carry out the purposes of this Compliance Procedure. The Bond Compliance Officer will report to the Governing Body as necessary, and at least annually, regarding implementation of this Compliance Procedure and any recommended changes or amendments to this Compliance Procedure.
- **Section 3.2. Training.** When appropriate, the Bond Compliance Officer and/or other employees of the Issuer under the direction of the Bond Compliance Officer will attend training programs offered by the IRS or other industry professionals regarding tax-exempt financing that are relevant to the Issuer. At the time the individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, the outgoing Bond Compliance Officer will be, or make arrangement for another Issuer employee to be, responsible for training the incoming individual acting as Bond Compliance Officer to ensure the Issuer's continued compliance with the provisions of this Compliance Procedure and all Tax Compliance Agreements for any outstanding Tax-Exempt Bonds.

#### **ARTICLE IV**

# TAX-EXEMPT BONDS CURRENTLY OUTSTANDING

- **Section 4.1.** Tax-Exempt Bonds Covered by Article IV Procedures. This Article IV applies to all Tax-Exempt Bonds issued prior to the date of this Compliance Procedure that are currently outstanding. These Tax-Exempt Bonds are listed on Exhibit A.
- **Section 4.2. Tax-Exempt Bond File**. As soon as practical, the Bond Compliance Officer will attempt to assemble as much of the Tax-Exempt Bond File as is available for the Tax-Exempt Bonds listed on *Exhibit A*.
- **Section 4.3. Annual Compliance Checklists.** As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Officer will work with Bond Counsel and/or legal counsel to the Issuer and cause Annual Compliance Checklists to be completed for all outstanding Tax-Exempt Bonds and will follow the procedures specified in *Article VI* to complete the Annual Compliance Checklists and thereafter include each completed Annual Compliance Checklist in the Tax-Exempt Bond File. A sample form of an Annual Compliance Checklist for the issues described on *Exhibit A* is attached hereto as *Exhibit B*.
- **Section 4.4.** Correcting Prior Deficiencies in Compliance. In the event the Bond Compliance Officer determines any deficiency in compliance with a Tax Compliance Agreement for an outstanding Tax-Exempt Bond listed on *Exhibit A*, the Bond Compliance Officer will follow the procedures described in the Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the noncompliance requires the Issuer to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Governing Body and obtaining its approval.

# **ARTICLE V**

#### COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BOND ISSUES

**Section 5.1. Application**. This *Article V* applies to Tax-Exempt Bonds issued on or after the date of this Compliance Procedure.

# Section 5.2. Prior to Issuance of Tax-Exempt Bonds.

- (a) *Intent Resolution*. The Governing Body will authorize and approve the issuance of Tax-Exempt Bonds. Prior to or as a part of this authorizing resolution or ordinance, the Governing Body may adopt an Intent Resolution.
- (b) *Directions to Bond Counsel*. The Bond Compliance Officer will provide a copy of this Compliance Procedure to Bond Counsel with directions for Bond Counsel to structure the documentation and procedural steps taken prior to issuing the Tax-Exempt Bonds so that they conform to the requirements of this Compliance Procedure, except to the extent Bond Counsel determines that different procedures are required. The Bond Compliance Officer will consult with Bond Counsel so that appropriate provisions are made to fund or reimburse the Issuer's costs and expenses incurred to implement this Compliance Procedure.

- (c) Tax Compliance Agreement. For each issuance of Tax-Exempt Bonds, a Tax Compliance Agreement will be signed by the Bond Compliance Officer. The Tax Compliance Agreement will: (1) describe the Project Facility and the anticipated Financed Assets, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance, (3) for new money financings require a Final Written Allocation, and (4) contain a form of the Annual Compliance Checklist for the Tax-Exempt Bonds. The Bond Compliance Officer will confer with Bond Counsel and the Issuer's counsel regarding the meaning and scope of each representation and covenant contained in the Tax Compliance Agreement.
- (d) **Preliminary Cost Allocations**. For each issuance of Tax-Exempt Bonds, the Bond Compliance Officer in consultation with Bond Counsel, will prepare a preliminary cost allocation plan for the Project Facility. The preliminary cost allocation plan will identify the assets and expected costs for the Project Facility, and, when necessary, will break-out the portions of Costs that the Issuer expects to finance with Tax-Exempt Bonds (i.e. the Financed Assets) from the portions expected to be financed from other sources.
- (e) Tax Review with Bond Counsel. Prior to the sale of the Tax-Exempt Bonds, the Bond Compliance Officer and Bond Counsel will review this Compliance Procedure together with the draft Tax Compliance Agreement to ensure that any tax compliance issues in the new financing are adequately addressed by this Compliance Procedure and/or the Tax Compliance Agreement. If Bond Counsel determines that this Compliance Procedure conflicts with the Tax Compliance Agreement, or must be supplemented to account for special issues or requirements for the Tax-Exempt Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance Agreement. The Bond Compliance Officer will request Bond Counsel to prepare a form of Annual Compliance Checklist for use in monitoring the ongoing compliance requirements for the Tax-Exempt Bonds.

# Section 5.3. Accounting and Recordkeeping.

- (a) Accounting for New Money Projects. The Bond Compliance Officer will be responsible for accounting for the investment and allocation of proceeds of the Tax-Exempt Bonds. The Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures for Costs of the Project Facility. Where appropriate, the Bond Compliance Officer may use accounts established as part of the Issuer's financial records for this purpose. In recording Costs for the Project Facility, the Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment, (2) date of payment, (3) amount paid, and (4) invoice number or other identifying reference.
- (b) Accounting for Refunded Bonds and Related Refunded Bond Accounts. For Tax-Exempt Bonds that refund prior issues, the Tax Compliance Agreement will set out special accounting and allocation procedures for the proceeds of the financing, and if necessary proceeds of the refinanced debt.
- (c) *Tax-Exempt Bond File*. The Bond Compliance Officer will be responsible for assembling and maintaining the Tax-Exempt Bond File. The Annual Reports, other reports and notices of certain material events filed by the Issuer with the MSRB will be publicly available on EMMA and need not be separately maintained in the Tax-Exempt Bond File.

#### Section 5.4. Final Allocation of Bond Proceeds.

- (a) **Preparation of Final Written Allocation; Timing.** The Bond Compliance Officer is responsible for making a written allocation of proceeds of Tax-Exempt Bonds to expenditures and identifying the Financed Assets. This process will be memorialized in the Final Written Allocation. For a new money financing, the Bond Compliance Officer will commence this process as of the earliest of (1) the requisition of all Tax-Exempt Bond proceeds from any segregated Tax-Exempt Bond funded account, (2) the date the Project Facility has been substantially completed or (3) four and one-half years following the issue date of the Tax-Exempt Bonds. For Tax-Exempt Bonds issued only to refund a prior issue of Tax-Exempt Bonds, the Bond Compliance Officer will work with Bond Counsel to prepare and/or document the Final Written Allocation for the Project Facility financed by the refunded Tax-Exempt Bonds and include it in the Tax Compliance Agreement.
- Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of Tax-Exempt Bond proceeds and other money of the Issuer to the Costs of the Project Facility. If no special allocation is required or recommended, the Bond Compliance Officer will allocate Costs of the Project Facility to the proceeds of the Tax-Exempt Bonds in accordance with the Issuer's accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project Facility, (2) the percentage of the cost of the Project Facility financed with proceeds of the Tax-Exempt Bonds (which includes sale proceeds plus any investment earnings on those sale proceeds), (3) the Project Facility's Placed in Service date, (4) the estimated economic useful life of the Project Facility, and (5) any special procedures to be followed in completing the Annual Compliance Checklist (e.g., limiting the Annual Compliance Checklist to specific areas of the Project Facility that the Final Written Allocation or the Tax Compliance Agreement treats as having been financed by Tax-Exempt Bonds).
- (c) Finalize Annual Compliance Checklist. As part of the preparation of the Final Written Allocation, the Bond Compliance Officer will update the draft Annual Compliance Checklist contained in the Tax Compliance Agreement. The Bond Compliance Officer will include reminders for all subsequent arbitrage rebate computations required for the Tax-Exempt Bonds in the Annual Compliance Checklist.
- (d) **Review of Final Written Allocation and Annual Compliance Checklist.** Each Final Written Allocation and Annual Compliance Checklist will be reviewed by legal counsel of the Issuer or Bond Counsel for sufficiency and compliance with the Tax Compliance Agreement and this Compliance Procedure. Following the completion of the review, the Bond Compliance Officer will execute the Final Written Allocation.

# **ARTICLE VI**

#### ONGOING MONITORING PROCEDURES

**Section 6.1. Annual Compliance Checklist**. An Annual Compliance Checklist will be completed by the Bond Compliance Officer each year following completion of the Final Written Allocation. Each Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Tax Compliance Agreement or this Compliance Procedure and obtaining documents (such as investment records, arbitrage calculations, or other documentation for the Project Facility) that are required to be incorporated in the Tax-Exempt Bond File. The Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax

Compliance Agreement to legal counsel to the Issuer or Bond Counsel and, if recommended by counsel, will follow the procedure set out in *Section 4.4* to remediate the non-compliance.

**Section 6.2. Arbitrage and Rebate Compliance**. The Bond Compliance Officer will monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations.

#### **ARTICLE VII**

#### CONTINUING DISCLOSURE

**Section 7.1. Annual Disclosure Filings**. For each issuance of Tax-Exempt Bonds, the Bond Compliance Officer will review the Continuing Disclosure Undertaking to determine the financial information and operating data required to be included in the Annual Report to be filed by the Issuer with the MSRB on EMMA. The Bond Compliance Officer will cause the Annual Report to be filed with the MSRB on EMMA within the timeframe provided in the Continuing Disclosure Undertaking for the Tax-Exempt Bonds.

**Section 7.2. Material Event Disclosure Filings**. For each outstanding issue of Tax-Exempt Bonds, the Bond Compliance Officer will review the Continuing Disclosure Undertaking to determine the "material events" that require prompt notice to be filed with the MSRB. Generally, the occurrence of any of the following events with respect to the Tax-Exempt Bonds represents a "material event:"

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- appointment of a successor or additional trustee or the change of name of the trustee, if material.

After obtaining actual knowledge of the occurrence of any event that the Bond Compliance Officer believes may constitute an event requiring disclosure, the Bond Compliance Officer will contact Bond Counsel to determine if notice of the event is required to be given to the MSRB under the Continuing Disclosure Undertaking. If it is determined that notice should be provided to the MSRB or is required to be provided to the MSRB by the Continuing Disclosure Undertaking, the Bond Compliance Officer will cause the appropriate notice to be filed with the MSRB on EMMA within 10 business days after the occurrence of the event or as otherwise directed by Bond Counsel.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

# **CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Tax-Exempt

Financing Compliance Procedure adopted by the 2012 as the same appears of record in my office.	governing body of Douglas County, Kansas on May 2,
DATED: May 2, 2012.	
	Jameson D. Shew, County Clerk

# EXHIBIT A

# LIST OF OUTSTANDING TAX-EXEMPT BONDS COVERED BY THIS COMPLIANCE PROCEDURE (as of May 2, 2012)

# **GENERAL OBLIGATION BONDS**

			Original
Category of	<b>Dated</b>	Final	Principal
Indebtedness	<b>Date</b>	<b>Maturity</b>	<b>Amount</b>
G.O. Taxable Bonds, Series A, 2001	$03/\overline{01/2001}$	08/01/2021	\$ 345,000
G.O. Sales Tax Refunding Bonds, Series 2003-A <sup>2</sup>	05/01/2003	08/01/2016	8,175,000
G.O. Refunding Bonds, Series 2003-B <sup>3</sup>	05/01/2003	09/01/2014	1,325,000
G.O. Sales Tax Refunding Bonds, Series 2004-A <sup>4</sup>	02/01/2004	08/01/2019	13,650,000
G.O. Bonds, Series 2005-A <sup>3</sup>	03/01/2005	09/01/2015	737,000
G.O. Bonds, Series 2006-A	08/15/2006	09/01/2016	255,000
G.O. Bonds, Series 2008-A	09/15/2008	09/01/2028	285,000
G.O. Refunding & Improvement Bonds, Series 2009-A	10/01/2009	09/01/2030	2,445,000
G.O. Sales Tax Refunding Bonds, Series 2012-A	06/04/2012	08/01/2016	6,135,000*
G.O. Taxable Sales Tax Refunding Bonds, Series 2012-			
В	06/04/2012	08/01/2019	6,025,000*
G.O. Refunding Bonds, Series 2012-C	06/04/2012	09/01/2015	550,000*
G.O. Taxable Refunding Bonds, Series 2012-D	06/04/2012	08/01/2015	230,000*
Total			

<sup>&</sup>lt;sup>1</sup> Excludes Refunded Bonds refunded with proceeds of the Series 2012-D Bonds.

<sup>&</sup>lt;sup>2</sup> Excludes Refunded Bonds refunded with proceeds of the Series 2012-A Bonds.

<sup>&</sup>lt;sup>3</sup> Excludes Refunded Bonds refunded with proceeds of the Series 2012-C Bonds.

<sup>&</sup>lt;sup>4</sup> Excludes Refunded Bonds refunded with proceeds of the Series 2012-B Bonds.

#### EXHIBIT B

# FORM OF ANNUAL COMPLIANCE CHECKLIST

\$[Amount of Issue]
DOUGLAS COUNTY, KANSAS
[BOND DESCRIPTION] BONDS
SERIES [\_\_\_\_]
DATED [DATED DATE]
ISSUE DATE: [CLOSING DATE]

The Bond Compliance Officer is the person that the Issuer has identified in the Tax Compliance Procedure who is primarily responsible for working with other Issuer officials, departments and administrators and for consulting with Bond Counsel, other legal counsel and outside experts to the extent necessary to carry out the Post-Issuance Tax Requirements for the Bonds. On the Issue Date, the Issuer identified certain assets financed in whole or in part by the Bonds (the "Financed Improvements"), as evidenced on  $Exhibit\ D$  to the Federal Tax Certificate. Please complete this checklist within 90 days after the conclusion of the Issuer's Fiscal Year. Should you have questions or need assistance in completing the checklist, please contact Bond Counsel at the address below. A completed copy of this annual checklist should be placed in the Tax-Exempt Bond File and retained in the Issuer's permanent records for at least 3 years after the final maturity of (1) the Bonds or (2) any obligation issued to refund the Bonds.

Bond Compliance Officer Name: [	_]
Bond Compliance Officer Signature: [	]
Date of Report: []	
Annual Period Covered by Report: [	_]

\*\*If the answers to any of the following questions identify any compliance deficiencies, the Bond Compliance Officer should immediately contact Bond Counsel and take actions required in the Tax Compliance Procedure.\*\*

Item	Question	Response
1	Were all of the Financed Improvements owned by the Issuer during the	Yes Yes
Ownership	entire Annual Period?	☐ No
	If answer above was "No," was an Opinion of Bond Counsel obtained prior to the transfer?	☐ Yes ☐ No
	If Yes, include a copy of the Opinion in the Tax-Exempt Bond File.	
	If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	

Item	Question	Response
2	During the Annual Period, was any part of the Financed Improvements	☐ Yes
Leases &	leased at any time pursuant to a lease or similar agreement for more than	☐ No
Other Rights	50 days?	
to Possession	If a server of the server of t	□ <b>V</b>
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement?	☐ Yes ☐ No
	prior to entering into the lease of other arrangement?	
	If Yes, include a copy of the Opinion in the Tax-Exempt Bond File.	
	If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	
3 Managamant	During the Annual Period, has the management of all or any part of the	☐ Yes ☐ No
Management or Service	operations of the Financed Improvements (e.g., cafeteria, gift shop, etc.) been assumed by or transferred to another entity?	140
Agreements	been assumed by of transferred to another entity.	
1181 001110110	If answer above was "Yes," was an Opinion of Bond Counsel obtained	Yes
	prior to entering into the management agreement?	☐ No
	If Yes, include a copy of the Opinion in the Tax-Exempt Bond File.	
	If No, contact Bond Counsel and include description of resolution in the	
	Tax-Exempt Bond File.	
4	Was any other agreement entered into with an individual or entity that	Yes
Other Use	grants special legal rights to the Financed Improvements?	□ No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained	☐ Yes ☐ No
	prior to entering into the agreement?	
	If Yes, include a copy of the Opinion in the Tax-Exempt Bond File.	
	If No, contact Bond Counsel and include description of resolution in the	
	Tax-Exempt Bond File.	
5	Have any Gross Proceeds of the Bonds been invested in a Guaranteed	Yes
Proceeds &	Investment Contract?	□ No
Investments		
	Has the Issuer entered into an Interest Rate Swap Agreement with	Yes
	respect to the Bonds?	☐ No
	Has any sinking or reserve fund for the payment of the Bonds been	Yes
	established (other than funds and accounts created in the Bond	☐ No
	Resolution)?  Have any of the Bonds been redeemed or refunded in advance of their	Yes
	Have any of the Bonds been redeemed or refunded in advance of their scheduled maturities?	□ No
	If answer to any of the above questions was "Yes," notify Bond Counsel	
	with such information and place a copy of documentation in the Tax-	
	Exempt Bond File.	
6	Have all rebate and yield reduction calculations mandated in the Federal	Yes
Arbitrage	Tax Certificate or Compliance Agreement been prepared for the current	☐ No

Item	Question	Response
& Rebate	year?	
	If No, contact Rebate Analyst and incorporate report or include	
	description of resolution in the Tax-Exempt Bond File.	

**Bond Counsel:** Gilmore & Bell, P.C.

100 N. Main, Suite 800 Wichita, Kansas 67202 Phone: (316) 267-2091 Fax: (316) 262-6523 *Attn: Joe L. Norton* 

Email: jnorton@gilmorebell.com

_	
	DOUGLAS COUNTY, KANSAS
TAX	X-EXEMPT FINANCING COMPLIANCE PROCEDURE – CONDUIT ISSUES
	Dated as of May 2, 2012
_	

# TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE – CONDUIT ISSUES

# **TABLE OF CONTENTS**

		Page
	ARTICLE I	
	DEFINITIONS	
Section 1.1.	Definitions	1
	ARTICLE II	
	PURPOSE AND SCOPE	
Section 2.1.	Purpose of Compliance Procedure	1
Section 2.1. Section 2.2.	Scope of Compliance Procedure; Conflicts	
Section 2.3.	Amendments and Publication of Compliance Procedure	
	ARTICLE III	
	BOND COMPLIANCE OFFICER; TRAINING	
Section 3.1.	Bond Compliance Officer Duties	5
Section 3.2.	Training	
	ARTICLE IV	
	TAX-EXEMPT BONDS CURRENTLY OUTSTANDING	
Section 4.1.	Tax-Exempt Bonds Covered by Article IV Procedures	5
Section 4.2.	Tax-Exempt Bond File	
Section 4.3.	Conduit User Contact	
Section 4.4. Section 4.5.	Annual Certification	
Section 4.5.	ARTICLE V	0
(	COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BOND ISSUES	
Section 5.1.	Application	
Section 5.2.	Prior to Issuance of Tax-Exempt Bonds	
Section 5.3. Section 5.4.	Accounting and RecordkeepingFinal Allocation of Bond Proceeds	
5ccuon 5.4.		/
	ARTICLE VI ONGOING MONITORING PROCEDURES	
Section 6.1.	Annual Compliance Checklist	
Section 6.2.	Arbitrage and Rebate Compliance	8
	ARTICLE VII	
	CONTINUING DISCLOSURE	
Section 7.1.	Periodic Disclosure Filings	
Section 7.2.	Material Event Disclosure Filings	9
	Exhibit A – List of Tax-Exempt Bonds Covered by this Compliance Procedure	

# TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE – CONDUIT ISSUES

#### **ARTICLE I**

#### **DEFINITIONS**

- **Section 1.1. Definitions**. Capitalized words and terms used in this Compliance Procedure have the following meanings:
- "Annual Compliance Checklist" means a questionnaire and/or checklist described in *Section 6.1* that is completed each year by a Conduit User for the Tax-Exempt Bonds.
- "Annual Report" means the Conduit User's audited financial statements (or unaudited financial statements as permitted by the Continuing Disclosure Undertaking for the Tax-Exempt Bonds) and certain other financial information and operating data required to be filed annually with the MSRB for the Tax-Exempt Bonds.
- **"Bond Compliance Officer**" means the Issuer's Assistant County Administrator or, if said position is vacant, the person appointed or elected to fill the responsibilities of said position for the Issuer.
- "Bond Counsel" means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel, selected by the Issuer or the Conduit User to provide a legal opinion regarding the tax status of interest on the Tax-Exempt Bonds as of the issue date or the law firm selected to advise the Issuer regarding matters referenced in this Compliance Procedure.
- **"Bond Restricted Funds**" means the funds, accounts, and investments that are subject to arbitrage rebate and/or yield restriction rules that have been identified in the Tax Compliance Agreement for the Tax-Exempt Bonds.
- **"Bond Transcript**" means the "transcript of proceedings" or other similarly titled set of transaction documents assembled by Bond Counsel following the issuance of the Tax-Exempt Bonds.
  - "Code" means the Internal Revenue Code of 1986, as amended.
  - "Compliance Procedure" means this Tax-Exempt Financing Compliance Procedure.
- **"Conduit User"** means the entity that receives proceeds of Tax-Exempt Bonds issued by the Issuer and is required to pay principal of and interest on the Tax-Exempt Bonds.
- **"Conduit User Bond Compliance Officer"** means the individual officer or employee of the Conduit User named as the primary individual responsible for post-issuance tax compliance by the Conduit User in connection with the Tax-Exempt Bonds.
- "Continuing Disclosure Undertaking" means the Continuing Disclosure Agreement(s), Continuing Disclosure Undertaking(s), Continuing Disclosure Instructions or other written certification(s) of the Conduit User setting out covenants for satisfying the Conduit User's requirements for providing information to the MSRB pursuant to SEC Rule 15c2-12 on an ongoing basis for one or more Tax-Exempt Bond issues.

- "Cost" or "Costs" means all costs and expenses paid for the acquisition, design, construction, equipping or improvement of a Project Facility or costs of issuing Tax-Exempt Bonds for a Project Facility.
- **"EMMA"** means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at <a href="https://www.emma.msrb.org">www.emma.msrb.org</a>.
- "Final Written Allocation" means the Final Written Allocation of Tax-Exempt Bond proceeds prepared pursuant to *Section 5.4* of this Compliance Procedure.
- "Financed Assets" means that part of a Project Facility treated as financed with Tax-Exempt Bond proceeds as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, the accounting records of the Trustee and the Conduit User and the Tax Compliance Agreement for the Tax-Exempt Bonds.
  - "Governing Body" means the Commission of the Issuer.
- "Intent Resolution" means a resolution of the Issuer or the Conduit User stating: (a) the intent of the Issuer or the Conduit User to finance all or a portion of the Project Facility, (b) the expected maximum size of the financing; and (c) the intent of the Issuer to reimburse Costs of the Project Facility paid by the Conduit User from proceeds of the Tax-Exempt Bonds.
  - "IRS" means the United States Internal Revenue Service.
- **"Issuer"** means Douglas County, Kansas, and its successors and assigns, or any body, agency or instrumentality of the State succeeding to or charged with the powers, duties and functions of the Issuer.
- "MSRB" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the SEC in accordance with Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.
- "Placed In Service" means that date (as determined by the Conduit User Bond Compliance Officer) when the Project Facility is substantially complete and in operation at substantially its design level.
- "**Project Facility**" means all tangible or intangible property financed in whole or in part with Tax-Exempt Bonds that are: (a) functionally related or integrated in use, (b) located on the same physical site or proximate sites, and (c) expected to be Placed In Service within a one-year period of each other.
- "Rebate Analyst" means the rebate analyst for the Tax-Exempt Bonds selected pursuant to the Tax Compliance Agreement.
- "Regulations" means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to tax-exempt obligations.
  - "SEC" means the Securities and Exchange Commission.
- "Tax Compliance Agreement" means the Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written certification or agreement of the Issuer and the Conduit User setting out representations and covenants for satisfying the post-issuance tax compliance requirements for the Tax-Exempt Bonds.

"Tax-Exempt Bonds" means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Issuer, the proceeds of the which are to be loaned or otherwise made available to the Conduit User, and the interest on which is: (a) excludable from gross income for federal income tax purposes; or (b) taxable for federal income purposes, but is payable at a lower rate as a result of federal subsidy payments or other assistance. A list of all Tax-Exempt Bonds outstanding and subject to this Compliance Procedure as of May 2, 2012, is attached as *Exhibit A*.

"**Tax-Exempt Bond File**" means documents and records which may consist of paper and electronic medium, maintained for the Tax-Exempt Bonds. Each Tax-Exempt Bond File will include the following information if applicable:

- (a) Intent Resolution. (Duplicate Copy Maintained by Bond Compliance Officer)
- (b) Bond Transcript. (Duplicate Copy Maintained by Bond Compliance Officer)
- (c) Final Written Allocation and/or all available accounting records related to the Project Facility showing expenditures allocated to the proceeds of the Tax-Exempt Bonds and expenditures (if any) allocated to other sources of funds.
- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculations.
- (e) IRS Forms 8038-T (Arbitrage Rebate, Yield Reduction Payment and Penalty in Lieu of Arbitrage Rebate) together with proof of filing and payment of rebate. (Duplicate Copy Maintained by Bond Compliance Officer)
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:
  - (1) bid solicitation, bid responses, certificate of broker;
  - (2) written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
  - (3) copies of the investment agreement and any amendments.
- (g) Any item required to be maintained by the terms of the Tax Compliance Agreement involving the use of the Project Facility or expenditures related to tax compliance for the Tax-Exempt Bonds.
- (h) Any opinion of Bond Counsel regarding the Tax-Exempt Bonds not included in the Bond Transcript. (Duplicate Copy Maintained by Bond Compliance Officer)
- (i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript. (Duplicate Copy Maintained by Bond Compliance Officer)
- (j) Any correspondence with the IRS relating to the Tax-Exempt Bonds including all correspondence relating to an audit or examination by the IRS of the Tax-Exempt Bonds or any proceedings under the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP). (Duplicate Copy Maintained by Bond Compliance Officer)
- (k) Any available questionnaires or correspondence substantiating the use of the Project Facility in accordance with the terms of the Tax Compliance Agreement for the Tax-Exempt Bonds.
- (l) For refunding bond issues, the Tax-Exempt Bond File for the refunded Tax-Exempt Bonds.

**"Trustee"** means the corporate trustee named in a trust indenture or other similar document included in the Bond Transcript for the Tax-Exempt Bonds.

#### **ARTICLE II**

#### PURPOSE AND SCOPE

# **Section 2.1. Purpose of Compliance Procedure.**

- (a) The Issuer issues Tax-Exempt Bonds and loans or otherwise makes the proceeds available to Conduit Users to fund Costs of a Project Facility. The Issuer understands that in exchange for the right to issue Tax-Exempt Bonds at favorable interest rates and terms, the Code and Regulations impose ongoing requirements related to the proceeds of the Tax-Exempt Bonds and the Project Facility financed by the Tax-Exempt Bonds. These requirements focus on the investment, use and expenditure of proceeds of the Tax-Exempt Bonds and related funds as well as restrictions on the use of the Project Facility.
- (b) The Issuer recognizes that the IRS has stated that all issuers of Tax-Exempt Bonds should have *separate* written procedures regarding ongoing compliance with the federal tax requirements for Tax-Exempt Bonds.
- (c) The Issuer does not anticipate that it will ever be an "obligated person" under any Continuing Disclosure Undertaking. The Conduit Users are required under Continuing Disclosure Undertakings to provide disclosures of certain financial information and operating data and to file notices of certain material events to the marketplace to facilitate informed secondary market trading in Tax-Exempt Bonds issued by the Issuer for the benefit of the Conduit User.
- (d) The Issuer is committed to full compliance with the tax and securities law requirements for all of its outstanding and future tax-exempt financings. This Compliance Procedure is adopted by the Governing Body to comply with the IRS and SEC directives and to improve tax and securities law compliance and documentation. As the Conduit User for the Tax-Exempt Bonds is primarily responsible for the expenditure and investment of proceeds of the Issuer's Tax-Exempt Bonds, the use of the Financed Assets and the Project Facility, and disclosure of information related to the Tax-Exempt Bonds, this Compliance Procedure provides that the Conduit User will assume substantially all obligations related to post-issuance compliance for Tax-Exempt Bonds issued for its benefit.
- Section 2.2. Scope of Compliance Procedure; Conflicts. This Compliance Procedure applies to *all* Tax-Exempt Bonds currently outstanding and *all* Tax-Exempt Bonds issued in the future. If the provisions of this Compliance Procedure conflict with a Tax Compliance Agreement, the Continuing Disclosure Undertaking or any other specific written instructions of Bond Counsel, the terms of the Tax Compliance Agreement, a Continuing Disclosure Undertaking or specific written instructions of Bond Counsel will supersede and govern in lieu of this Compliance Procedure. Any exception to this Compliance Procedure required by Bond Counsel as part of a future issue of Tax-Exempt Bonds will be incorporated in the Tax Compliance Agreement for the future issue. Any requirements imposed on the Issuer in the Tax Compliance Agreement, will be noted by the Bond Compliance Officer and incorporated into the Annual Compliance Checklist. The Issuer acknowledges that the Continuing Disclosure Undertaking by a Conduit User may also apply to one or more issues of taxable securities issued by the Issuer on behalf of the Conduit User.
- **Section 2.3. Amendments and Publication of Compliance Procedure.** This Compliance Procedure may be amended from time-to-time by the Governing Body. Copies of this Compliance Procedure and any amendments will be included in the permanent records of the Issuer.

#### **ARTICLE III**

# BOND COMPLIANCE OFFICER; TRAINING

- **Section 3.1. Bond Compliance Officer Duties**. The Bond Compliance Officer is responsible for implementing this Compliance Procedure. The Bond Compliance Officer will work with the Conduit User Bond Compliance Officer and the Trustee to assist in implementing this Compliance Procedure. The Bond Compliance Officer will consult with Bond Counsel, legal counsel to the Issuer, accountants, tax return preparers and other outside experts to the extent necessary to carry out the purposes of this Compliance Procedure. The Bond Compliance Officer will report to the Governing Body as necessary, and at least annually, regarding implementation of this Compliance Procedure and any recommended changes or amendments to this Compliance Procedure.
- **Section 3.2. Training**. When appropriate, the Bond Compliance Officer and/or other employees of the Issuer under the direction of the Bond Compliance Officer will attend training programs offered by the IRS or other industry professionals regarding tax-exempt financing that are relevant to the Issuer. At the time the individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, the outgoing Bond Compliance Officer will be, or make arrangement for another Issuer employee to be, responsible for training the incoming individual acting as Bond Compliance Officer to ensure the Issuer's continued compliance with the provisions of this Compliance Procedure and all Tax Compliance Agreements for any outstanding Tax-Exempt Bonds.

#### **ARTICLE IV**

#### TAX-EXEMPT BONDS CURRENTLY OUTSTANDING

- **Section 4.1.** Tax-Exempt Bonds Covered by Article IV Procedures. This Article IV applies to all Tax-Exempt Bonds issued prior to the date of this Compliance Procedure that are currently outstanding. These Tax-Exempt Bonds are listed on Exhibit A.
- **Section 4.2. Tax-Exempt Bond File**. As soon as practical, the Bond Compliance Officer will attempt to assemble as much of the Tax-Exempt Bond File as is available for the Tax-Exempt Bonds listed on *Exhibit A*.
- **Section 4.3. Conduit User Contact.** As soon as practical the Bond Compliance Officer will send to the Conduit User of the Tax-Exempt Bonds listed on *Exhibit A*, a copy of the Tax Compliance Agreement for the financing along with a letter reminding the Conduit User that under the agreement it is responsible for post-issuance tax compliance related to the investment of Bond Restricted Funds, record keeping, use of Tax-Exempt Bond proceeds, and use of the Project Facility. The letter will contain a list of records comprising the Tax-Exempt Bond File that the Conduit User should retain for the applicable Tax-Exempt Bonds.
- **Section 4.4. Annual Certification**. As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Officer will request each Conduit User to confirm annually in writing its compliance with the terms of the Tax Compliance Agreement for the Tax-Exempt Bonds. Where possible, the Bond Compliance Officer will combine this certification request with other disclosures the Conduit User regularly provides to the Trustee (such as ongoing continuing disclosure). Certifications completed by the Conduit User will be retained by the Bond Compliance Officer.

**Section 4.5.** Correcting Prior Deficiencies in Compliance. In the event a Conduit User informs the Bond Compliance Officer of a deficiency in compliance with a Tax Compliance Agreement for an outstanding Tax-Exempt Bond listed on *Exhibit A*, the Bond Compliance Officer will direct the Conduit User to follow the procedures described in the Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the noncompliance requires the Issuer to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Governing Body and obtaining its approval.

## **ARTICLE V**

## COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BOND ISSUES

**Section 5.1. Application**. This *Article V* applies to Tax-Exempt Bond financings issued on or after the date of adoption of this Compliance Procedure.

# Section 5.2. Prior to Issuance of Tax-Exempt Bonds.

- (a) *Intent Resolution*. The Governing Body will authorize and approve the issuance of Tax-Exempt Bonds. Prior to or as a part of this authorizing resolution or ordinance, the Governing Body may adopt an Intent Resolution. The Bond Compliance Officer will provide the Conduit User with a copy of this Compliance Procedure prior to adoption of the Intent Resolution.
- (b) *Directions to Bond Counsel*. The Bond Compliance Officer will provide a copy of this Compliance Procedure to Bond Counsel with directions for Bond Counsel to structure the documentation and procedural steps taken prior to issuing the Tax-Exempt Bonds so that they conform to the requirements of this Compliance Procedure, except to the extent Bond Counsel determines that different procedures are required. The Bond Compliance Officer will consult with Bond Counsel so that appropriate provisions are made to fund or reimburse the Issuer's costs and expenses incurred to implement this Compliance Procedure. To the extent the Issuer relies on or acts at the direction of the Conduit User, the Tax Compliance Agreement will contain appropriate provision for Issuer indemnification by the Conduit User.
- (c) *Tax Compliance Agreement*. For each issuance of Tax-Exempt Bonds, a Tax Compliance Agreement will be signed by the Conduit User Bond Compliance Officer or other duly authorized officer of the Conduit User. The Tax Compliance Agreement will (1) describe the Project Facility and the anticipated Financed Assets, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance by the Conduit User, (3) for new money financings require the Conduit User to complete a Final Written Allocation, and (4) contain a form of the Annual Compliance Checklist for the Tax-Exempt Bonds. The Conduit User Bond Compliance Officer will confer with Bond Counsel, the Bond Compliance Officer and the Issuer's counsel regarding the meaning and scope of each representation and covenant contained in the Tax Compliance Agreement.
- (d) *Preliminary Cost Allocations*. For each issuance of Tax-Exempt Bonds, the Conduit User Bond Compliance Officer in consultation with Bond Counsel, will prepare a preliminary cost allocation plan for the Project Facility. The preliminary cost allocation plan will identify the assets and expected costs for the Project Facility, and when necessary, will break-out the portions of Costs that are expected to be financed with proceeds of the Tax-Exempt Bonds (the "Financed Assets") and the portions, if any, expected to be financed from other sources.

Compliance Officer, Conduit User Bond Compliance Officer and Bond Counsel will review this Compliance Procedure together with the draft Tax Compliance Agreement to ensure that any tax compliance issues in the new financing are adequately addressed by this Compliance Procedure and/or the Tax Compliance Agreement. If Bond Counsel determines that this Compliance Procedure conflicts with the Tax Compliance Agreement, or must be supplemented to account for special issues or requirements for the Tax-Exempt Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance Agreement. The Bond Compliance Officer will request Bond Counsel to prepare a form of Annual Compliance Checklist for use in monitoring the ongoing compliance requirements for the Tax-Exempt Bond issue.

# Section 5.3. Accounting and Recordkeeping.

- (a) Accounting for New Money Projects. The Conduit User Bond Compliance Officer will be responsible for accounting for the investment and allocation of proceeds of the Tax-Exempt Bonds. The Conduit User Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures for Costs of the Project Facility. The Conduit User Bond Compliance Officer may use accounts established pursuant to a trust indenture for the Tax-Exempt Bonds to assist it in accounting for the investment and expenditure of Tax-Exempt Bonds. In recording Costs for the Project Facility, the Conduit User Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment, (2) date of payment, (3) amount paid, and (4) invoice number or other identifying reference.
- (b) Accounting for Refunded Bonds and Related Refunded Bond Accounts. For Tax-Exempt Bonds that are issued to refund prior Tax-Exempt Bonds, the Tax Compliance Agreement will set out special accounting and allocation procedures for the proceeds of the financing, and if necessary proceeds of the refinanced Tax-Exempt Bonds.
- (c) *Tax-Exempt Bond File*. The Conduit User Bond Compliance Officer will be responsible for assembling and maintaining the Tax-Exempt Bond File. The Conduit User Bond Compliance Officer will provide copies to the Issuer of items contained in the Tax-Exempt Bond File upon request. The Annual Reports, other reports and notices of certain material events filed by the Conduit User with the MSRB will be publicly available on EMMA and need not be separately maintained in the Tax-Exempt Bond File.

## Section 5.4. Final Allocation of Bond Proceeds.

- Officer is responsible for making a written allocation of proceeds of Tax-Exempt Bonds to expenditures and identifying the Financed Assets. This process will be memorialized in the Final Written Allocation. For a new money financing, the Conduit User Bond Compliance Officer will commence this process as of the earliest of (1) the requisition of all Tax-Exempt Bond proceeds from any segregated Tax-Exempt Bond funded account, (2) the date the Project Facility has been substantially completed or (3) four and one-half years following the issue date of the Tax-Exempt Bonds. For Tax-Exempt Bonds issued only to refund a prior issue of Tax-Exempt Bonds, the Conduit User Bond Compliance Officer will work with Bond Counsel to prepare and/or document the Final Written Allocation for the Project Facility financed by the refunded Tax-Exempt Bonds and include it in the Tax Compliance Agreement.
- (b) *Contents and Procedure*. The Conduit User Bond Compliance Officer will consult the Tax Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special JLN\600190.017\TAX POLICY AND PROCEDURE\POLICY AND PROCEDURES-CONDUIT (04-27-12)

allocation of Tax-Exempt Bond proceeds and other money of the Conduit User to the Costs of the Project Facility. If no special allocation is required or recommended, the Conduit User Bond Compliance Officer will allocate Costs of the Project Facility to the proceeds of the Tax-Exempt Bonds in accordance with the Conduit User's accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project Facility, (2) the percentage of the cost of the Project Facility financed with proceeds of the Tax-Exempt Bonds (sale proceeds plus any investment earnings on those sale proceeds), (3) the Project Facility's Placed in Service date, (4) the estimated economic useful life of the Project Facility, and (5) any special procedures to be followed in completing the Annual Compliance Checklist (e.g., limiting the Annual Compliance Checklist to specific areas of the Project Facility that the Final Written Allocation or the Tax Compliance Agreement treats as having been financed by Tax-Exempt Bonds).

- (c) Finalize Annual Compliance Checklist. As part of the preparation of the Final Written Allocation, the Conduit User Bond Compliance Officer will update the draft Annual Compliance Checklist contained in the Tax Compliance Agreement. The Conduit User Bond Compliance Officer will include reminders for all subsequent arbitrage rebate computations required for the Tax-Exempt Bonds in the Annual Compliance Checklist.
- (d) **Review of Final Written Allocation and Annual Compliance Checklist**. Each Final Written Allocation and Annual Compliance Checklist will be reviewed by legal counsel to the Conduit User or Bond Counsel for sufficiency and compliance with the Tax Compliance Agreement and this Compliance Procedure. Following the completion of the review, the Conduit User Bond Compliance Officer will execute the Final Written Allocation.
- (e) *Conduit User Certification of Compliance*. The Conduit User Bond Compliance Officer will certify in writing to the Trustee completion of its responsibilities under this *Section 5.4*.

# **ARTICLE VI**

## ONGOING MONITORING PROCEDURES

- **Section 6.1. Annual Compliance Checklist.** An Annual Compliance Checklist will be completed by the Conduit User Bond Compliance Officer each year following completion of the Final Written Allocation. Each Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Tax Compliance Agreement or this Compliance Procedure and obtaining documents (such as investment records, arbitrage calculations, or other documentation for the Project Facility) that are required to be incorporated in the Tax-Exempt Bond File. The Conduit User Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax Compliance Agreement to legal counsel to the Conduit User or Bond Counsel and, if recommended by counsel, will follow the procedure set out in *Section 4.4* to remediate the noncompliance.
- **Section 6.2. Arbitrage and Rebate Compliance**. The Conduit User Bond Compliance Officer will monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations.

#### **ARTICLE VII**

#### CONTINUING DISCLOSURE

**Section 7.1. Periodic Disclosure Filings**. For each issuance of Tax-Exempt Bonds, the Conduit User Bond Compliance Officer will review the Continuing Disclosure Undertaking to determine the financial information and operating data required to be included in the Conduit User's Annual Report to be filed by the Conduit User with the MSRB on EMMA. The Conduit User Bond Compliance Officer will cause the Annual Report and any required monthly or quarterly reports to be filed with the MSRB on EMMA within the timeframe provided in the Continuing Disclosure Undertaking for the Tax-Exempt Bonds.

**Section 7.2. Material Event Disclosure Filings**. For each outstanding issue of Tax-Exempt Bonds, the Conduit User Bond Compliance Officer will review the Continuing Disclosure Undertaking to determine the "material events" that require prompt notice to be filed with the MSRB. Generally, the occurrence of any of the following events with respect to the Tax-Exempt Bonds represents a "material event:"

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- appointment of a successor or additional trustee or the change of name of the trustee, if material.

After obtaining actual knowledge of the occurrence of any event that the Conduit User Bond Compliance Officer believes may constitute an event requiring disclosure, the Conduit User Bond Compliance Officer will contact the Conduit User's chief financial officer or other appropriate officer of the Conduit User and counsel to the Conduit User to determine if notice of the event is required to be given to the MSRB under the Continuing Disclosure Undertaking. If it is determined that notice should be provided to the MSRB or is required to be provided to the MSRB by the Continuing Disclosure Undertaking, the Conduit User Bond Compliance Officer will cause the appropriate notice to be filed with

after the occurrence of the event or as otherwise directed
E INTENTIONALLY LEFT BLANK]

# **CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Tax-Exempt

Financing Compliance Procedure adopted by the 2012 as the same appears of record in my office.	governing body of Douglas County, Kansas on May 2,
DATED: May 2, 2012.	
	Jameson D. Shew, County Clerk

# **EXHIBIT A**

# LIST OF OUTSTANDING TAX-EXEMPT BONDS COVERED BY THIS COMPLIANCE PROCEDURE (as of May 2, 2012)

# INDUSTRIAL REVENUE BONDS

Description of Indebtedness	Date of Indebtedness	Final Maturity	Original Principal Amount
macorcaness	<u>macoteaness</u>	<u>waturity</u>	\$

**Total** 

# [OTHER OBLIGATIONS]

			Original
<b>Description of</b>	Date of	Final	Principal
<u>Indebtedness</u>	<b>Indebtedness</b>	<b>Maturity</b>	<b>Amount</b>
			\$

**Total** 

#### PRELIMINARY OFFICIAL STATEMENT DATED APRIL 24, 2012

BOOK-ENTRY ONLY RATING: MOODY'S: "Aa2"

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Series 2012-A Bonds and Series 2012-C Bonds [(including any original issue discount properly allocable to an owner thereof)] is: (a) excluded from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The interest on the Bonds is exempt from income taxation by the State of Kansas. The Series 2012-A Bonds and Series 2012-C Bonds are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS — Opinion of Bond Counsel" herein.

\$6,135,000\*
DOUGLAS COUNTY, KANSAS
GENERAL OBLIGATION SALES
TAX REFUNDING BONDS
SERIES 2012-A

\$550,000\*
DOUGLAS COUNTY, KANSAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2012-C

\$6,025,000\*
DOUGLAS COUNTY, KANSAS
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
SERIES 2012-B

\$230,000\*
DOUGLAS COUNTY, KANSAS
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-D

Dated: Date of Delivery

Due: As shown on inside cover

The General Obligation Sales Tax Refunding Bonds, Series 2012-A (the "Series 2012-A Bonds"); Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B (the "Series 2012-B Bonds"); General Obligation Refunding Bonds, Series 2012-C (the "Series 2012-C Bonds") and Taxable General Obligation Refunding Bonds, Series 2012-D (the "Series 2012-D Bonds") (collectively the "Bonds" or the "Series 2012 Bonds") will be issued by Douglas County, Kansas (the "County" or the "Issuer"), as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in an Authorized Denomination. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bond owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. Principal of and interest on the Series 2012-A Bonds and Series 2012-B Bonds will be payable semi-annually on February 1 and August 1, beginning on August 1, 2012. Principal on the Series 2012-C Bonds will be payable annually on September 1, beginning on September 1, 2012, and semiannual interest on the Series 2012-C Bonds will be payable on March 1 and September 1, beginning on September 1, 2012. Principal on the Series 2012-D Bonds will be payable annually on August 1, beginning on August 1, 2012, and semiannual interest on the Series 2012-D Bonds will be payable on February 1 and August 1, beginning on August 1, 2012. Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as paying agent and bond registrar (the "Paying Agent" and "Bond Registrar"). Interest payable on each Bond shall be paid to the persons who are the registered owners of the Bonds as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner or, in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners

The Series 2012-A Bonds and Series 2012-B Bonds and the interest thereon will constitute general obligations of the Issuer, payable from and secured by a pledge of the Revenues derived from the Sales Tax, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Series 2012-C Bonds and Series 2012-D Bonds and the interest thereon will constitute general obligations of the Issuer, payable in part from special assessments levied upon property benefited by improvements originally financed by a portion of the Refunded Bonds, and if not so paid, to the extent necessary from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. See "THE BONDS – Security for the Bonds" herein.

The Series 2012-A Bonds, Series 2012-C Bonds and Series 2012-D Bonds are not subject redemption in advance of their stated maturity. The Series 2012-B Bonds maturing on February 1, 2019 and thereafter will be subject to redemption prior to maturity, at the option of the Issuer, on August 1, 2018 or any date thereafter as described herein. The Term Bonds are also subject to Mandatory Redemption as described herein. See "THE BONDS-Redemption Provisions" herein.

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. Certain other legal matters will be passed upon by Stevens & Brand, L.L.P., counsel for the Issuer. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 4, 2012.

### PiperJaffray.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. "APPENDIX C - SUMMARY OF FINANCING DOCUMENTS" CONTAINS DEFINITIONS FOR CAPITALIZED TERMS USED ON THIS COVER AND IN THIS OFFICIAL STATEMENT.

\*Subject to change

#### **MATURITY SCHEDULE**

# \$6,135,000\* DOUGLAS COUNTY, KANSAS GENERAL OBLIGATION SALES TAX REFUNDING BONDS SERIES 2012-A

Stated <u>Maturity Due</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP <sup>(1)</sup>
8/1/2012	\$10,000			
2/1/2013	45,000			
8/1/2013	50,000			
2/1/2014	635,000			
8/1/2014	635,000			
2/1/2015	1,245,000			
8/1/2015	1,250,000			
2/1/2016	1,135,000			
8/1/2016	1,130,000			

# \$6,025,000\* DOUGLAS COUNTY, KANSAS TAXABLE GENERAL OBLIGATION SALES TAX REFUNDING BONDS SERIES 2012-B

Stated <u>Maturity</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP <sup>(1)</sup>
8/1/2012	\$100,000			
2/1/2013	45,000			
8/1/2013	45,000			
2/1/2014	580,000			
8/1/2014	580,000			
2/1/2015	30,000			
8/1/2015	30,000			
2/1/2016	30,000			
8/1/2016	30,000			
2/1/2017	395,000			
8/1/2017	395,000			
2/1/2018	995,000			
8/1/2018	995,000			
2/1/2019	890,000			
8/1/2019	885,000			

### \$550,000\* DOUGLAS COUNTY, KANSAS GENERAL OBLIGATION REFUNDING BONDS SERIES 2012-C

Stated <u>Maturity Due</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP <sup>(1)</sup>
9/1/2012	\$10,000			
9/1/2013	215,000			
9/1/2014	235,000			
9/1/2015	90,000			

# \$230,000\* DOUGLAS COUNTY, KANSAS TAXABLE GENERAL OBLIGATION REFUNDING BONDS SERIES 2012-D

Stated <u>Maturity Due</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP <sup>(1)</sup>
8/1/2012	\$5,000			
8/1/2013	20,000			
8/1/2014	25,000			
8/1/2015	25,000			

#### **TERM BONDS**

Stated <u>Maturity Due</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP <sup>(1)</sup>
8/1/2021	\$155,000			

<sup>\*</sup>Subject to change

(All plus accrued interest, if any)

<sup>(1)</sup> CUSIP numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and are included solely for the convenience of the Owners of the Bonds. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS "ESTIMATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE ISSUER FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

#### **DOUGLAS COUNTY, KANSAS**

Douglas County Courthouse 1100 Massachusetts Lawrence, Kansas 66044 (785) 832-5329

#### **ELECTED OFFICIALS**

Mike Gaughan, Chair Nancy Thellman, Vice-Chair Jim Flory, Commissioner

Jameson D. Shew, County Clerk Patricia Gilchrist, County Treasurer

#### **ADMINISTRATIVE OFFICERS**

#### **COUNTY ADMINISTRATOR**

Craig Weinaug

### ASSISTANT COUNTY ADMINISTRATOR

Sarah Plinsky

#### **ISSUER'S COUNSEL**

Stevens & Brand, L.L.P. Lawrence, Kansas

#### **UNDERWRITER**

#### **BOND COUNSEL**

Piper Jaffray & Co. Leawood, Kansas Gilmore & Bell, P.C. Wichita, Kansas

#### CERTIFIED PUBLIC ACCOUNTANTS

Allen Gibbs & Houlik, L.C. Wichita, Kansas

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Bonds.

#### TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE BONDS	
THE DEPOSITORY TRUST COMPANY	
LOCAL OPTION SALE TAX	
THE REFUNDING PLAN	
REFUNDED BONDS - SERIES 2012-A BONDS	
REFUNDED BONDS - SERIES 2012-A BONDS	
REFUNDED BONDS - SERIES 2012-B BONDS	
REFUNDED BONDS - SERIES 2012-D BONDS	
VERIFICATION OF ESCROW	
SOURCES AND USES OF FUNDS	
RISK FACTORS AND INVESTMENT CONSIDERATIONS	
BOND RATING	11
ABSENCE OF LITIGATION	12
LEGAL MATTERS	12
TAX MATTERS	12
UNDERWRITING	15
AUTHORIZATION OF OFFICIAL STATEMENT	
APPENDIX A: INFORMATION CONCERNING THE ISSUER	
APPENDIX B: FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT	
CERTIFIED PUBLIC ACCOUNTANTS (FOR THE FISCAL YEAR ENDED	
DECEMBER 31, 2010)	B-1
APPENDIX C: SUMMARY OF FINANCING DOCUMENTS	

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

#### OFFICIAL STATEMENT

\$6,135,000\*
DOUGLAS COUNTY, KANSAS
GENERAL OBLIGATION SALES TAX
REFUNDING BONDS
SERIES 2012-A

\$6,025,000\*
DOUGLAS COUNTY, KANSAS
TAXABLE GENERAL OBLIGATION
SALES TAX REFUNDING BONDS
SERIES 2012-B

\$550,000\*
DOUGLAS COUNTY, KANSAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2012-C

\$230,000\*
DOUGLAS COUNTY, KANSAS
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2012-D

#### INTRODUCTION

#### **General Matters**

The purpose of this Official Statement is to furnish information relating to Douglas County, Kansas (the "Issuer" or the "County") and the General Obligation Sales Tax Refunding Bonds, Series 2012-A (the "Series 2012-A Bonds"); Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B Bonds"); General Obligation Refunding Bonds, Series 2012-C (the "Series 2012-C Bonds") and Taxable General Obligation Refunding Bonds, Series 2012-D (the "Series 2012-D Bonds") (collectively the "Bonds" or the "Series 2012 Bonds"), all as of the Date of Delivery (the "Dated Date"). The Appendices to this Official Statement are integral parts of this document, to be read in their entirety.

The Issuer is a political subdivision duly organized and existing under the laws of the State of Kansas. Additional information regarding the Issuer is contained in *APPENDIX A* to this Official Statement.

The materials contained on the cover page, in the body and in the Appendices to this Official Statement are to be read in their entirety. All financial and other information presented herein has been compiled by the Issuer. The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Except to the extent described under the section captioned "LEGAL MATTERS" Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

#### **Definitions**

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in "APPENDIX C – SUMMARY OF FINANCING DOCUMENTS – THE BOND RESOLUTION – DEFINITIONS."

#### **Continuing Disclosure**

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. In the Bond Resolution, hereinafter defined, the Issuer has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds. The Issuer has complied with previous undertakings under the Rule. For more information regarding the Issuer's continuing disclosure undertaking, see "APPENDIX C – SUMMARY OF FINANCING DOCUMENTS – THE CONTINUING DISCLOSURE INSTRUCTIONS."

#### **Additional Information**

Additional information regarding the Issuer or the Bonds may be obtained from the Clerk of the Issuer at the address set forth in the preface to this Official Statement, or from the Underwriter, Piper Jaffray & Co., 11150 Overbrook, Suite 310, Leawood, Kansas 66211-2298, (913) 345-3300.

#### THE BONDS

#### **Authority for the Bonds**

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 et seq., K.S.A. 10-620 et seq., and with regards to the Series 2012-A Bonds and Series 2012-B Bonds, K.S.A. 12-187 et seq., as amended and supplemented from time to time (the "Act") and resolutions adopted by the governing body of the Issuer on May 2, 2012 (collectively the "Bond Resolution").

#### Security for the Bonds - Series 2012-A Bonds and Series 2012-B Bonds

The Series 2012-A Bonds and Series 2012-B Bonds shall constitute general obligations of the Issuer payable as to both principal and interest from the Issuer's portion of the receipts from a local option retailers' sales tax imposed within the boundaries of the Issuer (the "Sales Tax"), and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due. The lien of the Series 2012-A Bonds and Series 2012-B Bonds on the revenues derived from the Sales Tax shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest and in all other respects with any other Parity Bonds, including the General Obligation Sales Tax Refunding Bonds, Series 2003-A (the "Series 2003-A Bonds") and the General Obligation Sales Tax Refunding Bonds, Series 2004-A Bonds").

#### Security for the Bonds – Series 2012-C Bonds and Series 2012-D Bonds

The Series 2012-C Bonds and Series 2012-D Bonds shall be general obligations of the Issuer payable as to both principal and interest in part from special assessments levied upon the property benefitted by the construction of certain public improvements originally financed by a portion of the Refunded Bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The balance of the principal and interest on the Series 2012-C Bonds and Series 2012-D Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

#### Levy and Collection of Annual Tax, Transfer to Debt Service Account

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, to the extent necessary (including, for the Series 2012-A Bonds and Series 2012-B Bonds, due to any shortfall in Revenues), by levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the Issuer in the manner provided by law. Such taxes and/or assessments 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 transferred to 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.

#### **Description of the Bonds**

The Bonds shall consist of fully registered book-entry-only bonds in the denomination of \$5,000 or any integral multiples thereof (the "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 Date of Delivery, shall become due in the amounts, on the Stated Maturities, subject (if applicable) to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the inside cover page of this Official Statement. The Bonds shall bear interest (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

#### Designation of Paying Agent and Bond Registrar

The Issuer will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Bond Resolution. The Issuer reserves the right to appoint a successor paying agent or bond registrar. No resignation or removal of the paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or bond registrar. Every paying agent or bond registrar appointed by the Issuer shall at all times meet the requirements of Kansas law.

The Treasurer of the State of Kansas, Topeka, Kansas (the "Bond Registrar" and "Paying Agent") has been designated by the Issuer as 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.

#### Method and Place of Payment of the Bonds

The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

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

Notwithstanding the foregoing, 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. 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 an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. 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 notify the Issuer of such Special Record Date and 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 not less than 10 days prior to such Special Record Date.

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE BONDS, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See "THE BONDS – Book-Entry Bonds; Securities Depository."

#### 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.

#### **Book-Entry Bonds; Securities Depository**

The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraphs.

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

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

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

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

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

#### Registration, Transfer and Exchange of Bonds

As long as any of the Bonds remain Outstanding, 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 hereinafter provided. 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 the Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds. 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.

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 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.

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

#### Nonpresentment of Bonds

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

#### **Redemption Provisions**

*Optional Redemption*. The Series 2012-A Bonds, Series 2012-C Bonds and Series 2012-D Bonds are *not* subject to optional redemption in advance of their stated maturity.

At the option of the Issuer, the Series 2012-B Bonds maturing on February 1, 2019 and thereafter may be called for redemption and payment prior to their Stated Maturity on August 1, 2018, and thereafter as a whole or in part (selection of maturities and the amount of Series 2012-B Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

Mandatory Redemption. (a) Term Bonds. The Term Bonds shall be subject to mandatory redemption	
payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption	Price
equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are	to be
deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on 1 in each year	ar, the
following principal amounts of such Term Bonds:	
Principal	
Amount Year	

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

<sup>\*</sup>Final Maturity

**Notice and Effect of Call for Redemption**. Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar 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.

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

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Instructions. The Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

#### THE DEPOSITORY TRUST COMPANY

- 1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Bonds, and will be deposited with DTC.
- DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

- 3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.
- 4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
- 5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.
- 6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
- 7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).
- 8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
- 9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.
- 10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.
- 11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

#### LOCAL OPTION SALES TAX

On November 8, 1994, voters in the County approved the Sales Tax on retail sales within the County limits, commencing January 1, 1995 in the amount of 1%. Pursuant to a formula under State law, the County retains a portion of the receipts collected from the imposition of the Sales Tax (the "Revenues") with the balance being distributed to the four incorporated cities located within the County (the cities of Lawrence, Baldwin City, Eudora and Lecompton). Pursuant to the Bond Resolution, the Revenues are pledged to the payment of the Parity Bonds (including the Series 2003-A Bonds, Series 2004-A Bonds, Series 2012-B Bonds). The Issuer will also use its portion of the Sales Tax to fund directly certain capital improvement projects.

The following table provides the amount of the Issuer's portion of the Sales Tax collected during the years indicated:

	County's Share of
	Revenues from
<u>Year</u>	Sales Tax
2007	\$4,706,371
2008	5,308,531
2009	4,873,357
2010	4,805,279
2011	5,103,346

The Issuer has previously issued and has Outstanding the following bonds which are payable from the Revenues of the Sales Tax:

				Amount	Percent
	Dated	Final	Amount	<b>Exempt From</b>	<b>Exempt From</b>
<b>Description of Indebtedness</b>	<b>Date</b>	<b>Maturity</b>	Outstanding*	<b>Debt Limit*</b>	Debt Limit
G.O. Sales Tax Refunding Bonds, Series 2003-A	5/1/2003	8/1/2012	\$40,000	\$32,456	81.14%
G.O. Sales Tax Refunding Bonds, Series 2004-A	2/1/2004	8/1/2013	3,095,000	2,693,269	87.02%
G.O. Sales Tax Refunding Bonds, Series 2012-A	6/4/2012	8/1/2016	6,135,000	4,977,939	81.14%
Taxable G.O. Sales Tax Refunding Bonds, Series 2012-B	6/4/2012	8/1/2019	6,025,000	5,242,955	87.02%
Total			<u>\$15,295,000</u>	<u>\$12,946,619</u>	

<sup>\*</sup>Excludes the Refunded Bonds to be refunded with the proceeds of the Series 2012-A Bonds and Series 2012-B Bonds.

#### THE REFUNDING PLAN

The County has adopted this plan of refunding all or a portion of the Taxable General Obligation Bonds, Series A, 2001 (the "Series 2001 Bonds"); the Series 2003-A Bonds; the General Obligation Refunding Bonds, Series 2003-B (the "Series 2003-B Bonds"); the Series 2004-A Bonds (the "Advance Refunded Bonds"); and the General Obligation Bonds, Series 2005-A (the "Series 2005-A Bonds," and collectively with the Series 2001 Bonds, the Series 2003-A Bonds, and the Series 2003-B Bonds, the "Current Refunded Bonds") in order to provide economic benefits to the County derived from lower interest rates and provide for a more orderly payment (the Advance Refunded Bonds and the Current Refunded Bonds are collectively the "Refunded Bonds").

#### **REFUNDED BONDS – SERIES 2012-A BONDS**

A portion of the proceeds from the sale of the Series 2012-A Bonds will be used to refund the following Refunded Bonds:

<u>Series</u>	<u>Maturities</u>	Par Amount	Redemption Date	Redemption Price
2003-A	2013-2016	\$6,140,000	8/1/2012	100%

#### **REFUNDED BONDS – SERIES 2012-B BONDS**

A portion of the proceeds from the sale of the Series 2012-B Bonds will be used to refund the following Refunded Bonds:

<u>Series</u>	<u>Maturities</u>	<u>Par Amount</u>	Redemption Date	Redemption Price
2004-A	2014-2019	\$5,560,000	8/1/2013	100%

#### **REFUNDED BONDS – SERIES 2012-C BONDS**

A portion of the proceeds from the sale of the Series 2012-C Bonds will be used to refund the following Refunded Bonds:

<u>Series</u>	<u>Maturities</u>	Par Amount	Redemption Date	Redemption Price
2003-B	2013-2014	\$285,000	9/1/2012	100%
2005-A	2013-2015	255,000	9/1/2012	100%

#### **REFUNDED BONDS – SERIES 2012-D BONDS**

A portion of the proceeds from the sale of the Series 2012-D Bonds will be used to refund the following Refunded Bonds:

<u>Series</u>	<u>Maturities</u>	<u>Par Amount</u>	<u>Redemption Date</u>	Redemption Price
2001	2017, 2021	\$215,000	6/15/2012	100%

Escrow Funds will be established for the Refunded Bonds pursuant to the terms of the Escrow Trust Agreements dated as of the Dated Date, by and between the Issuer and Security Bank of Kansas City, Kansas City, Kansas (the "Escrow Agent"). See "APPENDIX C – SUMMARY OF FINANCING DOCUMENTS – THE ESCROW TRUST AGREEMENT" for a discussion of the manner in which the Escrow Funds are administered.

#### VERIFICATION OF ESCROW

The accuracy of the mathematical computations of: (a) the adequacy of cash and certain Escrowed Securities to be held by the Escrow Agent pursuant to the Escrow Agreements, together with the interest to be earned thereon, to pay the principal of, premium if any, and interest due and to become due on the Refunded Bonds to and including the applicable optional redemption date, and (b) certain yield calculations relating to the Bonds and the Escrowed Securities made in accordance with Code § 148, will be verified by Robert Thomas CPA, LLC, Certified Public Accountant, Shawnee Mission, Kansas. Such verification of the accuracy of such mathematical computations will be based upon information supplied by the Underwriter and on interpretations of the Code provided by Bond Counsel.

#### **SOURCES AND USES OF FUNDS**

The following table itemizes the sources and uses of funds available for the Refunded Bonds, including the proceeds from the sale of the Bonds:

Sources of Funds:	Series 2012-A Bonds	Series 2012-B Bonds	Series 2012-C Bonds	Series 2012-D Bonds
Principal Amount of the Bonds Reoffering Premium	\$6,135,000	\$6,025,000	\$550,000	\$230,000
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Uses of Funds: Deposit to Escrow Fund Deposit to Redemption Fund Costs of Issuance Underwriter's Discount	\$	\$	\$	\$
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

#### RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR THE UNDERWRITER.

#### Debt Service on the Series 2012-A Bonds and Series 2012-B Bonds

The Series 2012-A Bonds and Series 2012-B Bonds shall be general obligations of the Issuer payable as to both principal and interest from a pledge of Revenues received by the Issuer from the Sales Tax, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. While the future ability of the Issuer to meet its obligations under the Bond Resolution for the Series 2012-A Bonds and Series 2012-B Bonds is based upon assumptions and business judgments which the Issuer believes are reasonable and appropriate, they are subject to conditions which may change in the future to an extent that presently cannot be determined. Thus, no assurance can be given that Revenues will be realized by the Issuer in amounts sufficient to pay the principal of and interest on the Series 2012-A Bonds and Series 2012-B Bonds Bonds as they become due.

Should such Revenues be insufficient to pay the principal of and interest on the Series 2012-A Bonds and Series 2012-B Bonds as they become due, ad valorem taxes 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. It should be noted however, that such ad valorem taxes are levied based upon the annual budget of the Issuer. The proposed budget is presented to the governing body of the Issuer prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted prior to August 25 of each year. See "APPENDIX A – FINANCIAL INFORMATION – Accounting, Budgeting and Auditing Procedures" and "APPENDIXA – FINANCIAL INFORMATION – Property Tax Levies and Collections" for a more detailed explanation. Therefore, while the full faith, credit and resources of the Issuer are irrevocable pledged for the prompt payment of the principal of and interest on the Series 2012-A Bonds and Series 2012-B Bonds as the same become due, no assurance can be given that should the Revenues be insufficient to pay the principal of and interest on the Series 2012-B Bonds, the levy and collection of the necessary ad valorem taxes be incurred in a timely fashion.

#### **Legal Matters**

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer.

#### **Limitations on Remedies Available to Owners of Bonds**

The enforceability of the rights and remedies of the owners of Bonds, and the obligations incurred by the Issuer in issuing the Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

#### **Taxation of Interest on the Bonds**

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Series 2012-A Bonds and Series 2012-C Bonds is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Series 2012-A Bonds and Series 2012-C Bonds includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Bond Resolution and in other documents and certificates to be delivered in connection with the issuance of the Series 2012-A Bonds and Series 2012-C Bonds to comply with the provisions of the Code, including those which require the Issuer to take or omit to take certain actions after the issuance of the Series 2012-A Bonds and Series 2012-C Bonds. Because the existence and continuation of the excludability of the interest on the Series 2012-A Bonds and Series 2012-C Bonds depends upon events occurring after the date of issuance of the Series 2012-A Bonds and Series 2012-C Bonds, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the Issuer with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Series 2012-A Bonds and Series 2012-C Bonds in the event of noncompliance with such provisions. The failure of the Issuer to comply with the provisions described above may cause the interest on the Series 2012-A Bonds and Series 2012-C Bonds to become includable in gross income as of the date of issuance.

#### **Premium on Bonds**

[The initial offering prices of certain maturities of the Bonds that are subject to optional redemption are in excess of the respective principal amounts thereof.] Any person who purchases a Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Bonds are subject to redemption at par under the various circumstances described under "THE BONDS – Redemption Provisions."

#### No Additional Interest or Mandatory Redemption upon Event of Taxability

The Bond Resolution does not provide for the payment of additional interest or penalty on the Series 2012-A Bonds or Series 2012-C Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Bond Resolution does not provide for the payment of any additional interest or penalty on the Bonds if the interest thereon becomes includable in gross income for Kansas income tax purposes.

#### **Suitability of Investment**

The tax exempt feature of the Series 2012-A Bonds and Series 2012-C Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment.

#### **Market for the Bonds**

**Bond Rating.** The Bonds have been assigned the financial rating set forth in the section hereof entitled "BOND RATINGS." There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Bonds.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. It is the present practice of the Underwriter, however, to make a secondary market as dealers in issues of municipal bonds which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Bonds, but is not obligated to do so. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in the Bonds as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Bonds are in default as to principal and interest payments, and other factors which in the opinion of the Underwriter may give rise to uncertainty concerning prudent secondary market practices.

#### **BOND RATING**

Moody's Investors Service has assigned an independent rating of "Aa2" to the Bonds. Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any bonds, including the Bonds, or as to the market price or suitability thereof for a particular investor. The Issuer furnished such rating agency with certain information and materials relating to the Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the

agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Bonds.

#### ABSENCE OF LITIGATION

The Issuer, in the ordinary course of business, is a party to various legal proceedings. In the opinion of management of the Issuer, any judgment rendered against the Issuer in such proceedings would not materially adversely effect the financial position of the Issuer.

The Issuer certifies that there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the Bonds or the validity of said Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

#### LEGAL MATTERS

#### **Approval of Bonds**

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel ("Bond Counsel"). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the matters appearing in the sections of this Official Statement captioned "THE BONDS," "LEGAL MATTERS," "TAX MATTERS," and "APPENDIX C – SUMMARY OF FINANCING DOCUMENTS." Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds. Certain legal matters have been passed on for the Issuer by Stevens & Brand, L.L.P.

#### **Certain Relationships**

Bond Counsel has represented the Underwriter in transactions unrelated to the issuance of the Bonds, but is not representing the Underwriter in connection with the issuance of the Bonds.

#### TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market at a premium or a discount. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

#### **Opinion of Bond Counsel**

In the opinion of Bond Counsel, under the law existing as of the issue date of the Bonds:

Federal Tax Exemption-Series 2012-A Bonds and Series 2012-C Bonds. The interest on the Series 2012-A Bonds and Series 2012-C Bonds [(including any original issue discount properly allocable to an owner thereof)] is excluded from gross income for federal income tax purposes.

Alternative Minimum Tax-Series 2012-A Bonds and Series 2012-C Bonds. Interest on the Series 2012-A Bonds and Series 2012-C Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

**Bank Qualification-Series 2012-A Bonds and Series 2012-C Bonds.** The Series 2012-A Bonds and Series 2012-C Bonds are "qualified tax-exempt obligations" for purposes of Code § 265(b)(3), and in the case of certain financial institutions (within the meaning of Code § 265(b)(5)), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Series 2012-A Bonds and Series 2012-C Bonds.

*Interest Taxable-Series 2012-B Bonds and Series 2012-D Bonds*. Interest on the Series 2012-B Bonds and Series 2012-D Bonds is included in gross income for federal income tax purposes.

Kansas Tax Exemption-All Bonds. The interest on the Bonds is exempt from income taxation by the State.

*No Other Opinions.* Bond Counsel's opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2012-A Bonds and Series 2012-C Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2012-A Bonds and Series 2012-C Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012-A Bonds and Series 2012-C Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

#### **Other Tax Consequences**

[ Original Issue Discount -Series 2012-A Bonds and Series 2012-C Bonds. For Federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a bond over its issue price. The issue price of a bond is the first price at which a substantial amount of the bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Code § 1288, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a bond during any accrual period generally equals: (a) the issue price of that bond, plus the amount of OID accrued in all prior accrual period and properly adjusted for the length of the accrual period); minus (c) any interest payable on that bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for Federal income tax purposes, and will increase the owner's tax basis in that bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.]

Original Issue Discount-Series 2012-B Bonds and Series 2012-D Bonds. Certain maturities of the Series 2012-B Bonds and Series 2012-D Bonds have an initial offering price below the stated redemption price at maturity as set forth on the inside cover hereof. Accordingly, some or all of such Series 2012-B Bonds and Series 2012-D Bonds (the "Taxable OID Bonds") may have original issue discount for federal income tax purposes. In the opinion of Bond Counsel, subject to the conditions set forth above, any original issue discount properly allocable to the owner of a Taxable OID Bond will be included in gross income for federal income tax purposes with respect to such owner. Following is a general discussion of the federal income tax consequences of the purchase, ownership, and disposition of bonds issued with original issue discount. Purchasers of the Taxable OID Bonds should consult their own tax advisors to determine the specific treatment of original issue discount for federal income tax purposes and to determine the state and local tax consequences of owning such bonds.

Under Code § 1273 and applicable Regulations, original issue discount is the excess of the stated redemption price at maturity of a bond over its issue price, if such excess equals or exceeds a *de minimis* amount equal to ¼ of 1% of the bond's stated redemption price at maturity multiplied by either (a) the number of complete years to stated maturity from its issue date, or (b) in the case of a bond providing for the mandatory, or in certain cases optional, payment prior to stated maturity of any amount other than qualified stated interest (as defined below), the weighted average maturity of such bond. The issue price of each bond in an issue of bonds equals the first price at which a substantial amount of such bonds are sold to the public (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters). The stated redemption price at maturity of a bond is the sum of all payments provided by the bond other than "qualified stated interest" payments. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate.

The owner of a Taxable OID Bond must include original issue discount in income as ordinary interest for federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such owner's regular method of tax accounting. In general, the amount of original issue discount included in income by the initial owner of a Taxable OID Bond is the sum of the daily portions (as defined below) of original issue discount with respect to such Taxable OID Bond for each day during the taxable year (or portion of the taxable year) on which such owner held such Taxable OID Bond. The "daily portion" of original issue discount on any Taxable OID Bond is determined by allocating to each day in any accrual period (as defined below) a ratable portion of the original issue discount allocable to that accrual period. An "accrual period" may be of any length and the accrual periods may vary in length over the term of the Taxable

OID Bond, so long as each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of original issue discount allocable to each accrual period is generally equal to the difference between (i) the product of the Taxable OID Bond's adjusted issue price (as defined below) at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period), and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Taxable OID Bond at the beginning of any accrual period is the sum of the issue price of the Taxable OID Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Taxable OID Bond that were not qualified stated interest payments.

The portion of the original issue discount included in an owner's gross income while the owner holds a Taxable OID Bond will increase the owner's adjusted tax basis in the Taxable OID Bond. Upon sale, exchange, redemption, or other disposition of a Taxable OID Bond, an owner generally will recognize taxable gain or loss equal to the difference between the amount realized by the owner upon such disposition and the owner's adjusted tax basis in the Taxable OID Bond. Any such gain or loss generally will be capital gain or loss and may be long-term capital gain or loss if the owner has held the Taxable OID Bond for the required holding period (currently one year). Noncorporate taxpayers currently are subject to reduced maximum income tax rates on long-term capital gains and generally are subject to income tax at ordinary income rates on short-term capital gains. An owner's ability to deduct capital losses is subject to certain limitations. Owners should consult their own tax advisors concerning the specific tax consequences of disposing of a Taxable OID Bond.]

[ Original Issue Premium-Series 2012-A Bonds and Series 2012-C Bonds. If a bond is issued at a price that exceeds the stated redemption price at maturity of the bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that bond. Under Code § 171, the purchaser of that bond must amortize the premium over the term of the bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for Federal income tax purposes on sale or disposition of the bond prior to its maturity. Even though the owner's basis is reduced, no Federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

Original Issue Premium-Series 2012-B Bonds and Series 2012-D Bonds. If a bond is purchased at a price that exceeds the stated redemption price of the bond at maturity, the excess of the purchase price over the stated redemption price at maturity constitutes premium on the bond, and that bond is referred to in this discussion as a "Taxable Premium Bond." Under Code § 171, the purchaser of a Taxable Premium Bond may elect to amortize the premium over the term of the Taxable Premium Bond using constant yield principles, based on the purchaser's yield to maturity. An owner of a Taxable Premium Bond amortizes bond premium by offsetting the qualified stated interest allocable to an accrual period with the bond premium allocable to that accrual period. This offset occurs when the owner takes the qualified stated interest into income under the owner's regular method of accounting. If the premium allocable to an accrual period exceeds the qualified stated interest for that period, the excess is treated by the owner as a deduction under Code § 171(a)(1). As premium is amortized, the owner's basis in the Taxable Premium Bond will be reduced by the amount of amortizable premium properly allocable to the owner. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent the Bonds are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Bonds, and to the proceeds paid on the sale of Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or

incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

#### **UNDERWRITING**

The Series 2012-A Bonds are being purchased for reoffering by Piper Jaffray & Co., Leawood, Kansas (the "Underwriter") at a price equal to the principal amount of the Series 2012-A Bonds, plus accrued interest from the Dated Date to the Issue Date, less an underwriting discount of \$, plus a net original issue premium of \$, The Series 2012-B Bonds are being purchased for reoffering by the Underwriter at a price equal to the principal amount of the Series 2012-B Bonds, plus accrued interest from the Dated Date to the Issue Date, less an underwriting discount of \$, plus a net original issue premium of \$  The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The
obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the Bond Purchase Agreement.
The Bonds will be offered to the public initially at the prices determined to produce the yields set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.
The Underwriter and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter, including the Bonds. Under the Agreement, the Underwriter will share with Pershing LLC a portion of the fee or commission paid to the Underwriter.
AUTHORIZATION OF OFFICIAL STATEMENT
The preparation of this Official Statement and its distribution has been authorized by the governing body of the Issuer as of the date on the cover page hereof. This Official Statement is submitted in connection with the issuance of the Bonds and may not be reproduced or used as a whole or in part for any other purpose. This Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Bonds.
DOUGLAS COUNTY, KANSAS
By <u>/s/</u> Chairman

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]



#### APPENDIX A

#### INFORMATION CONCERNING THE ISSUER



#### APPENDIX A

#### INFORMATION CONCERNING THE ISSUER

#### GENERAL

#### **Size and Location**

The county seat of Douglas County, Kansas (the "County") is located in Lawrence, Kansas, approximately 35 miles west of Kansas City and 20 miles east of Topeka, Kansas. The County encompasses approximately 465.4 square miles and has a current estimated population of 117,167 persons. Four cities and nine townships are located within the County's boundaries. The County ranks 5th in population of the 105 Kansas counties.

#### **Government and Organization of the County**

The County is a political subdivision of the State of Kansas. The County is governed by a legislative body consisting of a three member Board of County Commissioners (the "Board"), elected to 4 year staggered terms. The Board, which performs both executive and legislative functions, is responsible for all policy and executive decisions regarding county government, and is responsible for hiring the County Administrator. Other elected officials include the County Clerk, Treasurer, Sheriff, County Attorney and Register of Deeds.

The County Administrator is responsible for central administrative functions including budgeting, as well as overseeing various service departments.

#### **Municipal Services and Utilities**

Water and sewer utility systems are provided by the various cities located within the County. The County has 79 sworn sheriff's officers which provide continuous full-time protection to the County. Additionally, the County operates an ambulance service for the area.

#### **Transportation and Communication Facilities**

The County is served by federal highways Interstate I-70 (Kansas Turnpike), U.S. 40, U.S. 56, U.S. 24 and U.S. 59 and state highway K-10. Rail service is provided by the Atchison, Topeka and Santa Fe and Union Pacific Railroads. Two airports are located within the County and provide runways capable of handling private and corporate aircraft. Regularly scheduled air service is available at Kansas City International Airport, located 45 miles from the County.

#### **Educational Institutions and Facilities**

The County is served by three public school districts with a total enrollment of approximately 14,606 students. The County is the home of the University of Kansas, a four year fully-accredited school, with an enrollment of 29,272, and Haskell Indian Nations University, with an enrollment of 917, both located in Lawrence, Kansas, and Baker University, with an enrollment of 886, located in Baldwin City, Kansas.

#### **Medical and Health Facilities**

Lawrence Memorial Hospital is the only hospital in the County. The hospital has 164 licensed acute care beds and houses an outpatient surgery facility and an educational center. There are seven adult care homes in the County, with more than 300 beds for adult care services. In addition, County residents have access to medical facilities in the Kansas City metropolitan area, including the University of Kansas College of Health Sciences and Hospital in Kansas City, Kansas.

#### Recreational, Cultural and Religious Facilities

There is recreation available in the area including sporting events, movie theaters, parks, swimming pools, country clubs, golf courses and tennis courts. Additionally, cultural opportunities such as community theater, symphony, museums are located in the County.

A variety of water recreational areas are located within the County including the 7,500-acre Clinton Reservoir which opened in 1979. Clinton Lake has several federal recreation areas and a state park recreation area. Douglas County Lake and Lone Star Lake are also located in the County. The City of Lawrence operates the 994-acre Riverfront Park located adjacent to the Kansas River.

#### **ECONOMIC INFORMATION**

The economy of the County is primarily based on agricultural, industrial and institutional activity, the three being nearly equal in terms of basic payroll. The County is located in the fertile Kansas River basin. The County seat, Lawrence, is central for a large trading area in which the predominate agricultural products include wheat, corn, other small grains, livestock and dairy products.

#### **Major Employers**

Listed below are some of the major employers located in the County and the number employed by each.

		Number of Full-
		& Part-time
Major Employers	Product/Service	<b>Employees</b>
University of Kansas	Education	9,872
Lawrence Public Schools	Education	1,634
Vangent	<b>Information Services</b>	1,500
Lawrence Memorial Hospital	Health Services	1,279
City of Lawrence	Government	1,020
Berry Plastics	Manufacturing	739
Hallmark Cards, Inc.	Manufacturing	510
Amarr Garage Doors	Manufacturing	497
Baker University	Education	496
Douglas County	Government	396
K-Mart Distribution Center	Distribution Center	350
The World Company	News Publication	300
Allen Press	Printing	270
Cottonwood, Incorporated	Manufacturing	265
Haskell Indian Nations University	Education	230

Source: Lawrence Chamber of Commerce

#### **Labor Force**

The following table sets forth labor force figures for Douglas County and the State of Kansas:

#### **DOUGLAS COUNTY**

Total			Unemployed
<b>Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	Rate
59,789	57,802	1,987	3.3%
60,149	57,819	2,330	3.9%
61,367	58,937	2,430	4.0%
63,455	60,833	2,622	4.1%
62,929	60,412	2,517	4.0%
62,615	60,229	2,386	3.8%
61,850	59,504	2,346	3.8%
61,252	58,720	2,532	4.1%
62,760	59,062	3,698	5.9%
63,316	59,394	3,922	6.2%
	Labor Force 59,789 60,149 61,367 63,455 62,929 62,615 61,850 61,252 62,760	Labor Force         Employed           59,789         57,802           60,149         57,819           61,367         58,937           63,455         60,833           62,929         60,412           62,615         60,229           61,850         59,504           61,252         58,720           62,760         59,062	Labor ForceEmployedUnemployed59,78957,8021,98760,14957,8192,33061,36758,9372,43063,45560,8332,62262,92960,4122,51762,61560,2292,38661,85059,5042,34661,25258,7202,53262,76059,0623,698

#### STATE OF KANSAS

	Total			Unemployed
<b>Year</b>	Labor Force	<b>Employed</b>	<b>Unemployed</b>	Rate
2001	1,383,000	1,324,000	59,000	4.3%
2002	1,414,000	1,342,000	72,000	5.1%
2003	1,434,000	1,357,000	77,000	5.4%
2004	1,463,943	1,383,654	80,289	5.5%
2005	1,475,800	1,400,800	75,000	5.1%
2006	1,468,402	1,403,938	64,464	4.4%
2007	1,477,051	1,415,942	61,109	4.1%
2008	1,488,421	1,421,107	67,314	4.5%
2009	1,508,422	1,401,609	106,813	7.1%
2010	1,502,313	1,396,558	105,755	7.0%

Source: Kansas Statistical Abstract

#### **Retail Sales Tax Collections**

The following table lists State of Kansas sales tax collections for the years indicated for sales occurring in Douglas County, Kansas:

<b>Year</b>	Sales Tax Collections	Per Capita Sales Tax
2001	\$52,187,305	\$511.02
2002	54,811,204	509.46
2003	58,939,767	560.06
2004	62,618,789	591.80
2005	65,162,458	624.15
2006	66,984,022	647.76
2007	67,697,410	597.42
2008	59,224,233	608.43
2009	66,948,779	591.90
2010	73,653,993	573.65

Source: Kansas Statistical Abstract

#### **Local Option Sales Tax**

In 1994, the County voters approved a sales tax on retail sales within the County limits, commencing January 1, 1995. The County shares a portion of its sales tax collections with the cities located within the County in accordance with a formula established by the state statute. The following table provides the amount of local sales tax collected and received by the County during the years indicated.

Year	<b>Total Receipts</b>	<b>Amount to County</b>
2004	\$12,675,467	\$4,332,300
2005	13,145,214	4,503,513
2006	13,496,887	4,698,918
2007	13,545,632	4,706,371
2008	14,107,781	5,308,531
2009	13,756,257	4,873,357
2010	13,546,032	4,805,279
2011	14,073,848	5,103,346

Source: Kansas Department of Revenue

#### **Oil Production**

The oil production (in number of barrels) for Douglas County for the years listed is indicated in the following table:

<u>Year</u>	Oil Production
2001	32,671
2002	32,401
2003	31,705
2004	30,592
2005	29,193
2006	37,217
2007	37,515
2008	45,585
2009	56,865
2010	53,030

Source: Kansas Statistical Abstract

#### **Financial and Banking Institutions**

There are currently 24 banks with 58 banking locations in the County. For the years listed, bank deposits of the County's banks are as follows:

	<b>Total Bank</b>
<b>Year</b>	<b>Deposits</b>
2001	\$1,223,043,000
2002	1,275,474,000
2003	1,330,535,000
2004	1,363,133,000
2005	1,405,000,000
2006	1,472,000,000
2007	1,555,000,000
2008	1,597,000,000
2009	1,683,000,000
2010	1,801,000,000

Source: Kansas Statistical Abstract

#### **Population**

The following table shows the approximate population of the County in the years indicated:

	Douglas County	
<b>Year</b>	<b>Population</b>	
1960	43,720	
1970	57,932	
1980	67,640	
1990	81,798	
2000	99,962	
2010	117,167	

The median age of persons in Douglas County and the State of Kansas is 28.4 and 36.0, respectively, per the 2010 Census.

Source: U.S. Census Data

Kansas Statistical Abstract

#### **Personal Income**

Douglas County personal and per capita income and the State of Kansas per capita income are listed for the years indicated, in the following table.

	<b>Douglas County</b>	<b>Douglas County</b>	State of Kansas
	Personal	Per Capita	Per Capita
<u>Year</u>	<u>Income</u>	Personal Income	Personal Income
2000	\$2,482,007,000	\$24,747	\$28,477
2001	2,613,168,000	25,955	28,718
2002	2,704,107,000	26,643	28,980
2003	2,740,033,000	26,860	29,698
2004	2,906,548,000	28,291	31,078
2005	3,074,516,000	27,569	33,145
2006	3,363,052,000	29,878	35,772
2007	3,518,602,000	31,026	37,775
2008	3,690,416,000	32,160	40,022
2009	3,732,401,000	32,070	39,173

Source: Kansas Statistical Abstract

#### FINANCIAL INFORMATION

#### Accounting, Budgeting and Auditing Procedures

The County follows a modified accrual basis of accounting for all tax supported funds of the County, including the General Fund. The County follows a cash receipts and disbursement basis of accounting which is adjusted for the issuing of statements, to the accrual or modified accrual basis, as appropriate.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the County prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted prior to August 25 of each year. Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

Kansas law prohibits governmental units from creating indebtedness unless there are funds on hand in the proper accounts and unencumbered by previous action with which to pay such indebtedness. An exception to this cash-basis operation is made where provision has been made for payment of obligations by bonds or other specific debt obligations authorized by law.

The financial records of the County are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Allen, Gibbs & Houlik, L.C., Wichita, Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the year ended December 31, 2010, is attached to the Official Statement as *Appendix B*.

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* in June 1999 ("Statement 34"), which established new requirements for the annual financial reports of state and local governments. The County has elected not to implement the changes set forth in Statement 34.

The financial information contained in the Appendices to this Official Statement are an integral part of this document and are intended to be read in conjunction herewith. Copies of the audit for the last five years are available by contacting the Issuer.

#### **Property Valuations**

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties under the direction of state statutes. The County Appraiser's office determines the assessed valuation that is to be used as a basis for the mill levy on property located in the County.

Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 20%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

The 2006 Kansas Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006, or transported into the State after June 30, 2006, for the purpose of expanding an existing business or creation of a new business.

#### Assessed Valuation

The following table shows the assessed valuation of the taxable tangible property within the County for the following years:

	Real	Personal		Motor	Total
<b>Year</b>	<b>Property</b>	<b>Property</b>	<u>Utilities</u>	<b>Vehicles</b>	<b>Valuation</b>
2002	\$693,679,995	\$71,606,220	\$72,391,485	\$91,868,298	\$929,545,998
2003	749,880,275	72,431,425	75,462,583	94,206,448	991,980,731
2004	811,044,965	67,155,405	82,289,654	97,385,623	1,057,875,647
2005	879,474,720	72,865,075	87,164,520	99,209,872	1,138,714,187
2006	944,446,295	71,951,390	80,461,868	100,887,167	1,197,746,720
2007	987,349,410	65,265,175	82,595,194	101,990,778	1,237,200,557
2008	1,010,935,715	51,449,760	73,978,483	101,612,592	1,237,976,550
2009	1,008,514,395	47,060,790	68,218,288	101,421,700	1,225,215,173
2010	1,010,843,377	41,153,765	74,220,891	100,471,072	1,226,689,105
2011	1,019,283,327	38,366,374	82,280,194	98,777,983	1,238,707,878

Source: Clerk

#### **Property Tax Levies and Collections**

#### Tax Collections:

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are considered delinquent and accrue interest at a per annum rate established by State law until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale on or before August 1 of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, and after written notice, warrants are issued and placed in the hands of the Sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

Motor vehicle taxes are collected periodically throughout the year concurrently with the renewal of motor vehicle tags based upon the value of such vehicles. Such tax receipts are distributed to all taxing subdivisions, including the State of Kansas, in proportion to the number of mills levied within each taxpayer's tax levy unit.

#### Tax Rates:

The County may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the County and the assessed valuations provided by the County appraiser.

The following table shows the County's mill levies by fund (per \$1000 of assessed valuation) for each of the years indicated and the current year:

	Employee	Road &				
General	Benefit	Bridge	Ambulance	G.O.	Misc.	Total
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Bonds</b>	<b>Funds</b>	Levy
17.810	4.390	2.672	1.141	0.000	1.803	27.816
19.233	5.242	2.379	0.704	1.206	1.095	29.859
18.788	5.077	2.523	1.444	0.665	1.359	29.856
19.652	5.067	2.641	1.311	0.053	1.465	30.099
18.817	5.190	2.981	1.485	0.050	1.490	30.013
19.023	4.655	3.545	1.423	0.045	1.304	29.995
21.824	5.595	3.155	1.278	0.045	0.923	32.820
20.353	6.546	3.012	1.422	0.000	1.470	32.803
23.258	6.749	2.486	1.785	0.000	1.470	35.748
22.970	6.444	2.794	2.070	0.000	1.495	35.773
	Fund 17.810 19.233 18.788 19.652 18.817 19.023 21.824 20.353 23.258	General         Benefit           Fund         Fund           17.810         4.390           19.233         5.242           18.788         5.077           19.652         5.067           18.817         5.190           19.023         4.655           21.824         5.595           20.353         6.546           23.258         6.749	General         Benefit         Bridge           Fund         Fund         Eund           17.810         4.390         2.672           19.233         5.242         2.379           18.788         5.077         2.523           19.652         5.067         2.641           18.817         5.190         2.981           19.023         4.655         3.545           21.824         5.595         3.155           20.353         6.546         3.012           23.258         6.749         2.486	General         Benefit         Bridge         Ambulance           Fund         Fund         Fund         Fund           17.810         4.390         2.672         1.141           19.233         5.242         2.379         0.704           18.788         5.077         2.523         1.444           19.652         5.067         2.641         1.311           18.817         5.190         2.981         1.485           19.023         4.655         3.545         1.423           21.824         5.595         3.155         1.278           20.353         6.546         3.012         1.422           23.258         6.749         2.486         1.785	General         Benefit         Bridge         Ambulance         G.O.           Fund         Fund         Fund         Bonds           17.810         4.390         2.672         1.141         0.000           19.233         5.242         2.379         0.704         1.206           18.788         5.077         2.523         1.444         0.665           19.652         5.067         2.641         1.311         0.053           18.817         5.190         2.981         1.485         0.050           19.023         4.655         3.545         1.423         0.045           21.824         5.595         3.155         1.278         0.045           20.353         6.546         3.012         1.422         0.000           23.258         6.749         2.486         1.785         0.000	General         Benefit         Bridge         Ambulance         G.O.         Misc.           Fund         Fund         Fund         Bonds         Funds           17.810         4.390         2.672         1.141         0.000         1.803           19.233         5.242         2.379         0.704         1.206         1.095           18.788         5.077         2.523         1.444         0.665         1.359           19.652         5.067         2.641         1.311         0.053         1.465           18.817         5.190         2.981         1.485         0.050         1.490           19.023         4.655         3.545         1.423         0.045         1.304           21.824         5.595         3.155         1.278         0.045         0.923           20.353         6.546         3.012         1.422         0.000         1.470           23.258         6.749         2.486         1.785         0.000         1.470

Source: Clerk

#### Aggregate Tax Levies:

The aggregate tax levies (per \$1000 assessed valuation) of the County and underlying jurisdictions for the years indicated are included in the following table:

			Lawrence		
	City of	Douglas	School		Total
<b>Year</b>	<b>Lawrence</b>	<b>County</b>	<b>District</b>	<b>State</b>	<u>Levy</u>
2002/03	25.563	27.816	49.835	1.500	104.714
2003/04	28.097	29.859	47.646	1.500	107.102
2004/05	27.859	29.856	46.711	1.500	105.926
2005/06	26.375	30.099	52.083	1.500	110.057
2006/07	26.358	30.013	57.804	1.500	115.675
2007/08	26.787	29.995	57.562	1.500	115.844
2008/09	26.647	32.820	57.399	1.500	118.366
2009/10	26.693	32.803	57.894	1.500	118.890
2010/11	26.697	35.748	59.646	1.500	123.591
2011/12	28.612	35.773	59.438	1.500	125.323

Source: Clerk

#### Tax Collection Record:

The following table sets forth tax collection information for the County for the years indicated:

		Current Taxes	Current Taxes
	<b>Total Taxes</b>	Collected	Collected
<u>Year</u>	<b>Levied</b>	<b>Amount</b>	<b>Percentage</b>
2000/01	\$18,079,658	\$17,430,029	96.41%
2001/02	22,446,895	21,538,877	95.95%
2002/03	23,570,167	22,782,071	96.66%
2003/04	27,019,994	26,457,260	97.92%
2004/05	28,676,469	28,094,777	97.97%
2005/06	31,288,120	30,564,258	97.69%
2006/07	32,920,144	32,316,658	98.17%
2007/08	34,050,714	33,423,472	98.16%
2008/09	37,349,344	36,339,114	97.30%
2009/10	36,849,250	35,978,082	97.64%
2010/11	40,317,496	39,519,063	98.02%
2011/12	40,647,791	23,114,287*	56.86%*

<sup>\*</sup>Collection information through February 29, 2012

Source: Clerk

#### Major Taxpayers:

The following table sets forth the ten largest taxpayers in the County for taxes levied in the most recent tax collection period:

Assessed	Taxes
<b>Valuation</b>	<u>Paid</u>
\$58,905,861	\$7,019,913
6,101,784	781,060
5,318,637	704,432
5,184,884	645,920
4,050,902	507,671
3,898,215	488,536
3,758,227	469,996
3,869,141	466,202
3,327,834	418,014
3,084,407	392,716
	Valuation \$58,905,861 6,101,784 5,318,637 5,184,884 4,050,902 3,898,215 3,758,227 3,869,141 3,327,834

Source: Clerk

#### **Risk Management**

The County is insured against the risks arising from general liability by Travelers. The County self finances the risks generated by employee medical coverage, with both aggregate reinsurance and specific reinsurance (\$125,000 per individual) provided by ING.

#### **History of Employment**

The following table indicates the history of the Issuer's employment for the years indicated.

	Total Full-	Total Part-	
<u>Year</u>	Time Employees	Time Employees	<b>Total</b>
2008	341	20	361
2009	334	23	357
2010	337	25	362
2011	327	40	367
2012	326	42	368

Source: Clerk

#### **Pension and Employee Retirement Plans**

The County participates in the Kansas Public Employees Retirement System (KPERS) established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERS is governed by a board of trustees consisting of nine members, including four members appointed by the Governor subject to confirmation by the State Senate, one appointed by the President of the Senate, one appointed by the Speaker of the House of Representatives, two elected by members and retirants of the retirement system, which must be members of such system, and the State Treasurer. Members of the board of trustees serve four-year terms and elect a chairperson annually. The board of trustees appoints an Executive Director to serve as the managing officer of KPERS and employs a staff of approximately 95 people.

As of June 30, 2011, KPERS serves about 279,000 members and 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen's Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for more than 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

- (a) State/School Group includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, 85% of which comes from the State General Fund. State legislation enacted in 2003 made certain pre-1962 Board employees (which are part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the State/School Group.
- (b) Local Group all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate. State legislation enacted in 2003 made certain pre-1962 employees of the University of Kansas Hospital Authority (which are a part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the Local Group.

KPERS is a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans (more common in the private sector), which are funded solely by employer contributions. The County's employees annually contribute: (a) 4% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), or (b) 6% of their gross salary to the plan if such employees are KPERS Tier 2 members (covered employment on or after July 1, 2009). The County's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The County's contribution is 8.34% of the employee's gross salary for calendar year 2012.

The County has established membership in the Kansas Police and Fire Retirement System ("KPFRS") for its law enforcement personnel. KPFRS is a division of and is administered by KPERS. Annual contributions are adjusted annually based on actuarial studies, subject to legislative caps on percentage increases. Employees contribute 7% of gross compensation and the County contributes 19.32% of employees' gross compensation for calendar year 2012.

According to the Valuation Report as of December 31, 2010 (the "Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of \$1.395 billion at the end of 2010. KPERS' actuaries identified that an employer contribution rate of 9.43% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by 2033, the end of the actuarial period. Because the annual growth in employer contribution rates is limited by State law, the actual contribution rate permitted at the time of calculation was only 7.94%. As a result, members of the Local Group are underfunding their projected actuarial liabilities and the UAAL can be expected to grow over time. KPERS' actuaries project the required employer contribution rate to increase by the maximum, 0.60%, each year until such time as the permitted rate equals the actuarial rate. The authors of the Valuation Report expect this to occur in approximately 2017 based upon the actuarial assumptions made by the authors.

#### The 2011 Kansas legislature approved a number of changes to KPERS, including:

- (a) Establishing a 13-member KPERS Study Commission to evaluate alternative plan designs during 2011 and recommend a plan for the long-term sustainability of KPERS. The commission's report is due to the Kansas Legislature by January 6, 2012. Pursuant to the 2011 legislation, the 2012 Kansas Legislature must vote on the report's recommendations in order for the other parts of the bill, described below, to become effective.
- (b) Increasing the statutory maximum employer contribution annual increase from 0.6% per year (status quo) to 0.9% per year in 2014 and to 1.2% per year by 2017.
- (c) For future service for existing KPERS members enrolled before July 1, 2009, increasing employee contribution rates and/or reducing retirement benefits, starting in 2014.
- (d) For existing KPERS members enrolled on or after July 1, 2009, reducing benefits or eliminating annual cost of living increases on benefits paid during retirement, starting in 2014.

#### **DEBT STRUCTURE**

#### **Debt Summary**

The following table summarizes certain key statistics with respect to the Issuer's general obligation debt, including the Bonds and excluding the Refunded Bonds:

#### **Debt Summary**

Assessed Valuation	\$1,238,707,878
Estimated Actual Market Valuation	\$7,741,924,237
Outstanding General Obligation Bonds	\$19,106,000
Underlying Indebtedness	\$233,047,954
Direct & Underlying Indebtedness	\$252,153,954
Direct Debt Per Capita (Population = 117,167)	\$139.07
Direct and Underlying Debt Per Capita	\$2,152.09
Direct Debt as a Percentage of Assessed Valuation	1.54%
Direct Debt as a Percentage of Estimated Actual Valuation	0.25%
Direct and Underlying Debt as a Percentage of Assessed Valuation	20.36%
Direct and Underlying Debt as a Percentage of Estimated Actual Valuation	3.26%

#### **Current Indebtedness of the Issuer**

The following table sets forth all of the outstanding obligations of the County, including the Bonds but excluding the Refunded Bonds, as of the date of issuance of the Bonds.

#### GENERAL OBLIGATION BONDS

			Original	
Category of	Date of	Final	Principal	Amount
<u>Indebtedness</u>	<b>Indebtedness</b>	<b>Maturity</b>	<b>Amount</b>	<b>Outstanding</b>
G.O. Taxable Bonds, Series A, 2001	03/01/2001	08/01/2021	\$345.000	\$15,000
G.O. Sales Tax Refunding Bonds, Series 2003-A	05/01/2003	08/01/2016	8,175,000	40,000
G.O. Refunding Bonds, Series 2003-B	05/01/2003	09/01/2014	1,325,000	135,000
G.O. Sales Tax Refunding Bonds, Series 2004-A	02/01/2004	08/01/2019	13,650,000	3,095,000
G.O. Bonds, Series 2005-A	03/01/2005	09/01/2015	737,000	80,000
G.O. Bonds, Series 2006-A	08/15/2006	09/01/2016	255,000	141,000
G.O. Bonds, Series 2008-A	09/15/2008	09/01/2028	285,000	250,000
G.O. Refunding & Improvement Bonds, Series 2009-A	10/01/2009	09/01/2030	2,445,000	2,410,000
G.O. Sales Tax Refunding Bonds, Series 2012A	06/04/2012	08/01/2016	6,135,000	6,135,000
G.O. Taxable Sales Tax Refunding Bonds, Series 2012B	06/04/2012	08/01/2019	6,025,000	6,025,000
G.O. Refunding Bonds, Series 2012C	06/04/2012	09/01/2015	550,000	550,000
G.O. Taxable Refunding Bonds, Series 2012D	06/04/2012	08/01/2021	230,000	230,000
-		Total	\$40,157,000	\$19,106,000

#### TEMPORARY NOTES

As of the date of issuance of the Bonds, the County does not have any outstanding temporary notes.

#### **History of General Obligation Indebtedness**

The following table sets forth general obligation debt information pertaining to the Issuer as of the years indicated:

	Total	Debt As Percentage	Debt
<b>Year</b>	<u>Debt</u>	of Assessed Value	Per Capita
2004	\$28,240,000	2.68%	\$274.87
2005	26,197,000	2.30%	254.55
2006	22,705,000	1.90%	202.50
2007	21,915,000	1.77%	193.10
2008	21,763,000	1.76%	189.66
2009	23,885,000	2.13%	205.23
2010	21,786,000	1.93%	195.88
2011	20,091,000	1.62%	171.47

The County has never in its history defaulted on the payment of any of its debt obligations.

#### **Underlying Indebtedness**

The following table sets forth underlying indebtedness and the percent attributable (on the basis of assessed valuation) to the County:

m •	2011	Total Outstanding	Percent	Underlying
Taxing	Assessed	General Obligation	Attributable	General Obligation Indebtedness <sup>1</sup>
<u>Jurisdiction</u>	<u>Valuation</u>	<u>Indebtedness</u>	To County	
City of Lawrence	\$856,611,007	\$85,145,000	100%	\$85,145,000
City of Baldwin City	31,019,145	10,495,000	100%	10,495,000
City of Eudora	40,581,590	5,090,000	100%	5,090,000
City of Lecompton	3,227,924	1,940,000	100%	1,940,000
U.S.D. No. 348	73,938,833	23,135,350	98.98%	22,899,369
U.S.D. No. 491	54,905,731	34,405,200	94.77%	32,605,808
U.S.D. No. 497	972,122,634	73,475,000	99.49%	73,100,277
U.S.D. No. 343	55,416,334	9,090,000	19.50%	1,772,500
Total		<u>\$242,775,550</u>		<u>\$233,047,954</u>

<sup>&</sup>lt;sup>1</sup> The State established the Capital Improvement Fund ("CIF") in 1992 to assist school districts on making principal and interest payments on voted general obligation bond issues. Each school district that is obligated to make payments from its bond and interest fund is entitled to receive state aid from the CIF. A school district's entitlement of state aid from the CIF each year is determined by applying its state aid percentage factor to the bond and interest fund payment obligation for that year. For the school year 2011-12, it is anticipated this source of state funding will pay approximately 29% of the debt service on general obligation bonds issued by USD 348, 43% of the debt service on general obligation bonds issued by USD 491, 25% of the debt service on general obligation bonds issued by USD 343, and 0% of the debt service on general obligation bonds issued by USD 497. Such state aid was not taken into account to determine the amount of the school districts' outstanding general obligation bonds. Although the CIF has provided state aid in each year since its inception, no assurance can be given that state aid will continue in future years. However, the school districts are obligated to levy unlimited ad valorem taxes to provide for debt service payments on their outstanding general obligation bonds regardless of any state aid.

Source: Clerk

#### **Future Indebtedness**

The County anticipates the issuance of bonds during 2012 to finance certain internal improvement projects including a radio tower and public works building improvements. In addition, the County expects to issue general obligation bonds for improvements in the Yankee Tank Community Improvement District.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX B

# FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS (FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010)





SPECIAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

**AND** 

INDEPENDENT AUDITORS' REPORT

SPECIAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

AND

INDEPENDENT AUDITORS' REPORT

## SPECIAL PURPOSE FINANCIAL STATEMENTS

Year Ended December 31, 2010

## **TABLE OF CONTENTS**

	Independer	nt Auditors' Report	1 - 2
		FINANCIAL SECTION	
Statement 1		f Cash Receipts, Expenditures, and cumbered Cash	3 - 4
	<u>N</u>	OTES TO THE FINANCIAL STATEMENTS	
	Notes to the	e Financial Statements	5 - 18
Statement 2	Summary o	f Expenditures – Actual and Budget	19
Statement 3	Statement	of Cash Receipts and Expenditures – Actual and Budget	
	3-1	General Fund	20 - 25
		Special Revenue Funds	
	3-2 3-3 3-4 3-5 3-6 3-7 3-8 3-9 3-10 3-11 3-12 3-13 3-14	Ambulance  Economic Development  Emergency Cell Phone  Emergency Telephone Service  Employee Benefits  Motor Vehicle Operations  Road and Bridge  Special Alcohol  Special Building  Special Liability  Special Parks and Recreation  Youth Services-Juvenile Detention  Non-Budgeted Special Revenue Funds	26 27 28 29 30 31 32 33 34 35 36 37 38 - 39
		Capital Project Funds	
	3-15	Capital Project Funds	40

## SPECIAL PURPOSE FINANCIAL STATEMENTS

Year Ended December 31, 2010

## TABLE OF CONTENTS (Continued)

## **Debt Service Fund**

	3-16 Debt Service Funds	41
	Internal Service Fund	
	3-17 Internal Service Funds	42
	Agency Funds	
Statement 4	Statement of Cash Receipts and Expenditures – Agency Funds	43
	Component Unit	
Statement 5	Statement of Cash Receipts and Expenditures Douglas County Extension Council Lawrence/Douglas County Health Department Douglas County Free Fair	44 - 45
	OTHER INFORMATION	
	Other Post-Employment Benefits Schedule of Funding Progress	46

This is a copy of the County's annual financial statements reproduced from an electronic file. An original copy of this document is available at the County's office



## INDEPENDENT AUDITORS' REPORT

## Board of County Commissioners **Douglas County, Kansas**

We have audited the summary of cash receipts, expenditures, and unencumbered cash balances of the primary government of Douglas County, Kansas, the Lawrence/Douglas County Health Department, the Douglas County Extension Council, and the Douglas County Free Fair (collectively "the County") as of and for the year ended December 31, 2010 which collectively comprise the County's special purpose financial statement. This special purpose financial statement is the responsibility of the County's management. Our responsibility is to express an opinion on the special purpose financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note I.A. and I.B., the County has prepared this special purpose financial statement using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the special purpose financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2010, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

In our opinion, the special purpose financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the County as of December 31, 2010 and the aggregate cash receipts and disbursements for the year then ended, on the basis of accounting described in Note I.A. and I.B.

As described in Note IV.E., for 2010, the County changed its method of accounting to follow practices that demonstrate compliance with the cash basis and budget laws of the State of Kansas.

In accordance with *Government Auditing Standards*, we have also issued a report, dated August 4, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special purpose financial statement. The summary of expenditures-actual and budget, individual fund statements of cash receipts and expenditures-actual and budget, statement of cash receipts and expenditures-agency funds and the statement of cash receipts and expenditures of the Douglas County Extension Council, Lawrence/Douglas County Health Department and Douglas County Free Fair (Statements 2, 3, 4 and 5 as listed in the table of contents) are presented for the purposes of additional information required by the Kansas Municipal Audit Guide. The statements identified in the preceding sentence have been subjected to the auditing procedures applied in the audit of the special purpose financial statement and, in our opinion, are fairly stated in all material respects in relation to the special purpose financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the special purpose financial statements as a whole. The Other Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the special purpose financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Allen, Gibbs & Houlik, L.C. CERTIFIED PUBLIC ACCOUNTANTS

August 4, 2011 Wichita, Kansas

Douglas County, Kansas Summary of Cash Receipts, Expenditures, and Unencumbered Cash For the Year Ended December 31, 2010

Security		Beginning Unencumbered Cash Balance 1/1/2010 As Restated	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance 12/31/2010	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance 12/31/2010
Ambulance Ambulance Ambulance (20tal Reserve 251.314 37.916) 3,553.360 3.616.387 (440.193) 571,184 130.991 Economic Development 2.575		\$ 2,065,552	\$ 34,029,606	\$ 35,285,415	\$ 809,743	\$ 1,150,596	\$ 1,960,339
Ambulance Capital Reserve 251.314 370.910 242,405 379,819 - 379,819 Economic Development 2,575 - 2,575 - 2,575 Emergency Cell Phone 91,309 102,049 70,889 203,469 233 203,722 Emergency Telephone Service 62,075 312,464 148,924 219,997 2,591 222,588 Employee Benefits 266,442 6,215,972 8,336,587 146,227 173,802 320,179 Motor Vehicle Operations 79,966 723,991 744,977 55,800 142,07 73,187 Road & Bridge 933,759 5,757,278 5,989,76 12,100,601 128,044 13,939,905 Special Alcohol - 25,306 25,306 - 7,436 7,436 Special Building 55,283 308,402 99,300 7,385 42,991 50,346 Special Building 95,283 308,402 99,300 7,385 42,991 50,346 Special Liability 248,081 1,368 108,340 141,104 - 141,104 Special Parks & Recreation 88,629 14,368 - 103,015 - 103,015 Youth Services-Juv Detention 206,109 1,681,428 1,641,299 246,238 40,123 268,381 Youth Services-Juv Detention 206,109 1,681,428 1,641,299 246,238 40,123 268,381 Youth Services-Grants 485,371 530,800 606,541 468,910 6,267 415,177 Community Correction Plan 85,863 482,355 513,771 54,447 7,690 62,137 Community Correction Plan 85,863 482,355 513,771 54,447 7,690 62,137 Community Correction Benefit 10,285 - 10,285 Donations 78,125 16,534 5,350 89,309 - 89,309 Prosecutor Training & Assistance 31,662 7,761 7,474 31,949 1331 33,280 Floring Reserve 7,135,315 2,621,365 941,276 8,815,404 20,099 8835,503 Grants Programs 236,778 229,086 231,988 233,866 3,940 237,866 Prosecutor Training & Assistance 13,662 7,761 7,474 31,949 1331 33,280 Floring Reserve 7,135,315 2,621,365 941,276 8,815,404 20,099 88,355,503 Grants Programs 236,778 229,086 231,988 233,866 3,940 237,866 Prosecutor Training & Assistance 13,662 7,761 7,474 31,949 13,31 33,280 Floring Reserve 14,147,147 14,147,147 14	SPECIAL REVENUE FUNDS:						
Economic Development	Ambulance	(377,166)	3,553,360	3,616,387	(440,193)	571,184	130,991
Emergency Cell Phone 91,309 192,049 79,889 203,469 253 203,722 Emergency Telephone Service 62,075 312,846 154,924 219,997 2,591 222,588 Employee Benefits 266,842 8,215,972 8,336,587 146,227 173,952 320,179 Motor Vehicle Operations 79,966 723,991 74,4977 59,8980 14,207 73,187 Road & Bridge 933,759 5,575,278 5,289,976 1,210,061 129,844 1,339,905 Special Alcohol 25,306 25,306 - 7,436 7,436 Special Building 95,283 308,402 3996,300 - 7,385 42,961 50,346 Special Librity 248,081 1,363 108,340 141,104 - 141,104 Special Parks & Recreation 88,629 14,386 - 103,015,157 Youth Services-Juv Detention 206,109 1,681,428 1,641,299 246,238 40,123 286,361 Youth Services-Juv Detention 206,109 1,681,428 1,641,299 246,238 40,123 286,361 Youth Services-Juv Detention 85,863 482,355 513,771 54,447 7,690 62,137 Community Correction Plan 85,863 482,355 513,771 54,447 7,690 62,137 Community Correction Plan 85,863 482,355 513,771 54,447 7,690 62,137 Community Correction Benefit 10,285 - 10,285 Donations 78,125 16,534 5,550 89,309 - 89,309 Equipment Reserve 7,135,315 26,1365 941,276 8,815,404 20,099 8,835,503 Grants Programs 236,778 229,066 231,989 233,866 3,440 237,806 Prosecutor Training & Assistance 31,662 7,761 7,474 31,949 1,331 33,280 Register of Deeds Technology 302,881 140,948 145,557 297,672 - 297,672 Sheriff Special Libe 9,955 11,837 7,986 137,006 31,706 3,017 16,723 Special Libe Enforcement Trust 106,047 - 196,047 - 196,047 Special Highway Improvement 1,161,109 - 954,795 206,314 - 106,047 Special Highway Improvement 1,161,109 - 954,795 206,314 - 106,047 - 196,047 Special Highway Improvement 1,161,109 - 954,795 206,314 - 206,314 TOTAL SPECIAL REVENUE FUNDS 11,784,133 26,071,418 24,101,163 12,754,388 1,025,057 13,779,445 107,44 10,046 11,047,712 106,047 106,	Ambulance Capital Reserve	251,314	370,910	242,405	379,819	-	379,819
Emergency Telephone Service 62.075 312,846 154,924 219,997 2,591 222,888 Employee Benefits 266,842 8,215,972 8,336,587 146,227 173,952 320,179 Motor Vehicle Operations 79,966 723,991 744,977 58,980 14,207 73,187 Road & Bridge 933,779 5,575,278 5,298,976 1,210,061 129,844 1,339,905 Special Alcohol - 25,506 25,506 1,210,061 129,844 1,339,905 Special Alcohol - 25,506 25,506 1,210,061 129,844 1,339,905 Special Building 95,283 308,402 396,300 7,385 42,561 50,346 Special Liability 248,081 1,363 106,340 141,104 - 141,104 Special Parks & Recreation 88,629 14,386 - 103,015 - 103,015 North Services Grants 485,371 530,860 606,541 408,910 6,267 415,177 Community Correction Plan 85,683 482,555 513,771 54,447 7,690 62,137 Community Correction Plan 85,683 482,555 513,771 54,447 7,690 62,137 Community Correction Plan 85,683 482,555 513,771 54,447 7,690 62,137 Community Correction Plan 85,683 482,555 513,771 54,474 7,690 62,137 Community Correction Plan 85,683 482,555 513,771 54,474 7,690 62,137 Community Correction Plan 85,683 482,555 513,771 54,474 7,690 62,137 Community Correction Plan 85,683 482,555 513,771 54,474 7,690 82,390 Equipment Reserve 7,135,315 2,621,365 941,276 8,815,404 20,099 8,835,503 Grants Programs 236,778 229,086 231,998 233,866 3,940 237,806 Prosecutor Training & Assistance 31,682 7,781 7,774 31,949 1,331 33,280 Register of Deeds Technology 302,381 140,948 145,657 297,672 - 297,672 Special Law Enforcement Trust 102,566 56,161 40,925 117,802 162 117,964 Special Law Enforcement Trust 102,566 56,161 40,925 117,802 162 117,964 Special Law Enforcement Trust 102,566 56,161 40,925 117,802 162 117,964 Special Law Enforcement Trust 102,566 56,161 40,925 117,802 162 117,964 Special Law Enforcement Trust 102,566 56,161 40,925 117,802 162 117,964 17,964 17,964 17,965 17,966 17,	Economic Development	2,575	-	-	2,575	-	2,575
Employee Benefits	Emergency Cell Phone	91,309	192,049	79,889	203,469	253	203,722
Motor Vehicle Operations	Emergency Telephone Service	62,075	312,846	154,924	219,997	2,591	222,588
Road & Bridge Special Hobotol - 25.306 Special Hobotol - 25.306 Special Hobotol - 25.306 Special Building 95.283 308,402 396,300 7,385 42,961 50,346 Special Building 95.283 308,402 396,300 7,385 42,961 50,346 Special Building 95.283 308,402 396,300 7,385 42,961 50,346 Special Building Special Parks & Recreation 88,629 14.386 - 100,015 - 100,015 - 100,015 Youth Services-Juv Detention 206,109 1,681,428 1,641,299 246,238 40,123 286,361 Youth Services Grants 485,371 530,080 606,541 409,910 6,627 415,177 Community Correction Plen 88,583 482,355 513,771 54,447 7,690 62,137 Community Correction Benefit 10,285 - 10,285 Donations 78,125 16,534 5,350 88,309 - 89,309 Equipment Reserve 7,135,315 2,621,385 941,276 8815,404 20,099 8,335,503 Grants Programs 230,778 229,086 231,998 233,866 3,940 237,806 Prosecutor Training & Assistance 31,662 7,761 7,474 31,949 1,331 33,280 Register of Deeds Technology 302,381 140,948 145,567 Special Road, Bridge, Machinery and Equipment 196,047 - 196,047 Special Road, Bridge, Machinery and Equipment 1,161,109 - 954,795 206,314  TOTAL SPECIAL REVENUE FUNDS 11,784,133 25,071,418 24,101,633 12,754,388 1,025,057 13,779,445  NTERNAL SERVICE FUNDS 5,386,495 2,386,487 2,921,184 4,851,798  NTERNAL SERVICE FUNDS: Risk Management 3,28,38 30,323 6,44,2031 6,44,2034 1,117,1087 5,273,121  TOTAL DEBT SERVICE FUNDS: Risk Management 3,28,383 30,323 6,42,031 6,42,031 6,42,031 1,171,087 5,273,121  TOTAL INTERNAL SERVICE FUNDS: 3,863,893 7,165,353 6,747,212 4,102,034 1,117,1087 5,273,121	Employee Benefits	266,842	8,215,972	8,336,587	146,227	173,952	320,179
Special Alcohol         -         25,006         25,306         -         7,436         7,436           Special Building         95,283         308,402         398,300         7,385         42,961         50,346           Special Liability         248,081         1,363         108,340         141,104         -         141,104           Special Parks & Recreation         88,629         14,386         -         100,015         -         103,015           Youth Services-Un Detention         200,199         1,681,428         1,681,299         246,238         40,123         286,361           Youth Services Grants         485,371         500,800         606,541         409,910         6,267         415,177           Community Correction Benefit         10,285         -         -         10,285         -         10,285           Donations         78,125         16,534         5,350         89,309         -         89,309           Equipment Reserve         7,135,315         2,621,365         941,276         8,16,404         20,099         8,835,503           Grants Programs         239,778         229,086         231,998         233,866         3,940         237,006           Register of Deeds Technology	Motor Vehicle Operations	79,966	723,991	744,977	58,980	14,207	73,187
Special Building         95.283         308.402         308,300         7,385         42,961         50.346           Special Lability         248.081         1,363         108,340         141,104         -         141,104           Special Parks & Recreation         88,629         14,386         -         103,015         -         103,015           Youth Services Grants         485,371         530,080         606,541         409,910         6,267         415,177           Community Correction Plan         88,863         482,355         513,771         54,447         7,690         62,137           Community Correction Benefit         10,285         -         10,285         -         10,285           Donations         76,125         16,534         5,350         89,309         -         89,309           Equipment Reserve         7,135,315         2,621,365         941,276         8,815,404         20,099         8,835,503           Grants Programs         239,778         229,086         231,998         233,866         3,940         237,806           Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Deeds Technology	Road & Bridge	933,759	5,575,278	5,298,976	1,210,061	129,844	1,339,905
Special Liability         248,081         1,363         108,340         141,104         -         141,104           Special Parks & Recreation         88,629         14,386         -         103,015         -         103,015           Youth Services-Juv Detention         206,109         1,681,428         1,641,299         246,238         40,123         286,381           Youth Services Grants         485,371         530,080         606,541         408,910         6,267         415,177           Community Correction Benefit         10,285         -         -         10,285         -         10,285           Community Correction Benefit         10,285         -         -         10,285         -         10,285           Community Correction Benefit         10,285         -         -         10,285         -         10,285           Community Correction Benefit         10,285         -         -         10,285         -         10,285           Community Correction Benefit         10,285         -         -         10,285         -         10,285           Donal State Programs         28,087         28,081         3,484         3,384         3,384         3,384         3,384         3,384         3,384	Special Alcohol	-	25,306	25,306	-	7,436	7,436
Special Parks & Recreation         88,629         14,386         -         103,015         -         103,015           Youth Services-Juv Detention         206,109         1,681,428         1,641,299         246,238         40,123         286,361           Youth Services Grants         485,371         530,080         606,541         408,910         6,267         415,177           Community Correction Plan         85,863         482,355         513,771         54,447         7,690         62,137           Community Correction Benefit         10,285         -         -         10,285         -         -         10,285           Donalions         76,125         16,534         5,350         89,309         -         89,309           Equipment Reserve         7,135,315         2,621,365         941,276         8,815,404         20,099         8,835,503           Grants Programs         236,778         229,066         231,998         233,866         3,940         227,806           Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Deeds Technology         302,381         140,948         145,667         297,672         -         2,97,672 </td <td>Special Building</td> <td>95,283</td> <td>308,402</td> <td>396,300</td> <td>7,385</td> <td>42,961</td> <td>50,346</td>	Special Building	95,283	308,402	396,300	7,385	42,961	50,346
Vouth Services-Juv Detention         206, 109         1,881,428         1,641,299         246,238         40,123         286,361           Youth Services Grants         485,371         530,080         606,541         408,910         6,267         415,177           Community Correction Plan         85,863         482,355         513,771         54,447         7,690         62,137           Community Correction Benefit         10,285         -         -         10,285         -         10,285           Donations         78,125         16,534         5,550         89,309         -         89,309           Equipment Reserve         7,135,315         2,621,365         941,276         8,815,404         20,099         8,835,503           Grants Programs         236,778         229,086         231,998         233,866         3,940         237,806           Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Deeds Technology         302,381         140,948         145,657         297,672         -         297,672           Sheriff Special Use         9,855         11,837         7,966         13,706         3,017         16,723 <tr< td=""><td>Special Liability</td><td>248,081</td><td>1,363</td><td>108,340</td><td>141,104</td><td>-</td><td>141,104</td></tr<>	Special Liability	248,081	1,363	108,340	141,104	-	141,104
Youth Services Grants         485,371         530,080         606,541         408,910         6,267         415,177           Community Correction Plan         85,863         482,355         513,771         54,447         7,690         62,137           Community Correction Benefit         10,285         -         -         10,285         -         10,285           Donations         78,125         16,534         5,350         89,309         -         89,309           Equipment Reserve         7,135,315         2,621,365         941,276         8,815,404         20,099         8,835,503           Grants Programs         236,778         229,086         231,998         233,866         3,940         237,806           Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Dedds Technology         302,381         140,948         145,657         297,672         -         297,672         -         297,672         -         297,672         -         297,672         -         -         297,672         -         -         297,672         -         -         16,270,772         Special Law Enforcement Trust         102,566         56,161         4	Special Parks & Recreation	88,629	14,386	-	103,015	-	103,015
Community Correction Plan         85,863         482,355         513,771         54,447         7,690         62,137           Community Correction Benefit         10,285         -         10,285         -         10,285           Donations         78,125         16,534         5,550         89,309         -         89,309           Equipment Reserve         7,135,315         2,621,365         941,276         8,815,404         20,099         8,835,503           Grants Programs         236,778         229,086         231,998         233,866         3,940         237,806           Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Deeds Technology         302,381         140,948         145,657         297,672         -         297,672           Sheriff Special Use         9,855         11,837         7,986         13,706         3,017         16,723           Special Law Enforcement Trust         102,566         56,161         40,925         117,802         162         117,964           Special Highway Improvement         1,96,047         -         -         -         -         196,047         -         206,314         - <td>Youth Services-Juv Detention</td> <td>206,109</td> <td>1,681,428</td> <td>1,641,299</td> <td>246,238</td> <td>40,123</td> <td>286,361</td>	Youth Services-Juv Detention	206,109	1,681,428	1,641,299	246,238	40,123	286,361
Community Correction Benefit         10,285         -         -         10,285         -         10,285           Donations         76,125         16,534         5,350         89,309         -         89,309           Equipment Reserve         7,135,315         2,621,365         941,276         8,815,404         20,099         88,335,503           Grants Programs         236,778         229,086         231,998         233,866         3,940         237,806           Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Deeds Technology         302,381         140,948         145,667         297,672         -         297,672           Sheriff Special Use         9,855         11,837         7,986         13,706         3,017         16,723           Special Law Enforcement Trust         102,566         56,161         40,925         117,802         162         117,964           Special Road, Bridge, Machinery         196,047         -         -         196,047         -         196,047         -         296,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163	Youth Services Grants	485,371	530,080	606,541	408,910	6,267	415,177
Donations         78,125         16,534         5,350         89,309         -         89,309           Equipment Reserve         7,155,315         2,621,365         941,276         8,815,404         20,099         8,835,503           Grants Programs         236,778         229,086         231,988         233,866         3,940         237,806           Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Deeds Technology         302,381         140,948         145,667         297,672         -         297,672           Sheriff Special Law Enforcement Trust         102,566         56,161         40,925         117,802         162         117,964           Special Road, Bridge, Machinery and Equipment         196,047         -         -         196,047         -         196,047         -         206,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163         12,754,388         1,025,057         13,779,445           CAPITAL PROJECTS FUNDS         16,215,332         4,247,684         4,067,540         16,395,476         332,236         16,727,712           DEBT SERVICE	Community Correction Plan	85,863	482,355	513,771	54,447	7,690	62,137
Equipment Reserve         7,135,315         2,621,365         941,276         8,815,404         20,099         8,835,503           Grants Programs         236,778         229,086         231,998         233,866         3,940         237,806           Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Deeds Technology         302,381         140,948         145,657         297,672         -         297,672           Sheriff Special Use         9,855         11,837         7,966         13,706         3,017         16,723           Special Ray Enforcement Trust         102,566         56,161         40,925         117,802         162         117,964           Special Ray Enforcement Trust         196,047         -         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         206,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163         12,754,388         1,025,057         13,779,445           CAPITAL PROJECTS FUNDS         <	Community Correction Benefit	10,285	-	-	10,285	-	10,285
Grants Programs         236,778         229,086         231,998         233,866         3,940         237,806           Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Deeds Technology         302,381         140,948         145,657         297,672         -         297,672           Sheriff Special Use         9,855         11,837         7,986         13,706         3,017         16,723           Special Road, Bridge, Machinery         102,566         56,161         40,925         117,802         162         117,964           Special Highway Improvement         1,96,047         -         -         196,047         -         196,047         -         206,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163         12,754,388         1,025,057         13,779,445           CAPITAL PROJECTS FUNDS         16,215,332         4,247,684         4,067,540         16,395,476         332,236         16,727,712           DEBT SERVICE FUNDS:           Bond and Interest         513,739         307,487         349,264         471,962         -         471,962	Donations	78,125	16,534	5,350	89,309	-	89,309
Prosecutor Training & Assistance         31,662         7,761         7,474         31,949         1,331         33,280           Register of Deeds Technology         302,381         140,948         145,657         297,672         -         297,672           Sheriff Special Use         9,855         11,837         7,986         13,706         3,017         16,723           Special Law Enforcement Trust         102,566         56,161         40,925         117,802         162         117,964           Special Road, Bridge, Machinery and Equipment         196,047         -         -         196,047         -         196,047           Special Highway Improvement         1,161,109         -         954,795         206,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163         12,754,388         1,025,057         13,779,445           CAPITAL PROJECTS FUNDS         16,215,332         4,247,684         4,067,540         16,395,476         332,236         16,727,712           DEBT SERVICE FUNDS:           Bond and Interest         513,739         307,487         349,264         471,962         -         471,962           TOTAL DEBT SERVICE FUNDS         5,386,	Equipment Reserve	7,135,315	2,621,365	941,276	8,815,404	20,099	8,835,503
Register of Deeds Technology         302,381         140,948         145,657         297,672         -         297,672           Sheriff Special Use         9,855         11,837         7,986         13,706         3,017         16,723           Special Renforement Trust         102,566         56,161         40,925         117,802         162         117,964           Special Road, Bridge, Machinery and Equipment         196,047         -         196,047         -         196,047         -         206,314         -         206,314           TOTAL Special Highway Improvement         1,161,109         -         954,795         206,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163         12,754,388         1,025,057         13,779,445           CAPITAL PROJECTS FUNDS         16,215,332         4,247,684         4,067,540         16,395,476         332,236         16,727,712           DEBT SERVICE FUNDS:           Bond and Interest         513,739         307,487         349,264         471,962         -         471,962           Local County Sales Tax         4,872,756         2,079,000         2,571,920         4,379,836         -         4,379,836     <	Grants Programs	236,778	229,086	231,998	233,866	3,940	237,806
Sheriff Special Use         9,855         11,837         7,986         13,706         3,017         16,723           Special Law Enforcement Trust         102,566         56,161         40,925         117,802         162         117,964           Special Road, Bridge, Machinery and Equipment         196,047         -         -         196,047         -         196,047           Special Highway Improvement         1,161,109         -         954,795         206,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163         12,754,388         1,025,057         13,779,445           CAPITAL PROJECTS FUNDS         16,215,332         4,247,684         4,067,540         16,395,476         332,236         16,727,712           DEBT SERVICE FUNDS:         513,739         307,487         349,264         471,962         -         471,962           Local County Sales Tax         4,872,756         2,079,000         2,571,920         4,379,836         -         4,379,836           TOTAL DEBT SERVICE FUNDS         5,386,495         2,386,487         2,921,184         4,851,798         -         4,851,798           INTERNAL SERVICE FUNDS:         3,683,893         7,165,353         6,747,212	•	31,662	7,761	7,474	31,949	1,331	33,280
Special Law Enforcement Trust         102,566         56,161         40,925         117,802         162         117,964           Special Road, Bridge, Machinery and Equipment         196,047         -         -         196,047         -         196,047           Special Highway Improvement         1,161,109         -         954,795         206,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163         12,754,388         1,025,057         13,779,445           CAPITAL PROJECTS FUNDS         16,215,332         4,247,684         4,067,540         16,395,476         332,236         16,727,712           DEBT SERVICE FUNDS:           Bond and Interest         513,739         307,487         349,264         471,962         -         471,962           Local County Sales Tax         4,872,756         2,079,000         2,571,920         4,379,836         -         4,379,836           TOTAL DEBT SERVICE FUNDS:         5,386,495         2,386,487         2,921,184         4,851,798         -         4,851,798           INTERNAL SERVICE FUNDS:           Risk Management         32,836         300,323         642,031         (308,872)         340,337         31,4	Register of Deeds Technology	302,381	140,948	145,657	297,672	-	297,672
Special Law Enforcement Trust         102,566         56,161         40,925         117,802         162         117,964           Special Road, Bridge, Machinery and Equipment         196,047         -         -         196,047         -         196,047           Special Highway Improvement         1,161,109         -         954,795         206,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163         12,754,388         1,025,057         13,779,445           CAPITAL PROJECTS FUNDS         16,215,332         4,247,684         4,067,540         16,395,476         332,236         16,727,712           DEBT SERVICE FUNDS:           Bond and Interest         513,739         307,487         349,264         471,962         -         471,962           Local County Sales Tax         4,872,756         2,079,000         2,571,920         4,379,836         -         4,379,836           TOTAL DEBT SERVICE FUNDS:         5,386,495         2,386,487         2,921,184         4,851,798         -         4,851,798           INTERNAL SERVICE FUNDS:           Risk Management         32,836         300,323         642,031         (308,872)         340,337         31,4	Sheriff Special Use	9,855	11,837	7,986	13,706	3,017	16,723
Special Road, Bridge, Machinery and Equipment         196,047         -         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         196,047         -         206,314         -         206,3	•	102.566	56.161		117.802	162	117.964
Special Highway Improvement         1,161,109         -         954,795         206,314         -         206,314           TOTAL SPECIAL REVENUE FUNDS         11,784,133         25,071,418         24,101,163         12,754,388         1,025,057         13,779,445           CAPITAL PROJECTS FUNDS         16,215,332         4,247,684         4,067,540         16,395,476         332,236         16,727,712           DEBT SERVICE FUNDS:         80nd and Interest         513,739         307,487         349,264         471,962         -         471,962           Local County Sales Tax         4,872,756         2,079,000         2,571,920         4,379,836         -         4,379,836           TOTAL DEBT SERVICE FUNDS         5,386,495         2,386,487         2,921,184         4,851,798         -         4,851,798           INTERNAL SERVICE FUNDS:         32,836         300,323         642,031         (308,872)         340,337         31,465           Employee Benefit Trust         3,661,057         6,865,030         6,105,181         4,410,906         830,750         5,241,656           TOTAL INTERNAL SERVICE FUNDS:         3,683,893         7,165,353         6,747,212         4,102,034         1,171,087         5,273,121	·	•		,	,		,
TOTAL SPECIAL REVENUE FUNDS 11,784,133 25,071,418 24,101,163 12,754,388 1,025,057 13,779,445  CAPITAL PROJECTS FUNDS 16,215,332 4,247,684 4,067,540 16,395,476 332,236 16,727,712  DEBT SERVICE FUNDS: Bond and Interest 513,739 307,487 349,264 471,962 - 471,962 Local County Sales Tax 4,872,756 2,079,000 2,571,920 4,379,836 - 4,379,836  TOTAL DEBT SERVICE FUNDS 5,386,495 2,386,487 2,921,184 4,851,798 - 4,851,798  INTERNAL SERVICE FUNDS: Risk Management 32,836 300,323 642,031 (308,872) 340,337 31,465 Employee Benefit Trust 3,651,057 6,865,030 6,105,181 4,410,906 830,750 5,241,656  TOTAL INTERNAL SERVICE FUNDS: 3,683,893 7,165,353 6,747,212 4,102,034 1,171,087 5,273,121	and Equipment	196,047	-	-	196,047	-	196,047
CAPITAL PROJECTS FUNDS  16,215,332  4,247,684  4,067,540  16,395,476  332,236  16,727,712  DEBT SERVICE FUNDS:  Bond and Interest Local County Sales Tax  4,872,756  2,079,000  2,571,920  4,379,836  - 4,379,836  TOTAL DEBT SERVICE FUNDS  5,386,495  2,386,487  2,921,184  4,851,798  INTERNAL SERVICE FUNDS: Risk Management 32,836 300,323 642,031 (308,872) 340,337 31,465 Employee Benefit Trust 3,651,057 6,865,030 6,105,181 4,410,906 830,750 5,241,656  TOTAL INTERNAL SERVICE FUNDS: 3,683,893 7,165,353 6,747,212 4,102,034 1,171,087 5,273,121	Special Highway Improvement	1,161,109	-	954,795	206,314	-	206,314
DEBT SERVICE FUNDS:  Bond and Interest 513,739 307,487 349,264 471,962 - 471,962 Local County Sales Tax 4,872,756 2,079,000 2,571,920 4,379,836 - 4,379,836  TOTAL DEBT SERVICE FUNDS 5,386,495 2,386,487 2,921,184 4,851,798 - 4,851,798  INTERNAL SERVICE FUNDS: Risk Management 32,836 300,323 642,031 (308,872) 340,337 31,465 Employee Benefit Trust 3,651,057 6,865,030 6,105,181 4,410,906 830,750 5,241,656  TOTAL INTERNAL SERVICE FUNDS: 3,683,893 7,165,353 6,747,212 4,102,034 1,171,087 5,273,121	TOTAL SPECIAL REVENUE FUNDS	11,784,133	25,071,418	24,101,163	12,754,388	1,025,057	13,779,445
DEBT SERVICE FUNDS:  Bond and Interest 513,739 307,487 349,264 471,962 - 471,962 Local County Sales Tax 4,872,756 2,079,000 2,571,920 4,379,836 - 4,379,836  TOTAL DEBT SERVICE FUNDS 5,386,495 2,386,487 2,921,184 4,851,798 - 4,851,798  INTERNAL SERVICE FUNDS: Risk Management 32,836 300,323 642,031 (308,872) 340,337 31,465 Employee Benefit Trust 3,651,057 6,865,030 6,105,181 4,410,906 830,750 5,241,656  TOTAL INTERNAL SERVICE FUNDS: 3,683,893 7,165,353 6,747,212 4,102,034 1,171,087 5,273,121							
Bond and Interest Local County Sales Tax         513,739 4,872,756         307,487 2,079,000         349,264 2,571,920         471,962 4,379,836         -         471,962 4,379,836           TOTAL DEBT SERVICE FUNDS         5,386,495         2,386,487         2,921,184         4,851,798         -         4,851,798           INTERNAL SERVICE FUNDS:         Risk Management         32,836         300,323         642,031         (308,872)         340,337         31,465           Employee Benefit Trust         3,651,057         6,865,030         6,105,181         4,410,906         830,750         5,241,656           TOTAL INTERNAL SERVICE FUNDS:         3,683,893         7,165,353         6,747,212         4,102,034         1,171,087         5,273,121	CAPITAL PROJECTS FUNDS	16,215,332	4,247,684	4,067,540	16,395,476	332,236	16,727,712
Local County Sales Tax         4,872,756         2,079,000         2,571,920         4,379,836         -         4,379,836           TOTAL DEBT SERVICE FUNDS         5,386,495         2,386,487         2,921,184         4,851,798         -         4,851,798           INTERNAL SERVICE FUNDS:         Risk Management         32,836         300,323         642,031         (308,872)         340,337         31,465           Employee Benefit Trust         3,651,057         6,865,030         6,105,181         4,410,906         830,750         5,241,656           TOTAL INTERNAL SERVICE FUNDS:         3,683,893         7,165,353         6,747,212         4,102,034         1,171,087         5,273,121	DEBT SERVICE FUNDS:						
Local County Sales Tax         4,872,756         2,079,000         2,571,920         4,379,836         -         4,379,836           TOTAL DEBT SERVICE FUNDS         5,386,495         2,386,487         2,921,184         4,851,798         -         4,851,798           INTERNAL SERVICE FUNDS:         Risk Management         32,836         300,323         642,031         (308,872)         340,337         31,465           Employee Benefit Trust         3,651,057         6,865,030         6,105,181         4,410,906         830,750         5,241,656           TOTAL INTERNAL SERVICE FUNDS:         3,683,893         7,165,353         6,747,212         4,102,034         1,171,087         5,273,121	Bond and Interest	513.739	307.487	349.264	471.962	-	471.962
INTERNAL SERVICE FUNDS: Risk Management 32,836 300,323 642,031 (308,872) 340,337 31,465 Employee Benefit Trust 3,651,057 6,865,030 6,105,181 4,410,906 830,750 5,241,656  TOTAL INTERNAL SERVICE FUNDS: 3,683,893 7,165,353 6,747,212 4,102,034 1,171,087 5,273,121				,	· ·	-	
INTERNAL SERVICE FUNDS: Risk Management 32,836 300,323 642,031 (308,872) 340,337 31,465 Employee Benefit Trust 3,651,057 6,865,030 6,105,181 4,410,906 830,750 5,241,656  TOTAL INTERNAL SERVICE FUNDS: 3,683,893 7,165,353 6,747,212 4,102,034 1,171,087 5,273,121							
Risk Management         32,836         300,323         642,031         (308,872)         340,337         31,465           Employee Benefit Trust         3,651,057         6,865,030         6,105,181         4,410,906         830,750         5,241,656           TOTAL INTERNAL SERVICE FUNDS:         3,683,893         7,165,353         6,747,212         4,102,034         1,171,087         5,273,121	TOTAL DEBT SERVICE FUNDS	5,386,495	2,386,487	2,921,184	4,851,798	-	4,851,798
Employee Benefit Trust         3,651,057         6,865,030         6,105,181         4,410,906         830,750         5,241,656           TOTAL INTERNAL SERVICE FUNDS:         3,683,893         7,165,353         6,747,212         4,102,034         1,171,087         5,273,121							
TOTAL INTERNAL SERVICE FUNDS: 3,683,893 7,165,353 6,747,212 4,102,034 1,171,087 5,273,121	ŭ	- ,	,-	. ,	, , ,	,	. ,
	Employee Benefit Trust	3,651,057	6,865,030	6,105,181	4,410,906	830,750	5,241,656
TOTAL PRIMARY GOVERNMENT 39.135.405 72.900.548 73.122.514 38.913.439 3.678.976 42.592.415	TOTAL INTERNAL SERVICE FUNDS:	3,683,893	7,165,353	6,747,212	4,102,034	1,171,087	5,273,121
	TOTAL PRIMARY GOVERNMENT	39 135 405	72,900 548	73,122 514	38 913 439	3,678,976	42 592 415

# Douglas County, Kansas Summary of Cash Receipts, Expenditures, and Unencumbered Cash (Continued) For the Year Ended December 31, 2010

	Beginning Unencumbered Cash Balance 1/1/2010	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance 12/31/2010	Add Outstanding Encumbrances and Accounts Payable	 Ending Cash Balance 12/31/2010
COMPONENT UNITS:  Douglas County Extension Council  Lawrence/Douglas County Health Dept  Douglas County Free Fair	\$ 552,312 1,595,470 85,013	\$ 619,641 3,639,599 230,698	\$ 620,325 3,255,464 234,594	\$ 551,628 1,979,605 81,117	\$ - - -	\$ 551,628 1,979,605 81,117
TOTAL COMPONENT UNITS	2,232,795	4,489,938	4,110,383	2,612,350		2,612,350
	\$ 41,368,200	\$ 77,390,486	\$ 77,232,897	\$ 41,525,789	\$ 3,678,976	\$ 45,204,765
Composition of Cash:	Petty Cash Checking Account an Investment Account - Investments - Comm Money Market - Cent Repurchase Agreeme Savings Account - Ba Certificates of Deposi Certif	\$ 2,500 66,299,459 1,374,015 2,087,857 538,467 1,000,000 1,500,000 4,000,000 2,000,000 13,500,000 1,000,000 2,000,000 4,522,910 5,241,656 5,323 83,050 11,994				
	Checking Account - S Health Department Extension Council	Sheriff Reward Fund				12,002 1,979,605 551,628
	Free Fair Board Total Cash					 81,117 116,291,583
	Less Agency Funds p	per Statement 4				(71,086,818)
	Total balance per Tre	asurer's reconciliation	on			\$ 45,204,765

## NOTES TO THE FINANCIAL STATEMENTS

## **INDEX**

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity
- B. Measurement Focus, Basis of Accounting, and Basis of Presentation
  - 1. Measurement Focus
  - 2. Basis of Accounting
  - 3. Basis of Presentation
- C. Deposits and Investments, and Long-Term Liabilities
  - 1. Deposits and Investments
  - 2. Compensated Absences

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A. Budgetary Information
- B. Budget Violations and Deficit Cash

## III. DETAILED NOTES ON THE FUNDS AND ACCOUNT GROUPS

- A. Cash and Investments
- B. Long-Term Liabilities
- C. Conduit Debt
- D. Interfund Transfers

## IV. OTHER INFORMATION

- A. Commitments and Contingencies
  - 1. Litigation
  - 2. Grants
- B. Risk Management
- C. Pension and Other Benefits
  - KPERS and KP&F
  - 2. Deferred Compensation Plan
  - 3. Other Post-Employment Benefits
- D. Cost Sharing Arrangements
- E. Prior Period Adjustments

### NOTES TO THE FINANCIAL STATEMENTS

## **DECEMBER 31, 2010**

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## A. Reporting Entity

Douglas County, Kansas (County) is organized under the laws of the State of Kansas (Kansas or State) and is governed by a three member commission. These financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Each discretely presented component unit has a December 31 year end.

## Discretely Presented Component Units

The Douglas County Extension Council (Council) provides services in such areas as agriculture, home economics and 4-H clubs to all persons in the County. The Council is governed by an elected four-member executive board. The County levies taxes for the support of the Council.

The Lawrence/Douglas County Health Department (Health Department) provides health care and education to citizens of the County. It is governed by a five-member board (two members are appointed by the County, two by the City of Lawrence, and one is jointly appointed). The City of Lawrence provides office space for the Health Department. The County provides funding through the annual appropriation of the health fund tax levy.

The Douglas County Free Fair (Free Fair) manages and controls the business of the fair association and its property. The Free Fair's Board of Directors, representing each township within the County, is appointed by the County Commission. The County provides an annual appropriation to the Free Fair.

Separate financial statements are not available for each of the discretely presented component units.

## B. Measurement Focus, Basis of Accounting, and Basis of Presentation

### 1. Measurement Focus

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately. Funds are classified into three categories: governmental, fiduciary, and proprietary. Within each of these three categories there are one or more fund types. The County uses the following fund types:

## Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund – This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds – These funds are established to account for the proceeds of specific revenue sources other than special assessments or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Funds – These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt.

Capital Project Funds – These funds account for financial resources to be used for the acquisition or construction of major capital facilities.

### Internal Service Funds

These funds are used to account for risk management reserves, workers' compensation reserves, and health, dental and life reserves, which are services provided to other departments on a cost-reimbursement basis.

## Fiduciary Fund Types

Agency funds - These funds are used to account for assets received for, held for, and disclosed to individuals, other state and local government unit funds, or other governmental or private sector organizations.

## 2. Basis of Accounting

The County prepares its financial statements on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services and are usually evidenced by a purchase order or written contract.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

## 3. Basis of Presentation

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets, such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest

payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the County are not presented in the financial statements. Also, long-term debt such as general obligation bonds, capital leases and compensated absences are not presented in the financial statements.

## C. Deposits and Investments, and Long-Term Liabilities

## 1. Deposits and Investments

The County Treasurer maintains a cash and investment pool that is available for use by all funds. The pool has the general characteristics of demand deposit accounts in that each fund may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. The pooled cash is invested to the extent available in authorized investments. In addition, cash and investments are separately maintained by other County officials and departments, third party trustees and fiscal agents.

The County's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county and that the bank provide an acceptable rate for active funds.

Earnings from the investments are allocated to the general fund. Investments for the County as of December 31, 2010 consisted of certificates of deposit, a US Treasury Note, repurchase agreements, investments in the Kansas Municipal Investment Pool, and a money market fund, which are recorded at cost.

The County's investment policy and Kansas law (K.S.A. 12-1675 – 12-1677) allow monies not otherwise regulated by statute to be invested in:

- 1. Temporary notes of Douglas County, Kansas.
- 2. Time deposits, open accounts, or certificates of deposits with maturities of not more than two vears.
- 3. Repurchase agreements with commercial banks, or state or federally chartered savings and loan associations that have offices located in Douglas County, Kansas.
- 4. U.S. Treasury bills or notes with maturities not exceeding two years.
- 5. U.S. government agency securities with a maturity of not more than four years.
- 6. The municipal investment pool fund operated by the Kansas Treasurer. This pool is not an SEC registered pool. The Pooled Money Investment Board (PMIB) provides the regulatory oversight for this pool.
- 7. A municipal investment pool established through the trust department of commercial banks that have offices located in Douglas County, Kansas.

In addition, the County's investment policy and Kansas law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes in the following in addition to those stated above:

- 1. U.S. government and agency obligations.
- 2. Time deposits with banks and trust companies in Douglas County, Kansas.
- 3. FNMA, FHLB, and FHLMC obligations.
- 4. Collateralized repurchase agreements.
- 5. Investment agreements with financial institutions, including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poor's.
- 6. Mutual funds whose portfolio consists entirely of obligations of the U.S. government, U.S. government agencies, FLMA, FHLB, and FHLMC.
- 7. Certain Kansas municipal bonds.

## 2. Compensated Absences

It is the County's policy to permit employees to accumulate vacation to a maximum of 290 hours for full-time employees and 145 hours for part-time employees. Accumulated vacation pay is payable upon termination or resignation from service from the County. During the first 4 years of employment, employees earn vacation at the rate of 3.75 hours per pay period; 5-9 years, employees earn 4.75 hours per pay period; 10-14 years, employees earn 5.50 hours per pay period; and after 15 years, 6.50 hours per pay period of vacation is earned each year.

All full-time equivalent employees earn sick leave at the rate of 4.75 hours per pay period, and may accumulate sick leave up to 1,040 hours. Upon retirement or termination, any employee, if employed for two years or more, shall be compensated for one-third accumulated sick leave up to a maximum of 240 hours at his or her regular rate of pay.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

## A. Budgetary Information

Kansas statutes require an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable of the legal annual operating budget:

- \* Preparation of the budget for the succeeding calendar year on or before August 1.
- \* Publication of the proposed budget and notice of public hearing in the local newspaper on or before August 5.
- Public hearing on or before August 15, but at least 10 days after publication of notice of hearing.
- \* Adoption of the final budget on or before August 25.

The County has the following levels of budget control:

- \* The legal level of control is established at the fund level by Kansas statutes.
- As allowed by Kansas statute, the governing body can increase the fund level expenditures by amending the budget. An amendment may only be made for previously unbudgeted increases in revenue other than ad valorem taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after the publication, the hearing may be held and the governing body may amend the budget at that time.

Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to budgeted receipts and expenditures. These statements are shown at the legal level of control, which is at the fund level. Budgetary data in the financial statements represent the amended budget amounts.

All legal operating budgets are prepared using the statutory basis of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments for future payments and are supported by a document evidencing the commitment, such as purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end except for capital project funds appropriations, which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled.

A legal operating budget is not required for capital project funds, internal service funds, fiduciary funds, and the following special revenue funds:

Ambulance Capital Reserve Community Correction Plan Community Correction Benefit Donations

Equipment Reserve
Grants Programs
Prosecutor Training & Assistance

Register of Deeds Technology Sheriff Special Use Special Law enforcement Trust Special Road & Bridge Machinery Equipment Special Highway Improvement Youth Services Grants

Spending in the above funds that are not subject to the legal budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## B. Budget Violations and Deficit Cash

The following funds incurred expenditures in excess of budgeted expenditures, which violates K.S.A. 79-2935: Ambulance - \$168,705, Employee Benefits - \$88,893, Special Alcohol - \$5,806, Special Building - \$96,300, and Youth Services Juvenile Detention - \$40,682. Additionally, the Ambulance fund has a \$440,193 deficit balance in unencumbered cash as of December 31, 2010. The deficit cash and expenditures in excess of budget in Ambulance and Youth Services were due to year-end transfers, and in the other funds, it was due to overspending. These will be recovered by future revenues or transfers.

## III. DETAILED NOTES ON THE FUNDS AND ACCOUNT GROUPS

### A. Cash and Investments

Deposits – At year end, the carrying amount of deposits for the County was \$44,670,244 and the bank balance was \$45,144,370.

*Investments* - As of December 31, 2010, the County had the following investments and maturities:

				Investment			
	F	air					
Investment Type	Va	alue	L	ess than 1	1 – 5	Years	Rating
US Treasury Notes	\$ 2	2,087,857	\$	2,087,857	\$		N/A
Money Market Funds		538,467		538,467			Unrated
Kansas Municipal							
Investment Pool	1	,374,016		1,374,016			AAAf/S1+
Repurchase Agreements	67	,621,000		66,621,000	1,00	00,000	AAA

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a bank failure, or failure of the counterparty, the County will not recover the value of its investments or collateral securities that are in possession of an outside party. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. As of December 31, 2010, \$295,932 of the County's deposits were exposed to custodial credit risk. The County has \$2,087,857 of U.S. Treasury securities that are held by the investment counterparty.

*Credit Risk.* State law limits the types of investments that the County may make. The County's investment policy does not add any further limitations.

*Interest Rate Risk.* State law limits investments in U.S. Treasury bills or notes and agency securities to those with maturities not exceeding two or four years, respectively, as discussed in Note I.C.1.

## B. Long-Term Liabilities

Changes in long-term liabilities were as follows:

	Interest	Date of	Amount	Date of Final	Balance Beginning		Reductions/	Balance End of	li	nterest	
<u>Issue</u>	Rates	Issue	of Issue	Maturity	of Year	Additions	Payments	Year		Paid	
Primary Government:											
General Obligation Bonds - Governmental Funds:											
Series 2001A - Taxable G.O. Bonds	6.75 - 7.25%	03/01/01	\$ 345,000	08/01/21	\$ 260,000	\$ -	\$ 15,000	\$ 245,000	\$	17,988	
Series 2003A - Refunding Bonds	2.20 - 3.75%	05/01/03	8,175,000	08/01/16	6,330,000	-	55,000	6,275,000		230,733	
Series 2003B - Refunding Bonds	2.20 - 3.50%	05/01/03	1,325,000	09/01/14	695,000		150,000	545,000		23,142	
Series 2004A - Sales Tax Bonds	2.13 - 5.00%	05/01/04	13,650,000	08/01/19	13,210,000	-	1,745,000	11,465,000		541,188	
Series 2005A General Obligation Bonds	2.75 - 3.50%	09/01/05	737,000	09/01/15	485,000		75,000	410,000		15,778	
Series 2006A General Obligation Bonds	3.80 - 4.75%	08/15/06	255,000	09/01/16	190,000	-	49,000	141,000		7,419	
Series 2008 General Obligation Bonds	4.00 - 4.75%	09/15/08	280,000	09/01/28	270,000	-	10,000	260,000		11,888	
Series 2009A GO Improvement Bonds	2.63 - 4.25%	10/01/09	2,445,000	09/01/30	2,445,000	-		2,445,000		-	
Total Bonded Indebtedness					23,885,000	-	2,099,000	21,786,000		848,136	
Other Post Employment Benefits	N/A	N/A	N/A	N/A	14,113,141	6,674,747	524,000	20,263,888		-	
Compensated Absences	N/A	N/A	N/A	N/A	3,062,900	2,126,456	2,067,737	3,121,619		_	
Total Primary Government		2			41,061,041	8,801,203	4,690,737	45,171,507	_	848,136	
Component Unit - Lawrence/Douglas Co. Health Dept.;											
Compensated Absences	N/A	N/A	N/A	N/A	164,402	58,307	124,082	98,627		-	
Total Component Unit					164,402	58,307	124,082	98,627		-	
			1.0								
Total Long-Term Liabilities					\$ 41,225,443	\$ 8,859,510	\$ 4,814,819	\$ 45,270,134		848,136	1

Funding received from the various bonds issuances was used to provide financing for improvements to certain roadways, sewers, the juvenile detention facility, judicial center, courthouse, spillway, fairground facilities and portions of the health department.

## Maturities of long-term liabilities are as follows:

								YEA	٩R									
		2011		2012		2013		2014		2015	2	016-2020	2	021-2025	2	026-2030		Total
PRINCIPAL:																		
Primary Government:																		
General Obligation Bonds - Governmental Funds:	:																	
Series 2001A - Taxable G.O. Bonds	\$	15,000	\$	15,000	\$	15,000	\$	20,000	\$	20,000	\$	130,000	\$	30,000	\$	-	\$	245,000
Series 2003A - Refunding Bonds		60,000		75,000		75,000		1,245,000	2	,505,000		2,315,000		-		-		6,275,000
Series 2003B - Refunding Bonds		125,000		135,000		135,000		150,000		-		-		-		-		545,000
Series 2004A - Sales Tax Bonds		1,840,000		1,970,000	2	,095,000		1,090,000		-		4,470,000		-		-		11,465,000
Series 2005A General Obligation Bonds		75,000		80,000		80,000		85,000		90,000		-		-		-		410,000
Series 2006A General Obligation Bonds		26,000		27,000		28,000		29,000		31,000		-		-		n-		141,000
Series 2008 General Obligation Bonds		10,000		10,000		10,000		10,000		10,000		70,000		80,000		60,000		260,000
Series 2009A GO Improvement Bonds		35,000		30,000		40,000		50,000		110,000		600,000		710,000		870,000		2,445,000
_							_											
TOTAL PRINCIPAL	\$	2,186,000	\$	2,342,000	\$ 2	,478,000	\$	2,679,000	\$2	,766,000	\$	7,585,000	\$	820,000	\$	930,000	_\$_	21,786,000
INTEREST:																		
General Obligation Bonds - Governmental Funds:					_		_		1			00.070	•	0.400	•		•	445.044
Series 2001A - Taxable G.O. Bonds	\$		\$	15,813	\$		\$	13,788	\$	12,438	\$	39,372	\$	2,100	\$	-	\$	115,211
Series 2003A - Refunding Bonds		228,924		226,956		224,426		221,733		155,797		62,250		-				1,120,086
Series 2003B - Refunding Bonds		18,493		14,430		9,908		5,249		-		040.074		-		-		48,080
Series 2004A - Sales Tax Bonds		484,338		421,663		330,275		231,275		211,400		649,074		-		-		2,328,025
Series 2005A General Obligation Bonds		13,565		11,240		8,680		6,040		3,150		4 000		-		-		42,675
Series 2006A General Obligation Bonds		5,473		5,473		4,485		3,432		2,340		1,209				- - 700		22,412 127,200
Series 2008 General Obligation Bonds		11,488		11,088		10,688		10,288		9,888		42,160		25,900		5,700		
Series 2009A GO Improvement Bonds		176,345		91,088		90,300		89,250		87,938		386,313		273,963		114,111		1,309,308
-																	_	
	•	055 500	•	707.754	•	000 500	•	F04 0FF	•	400.054	æ	4 400 270	•	204.002	•	110 011	ø	E 112 007
TOTAL INTEREST	\$	955,526		797,751	_\$_	693,562	_\$_	581,055	<u>\$</u>	482,951		1,180,378	_\$_	301,963	_\$_	119,811	_\$_	5,112,997
TOTAL DRINGIDAL AND INTEREST	ø	2 141 520	•	2 120 754	4.0	171 560	¢	3.260.055	¢o	.248,951	œ	8.765.378	¢	1,121,963	\$	1.049.811	\$	26,898,997
TOTAL PRINCIPAL AND INTEREST	\$	3,141,526	<u>\$</u>	3,139,751	<u>Φ</u> 3	,171,562	<u> </u>	3,200,035	<u>Φ3</u>	,240,901	Ψ_	0,700,376	Ψ_	1,121,903	Ψ	1,040,011	Ψ_	20,000,001

## C. Conduit Debt

The County has entered into conduit debt arrangements wherein the County issues industrial revenue bonds to finance a portion of the construction of facilities by private entities. In return, the private enterprises have executed mortgage notes or leases with the County. The County is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. The total outstanding balance on the conduit debt could not be determined at December 31, 2010; however, the original amount issued (to Cottonwood, Inc.) was \$2,725,000.

## D. Interfund Transfers

A summary of interfund transfers is as follows:

9	From								
		Employee		Road &	Special	Special	Youth	Motor Vehicle	
To	General Fund	Benefit	Ambulance	Bridge	Highway	Liability	Services	Operations	Total
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,000	\$ 160,000
Capital Improvement	4,000,000	=	-	-	-	-	-	-	4,000,000
Local County Sales Tax	2,079,000	-	-	-	-	-	-	-	2,079,000
Employee Benefit	397,950	-	-	-	-	-	-	-	397,950
Equipment Reserve	1,091,866	-	-	525,000	865,000	-	100,000	2,000	2,583,866
Risk Management	-	200,000	-	-	-	100,000	-	-	300,000
Ambulance Capital Reserve	-	-	370,000	-	-	-	-	-	370,000
CIP Sales Tax	164,000	80		-	-	-	-	-	164,000
Total	\$ 7,732,816	\$ 200,000	\$ 370,000	\$525,000	\$865,000	\$ 100,000	\$ 100,000	\$ 162,000	\$ 10,054,816

The County uses interfund transfers to share administrative cost between funds and allocate sales tax proceeds to certain special revenue funds.

## IV. OTHER INFORMATION

## A. Commitments and Contingencies

## 1. Litigation

The County can be a defendant in various legal actions pending or in process and other miscellaneous claims. The ultimate liability, if any, that might result from the final resolution of the above matters is not presently determinable. Management and the County's counsel are of the opinion that the final outcome of any such cases will not have an adverse material effect on the County's financial position.

## 2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

## B. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial coverage for buildings and personal property, general liability, automobile fleet, inland marine, public official and employee errors and omissions, workers' compensation, medical

professional liability, boiler and machinery, lawyers professional liability, and law enforcement liability. Claims have not exceeded commercial coverage in any of the last three years, and coverage has not been reduced substantially from the prior year.

The County has established a limited risk management program for employees' health care insurance. The program includes a stop-loss provision for claims over \$150,000 per individual. The County is also self-insured with respect to its obligations to provide workers' compensation for its employees. The estimated liability for payment of incurred (both reported and unreported) but unpaid claims for both programs are recorded in the Employee Benefit Trust Internal Service Fund. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amounts of payouts, and other economic and social factors.

2040

Changes in self-insured claims liabilities are as follows:

	2010
Estimated unpaid claims, January 1 Incurred claims (including reported and unreported)	\$ 705,191 5,538,937
Claim payments	(5,073,966)
Estimated unpaid claims, December 31	\$ 1,170,162

Liabilities related to risks of loss are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The County has reserved \$4,102,034 of unencumbered cash in the Risk Management Fund and the Employee Benefits Trust for future health and workers' compensation claims.

## C. Pension and Other Benefits

### 1. KPERS and KP&F

Plan description – The County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, benefits and funding is based on a two tier schedule. Tier 1 members are active and contributing members hired prior to July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1 2009. The KPERS member-employee contribution rates are 4% of covered salary for Tier 1 members and 6% of covered salary for Tier 2 members.

The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2010 was 7.14%. There was a moratorium on the 1% contribution for Group Death and Disability Insurance from April 1 to June 30<sup>th</sup> during which the rate was 6.14%. The County contributions to KPERS for the years ended December 31, 2010, 2009, and 2008, were \$854,581 and \$749,561, \$761,664, respectively, equal to the statutory required contributions for each year.

K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of

section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KP&F uniform participating employer rate established for the year beginning January 1, 2010 is 15.63%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. Douglas County employer contributions to KP&F for the years ending December 2010, 2009, and 2008 were \$887,079, \$952,418, and \$982,994, respectively, equal to the statutory required contributions for each year.

## 2. Deferred Compensation Plan

The County offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust and are not available to pay the claims of the County's general creditors. Therefore, the liability and corresponding assets are not reflected in the financial statements.

## 3. Other Post Employment Benefits

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents to age 65. The Douglas County Retiree Healthcare Plan (Plan) provides medical benefits to eligible retirees and their spouses. KSA 12-5040 requires all local governmental entities in the state that provide a group healthcare plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

The contribution requirements of plan participants and the County are established and amended by the County. The required contribution is based on projected pay-as-you-go financing requirements. The County contributed approximately \$524,000 of total premiums to the Plan, which includes the expected implicit rate subsidy being provided. Plan participants contributed approximately 55% of total premiums to the Plan through their required contribution rates.

Annual OPEB Cost and Net OPEB Obligation – The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, which requires an actuarial study to be performed at a minimum biennially. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the Plan for the year, the amount actually contributed to the Plan, and the changes in the County's net OPEB obligation to the Plan:

	 2010
Annual required contribution	\$ 6,614,261
Interest on OPEB obligation	564,526
Adjustment to annual required contribution	(504,040)
Annual OPEB cost	6,674,747
Contributions made	(524,000)
Change in net OPEB obligation	6,150,747
Net OPEB obligation – beginning of year	 14,113,141
Net OPEB obligation – end of year	\$ 20,263,888

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2010 is as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008 December 31, 2009	\$ 7,293,494 7,613,647	5.77% 4.90%	\$ 6,872,494 14,113,141
December 31, 2010	6,674,746	7.85%	20,263,888

As of January 1, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial liability for benefits was \$63.5 million, and there was no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$63.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$25.8 million and the ratio of the UAAL to the covered payroll was 246.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of the plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is the rate of the employer's own investments as there are no plan assets, and an annual healthcare cost trend of 10%, reduced by decrements to an ultimate rate of 5% after seven years. The UAAL is being amortized as a level percent of pay over an open thirty-year period with 28 years remaining.

## D. Cost Sharing Arrangements

The County has entered into various cost sharing arrangements with the City of Lawrence, Kansas (the City) to provide services and facilities. A listing of those arrangements is as follows:

In 1994, the City and the County agreed to combine their emergency communications services with the costs of the combined operations to be shared as follows: City 66% and County 34%. This agreement was modified in 1997 following the combination of the County emergency medical services and the City fire department in 1996 as discussed below.

In 1996, the County emergency medical services and the City fire department were combined with the City paying 74.36% and the County paying 25.64% of the operating costs of the combined operations. The County pays all the costs of buildings and equipment of the ambulance services and the City pays all the costs of buildings and equipment of the fire department.

As of the effective date of the 1996 agreement, all buildings, equipment and furniture were to be transferred to the ownership of the City. This agreement was later modified in 1997, 1998 and 2005.

In 1996, the City and County agreed to share equally in the cost of construction of a health facility to house the Lawrence-Douglas County Health Department, the Bert Nash Community Mental Health Center and the Douglas County Visiting Nurses Association. The agreement provided that on completion, the building, equipment and furniture would be owned by the City. This health facility was completed and occupied in 1997. A related agreement provides for the City and County to each pay half of the health facility maintenance and operating costs.

The County also pays 1/6<sup>th</sup> of the cost of the City's planning department.

In 2006, the County participated in the creation of the Lawrence-Douglas County Bioscience Authority (LDCBA), along with the City of Lawrence, the University of Kansas, and the Lawrence Chamber of Commerce. In December 2009, the City and County jointly acquired a building to be used by the LDCBA as a business incubator for life sciences companies. The acquisition was financed by general obligation bonds issued by the City. Debt service for the bonds is funded by rental revenue generated from leasing the building space. Should the rents received be insufficient to pay all the debt service on the bonds, the County has an agreement to pay the City 50% of such shortfall. Additionally, the County pays \$200,000 annually to help fund the LDCBA, an agreement which continues through 2018.

## E. Prior Period Adjustments

Effective January 1, 2010, the County changed its method of accounting to prepare its financial statements on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas. See Note I.B. for a complete description of this basis of accounting. The County had previously reported its financial statements in conformity with accounting principles generally accepted in the United States of America. The change in basis of accounting resulted in restatements in the General Fund, Ambulance Fund and Emergency Telephone Service Fund, for amounts previously recorded at December 31, 2009 as receivables that were collected as cash receipts during 2010. Under the basis of accounting adopted on January 1, 2010, such cash receipts are recognized when the cash balance of the fund is increased. Therefore, unencumbered cash as of January 1, 2010 was reduced by \$1,018,129 in the General Fund, by \$377,227 in the Ambulance Fund, and by \$94,310 in the Emergency Telephone Service Fund. Cash receipts recorded during 2010 were increased by those same amounts.

Douglas County, Kansas
Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	Certified Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
GOVERNMENTAL TYPE FUNDS:			
GENERAL FUND	\$ 36,051,257	\$ 35,285,415	\$ (765,842)
SPECIAL REVENUE FUNDS:			
Ambulance	3,447,682	3,616,387	168,705
Economic Development	-	-	-
Emergency Cell Phone	232,400	79,889	(152,511)
Emergency Telephone Service	385,000	154,924	(230,076)
Employee Benefits	8,247,694	8,336,587	88,893
Motor Vehicle Operations	786,000	744,977	(41,023)
Road & Bridge	6,239,973	5,298,976	(940,997)
Special Alcohol	19,500	25,306	5,806
Special Building	300,000	396,300	96,300
Special Liability	189,381	108,340	(81,041)
Special Parks & Recreation	96,212	-	(96,212)
Youth Services-Juvenile Detention	1,600,617	1,641,299	40,682
DEBT SERVICE FUNDS:			
Bond and Interest	812,736	349,264	(463,472)
Local County Sales Tax	6,951,756	2,571,920	(4,379,836)

	Ochicial	<u>r urru</u>			Variance-
					Over
		Actual		Budget	(Under)
Cash receipts:		710100			 (3.1.23.)
Taxes:					
Ad valorem property tax	\$	22,329,771	\$	22,165,251	\$ 164,520
Delinquent tax		410,057		205,000	205,057
Motor vehicle tax		2,105,922		2,273,950	(168,028)
In lieu of tax		593		776	(183)
Local county sales tax		5,263,242		5,345,000	(81,758)
Other taxes		14,386		34,000	(19,614)
Interest and penalties		402,971		330,000	`72,971 <sup>′</sup>
Total taxes		30,526,942		30,353,977	172,965
Licenses fore and normality					
Licenses, fees, and permits:		011 414		662 575	247 920
Licenses, permits & fees		911,414		663,575	247,839
Charges for services		9,937		400 000	9,937
District court fees		459,530		462,200	(2,670)
Mortgage registration		1,445,785		1,560,000	 (114,215)
Total licenses, fees, and permits		2,826,666		2,685,775	 140,891
Use of money and property:					
Interest on idle funds		209,519		225,000	(15,481)
Total interest		209,519		225,000	 (15,481)
					 _
Other:		400.00=			0.40=
Rental income		102,927		96,800	6,127
Weed department receipts		84,857		68,400	16,457
Miscellaneous income		118,695		147,000	(28,305)
Transfers		160,000		-	 160,000
Total other		466,479		312,200	154,279
Total cash receipts		34,029,606		33,576,952	452,654
Expenditures:					
Administration:					
Personal services		298,978		242,542	56,436
Miscellaneous		-		500	(500)
Total administration		298,978		243,042	 55,936
		· · · · · · · · · · · · · · · · · · ·		·	 <u> </u>
Administrative services:					(a.a.a.)
Personal services		626,039		634,044	(8,005)
Contractual services		568,680		496,500	72,180
Miscellaneous		313		100	 213
Total administrative services		1,195,032		1,130,644	 64,388
Agencies county funded:					
Contracual		5,597,981		5,720,907	(122,926)
Total agency county funded		5,597,981	-	5,720,907	 (122,926)
Total agency county funded		5,597,961		5,720,907	 (122,920)
Appraiser:					
Personal services		552,068		575,070	(23,002)
Contractual services		8,366		17,775	(9,409)
Commodities		(396)		-	(396)
Capital outlay		-		1,000	(1,000)
Total appraiser		560,038		593,845	(33,807)
CID projects conital impressions at					
CIP projects - capital improvements:		4 000 000		4 000 000	
Transfers to CIP		4,000,000		4,000,000	 
Total CIP projects		4,000,000		4,000,000	 

<u>Ger</u>	neral Fund		
			Variance-
	Actual	Budget	Over (Under)
Commissioners:	7.10130.		(0.1.46.)
Personal services	105,149	104,696	453
Contractual services	172,521	194,000	(21,479)
Miscellaneous	10,457	9,500	957
Total commissioners	288,127	308,196	(20,069)
Community service work program:			
Personal services	47,034	46,984	50
Contractual services	10	925	(915)
Commodities	281	600	(319)
Reimbursments	(16,643)	(24,254)	7,611
Total community service work program	30,682	24,255	6,427
Coroner:			
Personal services	1,885	2,040	(155)
Contractual services	149,721	178,200	(28,479)
Commodities	2,310	750	, , ,
Total coroner	153,916	180.990	1,560 (27,074)
rotal coloner	155,916	160,990	(27,074)
County Clerk:			
Personal services	330,141	312,038	18,103
Contractual services	2,771	3,795	(1,024)
Commodities	-	800	(800)
Miscellaneous	121	200	(79)
Total county clerk	333,033	316,833	16,200
Countywide:			
Personal services	14,292	14,100	192
Contractual services	565,984	566,180	(196)
Commodities	141,831	169,000	(27,169)
Capital outlay	15,773	2,000	13,773
Miscellaneous	2,617	7,500	(4,883)
Total countywide	740,497	758,780	(18,283)
Court operating:			
Personal services	180,647	142,620	38,027
Contractual services	645,317	788,500	(143,183)
Commodities	11,243	12,500	(1,257)
Capital outlay	49.177	15,750	33,427
Miscellaneous	4,490	5,000	(510)
Transfers	12,000	10,000	2,000
Total court operating	902,874	974,370	(71,496)
, ,	<del></del>		<u> </u>
Court trustee:	AA		= = =
Personal services	384,062	386,028	(1,966)
Contractual services	8,445	5,400	3,045
Commodities	222	500	(278)
Capital outlay	2,623	3,000	(377)
Restitution court trustee	-	5,400	(5,400)
Miscellaneous  Total court trustee	443 395,795	350 400,678	(4,883)
		,	(1,000)
District Attourney:	4.044.504	4.040.044	(00.055)
Personal services	1,311,561	1,349,911	(38,350)
Contractual services	68,595	74,650	(6,055)
Capital outlay	-	500	(500)
Miscellaneous	6,665	4 405 064	6,665
Total district attorney	1,386,821	1,425,061	(38,240)

<u>General Fund</u>							
			Variance-				
	Actual	Dudant	Over				
	Actual	Budget	(Under)				
Elections:							
Personal services	85,910	111,915	(26,005)				
Contractual services	126,839	108,375	`18,464 <sup>´</sup>				
Commodities	10,199	46,750	(36,551)				
Total elections	222,948	267,040	(44,092)				
Emergency communication center:							
Personal services	1,060,809	1,104,103	(43,294)				
Contractual services	25,025	33,700	(8,675)				
Commodities	19,174	21,900	(2,726)				
Capital outlay	10,728	17,000	(6,272)				
Miscellaneous	473	1,000	(527)				
Reimbursements	(979,447)	(777,284)	(202,163)				
Total emergency communication center	136,762	400,419	(263,657)				
Emergency management:							
Personal services	113,497	108,807	4,690				
Contractual services	26,146	32,902	(6,756)				
Commodities	3,705	1,500	2,205				
Capital outlay	920	7,000	(6,080)				
Volunteer support Miscellaneous	2,378	6,300 1,000	(6,300) 1,378				
Transfers	2,500	2,500	1,370				
Total emergency management	149,146	160.009	(10,863)				
			( 2,2 2 2 7				
Fairgrounds:	40.044	0.705	200				
Personal services	10,014	9,785	229				
Contractual services	37,399	26,500	10,899				
Commodities Total fairgrounds	20,850 68,263	15,450 51,735	5,400 16,528				
Total failigiourius	00,203	31,733	10,320				
Fairgrounds arena:							
Personal services	75,281	71,242	4,039				
Contractual services	1,828	4,000	(2,172)				
Commodities	3,366	7,500	(4,134)				
Total fairgrounds arena	80,475	82,742	(2,267)				
First Responders:							
Personal services	1,680	-	1,680				
Contractual services	41,929	40,200	1,729				
Commodities	4,886	4,500	386				
Total first responders	48,495	44,700	3,795				
Fleet operations:							
Personal services	178,280	191,100	(12,820)				
Contractual services	35,945	52,280	(16,335)				
Commodities	662,909	827,969	(165,060)				
Capital outlay	8,187	8,000	187				
Transfers	120,000	20,000	100,000				
Total fleet operations	1,005,321	1,099,349	(94,028)				
Geographic information system:							
Personal services	147,673	137,581	10,092				
Contractual services	4,081	10,500	(6,419)				
Commodities		1,250	(1,250)				
Total geographic information system	151,754	149,331	2,423				

Information technology:		<u>ocherari ana</u>		Variance
Information technology:				Variance-
Information technology:         640,088         647,544         (7,456)           Contractual services         214,751         248,680         (33,392)           Commodities         7,972         18,250         (10,278)           Capital outlay         207,738         220,088         (18,350)           Miscellaneous         227,738         220,088         (18,350)           Maintenance:         291,077         1,141,062         (70,268)           Maintenance:         299,165         291,975         7,190           Contractual services         104,833         116,748         (11,915)           Commodities         65,016         70,004         (4,988)           Capital outlay         -         1,000         (1,000)           Reimbursements         (16,081)         (21,156)         5,075           Total maintenance         85,334         80,341         4,993           Contractual services         85,334         80,341         4,993           Contractual services         87,476         6,750         (974)           Commodities         71,422         123,950         (52,528)           Tarasers         10,000         11,1126         3,227           Contractual s		Δctual	Rudget	
Personal services         640,088         647,544         (7,466)           Contractual services         214,751         248,680         (33,929)           Commodities         7,972         18,250         (10,278)           Capital outlay         207,738         226,088         (18,350)           Miscellaneous         247         500         (253)           Total information technology         1,070,796         1,141,062         (70,266)           Maintenance:         299,165         291,975         7,900           Contractual services         104,833         116,748         (11,915)           Commodities         65,016         70,004         (4,988)           Capital outlay         -1,000         (1,000)         (1,000)           Reimbursements         (16,081)         (21,156)         5,075           Total maintenance         452,933         458,571         (5,638)           Noxious weeds:         85,334         80,341         4,993           Personal services         5,776         6,750         (974)           Contractual services         5,776         6,750         (974)           Total noxious weeds         112,532         221,041         (48,509)	Information technology:	Actual	Duaget	(Onder)
Contractual services         214,751         248,680         (33,3292)           Contractual services         7,972         18,250         (10,278)           Capital outlay         207,738         226,088         (18,350)           Miscellaneous         247         500         (253)           Total information technology         1,070,796         1,141,662         (70,266)           Maintenance:         Personal services         299,165         291,975         7,190           Contractual services         104,833         116,748         (19,15)           Commodities         65,016         70,004         (4,988)           Capital outlay         -         1,000         (10,000)           Reimbursements         (16,081)         (21,158)         5,575           Total maintenance         452,933         458,571         (56,38)           Noxious weeds:         8         85,334         80,341         4993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Tarsfers         10,000         10,000         10,000           Total noxious weeds         172,532         221,041	5,	640.088	647.544	(7.456)
Commodities         7,972         18,250         (10,278)           Capital outlay         207,738         226,088         (18,350)           Miscellaneous         247         500         (253)           Total information technology         1,070,796         1,141,062         (70,266)           Maintenance:         Personal services         299,165         291,975         7,190           Contractual services         104,833         116,748         (11,915)         7,190           Commodities         65,016         70,004         (4,988)         20,116         70,004         (4,988)           Capital outlay         -         1,000         (1,000)         (1,000)         (1,000)           Reimbursements         (16,081)         (21,156)         5,075         70         70         70         4,988         70         1,000         (1,000)         1,000 </td <td></td> <td>•</td> <td>•</td> <td>, ,</td>		•	•	, ,
Capital outlay         207.738         226.088         (18.350)         (253)           Miscellaneous         247         500         (253)           Total information technology         1.070,796         1.141,062         (70.266)           Maintenance:         Personal services         299,165         291,975         7,190           Contractual services         104,833         116,748         (19.15)         60.00         (1,000)	Commodities	*	·	, , ,
Miscellaneous         247         500         (253)           Total information technology         1,070,796         1,141,062         70,266           Maintenance:         Personal services         299,165         291,975         7,190           Commodities         65,016         70,004         (4,988)           Capital outlay         -         1,000         (1,000)           Reimbursements         (16,081)         (21,156)         5,075           Total maintenance         452,933         458,571         (5,638)           Noxious weeds:         Personal services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Commodities         10,000         10,000         10,000           Transfers         10,000         10,000         10,000           Parks:         210,500         29,125         (8,075)           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)	Capital outlay	•	·	, , ,
Total information technology         1,070,796         1,141,062         (70,266)           Maintenance:         299,165         291,975         7,190           Contractual services         104,833         116,748         (11,915)           Commodities         65,016         70,004         (4,988)           Capital outlay         -         1,000         (1,000)           Reimbursements         (16,081)         (21,156)         5,075           Total maintenance         452,933         458,571         (5,639)           Noxious weeds:         Personal services         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:         174,222         12,532         221,041         (48,509)           Parks:         174,353         111,126         3,227         (2,075)         (2,075)         (2,075)         (2,075)         (2,075)         (2,075)         (2,075)         (3,074)         (1,18,20)         (3,04)		*	•	
Personal services         299,165         291,975         7,190           Contractual services         104,833         116,748         (1,1915)           Commodities         65,016         70,004         (4,988)           Capital outlay         -         1,000         (1,000)           Reimbursements         (16,081)         (21,156)         5,075           Total maintenance         452,933         458,571         (5,638)           Noxious weeds:         Fersonal services         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (5,528)           Transfers         10,000         10,000         5,76         (7,60)           Total noxious weeds         172,532         221,041         (48,509)           Parks:         Fersonal services         21,050         29,125         (8,075)           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (18,23)           Total parks         174,880         191,901         (17,021)           Register of Deeds:         230,949         224,0	Total information technology	1,070,796	1,141,062	
Contractual services         104,833         116,748         (11,915)           Commodities         65,016         70,004         (4,988)           Capital outlay         -1,000         (1,000)           Reimbursements         (16,081)         (21,156)         5,075           Total maintenance         452,933         458,571         (5,638)           Noxious weeds:         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:         2         21,050         29,125         (8,075)           Total noxious weeds         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Total parks         174,880         191,901         (17,021)           Register of	Maintenance:			
Commodities         65,016         70,004         (4,988)           Capital outlay         1,000         (1,000)           Reimbursements         (16,081)         (21,156)         5,075           Total maintenance         452,933         458,571         (5,638)           Noxious weeds:         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         20,125         (8,075)         6,075)         6,075)         6,075         6,075         6,075         6,075         6,075         6,075         6,075         6,075         7,000         20,000         20,000         1,000         11,000         11,000         11,000<	Personal services	299,165	291,975	7,190
Capital outlay         1,000         (1,000)           Reimbursements         (16,081)         (21,156)         5,075           Total maintenance         452,933         458,571         (5,638)           Noxious weeds:         \$\$\$\text{Personal services}\$         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:           Personal services         230,949         224,056         6,893           Total parks	Contractual services	104,833	116,748	(11,915)
Capital outlay Reimbursements         (1,006) (21,156)         5,075           Total maintenance         452,933         458,571         (5,638)           Noxious weeds:         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Total parks         174,880         191,901         (17,021)           Register of Deeds:           Personal services         230,949         224,056         6,893           Shared costs & transfers:           Contractual services         29,237         34,000         (4,763)           Commodities         411         -         4,11 </td <td>Commodities</td> <td>•</td> <td>•</td> <td>, ,</td>	Commodities	•	•	, ,
Reimbursements         (16,081)         (21,156)         5,075           Total maintenance         452,933         458,571         (5,638)           Noxious weeds:         Personal services         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:           Personal services         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total	Capital outlay	-	·	
Total maintenance         452,933         458,571         (5,638)           Noxious weeds:         Personal services         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:         Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         2,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         29,237         34,000         (4,763)           Commodities         411         4,000         4,000		(16,081)		
Personal services         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         230,949         244,056         6,893           Contractual services         29,237         34,000	Total maintenance			
Personal services         85,334         80,341         4,993           Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         230,949         244,056         6,893           Contractual services         29,237         34,000	Noxious weeds:			
Contractual services         5,776         6,750         (974)           Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Copital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:           Personal services         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         230,949         34,056         6,893           Total register of deeds         791,866         1,086,783         (294,917)           Miscellaneous		85.334	80.341	4.993
Commodities         71,422         123,950         (52,528)           Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:         ****         ****         221,041         (48,509)           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:         ***         ***         ***         6,893           Total parks         230,949         224,056         6,893         ***         6,893           Total register of deeds         230,949         224,056         6,893         ***         ***         6,893         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***		· ·	•	
Transfers         10,000         10,000         -           Total noxious weeds         172,532         221,041         (48,509)           Parks:         Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:         29,000         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Tota		*	•	` ,
Total noxious weeds         172,532         221,041         (48,509)           Parks:         Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Shared costs & transfers:         Contractual services         29,237         34,000         (4,763)           Commodities         4111         -         411         411         4411         Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)         768,500         768,500           Transfers         3,629,437         3,702,780         (73,343)         56,000		•	•	(02,020)
Parks:           Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Shared costs & transfers:         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         3,629,437         3,702,780         (73,343)           Contractual services         313,629         375,650         (62,021)           Commodities         51,312         54,550				(48 509)
Personal services         114,353         111,126         3,227           Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Shared costs & transfers:         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         3,629,437         3,702,780         (73,343)           Contractual services         3,629,437         3,702,780         (73,343) <tr< td=""><td>Total Hoxicus Weeds</td><td>172,002</td><td>221,041</td><td>(40,000)</td></tr<>	Total Hoxicus Weeds	172,002	221,041	(40,000)
Contractual services         21,050         29,125         (8,075)           Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:           Personal services         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Shared costs & transfers:           Contractual services         29,237         34,000         (4,763)           Commodities         411         -         411         411         -         411         49,917         411         -         441         49,917         41,94 <td></td> <td>444.050</td> <td>444 400</td> <td>2.007</td>		444.050	444 400	2.007
Commodities         19,477         31,300         (11,823)           Capital outlay         -         350         (350)           Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:           Personal services         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Shared costs & transfers:           Contractual services         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:           Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54		*		,
Capital outlay Transfers         20,000         20,000         -20,000<			•	· · · /
Transfers         20,000         20,000         -           Total parks         174,880         191,901         (17,021)           Register of Deeds:         Personal services         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Shared costs & transfers:         Contractual services         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:           Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180 <td></td> <td>19,477</td> <td>•</td> <td></td>		19,477	•	
Total parks         174,880         191,901         (17,021)           Register of Deeds:         230,949         224,056         6,893           Personal services         230,949         224,056         6,893           Shared costs & transfers:         Stransfers:         29,237         34,000         (4,763)           Commodities         411         -         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)         Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:         Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:         Personal services         95         -         95		-		(350)
Register of Deeds:         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Shared costs & transfers:         29,237         34,000         (4,763)           Contractual services         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:         Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:         Personal services         95         -         95           Commodities				
Personal services         230,949         224,056         6,893           Total register of deeds         230,949         224,056         6,893           Shared costs & transfers:         Contractual services         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:         Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:         Personal services         35,831         40,500         (4,669)           Contractual services         95         -	Total parks	174,880	191,901	(17,021)
Total register of deeds         230,949         224,056         6,893           Shared costs & transfers:         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:         Personal services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:         Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,00	Register of Deeds:			
Shared costs & transfers:         Contractual services       29,237       34,000       (4,763)         Commodities       411       -       411         Agencies and projects       791,866       1,086,783       (294,917)         Miscellaneous       3,924       30,000       (26,076)         Transfers       3,440,950       2,672,450       768,500         Total shared costs & transfers       4,266,388       3,823,233       443,155         Sheriff:         Personal services       3,629,437       3,702,780       (73,343)         Contractual services       113,629       175,650       (62,021)         Commodities       51,312       54,550       (3,238)         Capital outlay       487,358       393,200       94,158         Total sheriff       4,281,736       4,326,180       (44,444)         Sheriff Clinton Lake Patrol:         Personal services       35,831       40,500       (4,669)         Contractual services       95       -       95         Commodities       1,411       3,000       (1,589)         Capital outlay       -       14,000       (14,000)         Transfers       18,368	Personal services	230,949	224,056	6,893
Contractual services         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:           Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)	Total register of deeds	230,949	224,056	6,893
Contractual services         29,237         34,000         (4,763)           Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:           Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)	Shared costs & transfers:			
Commodities         411         -         411           Agencies and projects         791,866         1,086,783         (294,917)           Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:           Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368		29,237	34,000	(4,763)
Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:           Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368	Commodities	411	, -	, , ,
Miscellaneous         3,924         30,000         (26,076)           Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:           Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368	Agencies and projects	791.866	1.086.783	(294.917)
Transfers         3,440,950         2,672,450         768,500           Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:           Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368		· ·		
Total shared costs & transfers         4,266,388         3,823,233         443,155           Sheriff:         Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:         Personal services         95         -         95         -         95           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368		,	·	` ' '
Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368				
Personal services         3,629,437         3,702,780         (73,343)           Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368	Sheriff:			
Contractual services         113,629         175,650         (62,021)           Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368		3 629 437	3 702 780	(73 343)
Commodities         51,312         54,550         (3,238)           Capital outlay         487,358         393,200         94,158           Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:           Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368				
Capital outlay Total sheriff         487,358 4,281,736         393,200 4,158         94,158           Sheriff Clinton Lake Patrol:         Personal services         35,831 40,500 (4,669)           Contractual services         95         -         95           Commodities         1,411 3,000 (1,589)           Capital outlay         -         14,000 (14,000)           Transfers         18,368         -         18,368		•	·	
Total sheriff         4,281,736         4,326,180         (44,444)           Sheriff Clinton Lake Patrol:         Personal services         35,831         40,500         (4,669)           Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368				
Sheriff Clinton Lake Patrol:         Personal services       35,831       40,500       (4,669)         Contractual services       95       -       95         Commodities       1,411       3,000       (1,589)         Capital outlay       -       14,000       (14,000)         Transfers       18,368       -       18,368				
Personal services       35,831       40,500       (4,669)         Contractual services       95       -       95         Commodities       1,411       3,000       (1,589)         Capital outlay       -       14,000       (14,000)         Transfers       18,368       -       18,368	Total Sheriii	4,201,730	4,320,100	(44,444)
Contractual services         95         -         95           Commodities         1,411         3,000         (1,589)           Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368		05.004	40.500	(4.000)
Commodities       1,411       3,000       (1,589)         Capital outlay       -       14,000       (14,000)         Transfers       18,368       -       18,368		•	40,500	· · · /
Capital outlay         -         14,000         (14,000)           Transfers         18,368         -         18,368			-	
Transfers 18,368 - 18,368		1,411	- /	· · · /
			14,000	
Total sheriff Clinton Lake patrol 55,705 57,500 (1,795)			<u> </u>	
	Total sheriff Clinton Lake patrol	55,705_	57,500	(1,795)

<u>(</u>	<u> Seneral Fund</u>		
			Variance-
			Over
	Actual	Budget	(Under)
Sheriff inmate:			
Contractual services	28,509	16,400	12,109
Commodities	27,843	26,200	1,643
Capital outlay	2,368	8,600	(6,232)
Transfers	6,998	<del></del> -	6,998
Total sheriff inmate	65,718	51,200	14,518
Ob aniff in the			
Sheriff jail:	4.404.622	4 000 F00	(07.004)
Personal services	4,194,632	4,282,533	(87,901)
Contractual services	359,417	794,900	(435,483)
Commodities	413,180	470,700	(57,520)
Capital outlay	123,989	82,500	41,489
Transfers	100,000	-	100,000
Total sheriff jail	5,191,218	5,630,633	(439,415)
Shoriff roontry management			
Sheriff reentry management: Personal services	4,395		4,395
Contractual services	· ·	-	,
	156	<del></del> -	156
Total sheriff reentry management	4,551	<del>-</del> -	4,551
Sheriff underwater recovery:			
Contractual services	5,555	7,500	(1,945)
Capital outlay	4,009	7,000	(2,991)
Total sheriff underwater recovery	9,564	14.500	(4,936)
rotal ofform underwater receiving		11,000	(1,000)
Sustainability management:			
Personal services	(14,664)	_	(14,664)
Total sustainability management	(14,664)		(14,664)
, ,			
Treasurer:			
Personal services	195,800	192,962	2,838
Contractual services	25,176	29,275	(4,099)
Commodities	35,169	24,000	11,169
Capital outlay	1,725	750	975
Transfers	2,000	2,000	-
Total treasurer	259,870	248,987	10,883
		<u> </u>	· · · · · · · · · · · · · · · · · · ·
Utility building maintenance:			
Contractual services	18,955	23,600	(4,645)
Total utility building maintenance	18,955	23,600	(4,645)
Utilities:			
Contractual services	891,660	897,073	(5,413)
Reimbursements	(25,524)	(37,804)	12,280
Total utilities	866,136	859,269	6,867
LIANGE A LICENSE CONTRACTOR			
Utility telephone:	440.000	440.050	0.740
Contractual services	142,969	140,250	2,719
Capital outlay	- 440.000	10,000	(10,000)
Total utility telephone	142,969	150,250	(7,281)

	 Actual	 Budget	 Variance- Over (Under)
Zoning:			
Personal services	269,243	274,748	(5,505)
Contractual services	18,729	21,600	(2,871)
Capital outlay	269	-	 269
Total zoning	 288,241	 296,348	(8,107)
Total expenditures	\$ 35,285,415	\$ 36,051,257	\$ (765,842)
Receipts over (under) expenditures	(1,255,809)		
Unencumbered cash, beginning	3,083,681		
Prior period adjustment	(1,018,129)		
Unencumbered cash, beginning, as restated	 2,065,552		
Unencumbered cash, ending	\$ 809,743		

## **Special Revenue Fund - Ambulance**

	Actual		Budget		Variance- Over (Under)	
Cash receipts: Ad valorem property tax Delinquent tax Motor vehicle tax In lieu of tax Charges for service	\$	1,557,914 26,778 130,725 41 1,837,902	\$	1,548,137 15,500 134,000 45 1,750,000	\$	9,777 11,278 (3,275) (4) 87,902
Total cash receipts	\$	3,553,360	\$	3,447,682	\$	105,678
Expenditures: Contractual services Commodities Capital outlay Transfers Miscellaneous	\$	3,127,409 99,916 18,982 370,000 80	\$	3,108,182 103,300 41,200 195,000	\$	19,227 (3,384) (22,218) 175,000 80
Total expenditures	\$	3,616,387	\$	3,447,682	\$	168,705
Receipts over (under) expenditures		(63,027)				
Unencumbered cash, beginning Prior period adjustment Unencumbered cash, beginning, as restated		61 (377,227) (377,166)				
Unencumbered cash, ending	\$	(440,193)				

## **Special Revenue Fund - Economic Development**

		Actual	Bı	udget	C	iance- )ver nder)
Cash receipts:			_		_	
Ad valorem property tax	\$	-	\$	-	\$	-
Delinquent tax		-		-		-
Motor vehicle tax In lieu of tax		-		-		-
Charges for service		_		_		_
Intergovernmental		_		_		_
Sale of property		_		_		_
Miscellaneous		-		_		-
Total cash receipts	\$	-	\$	-	\$	-
Expenditures: Personal services Contractual services Commodities Capital outlay Transfers Miscellaneous  Total expenditures	\$ \$	- - - - - -	\$	- - - - -	\$	- - - - - -
Receipts over (under) expenditures		-				
Unencumbered cash, beginning		2,575				
Unencumbered cash, ending	\$	2,575				

## **Douglas County, Kansas**

Statement of Cash Receipts and Expenditures - Actual and Budget For the Year Ended December 31, 2010

## **Special Revenue Fund - Emergency Cell Phone**

			\	/ariance- Over
	 Actual	 Budget		(Under)
Cash receipts: 911 emergency telephone service tax Interest on idle funds	\$ 191,330 719	\$ 180,000 2,400	\$	11,330 (1,681)
Total cash receipts	\$ 192,049	\$ 182,400	\$	9,649
Expenditures: Contractual services Capital outlay Transfers	\$ 78,454 1,435 -	\$ 131,000 68,400 33,000	\$	(52,546) (66,965) (33,000)
Total expenditures	\$ 79,889	\$ 232,400	\$	(152,511)
Receipts over (under) expenditures	112,160			
Unencumbered cash, beginning	 91,309			
Unencumbered cash, ending	\$ 203,469			

## **Douglas County, Kansas**

Statement of Cash Receipts and Expenditures - Actual and Budget For the Year Ended December 31, 2010

## Special Revenue Fund - Emergency Telephone Service

	Actual		Budget		Variance- Over (Under)	
Cash receipts: 911 emergency telephone service tax Interest on idle funds	\$	312,078 768	\$	280,000	\$	32,078
Total cash receipts	\$	312,846	\$	5,000 285,000	\$	(4,232) 27,846
Expenditures: Contractual services	\$	139,144	\$	180,000	\$	(40,856)
Commodities Capital outlay	Ψ	3 15,777	Ψ	4,000 201,000	Ψ	(3,997) (185,223)
Total expenditures	\$	154,924	\$	385,000	\$	(230,076)
Receipts over (under) expenditures		157,922				
Unencumbered cash, beginning Prior period adjustment Unencumbered cash, beginning, as restated		156,385 (94,310) 62,075				
Unencumbered cash, ending	\$	219,997				

## **Special Revenue Fund - Employee Benefits**

			Variance- Over
	Actual	Budget	(Under)
Cash receipts: Ad valorem property tax Delinquent tax Motor vehicle tax In lieu of tax Transfers	\$ 7,174,501 107,651 535,679 191 397,950	52,500 587,400 199	\$ 45,717 55,151 (51,721) (8)
Total cash receipts	\$ 8,215,972	\$ 8,166,833	\$ 49,139
Expenditures: Personal services Contractual services Transfers	\$ 8,123,937 12,650 200,000	5,000 200,000	\$ 82,743 7,650
Miscellaneous  Total expenditures	\$ 8,336,587	1,500 \$ 8,247,694	(1,500) \$ 88,893
Receipts over (under) expenditures	(120,615	)	
Unencumbered cash, beginning	266,842	_	
Unencumbered cash, ending	\$ 146,227	=	

# **Special Revenue Fund - Motor Vehicle Operations**

	Actual	Budget	Variance- Over (Under)			
Cash receipts: Charges for service	\$ 723,991	\$ 731,000	\$	(7,009)		
Total cash receipts	\$ 723,991	\$ 731,000	\$	(7,009)		
Expenditures: Personal services Contractual services Commodities Capital outlay Transfers	\$ 547,173 29,080 6,724 - 162,000	\$ 543,077 46,350 12,000 182,573 2,000	\$	4,096 (17,270) (5,276) (182,573) 160,000		
Total expenditures	\$ 744,977	\$ 786,000	\$	(41,023)		
Receipts over (under) expenditures	(20,986)					
Unencumbered cash, beginning	 79,966					
Unencumbered cash, ending	\$ 58,980					

# Special Revenue Fund - Road & Bridge

		Actual		Budget		'ariance- Over (Under)
Cash receipts:						
Ad valorem property tax	\$	3,303,505	\$	3,279,907	\$	23,598
Delinquent tax		62,767		34,000		28,767
Motor vehicle tax		322,972		328,500		(5,528)
Other taxes		-		3,300		(3,300)
In lieu of tax		88		112		(24)
Fees and permits		6,140		-		6,140
Charges for service		53,807		-		53,807
Intergovernmental		1,825,959		1,705,000		120,959
Miscellaneous		40		33,300		(33,260)
Total cash receipts	\$	5,575,278	\$	5,384,119	\$	191,159
Expenditures:						
Personal services	\$	2,324,181	\$	2,252,026	\$	72,155
Contractual services	Ψ.	1,381,698	Ψ.	1,430,025	Ψ	(48,327)
Commodities		1,041,822		1,103,922		(62,100)
Capital outlay		26,275		54,000		(27,725)
Transfers		525,000		1,400,000		(875,000)
1141161616		020,000		1,100,000		(0.0,000)
Total expenditures	\$	5,298,976	\$	6,239,973	\$	(940,997)
Receipts over (under) expenditures		276,302				
Unencumbered cash, beginning		933,759				
Unencumbered cash, ending	\$	1,210,061				

# Special Revenue Fund - Special Alcohol

	Actual	E	Budget	riance- Over Jnder)
Cash receipts: Special alcohol tax	\$ 25,306	\$	19,500	\$ 5,806
Total cash receipts	\$ 25,306	\$	19,500	\$ 5,806
Expenditures: Agencies	\$ 25,306	\$	19,500	\$ 5,806
Total expenditures	\$ 25,306	\$	19,500	\$ 5,806
Receipts over (under) expenditures	-			
Unencumbered cash, beginning	 			
Unencumbered cash, ending	\$ -			

# **Special Revenue Fund - Special Building**

	 Actual	Budget	ariance- Over (Under)
Cash receipts: Ad valorem property tax Delinquent tax Motor vehicle tax In lieu of tax Miscellaneous	\$ 290,687 3,395 12,581 8 1,731	\$ 288,132 3,000 8,865 3	\$ 2,555 395 3,716 5 1,731
Total cash receipts	\$ 308,402	\$ 300,000	\$ 8,402
Expenditures: Contractual services Capital outlay	\$ 345,591 50,709	\$ 200,000 100,000	\$ 145,591 (49,291)
Total expenditures	\$ 396,300	\$ 300,000	\$ 96,300
Receipts over (under) expenditures	(87,898)		
Unencumbered cash, beginning	95,283		
Unencumbered cash, ending	\$ 7,385		

# **Special Revenue Fund - Special Liability**

	 Actual	Budget	 /ariance- Over (Under)
Cash receipts: Delinquent tax Motor vehicle tax	\$ 307 1,056	\$ 500 -	\$ (193) 1,056
Total cash receipts	\$ 1,363	\$ 500	\$ 863
Expenditures: Contractual services Capital outlay Transfers Miscellaneous	\$ 7,440 - 100,000 900	\$ 40,000 139,381 - 10,000	\$ (32,560) (139,381) 100,000 (9,100)
Total expenditures	\$ 108,340	\$ 189,381	\$ (81,041)
Receipts over (under) expenditures	(106,977)		
Unencumbered cash, beginning	 248,081		
Unencumbered cash, ending	\$ 141,104		

# **Douglas County, Kansas**

Statement of Cash Receipts and Expenditures - Actual and Budget For the Year Ended December 31, 2010

# Special Revenue Fund - Special Parks & Recreation

			Variance- Over			
	<u></u>	Actual	 Budget	(	Under)	
Cash receipts: Special alcohol tax	\$	14,386	\$ 11,200	\$	3,186	
Total cash receipts	\$	14,386	\$ 11,200	\$	3,186	
Expenditures: Recreation facilities	\$		\$ 96,212	\$	(96,212)	
Total expenditures	\$		\$ 96,212	\$	(96,212)	
Receipts over (under) expenditures		14,386				
Unencumbered cash, beginning		88,629				
Unencumbered cash, ending	\$	103,015				

# Special Revenue Fund - Youth Services-Juvenile Detention

	Actual	Budget	ariance- Over (Under)
Cash receipts:	 Actual	Dauget	 (Olider)
Ad valorem property tax Delinquent tax Motor vehicle tax	\$ 1,321,712 18,637 87,701	\$ 1,311,987 11,000 88,100	\$ 9,725 7,637 (399)
In lieu of tax Other taxes Charges for service	35 -	30 -	5 - -
Intergovernmental Interest on idle funds Reimbursements	 146,700 2,843 103,800	 60,000 4,500 125,000	86,700 (1,657) (21,200)
Transfers		-	
Total cash receipts	\$ 1,681,428	\$ 1,600,617	\$ 80,811
Expenditures: Personal services Contractual services Commodities Capital outlay Debt payment Transfers Miscellaneous	\$ 1,370,613 91,526 67,265 109 11,786 100,000	\$ 1,360,331 128,475 95,125 1,750 11,786 - 3,150	\$ 10,282 (36,949) (27,860) (1,641) - 100,000 (3,150)
Total expenditures	\$ 1,641,299	\$ 1,600,617	\$ 40,682
Receipts over (under) expenditures	40,129		
Unencumbered cash, beginning	206,109		
Unencumbered cash, ending	\$ 246,238		

# Non-budgeted Special Revenue Funds

	Ambulance Capital Reserve	Community Correction Plan	Community Correction Benefit	Donations	Equipment Reserve	Grants Programs	Prosecutor Training & Assistance
Cash receipts: Charges for services	\$ -	\$ 6,105	\$ -	\$ -	\$ -	\$ -	\$ 7,761
Licenses, permits, and fees	_	Ψ 0,100	_	-	_	-	
Intergovernmental	_	476,250	_	_	_	229,086	-
Miscellaneous	-	-	-	15,956	-	-	-
Interest income	910	-	-	578	37,499	=	-
Transfers	370,000	_			2,583,866	_	
Total cash receipts	370,910	482,355		16,534	2,621,365	229,086	7,761
Expenditures:							
Personal services	_	503,753	_	3,556	_	164,666	-
Contractual services	_	19,140	_	-	83,949	54,097	7,474
Commodities	_	(9,122)	_	886	2,204	1,571	-
Capital outlay	239,366	-	_	-	820,302	9,413	-
Miscellaneous	3,039	-	-	908	34,821	2,251	=
Transfers							
Total expenditures	242,405	513,771		5,350	941,276	231,998	7,474
Receipts over (under) expenditures	128,505	(31,416)	=	11,184	1,680,089	(2,912)	287
Unencumbered cash, beginning	251,314	85,863	10,285	78,125	7,135,315	236,778	31,662
Unencumbered cash, ending	\$ 379,819	\$ 54,447	\$ 10,285	\$ 89,309	\$ 8,815,404	\$ 233,866	\$ 31,949

(Continued)

# Non-budgeted Special Revenue Funds (continued)

	Register of Deeds Technology		Sher	iff Special Use	Enf	oec Law orcement Trust	M	ec Rd Br achinery quipment	Special Highway provement	Youth Services Grants			Total
Cash receipts:									 	_			450.400
Charges for services	\$	139,324	\$	-	\$		\$	-	\$ -	\$	-	\$	153,190
Licenses, permits, and fees		-		11,837		18,924		-	=				30,761
Intergovernmental		-		-		-		-	) <del>-</del> 0		530,080		1,235,416
Miscellaneous		4 00 4		-		36,720		-	-		-		52,676
Interest income		1,624				517		-	-		-		41,128
Transfers									 				2,953,866
Total cash receipts		140,948	1	11,837		56,161			 ·-		530,080		4,467,037
Expenditures:													
Personal services		_		=		=		_	=		270,868		942,843
Contractual services		134,372		_		13,684		-	89,795		333,305		735,816
Commodities		-		7,986		9,052		-			2,368		14,945
Capital outlay		11,285		-		9,167		_	:=:				1,089,533
Miscellaneous		-		-		9,022		-	, <del>-</del> /		-		50,041
Transfers									865,000		-		865,000
Total expenditures		145,657		7,986		40,925		_	 954,795		606,541		3,698,178
Receipts over (under) expenditures	3	(4,709)		3,851		15,236		-	(954,795)		(76,461)		768,859
Unencumbered cash, beginning		302,381		9,855		102,566		196,047	 1,161,109		485,371		10,086,671
Unencumbered cash, ending	\$	297,672	\$	13,706	\$	117,802	\$_	196,047	\$ 206,314	\$	408,910	\$ 1	10,855,530

### **Capital Project Funds**

	Capital Improvement Plan		Trafficway Construction		Juvenile Detention Center Construction		CIP	Sales Tax		Total
Receipts and other sources:								•		
Interest on idle funds	\$	80,399	\$	-	\$	10	\$	3,275	\$	83,684
Miscellaneous		=		-		-		-		-
Transfers		4,000,000	0					164,000		4,164,000
Total receipts and other sources		4,080,399		-		10_	0	167,275		4,247,684
Expenditures:										
Contractual services	:	3,997,529				_		31,050		4,028,579
Miscellaneous		1,725		-		-		-		1,725
Capital outlay		37,236					97	-		37,236
Total expenditures		4,036,490				-		31,050		4,067,540
Descints and other sources over (under)										
Receipts and other sources over (under) expenditures		43,909		-		10		136,225		180,144
Unencumbered cash, beginning	1	5,544,318		44,721		1,763	-	624,530	1	6,215,332
Unencumbered cash, ending	\$ 15	5,588,227	\$	44,721	\$	1,773	\$	760,755	\$ 1	6,395,476

# Bond and Interest Fund

		Ac	tual		Budget		/ariance- Over (Under)
Cash receipts: Taxes Special assessments Interest	\$	5	5,606 301,644 237	\$	6,147 304,000 300	\$	(541) (2,356) (63)
Total cash receipts	_\$	<u> </u>	307,487	_\$	310,447	\$	(2,960)
Expenditures: Principal Interest Commission and postage Future payments  Total expenditures	\$ 	5	274,000 75,264 - - - 349,264	\$	274,000 76,216 30,000 432,520 812,736	\$	(952) (30,000) (432,520) (463,472)
Receipts over (under) expenditures			(41,777)				
Unencumbered cash, beginning	_		513,739				
Unencumbered cash, ending	_\$	\$	471,962				
	<u>Local Co</u>	ounty Sa	ales Tax				
						V	/ariance-

	Actual	·	Budget		Variance- Over (Under)
Cash receipts: Transfer	\$ 2,079,000	\$	2,079,000	\$	-
Total cash receipts	\$ 2,079,000	_\$_	2,079,000	_\$_	-
Expenditures: Principal Interest Future payments	\$ 1,800,000 771,920 -	\$	1,800,000 771,920 4,379,836	\$	- - (4,379,836)
Total expenditures	\$ 2,571,920	_\$_	6,951,756	_\$_	(4,379,836)
Receipts over (under) expenditures	(492,920)				
Unencumbered cash, beginning	 4,872,756				
Unencumbered cash, ending	\$ 4,379,836				

# Internal Service Fund - Employee Benefits Trust

	Actual
Cash Receipts: Charges for services Interest earnings Miscellaneous	\$ 6,764,028 15,250 85,752
Total cash receipts	6,865,030
Expenditures: Claims paid Contractual services	5,559,251 545,930
Total expenditures	6,105,181
Receipts over expenditures	759,849
Unencumbered cash, beginning	3,651,057
Unencumbered cash, ending	\$ 4,410,906

# Internal Service Fund - Risk Management

		Actual
Cash Receipts: Interest earnings Transfers	\$	323 300,000
Total cash receipts		300,323
Expenditures: Personal services Contractual services		624,459 17,572
Total expenditures		642,031
Receipts over expenditures		(341,708)
Unencumbered cash, beginning		32,836
Unencumbered cash, ending	_\$	(308,872)

# **Agency Funds**

Fund	Beginning Cash Balance		Cash Receipts		Cash Disbursements		Ending Cash Balance	
Distributable Funds:								
Tax Accounts	\$	64,490,319	\$	109,151,842	\$	105,139,890	\$	68,502,271
Motor Vehicle Accounts		2,210,842	720,580			621,424		2,309,998
Total Distributable Funds			109,872,422	105,761,314		70,812,269		
Other Agency Funds:								
Sheriff Seized Property		-		17,199		-		17,199
Sheriff Inmate Funds Sheriff Reward Fund Sheriff Bond Fund District Attorney Funds		8,644		144,740		148,061		5,323
		11,985		17				12,002
		-		975,093		963,099		11,994
		79,706		220,049		206,247		93,508
Employee Contribution		32,157		180,178		180,795		31,540
Kansas Commision Fees		-		105		-		105
Register of Deeds Holding		-		311		-		311
Payroll Holding		-		49		-		49
Employee Activities				4,059		3,153		4,293
Valley View	87,208			16,739		5,722		98,225
Total Other Agency Funds		223,087		1,558,539	_	1,507,077		274,549
Total Agency Funds	\$	66,924,248	\$	111,430,961	\$	107,268,391	\$	71,086,818

# Component Unit - Douglas County Extension Council

	Actual		
Cash receipts: County appropriation Charges for services Miscellaneous	\$	455,400 159,123 5,118	
Total cash receipts	-	619,641	
Expenditures: Personal services Contractual services Commodities Capital outlay		423,615 83,516 61,773 51,421	
Total expenditures		620,325	
Receipts over expenditures Unencumbered cash, beginning		(684) 552,312	
Unencumbered cash, ending	\$	551,628	

# Component Unit - Lawrence/Douglas Co Health Dept.

	Actual		
Cash receipts: City/County appropriation Grants	\$	2,838,969 88,233	
Fines, fees and permits Charges for services Interest		39,606 656,659 2,456	
Miscellaneous		13,676	
Total cash receipts		3,639,599	
Expenditures:		0.000.054	
Personnel services		2,360,054	
Contractual services Commodities		401,167 460,644	
Capital outlay		33,599	
Total expenditures		3,255,464	
Receipts over expenditures		384,135	
Unencumbered cash, beginning		1,595,470	
Unencumbered cash, ending	\$	1,979,605	

# Component Unit - Douglas County Free Fair

	 Actual
Cash receipts: Charges for services Interest Miscellaneous	\$ 229,632 583 483
Total cash receipts	 230,698
Expenditures: Personnel services Contractual services Commodities Capital outlay	 26,761 41,189 164,044 2,600
Total expenditures	 234,594
Receipts over expenditures	(3,896)
Unencumbered cash, beginning	 85,013
Unencumbered cash, ending	\$ 81,117

# **DOUGLAS COUNTY, KANSAS**

# OTHER INFORMATION OTHER POST-EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS

# **December 31, 2010**

Actuarial Valuation Date	Actuarial Value of Assets		Actuarial Accrued Liability (b)	Unfunded AAL (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percent of Payroll (b-a)/(c)
10/01/2007	\$		\$ 62,294,659	\$ 62,294,659	0.0%	\$ 24,603,660	253.2%
01/01/2010			63,486,148	63,486,148	0.0%	25,766,105	246.4%

# APPENDIX C

### SUMMARY OF FINANCING DOCUMENTS



### APPENDIX C

### SUMMARY OF FINANCING DOCUMENTS

The following is a summary of certain provisions contained in the Resolution authorizing the issuance of the Series 2012-A and Series 2012-B Bonds, the Resolution authorizing the issuance of the Series 2012-C and Series 2012-D Bonds the Escrow Trust Agreements and the Continuing Disclosure Instructions. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing documents.

### THE SERIES 2012-A AND SERIES 2012-B BOND RESOLUTION

#### **DEFINITIONS**

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used herein 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 of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 et seq., K.S.A. 10-620 et seq. and K.S.A 12-187 et seq., as amended and supplemented.
- "Additional Bonds" shall mean any additional bonds issued pursuant to and in accordance with the Bond Resolution.
  - "Ambac" shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.
  - "Authorized Denomination" means \$5,000 or any integral multiples thereof.
- **"Beneficial Owner"** of the Bonds includes any Owner of the Bonds and any other Person who, directly or indirectly has the investment power with respect to such Bonds.
  - "Bond and Interest Fund" means the Bond and Interest Fund of the Issuer for its general obligation bonds.
- "Bond Counsel" means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.
- **"Bond Insurer"** means: (a) with respect to the Series 2003-A Bonds, MBIA, (b) with respect to the Series 2004-A Bonds, Ambac; and (b) with respect to Additional Bonds, the entity set forth in the supplemental resolution authorizing such Additional Bonds.
  - "Bond Payment Date" means any date on which principal of or interest on any Bond is payable.
  - "Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Purchaser.
- "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 its successors and assigns.
- **"Bond Resolution"** means collectively, the Series 1999-A Bond Resolution, the Series 2003-A Bond Resolution, the Series 2004-A Bond Resolution, the Series 2012 Bond Resolution and any supplemental resolution authorizing Parity Bonds.
- "Bonds" means, collectively, the Series 2003-A Bonds, Series 2004-A Bonds, Series 2012 Bonds and any Additional Bonds.
- "Business Day" means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

- "Cede & Co." means Cede & Co., as nominee of DTC and any successor nominee of DTC with respect to the Bonds.
- "Chair" means the duly elected and acting Chair of the Issuer, or in the Chair's absence, the duly appointed and/or elected Vice Chair or Acting Chair of the Issuer.
- "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 of the United States Department of the Treasury.
  - "Compliance Account" means the account by that name created by the Series 2012 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 Accounts created by the Series 2012 Bond Resolution.
  - "County" means Douglas County, Kansas.
  - "Dated Date" means, with respect to the Series 2012 Bonds, June 4, 2012.
- "Debt Service Account" means the accounts by that name created within the Bond and Interest Fund by the Bond Resolution.
- "Debt Service Requirements" means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.
  - "Defaulted Interest" means interest on any Bond which is payable but not paid on any Interest Payment Date.
  - "Defeasance Obligations" means any of the following obligations:
- (a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
  - (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
  - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;
  - (3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;
  - (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
  - (5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

- (6) the obligations are rated in the highest rating category by Moody's (presently "Aaa") or Standard & Poor's (presently "AAA").
- "Derivative" means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.
- "Disclosure Instructions" means the Continuing Disclosure Instructions dated as of the Issue Date, attached to the Issuer's Closing Certificate relating to certain obligations contained in the SEC Rule.
  - "DTC" means The Depository Trust Company, New York, New York.
  - "Escrow Agent" means Security Bank of Kansas City, Kansas City, Kansas, and its successors and assigns.
- "Escrow Agreement" means the Escrow Trust Agreement, dated as of June 4, 2012, between the Issuer and the Escrow Agent.
  - "Escrow Fund" means the Escrow Fund referred to in the Series 2012 Bond Resolution.
- **"Escrowed Securities"** means the direct, noncallable obligations of the United States of America, and any Substitute Escrowed Securities, as described in the Escrow Agreement.
  - "Event of Default" means each of the following occurrences or events:
- (a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise;
- (b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or
- (c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Resolution (other than the covenants relating to continuing disclosure contained in the Bond Resolution and the Disclosure Instructions) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.
- **"Federal Tax Certificate"** means the Issuer's Federal Tax Certificate for the Series 2012 Bonds, dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.
  - "Fiscal Year" means the twelve month period ending on December 31.
  - "Funds and Accounts" means funds and accounts created by or referred to in the Bond Resolution.
- "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 the Bond Resolution.
  - "Insured Bonds" means the Series 2003-A Bonds and Series 2004-A Bonds.
- "Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which, with respect to the Series 2012 Bonds, shall be February 1 and August 1 of each year, commencing August 1, 2012.
- "Issue Date" means the date when the Issuer delivers the Bonds to the Purchaser in exchange for the Purchase Price.
  - "Issuer" means the County and any successors or assigns.
- "Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and in the Bond Resolution provided, whether at the Stated Maturity thereof or call for redemption or otherwise.
  - "Maximum Annual Debt Service" means the maximum amount of Debt Service Requirements as computed for the

then current or any future Fiscal Year.

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

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

"Official Statement" means the Issuer's Official Statement relating to the Series 2012 Bonds.

"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 the Bond Resolution; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder; and
  - (d) Bonds, the principal or interest of which has been paid by the Bond Insurer.

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

**"Parity Bonds"** means the Series 2003-A Bonds, the Series 2004-A Bonds, the Series 2012 Bonds and any Additional Bonds issued pursuant to the provisions of the Bond Resolution standing on a parity with respect to lien on the Revenues with such other Parity Bonds.

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

"Paying Agent" means, with respect to the Series 2012 Bonds, the State Treasurer, and any successors and assigns.

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

"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.

"Purchaser" means the financial institution or investment banking firm that is original purchaser of any series of the Bonds.

- "Rating Agency" means any company, agency or entity that provides, pursuant to request of the Issuer, financial ratings for the Bonds.
- "Record Dates" for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.
- "Redemption Date" means, when used with respect to any Bond to be redeemed, the date fixed for the redemption of such Bond pursuant to the terms of the Bond Resolution.
- "Redemption Price" means, when used with respect to any Bond to be redeemed, the price at which such Bond is to be redeemed pursuant to the terms of the Bond Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.
- **"Refunded Bonds"** means: (a) with respect to the Series 2012-A Bonds, the Series 2003-A Bonds maturing in the years 2013 to 2016, inclusive, in the aggregate principal amount of \$6,140,000; and (b) with respect to the Series 2012-B Bonds, the Series 2004-A Bonds maturing in the years 2014 to 2019, inclusive, in the aggregate principal amount of \$5,560,000.
- "Refunded Bonds Paying Agent" means the respective paying agent for each series of the Refunded Bonds as designated in the respective Refunded Bonds Resolution, and any successor or successors at the time acting as paying agent for any of the Refunded Bonds.
- **"Refunded Bonds Redemption Date"** means collectively, August 1, 2012 for the Series 2003-A Bonds and, August 1, 2013 for the Series 2004-A Bonds.
  - "Refunded Bonds Resolution" means each resolution which authorized the Refunded Bonds.
- "Replacement Bonds" means Bonds issued to the Beneficial Owners of the Bonds in accordance with the Bond Resolution.
  - "Revenue Fund" means the Sales Tax Revenue Fund referred to in the Bond Resolution.
- "Revenues" means the Issuer's portion (as determined in accordance with the Act) of the receipts collected from the implementation of the Sales Tax, together with any investment earnings on such collections in accordance with the provisions of the Bond Resolution.
- "Sales Tax" means the one percent (1%) retailers' sales tax collected within the boundaries of the Issuer which was authorized by an election held on November 8, 1994.
- **"SEC Rule"** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time.
  - "Securities Depository" means, initially, DTC, and its successors and assigns.
  - "Series 1999-A Bonds" means the Issuer's General Obligation Sales Tax Bonds, Series 1999-A, dated July 1, 1999.
  - "Series 1999-A Bond Resolution" means the resolution which authorized the Series 1999-A Bonds.
- "Series 2003-A Bonds" means the Issuer's General Obligation Sales Tax Refunding Bonds, Series 2003-A, dated May 1, 2003.
- "Series 2004-A Bonds" means the Issuer's General Obligation Sales Tax Refunding Bonds, Series 2004-A, dated February 1, 2004.
  - "Series 2012 Bonds" means, collectively, the Series 2012-A Bonds and the Series 2012-B Bonds.
- "Series 2012-A Bonds" means, the General Obligation Sales Tax Refunding Bonds, Series 2012-A, authorized and issued by the Issuer pursuant to the Bond Resolution.
- "Series 2012-B Bonds" means, the Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B, authorized and issued by the Issuer pursuant to the Bond Resolution.

"Special Record Date" means the date fixed by the Paying Agent 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 of the State 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 the Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

**"Substitute Escrowed Securities"** means non-callable direct obligations of the United States of America, which have been acquired by the Escrow Agent and substituted for Escrowed Securities in accordance with the Escrow Agreement.

["2012-A Term Bonds" means the Bonds scheduled to mature in the year]	
["2012-B Term Bonds" means the Bonds scheduled to mature in the year]	
["Term Bonds" means collectively, the 2012-A Term Bonds and the 2012-B Term Bonds	s.1

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

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

"Verification Report" means the verification report relating to the Series 2012 Bonds and the Refunded Bonds as referenced in the Escrow Agreement.

### ESTABLISHMENT OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF BOND PROCEEDS

*Creation of Funds and Accounts*. Simultaneously with the issuance of the Bonds, there shall be created or ratified within the Treasury of the Issuer the following Funds and Accounts:

- (a) Sales Tax Revenue Fund.
- (b) Sales Tax Surplus Fund.
- (c) Debt Service Account for the General Obligation Sales Tax Bonds, Series 2003-A.
- (d) Debt Service Account for the General Obligation Sales Tax Refunding Bonds, Series 2004-A.
- (e) Debt Service Account for the General Obligation Sales Tax Refunding Bonds, Series 2012-A.
- (f) Debt Service Account for the Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B.
- (g) Compliance Account.

The above Funds and Accounts shall be administered in accordance with the provisions of the Bond Resolution so long as the Bonds are Outstanding. In addition to the Funds and Accounts described above, the Escrow Agreement establishes the following Funds and Accounts to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement:

- (a) Escrow Fund -2012-A.
- (b) Escrow Fund 2012-B.
- (c) Costs of Issuance Account-2012-A.
- (d) Costs of Issuance Account-2012-B.

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

Series 2012-A Bonds.

- (a) Any excess proceeds received from the sale of the Series 2012-A Bonds shall be deposited in the Debt Service Account-2012-A.
- (b) An amount necessary to pay the Costs of Issuance shall be transferred to the Escrow Agent for deposit into the Costs of Issuance Account-2012-A and applied in accordance with the Escrow Agreement.
- (c) The remaining balance of the proceeds derived from the sale of the Series 2012-A Bonds shall be transferred to the Escrow Agent for deposit in the Escrow Fund and applied in accordance with the Escrow Agreement.

Series 2012-B Bonds.

- (a) Any excess proceeds received from the sale of the Series 2012-B Bonds shall be deposited in the Debt Service Account-2012-B.
- (b) An amount necessary to pay the Costs of Issuance shall be transferred to the Escrow Agent for deposit into the Costs of Issuance Account-2012-B and applied in accordance with the Escrow Agreement.
- (c) The remaining balance of the proceeds derived from the sale of the Series 2012-B Bonds shall be transferred to the Escrow Agent for deposit in the Escrow Fund and applied in accordance with the Escrow Agreement.

Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Escrow Agent 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 Compliance Account or the respective Debt Service Account.

Application of Moneys in the Escrow Fund. Under the Escrow Agreement, the Escrow Agent will apply moneys in the Escrow Fund to purchase the Escrowed Securities and to establish an initial cash balance in accordance with the Escrow Agreement. The cash and Escrowed Securities held in the Escrow Fund will be applied by the Escrow Agent solely in the manner authorized by the Escrow Agreement.

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

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

Application of Moneys in the Compliance Account. Moneys in the Compliance Account shall be used by the Issuer to pay the to pay fees and expenses relating to compliance with federal arbitrage law, state or federal securities laws, and other costs or expenses of carrying or repaying the Bonds as set forth in the Federal Tax Certificate. Any funds remaining in the Compliance Account on the sixth anniversary of the Issue Date shall be transferred to the Debt Service Account.

#### **DEPOSIT AND INVESTMENT OF MONEYS**

**Deposits.** Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank which are members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law, and which meet certain guidelines of State law. All such deposits shall be held in cash or invested in Permitted Investments or shall be adequately secured as provided by the laws of the State.

*Investments.* Moneys held in any Fund or Account other than the Escrow Fund may be invested in accordance with the 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.

### COLLECTION AND APPLICATION OF REVENUES

**Revenue Fund.** The Issuer covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding, all of the Revenues will be paid and deposited into the Revenue Fund, and that said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the Issuer and shall not be mingled with any other moneys, revenues, funds and accounts. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in the Bond Resolution.

Application of Moneys in the Revenue Fund. The Issuer covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, the Issuer will administer and allocate all of the moneys then held in the Revenue Fund as follows:

(a) Debt Service Accounts. Each series of Parity Bonds shall have established a separate debt service account. Beginning as of the first day of the month next ensuing, the Issuer shall deposit an amount (less accrued credits to such debt service account) equal to: (i) a pro-rata amount of the next maturing interest on such series of Parity Bonds; and (ii) a pro-rata amount of the next maturing principal on such series of Parity Bonds; to the end that at all times one (1) month prior to maturity of interest or principal, on such Parity Bonds, there shall be sufficient moneys in such debt service account for the payment of the maturing interest and principal on the such Parity Bonds.

All such transfers shall be made on a parity basis among the Debt Service Account and the debt service accounts for Parity Bonds. The amounts transferred and credited to such accounts shall be used solely and exclusively for the payment of principal of and interest on the respective Parity Bonds when the same shall become due and payable. In addition thereto, there shall be transferred to such accounts sufficient sums to pay any fees and expenses of the Bond Registrar and Paying Agent for such Parity Bonds.

(b) Surplus Fund. After the transfers required in the previous subsections of this section have been made, any remaining Revenues from the Sales Tax in the Revenue Fund shall be deposited in the Surplus Fund. Amounts in the Surplus Fund may be used to: (i) make payments into, increase the amounts in, or prevent a deficiency in any other Fund or Account; (ii) pay the costs to construct, equip and furnish the Improvements not paid from the Improvement Fund; or (3) to call, redeem and pay any Bonds prior to maturity, if then callable by their terms. If at any time the moneys in the Debt Service Account or the debt service account for Parity Bonds are not sufficient to pay the principal of and interest on any Bonds as and when the same become due, then moneys in the Surplus Fund shall be used to prevent any default in the payment of the principal of and interest on such Bonds.

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.

Transfer of Funds. All Funds and Accounts shall be held in trust for the benefit of the Owners of the Bonds at the time Outstanding. The Treasurer of the Issuer is authorized and directed to withdraw from the Funds and Accounts and transfer the same to the Paying Agent sums sufficient to prevent a default in the punctual payment of the principal of and interest on the Bonds and the fees of the Bond Registrar and Paying Agent when the same become due. If, through lapse of time, or otherwise, the Owners of Bonds shall no longer be entitled to enforce payment of their obligations, it shall be the duty of the Paying Agent forthwith to return said funds to the 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 the Bond Resolution.

#### COVENANT NOT TO CANCEL SALES TAX.

So long as any Bonds remain Outstanding, the Issuer covenants that it will take no action, and will contest any action or attempted action, to cancel the Sales Tax or the collection of Revenues therefrom.

#### ADDITIONAL BONDS

**Senior Lien Bonds.** The Issuer covenants and agrees that so long as any of the Parity Bonds remain Outstanding, the Issuer will not issue any Additional Bonds or incur or assume any other debt obligations appearing as liabilities, including capital leases payable out of the Revenues or any part thereof, which are superior to the lien on the Revenues granted to the Parity Bonds.

**Parity Lien Bonds and Other Obligations.** The Issuer covenants and agrees that so long as any of the Parity Bonds remain Outstanding, it will not issue any Additional Bonds or other long-term obligations payable out of the Revenues or any part thereof which stand on a parity or equality with the Parity Bonds unless the following conditions are met:

- (a) The Issuer shall not be in default in the payment of principal of or interest on any Parity Bonds at the time Outstanding or in making any payment at the time required to be made into the respective Funds and Accounts created by and referred to in the Bond Resolution or any Parity Resolution (unless such Additional Bonds or obligations are being issued to provide funds to cure such default) nor shall any other Event of Default have occurred and be continuing; and
  - (b) The Issuer shall sign a certificate evidencing *either* of the following:
  - (1) the Revenues derived by the Issuer for the Fiscal Year immediately preceding the issuance of Additional Bonds or obligations, as reflected by information provided by the Independent Accountant shall have been equal to at least 125% of the Maximum Annual Debt Service to be paid out of said Revenues with respect to all Parity Bonds, including the Additional Bonds or obligations proposed to be issued; or
  - (2) the estimated Revenues (as determined by the Consultant) to be derived by the Issuer for the Fiscal Year in which a portion of the Project, the cost of which is being financed by such Additional Bonds or obligations, are to be in commercial operation, shall be at least equal to 125% of the Maximum Annual Debt Service to be paid out of said Revenues with respect to all Parity Bonds, including the Additional Bonds or obligations proposed to be issued.
- (c) When the issuance of Additional Bonds of equal stature and priority is permitted by the laws of the State, as evidenced by an opinion of Bond Counsel.
- (d) The resolution authorizing such Additional Bonds or obligations shall contain or provide for substantially the same terms, conditions, covenants and procedures as established in the Bond Resolution.

Additional Bonds or obligations of the Issuer issued under the conditions set forth above shall stand on a parity with the Parity Bonds and shall enjoy complete equality or lien on and claim against the Revenues with the Parity Bonds, and the Issuer may make equal provision for paying said Parity Bonds or obligations and the interest thereon out of the Revenue Fund and may likewise provide for the creation of reasonable debt service accounts for the payment of such Parity Bonds or obligations and the interest thereon out of moneys in the Revenue Fund.

Junior Lien Bonds and Other Obligations. Nothing in the Bond Resolution shall prohibit or restrict the right of the Issuer to issue Additional Bonds or obligations for any lawful purpose in connection with the Project and to provide that the principal of and interest on said Additional Bonds or obligations shall be payable out of the Revenues; provided at the time of the issuance of such Additional Bonds or obligations, the Issuer is not in default in the performance of any covenant or agreement contained in the Bond Resolution (unless such Additional Bonds or obligations are being issued to provide funds to cure such default), and provided further that such Additional Bonds or obligations shall be junior and subordinate to the Parity Bonds so that if at any time the Issuer shall be in default in paying either interest on or principal of the Parity Bonds, or if the Issuer is in default in making any payments with respect to debt service required to be made by it under the provisions of the Bond Resolution, the Issuer shall make no payments of either principal of or interest on said junior and subordinate Additional Bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate Additional Bonds or obligations, the Issuer, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said Additional Bonds or obligations out of moneys in the Revenue Fund.

**Refunding Bonds.** The Issuer shall have the right, without complying with the provisions described above under the caption "Parity Lien Bonds and Other Obligations", to refund any of the Parity Bonds under the provisions of any law then available, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Parity Bonds which

are not refunded, if any, upon the Revenues; provided, however, that if only a portion of the Parity Bonds are refunded and if said Parity Bonds are refunded in such manner that the refunding bonds bear a higher average rate of interest or become due on a date earlier than that of the Parity Bonds which are refunded, then said Parity Bonds may be refunded without complying with the provisions described above under the caption "Parity Lien Bonds and Other Obligations" *only* by and with the written consent of the Owners of a majority in principal amount of the Parity Bonds then Outstanding which are not refunded.

### **DEFAULT AND REMEDIES**

**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.

The Paying Agent shall notify the Owners and Bond Insurer of any Event of Default of which it has actual notice.

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained in the Bond Resolution 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 of any series shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the 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 in the Bond Resolution, or to enforce any right, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

**Remedies Cumulative.** No remedy conferred 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. 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.

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

### **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 the Bond Resolution and all other rights granted thereby 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 the 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 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. The Issuer shall notify the Bond Insurer of any defeasance of any Insured Bonds.

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

#### TAX COVENANTS

General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2012-A Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Issuer will take such 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 Series 2012-A Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

*Survival of Covenants*. The covenants contained in the Bond Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Series 2012-A Bonds or any other provision of the Bond Resolution until such time as is set forth in the Federal Tax Certificate.

### CONTINUING DISCLOSURE REQUIREMENTS

**Disclosure Requirements.** The Issuer covenants in the Bond Resolution with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Instructions. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

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

### MISCELLANEOUS PROVISIONS

Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer, specifically including the Revenues from the Sales Tax, for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such annual audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

Annual Budget. Prior to the commencement of each Fiscal Year, the Issuer will cause to be prepared and filed with the Clerk a budget setting forth the estimated Revenues for the next succeeding Fiscal Year, which may be included within the general budget of the Issuer. The Clerk, promptly upon the filing of said budget in the Clerk's office, will mail a copy of said budget to the Purchaser, the applicable Bond Insurer and the Fiscal Agent.

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Bonds as the same become due, if necessary due to any shortfall in Revenues, by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. The taxes referred to above shall be extended upon the tax rolls 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.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Bond Insurer and the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by the Bond Insurer and such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall: (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond; (c) permit preference or priority of any Bond over any other Bond; or (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution.

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to conform the 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.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Bond Resolution shall be in writing, and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent and the Bond Insurer. The Issuer, the Paying Agent, the Bond Insurer and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent. All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

*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.

*Severability.* If any section or other part of the 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 the Bond Resolution.

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

### THE SERIES 2012-C AND SERIES 2012-D BOND RESOLUTION

#### **DEFINITIONS**

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used herein 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 of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 et seq., and K.S.A. 10-620 et seq., as amended and supplemented.

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

- **"Beneficial Owner"** of the Bonds includes any Owner of the Bonds and any other Person who, directly or indirectly has the investment power with respect to such Bonds.
  - "Bond and Interest Fund" means the Bond and Interest Fund of the Issuer for its general obligation bonds.
- "Bond Counsel" means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.
  - "Bond Payment Date" means any date on which principal of or interest on any Bond is payable.
  - "Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Purchaser.
- "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 its successors and assigns.
- **"Bond Resolution"** means the resolution adopted by the governing body of the Issuer authorizing the issuance of the Bonds, as amended from time to time.
  - "Bonds" means, collectively, the Series 2012-C Bonds and the Series 2012-D Bonds.
- "Business Day" means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.
- "Cede & Co." means Cede & Co., as nominee of DTC and any successor nominee of DTC with respect to the Bonds.
- "Chair" means the duly elected and acting Chair of the Issuer, or in the Chair's absence, the duly appointed and/or elected Vice Chair or Acting Chair of the Issuer.
- "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 of the United States Department of the Treasury.
  - "Compliance Account" means the account by that name created by the 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 accounts by that name created by the Bond Resolution.
  - "Dated Date" means June 4, 2012.
  - "County" means Douglas County, Kansas.
- "Debt Service Account" means the accounts by that name created within the Bond and Interest Fund by the Bond Resolution.
- "Debt Service Requirements" means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

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

"Defeasance Obligations" means any of the following obligations:

- (a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
  - (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
  - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;
  - (3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;
  - (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
  - (5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
  - (6) the obligations are rated in the highest rating category by Moody's (presently "Aaa") or Standard & Poor's (presently "AAA").
- "Derivative" means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.
- **"Disclosure Instructions"** means the Continuing Disclosure Instructions dated as of the Issue Date, attached to the Issuer's Closing Certificate relating to certain obligations contained in the SEC Rule.
  - "DTC" means The Depository Trust Company, New York, New York.
  - "Escrow Agent" means Security Bank of Kansas City, Kansas City, Kansas, and its successors and assigns.
- "Escrow Agreement" means the Escrow Trust Agreement, dated as of June 4, 2012, between the Issuer and the Escrow Agent.
  - "Escrow Fund" means the Escrow Fund referred to in the Series 2012 Bond Resolution.
- **"Escrowed Securities"** means the direct, noncallable obligations of the United States of America, and any Substitute Escrowed Securities, as described in the Escrow Agreement.

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

- (a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise;
- (b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or
- (c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Resolution (other than the covenants relating to continuing disclosure contained in the Bond Resolution and the Disclosure Instructions) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

- **"Federal Tax Certificate"** means the Issuer's Federal Tax Certificate for the Bonds, dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.
  - "Fiscal Year" means the twelve month period ending on December 31.
  - "Funds and Accounts" means funds and accounts created by or referred to in the Bond Resolution.
- "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 the Bond Resolution.
- "Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which shall be: (a) with respect to the Series 2012-C Bonds, March 1 and September 1 of each year, commencing September 1, 2012; and (b) with respect to the Series 2012-D Bonds, February 1 and August 1 of each year, commencing August 1, 2012.
- "Issue Date" means the date when the Issuer delivers the Bonds to the Purchaser in exchange for the Purchase Price.
  - "Issuer" means the County and any successors or assigns.
- "Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and in the Bond Resolution provided, whether at the Stated Maturity thereof or call for redemption or otherwise.
- "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.
  - "Official Statement" means the Issuer's Official Statement relating to the Series 2012 Bonds.
- "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 the Bond Resolution; and
  - (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.
- "Owner" when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register. Whenever consent of the Owners is required pursuant to the terms of the Bond Resolution, and the Owner of the Bonds, as set forth on the Bond Register, is Cede & Co., the term Owner shall be deemed to be the Beneficial Owner of the Bonds.
- "Participants" means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.
  - "Paying Agent" means the State Treasurer, and any successors and assigns.
- "Permitted Investments" shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the Issuer which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership

interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f); or (m) other investment obligations authorized by the laws of the State and approved in writing by the Bond Insurer, all as may be further restricted or modified by amendments to applicable State law.

- **"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.
  - "Purchaser" means the financial institution or investment banking firm that is original purchaser of the Bonds.
- "Rating Agency" means any company, agency or entity that provides, pursuant to request of the Issuer, financial ratings for the Bonds.
- "Record Dates" for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.
- "Redemption Date" means, when used with respect to any Bond to be redeemed, the date fixed for the redemption of such Bond pursuant to the terms of the Bond Resolution.
- "Redemption Price" means, when used with respect to any Bond to be redeemed, the price at which such Bond is to be redeemed pursuant to the terms of the Bond Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.
- **"Refunded Bonds"** means: (a) with respect to the Series 2012-C Bonds, the Series 2003-B Bonds maturing in the years 2013 to 2014, inclusive, in the aggregate principal amount of \$285,000 and the Series 2005-A Bonds maturing in the years 2013 to 2015, inclusive, in the aggregate principal amount of \$255,000; and (b) with respect to the Series 2012-D Bonds, the Series A, 2001 Bonds maturing in the years 2017 to 2021, inclusive, in the aggregate principal amount of \$215,000.
- "Refunded Bonds Paying Agent" means the respective paying agent for each series of the Refunded Bonds as designated in the respective Refunded Bonds Resolution, and any successor or successors at the time acting as paying agent for any of the Refunded Bonds.
- "Refunded Bonds Redemption Date" means collectively, September 1, 2012 for the Series 2003-B Bonds and Series 2005-A Bonds; and June 15, 2012 for the Series A, 2001 Bonds.
  - "Refunded Bonds Resolution" means each resolution which authorized the Refunded Bonds.
- "Replacement Bonds" means Bonds issued to the Beneficial Owners of the Bonds in accordance with the Bond Resolution.
- "SEC Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time.
  - "Securities Depository" means, initially, DTC, and its successors and assigns.
- "Series A, 2001 Bonds" means the Issuer's Taxable General Obligation Bonds, Series A, 2001, dated March 1, 2001.
- "Series 2003-B Bonds" means the Issuer's General Obligation Refunding Bonds, Series 2003-B, dated May 1, 2003.
  - "Series 2005-A Bonds" means the Issuer's General Obligation Bonds, Series 2005-A, dated March 1, 2005.
- "Series 2012-C Bonds" means, the General Obligation Refunding Bonds, Series 2012-C, authorized and issued by the Issuer pursuant to the Bond Resolution.
- "Series 2012-D Bonds" means, the Taxable General Obligation Refunding Bonds, Series 2012-D, authorized and issued by the Issuer pursuant to the Bond Resolution.

"Special Record Date" means the date fixed by the Paying Agent 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 of the State 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 the Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

**"Substitute Escrowed Securities"** means non-callable direct obligations of the United States of America, which have been acquired by the Escrow Agent and substituted for Escrowed Securities in accordance with the Escrow Agreement.

["2012-C Term Bonds" means the Bonds scheduled to mature in the year]
["2012-D Term Bonds" means the Bonds scheduled to mature in the year]
["Term Bonds" means collectively, the 2012-C Term Bonds and the 2012-D Term Bonds.

"Treasurer" means the duly appointed and/or elected Treasurer of the Issuer 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.

### ESTABLISHMENT OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF BOND PROCEEDS

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

- (a) Debt Service Account (within the Bond and Interest Fund).
- (b) Compliance Account.

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

In addition to the Funds and Accounts described above, the Escrow Agreement establishes the following Funds and Accounts to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement:

- (a) Escrow Fund -2012-C.
- (b) Escrow Fund -2012-D.
- (c) Costs of Issuance Account-2012-C.
- (d) Costs of Issuance Account-2012-D.

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

Series 2012-C Bonds.

- (a) Any excess proceeds received from the sale of the Series 2012-A Bonds shall be deposited in the Debt Service Account-2012-C.
- (b) An amount necessary to pay the Costs of Issuance shall be transferred to the Escrow Agent for deposit into the Costs of Issuance Account-2012-C and applied in accordance with the Escrow Agreement.
- (c) The remaining balance of the proceeds derived from the sale of the Series 2012-C Bonds shall be transferred to the Escrow Agent for deposit in the Escrow Fund and applied in accordance with the Escrow Agreement.

Series 2012-D Bonds.

- (a) Any excess proceeds received from the sale of the Series 2012-D Bonds shall be deposited in the Debt Service Account-2012-D.
- (b) An amount necessary to pay the Costs of Issuance shall be transferred to the Escrow Agent for deposit into the Costs of Issuance Account-2012-D and applied in accordance with the Escrow Agreement.
- (c) The remaining balance of the proceeds derived from the sale of the Series 2012-D Bonds shall be transferred to the Escrow Agent for deposit in the Escrow Fund and applied in accordance with the Escrow Agreement.

Application of Moneys in the 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 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 the 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 Bonds shall be transferred and paid into the Bond Interest Fund.

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.

Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Escrow Agent 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 Compliance Account or the respective Debt Service Account.

Application of Moneys in the Escrow Fund. Under the Escrow Agreement, the Escrow Agent will apply moneys in the Escrow Fund to purchase the Escrowed Securities and to establish an initial cash balance in accordance with the Escrow Agreement. The cash and Escrowed Securities held in the Escrow Fund will be applied by the Escrow Agent solely in the manner authorized by the Escrow Agreement.

Application of Moneys in the Compliance Account. Moneys in the Compliance Account shall be used by the Issuer to pay the to pay fees and expenses relating to compliance with federal arbitrage law, state or federal securities laws, and other costs or expenses of carrying or repaying the Bonds as set forth in the Federal Tax Certificate. Any funds remaining in the Compliance Account on the sixth anniversary of the Issue Date shall be transferred to the Debt Service Account.

#### DEPOSIT AND INVESTMENT OF MONEYS

**Deposits.** Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank which are members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law, and which meet certain guidelines of State law. All such deposits shall be held in cash or invested in Permitted Investments or shall be adequately secured as provided by the laws of the State.

*Investments.* Moneys held in any Fund or Account other than the Escrow Fund may be invested in accordance with the 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.

### **DEFAULT AND REMEDIES**

**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.

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained in the Bond Resolution 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 of any series shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the 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 in the Bond Resolution, or to enforce any right, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

**Remedies Cumulative.** No remedy conferred 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. 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.

#### **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 the Bond Resolution and all other rights granted thereby 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 the 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 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.

#### TAX COVENANTS

General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2012-C Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Issuer will take such 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 Series 2012-C Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

*Survival of Covenants*. The covenants contained in the Bond Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Series 2012-C Bonds or any other provision of the Bond Resolution until such time as is set forth in the Federal Tax Certificate.

### CONTINUING DISCLOSURE REQUIREMENTS

**Disclosure Requirements.** The Issuer covenants in the Bond Resolution with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Instructions. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its continuing disclosure covenants contained in the Bond Resolution, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. Notwithstanding any other provision of the Bond Resolution, failure of the Issuer to comply with its continuing disclosure covenants contained in the Bond Resolution shall not be considered an Event of Default under the Bond Resolution.

### MISCELLANEOUS PROVISIONS

Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such annual audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Bonds as the same become due by levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the Issuer in the manner provided by law. The taxes and/or assessments referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent. If at any time said taxes and/or assessments are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the 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 of or interest on any Bond; (c) permit preference or priority of any Bond over any other Bond; or (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution.

Any provision of the Bonds or of the 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 the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to conform the 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.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Bond Resolution shall be in writing, and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. 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.

*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.

*Severability.* If any section or other part of the 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 the Bond Resolution.

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

### THE ESCROW TRUST AGREEMENTS

*Creation of the Escrow Fund.* The Escrow Trust Agreement creates and establishes with the Escrow Agent the Escrow Fund, which shall be a special and irrevocable separate trust fund to be held in the custody of the Escrow Agent.

Creation of Lien. The Escrow Fund shall be irrevocable. The owners of the Refunded Bonds are granted an express lien on, and security interest in, the Escrowed Securities and the cash in the Escrow Fund and all earnings thereon until used and applied in accordance with the Escrow Trust Agreement. The matured principal of, and earnings on, the Escrowed Securities and any cash in the Escrow Fund are pledged and assigned, and shall be applied solely for the payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds.

**Deposits to the Escrow Fund.** Concurrently with the execution and delivery of the issuance of the Bonds, and pursuant to the provisions of the Bond Resolution, the Issuer shall deposit with the Escrow Agent, and the Escrow Agent acknowledges receipt and deposit into the Escrow Fund of, proceeds of the Bonds in amounts sufficient to purchase the Escrowed Securities, which shall be delivered to and deposited in the Escrow Fund, and establish any required beginning cash balance in the Escrow Fund sufficient to provide for payment of the Refunded Bonds.

Verification Report. A firm of independent certified public accountants has verified the mathematical computations which demonstrate that the cash held in the Escrow Fund, with respect to the Refunded Series 2004-A Bonds, together with the maturing Escrowed Securities and interest to accrue thereon, will be sufficient to pay all principal of, redemption premium, if any, and interest on the Refunded Bonds on the respective Bond Payment Dates and the Refunded Bonds Redemption Date. Verification with respect to other Refunded Bonds will be based on certifications of the Refunded Bonds Paying Agent.

Application of Cash and Escrowed Securities in the Escrow Fund. Except as otherwise expressly provided, the Escrow Agent shall have no power or duty to invest any money held thereunder or to sell transfer or otherwise dispose of any Escrowed Securities. On or prior to each Refunded Bonds Payment Date and on the Refunded Bonds Redemption Date, the Escrow Agent shall withdraw from the Escrow Fund an amount equal to the principal of, redemption premium, if any, and interest on the Refunded Bonds becoming due and payable on such Refunded Bonds Payment Date and on the Refunded Bonds Redemption Date, and shall forward from available moneys in the Escrow Fund such amount to the office of the

respective Refunded Bonds Paying Agent, so that immediately available funds will reach the offices of the Refunded Bonds Paying Agent on or before the Refunded Bonds Payment Date and the Refunded Bonds Redemption Date. In order to make the required payments, the Escrow Agent is authorized to redeem or otherwise dispose of Escrowed Securities. Upon the payment in full of the principal of, redemption premium, if any, and interest on the Refunded Bonds, all remaining money and Escrowed Securities in the Escrow Fund, together with any interest thereon, shall be transferred to the Issuer to be applied in accordance with State law.

Substitute Escrowed Securities. In the event that any of the Escrowed Securities are not available for delivery on the date of the issuance of the Bonds, the Escrow Agent is directed to accept substitute securities in lieu thereof, provided the substitute securities are non-callable direct obligations of the United States of America, the maturing principal of and interest on such substitute securities (excluding any interest after any optional call date) is equal to or greater than the maturity value of such unavailable Escrowed Securities, principal of and interest on the substitute securities is payable on or before the maturity date of the unavailable Escrowed Securities, and the Issuer and Bond Counsel approve such substitution.

At the written request of the Issuer and upon compliance with the conditions hereinafter stated, the Escrow Agent shall have the power to sell, transfer, request the redemption of or otherwise dispose of the Escrowed Securities and to substitute for the Escrowed Securities solely cash or Substitute Escrowed Securities. The Escrow Agent shall purchase such Substitute Escrowed Securities with the proceeds derived from the sale, transfer, disposition or redemption of the Escrowed Securities together with any other funds available for such purpose. The substitution may be effected only if the substitution of the Substitute Escrowed Securities for the original Escrowed Securities occurs simultaneously; the Escrow Agent shall receive from an independent certified public accountant acceptable to the Escrow Agent in its reasonable judgment a certification, satisfactory in form and substance to the Escrow Agent, to the effect that after such substitution, the principal of and interest on the Escrowed Securities to be held in the Escrow Fund after the substitution (including Substitute Escrowed Securities to be acquired), together with any other money to be held in the Escrow Fund after such transaction, will be sufficient to pay all remaining principal of, redemption premium, if any, and interest on the Refunded Bonds and the amounts and dates of the anticipated transfers from the Escrow Fund to the Refunded Bonds Paying Agent will not be diminished or postponed thereby; and the Escrow Agent shall receive a written opinion of Bond Counsel to the effect that such substitution would not cause the interest on either the Bonds or the Refunded Bonds to become included in gross income for purposes of federal income taxation under then existing law.

**Redemption of Refunded Bonds.** The Escrow Agent acknowledges that the Issuer has notified the Escrow Agent that the Issuer has elected to call the Refunded Bonds for redemption and payment prior to maturity on the Refunded Bonds Redemption Date and has directed the Escrow Agent to notify the Refunded Bonds Paying Agent of such call for redemption so that the Refunded Bonds Paying Agent may cause notice of the call for redemption and payment of the Refunded Bonds to be given.

Resignation or Removal of Escrow Agent; Successor Escrow Agent. The Escrow Agent may at any time resign and be discharged from its duties and responsibilities by giving written notice by first-class mail to the Issuer and the Refunded Bonds Paying Agent (who shall cause notice to be given to the Owners of the Refunded Bonds) not less than 60 days prior to the date when the resignation is to take effect. Such resignation shall take effect immediately upon the acceptance of the Issuer of the resignation, the appointment of a successor Escrow Agent (which may be a temporary Escrow Agent) by the Issuer, the acceptance of such successor Escrow Agent of the terms, covenants and conditions of the Escrow Trust Agreement, the transfer of the Escrow Fund, including the money and Escrowed Securities held therein, to such successor Escrow Agent and the completion of any other actions required for the principal of and interest on the Escrowed Securities to be made payable to such successor Escrow Agent rather than the resigning Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and the Issuer and signed by the owners of a majority in principal amount of the Refunded Bonds then Outstanding; provided that written notice thereof is mailed on or before the date of such removal by first-class mail, postage prepaid, to all Owners of such Refunded Bonds, who are not parties to such instruments. The Escrow Agent may also be removed by the Issuer if the Escrow Agent fails to make timely payment of available moneys on any Bond Payment Date to the Refunded Bonds Paying Agent of the amounts required to be paid by it on such Bond Payment Date; provided that written notice thereof is mailed on or before the date of such removal by first-class mail, postage prepaid, to the Refunded Bonds Paying Agent and to all Owners of such Refunded Bonds, who are not parties to such instruments. Any removal shall become effective upon the appointment of a successor Escrow Agent (which may be a temporary successor Escrow Agent) by the Issuer, the acceptance of such successor Escrow Agent of the terms, covenants and conditions of the Escrow Trust Agreement, the transfer of the Escrow Fund, including the money and Escrowed Securities held therein, to such successor Escrow Agent and the completion of any other actions required for the principal of and interest on the Escrowed Securities to be made payable to such successor Escrow Agent rather than the Escrow Agent being removed.

If no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by the Issuer within 60 days after written notice of resignation of the Escrow Agent has been given to the Issuer or instrument of

removal has been delivered to the Escrow Agent, the Owner of any of the Refunded Bonds or any retiring or removed Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent. No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers authorized to do business in the State, and organized under the banking laws of the United States or the State and shall have at the time of appointment capital and surplus of not less than \$10,000,000.

Amendments. The Escrow Agreement is made for the benefit of the Issuer and the Owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such Owners, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such Owners, enter into such agreements supplemental to the Escrow Agreement as shall not adversely affect the rights of such Owners and as shall not be inconsistent with the terms and provisions of the Escrow Agreement, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission; (b) to grant to, or confer upon, the Escrow Agent for the benefit of the Owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such Owners or the Escrow Agent; and (c) to subject to the Escrow Agreement additional funds, securities or properties. The Escrow Agent shall notify the Rating Agency in writing prior to the execution of any such amendment.

### THE CONTINUING DISCLOSURE INSTRUCTIONS

The Continuing Disclosure Instructions are executed and delivered by the Issuer in connection with the issuance of the Bonds pursuant to the Bond Resolution, in which the Issuer covenants to enter into an undertaking to provide certain financial and other information with respect to the Bonds in order to assist the Participating Underwriter in complying with the provisions of the SEC Rule. The Issuer is the only "obligated person" with responsibility for continuing disclosure with respect to the Bonds.

#### **DEFINITIONS**

In addition to the definitions set forth in this "APPENDIX C – THE BOND RESOLUTION – Definitions" unless otherwise defined herein, the following capitalized terms shall have the following meanings:

- "Annual Report" means any Annual Report filed by the Issuer pursuant to the Disclosure Instructions.
- "CAFR" means the Issuer's Comprehensive Annual Financial Report.
- **"Designated Agent"** means Gilmore & Bell, P.C. or one or more other entities designated in writing by the Issuer to serve as a designated agent of the Issuer for purposes of these Disclosure Instructions.
- "Dissemination Agent" means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to these Disclosure Instructions and which has filed with the Issuer a written acceptance of such designation.
- **"EMMA"** means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at <a href="https://www.emma.msrb.org">www.emma.msrb.org</a>.
- "Financial Information" means the financial information of the Issuer described under the heading "PROVISION OF ANNUAL REPORTS Financial Information."
  - "Material Events" means any of the events listed under the heading "REPORTING OF MATERIAL EVENTS."
  - "MSRB" means the Municipal Securities Rulemaking Board.
- "Operating Data" means the operating data of the Issuer described under the heading "PROVISION OF ANNUAL REPORTS Operating Data."
- "Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the SEC Rule in connection with offering of the Bonds.
  - "Repository" means the MSRB via EMMA.
  - "SEC" means the Securities and Exchange Commission of the United States.

#### PROVISION OF ANNUAL REPORTS

The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's Fiscal Year, commencing with the Fiscal Year ended in 2011, file with the Repository the Issuer's CAFR which will contain the Financial Information and Operating Data (collectively, the "Annual Report"), as follows:

Financial Information. The audited financial statements of the Issuer for such prior Fiscal Year, prepared in accordance with generally accepted auditing standards, in substantially the format contained in Appendix B to the Official Statement. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain summary unaudited financial information and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available. The accounting basis and the method of preparation of the financial statements of the Issuer are contained in Appendix B to the Official Statement. The method of preparation and basis of accounting of the Financial Information may not be changed to a basis less comprehensive than contained in the Official Statement, unless the Issuer provides notice of such change in the same manner as for a Material Event.

*Operating Data.* Updates as of the end of the Fiscal Year of substantially all of the information and data contained in the section of the Official Statement entitled "LOCAL OPTION SALES TAX" and contained in the following sections of *Appendix A* to the Official Statement:

"ECONOMIC INFORMATION"
Local Option Sales Tax
"FINANCIAL INFORMATION"
Assessed Valuation

Property Tax Levies and Collections-

Tax Rates Aggregate Tax Levies Tax Collection Record Major Taxpayers "DEBT STRUCTURE"

Current Indebtedness of the Issuer Underlying Indebtedness

together with any material adverse changes in the other portions of the section entitled "FINANCIAL INFORMATION." following sections of the Official Statement:

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

If no Dissemination Agent has been appointed, the Issuer file the Annual Report; or if the Annual Report is not filed within the time period specified, the Issuer shall send a notice to the Repository of the failure to timely file the Annual Report within 10 Business Days after the date the Annual Report is required to be filed as set forth herein.

#### REPORTING OF MATERIAL EVENTS

The Issuer shall give, or cause the Dissemination Agent, if any, to give, to the Repository, with copies to the Bond Insurer within 10 Business Days after the occurrence of any of the following events with respect to the Bonds, notice of the following events:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bond, or other material events affecting the tax-exempt status of the Bonds;
  - (7) modifications to rights of Owners, if material;
  - (8) bond calls, if material, and tender offers;

- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional Paying Agent or the change of name of the Paying Agent, if material.

Notwithstanding the foregoing, notice of Material Events described in (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Bond Resolution.

### **DISSEMINATION AGENT**

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

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

#### Material Event Notices.

- (1) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event.
- The Issuer will promptly respond in writing to any such request. Whenever the Issuer obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent or otherwise, the Issuer shall promptly determine if such event constitutes a Material Event and shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence. If the Issuer has determined that knowledge of an event is listed in (2), (7), (10) or (13) of the definition of a Material Event, is not material, the Issuer shall notify the Dissemination Agent in writing not to report the occurrence.
- (3) If the Dissemination Agent has been given written instructions by the Issuer to report the occurrence of a Material Event, the Dissemination Agent shall file a notice of such occurrence with the Repository within 10 Business Days after the occurrence, with copies to the Issuer and the Bond Insurer. Notwithstanding the foregoing, notice of Material Events described in paragraphs (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Bond Resolution.

**Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in the Disclosure Instructions. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer.

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

### MISCELLANEOUS PROVISIONS

**Termination of Reporting Obligation.** The Issuer's obligations under the Disclosure Instructions shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations are assumed in

full by some other entity as permitted in the Bond Resolution, such person shall be responsible for compliance with under the Disclosure Instructions in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event.

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

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

Additional Information. Nothing shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Disclosure Instructions or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by the Disclosure Instructions. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by the Disclosure Instructions, the Issuer shall have no obligation under the Disclosure Instructions to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

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

*Electronic Transactions*. Actions taken under the Disclosure Instructions and the arrangements described therein may be conducted and related documents may be stored by electronic means.

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

Governing Law. The Disclosure Instructions shall be governed by and construed in accordance with the laws of the State.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]