

PUBLIC BUILDING COMMISSION MEETING MINUTES  
June 3, 2014

The Public Building Commission met in regular session on June 3, 2014 in the Council Chambers. Those in attendance were Kent Miller, Tom Naasz, and Matt Otte.

Commissioner Matt Otte called the meeting to order at 7:32 p.m.

A motion was made by Commissioner Miller and seconded by Commissioner Naasz to approve May 20, 2014 meeting minutes. Motion passed 3-0. Nays: None

A motion was made by Commissioner Naasz and seconded by Commissioner Miller to appoint Mandy Lomax as Secretary. Motion passed 3-0. Nays: None

A motion was made by Commissioner Miller and seconded by Commissioner Otte to appoint Tom Naasz as Treasurer. Motion passed 3-0. Nays: None

A motion was made by Commissioner Naasz and seconded by Commissioner Miller to adjourn the meeting. Motion passed 3-0. The meeting ended at 7:33 p.m.

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President

ATTEST:

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Secretary



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RESOLUTION NO. 2014-2

OF THE

BELOIT PUBLIC BUILDING COMMISSION

ADOPTED

JULY 1, 2014

[\$4,590,000]

BELOIT PUBLIC BUILDING COMMISSION  
REFUNDING REVENUE BONDS  
SERIES 2014

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**RESOLUTION**

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**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF BELOIT PUBLIC BUILDING COMMISSION REFUNDING REVENUE BONDS, SERIES 2014, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND PREVIOUSLY ISSUED REVENUE BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.**

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**WHEREAS**, pursuant to K.S.A. 12-1757 *et seq.*, and K.S.A. 10-116a (collectively the “Act”), the Beloit Public Building Commission (the “PBC” or “Issuer”), a duly organized municipal corporation created by the City of Beloit, Kansas (the “City”), has the authority to issue revenue bonds to provide funds for the purpose of acquiring, erecting, equipping, repairing, maintaining and operating buildings and other facilities, including but not limited to swimming pools and to refund revenue bonds so issued; and

**WHEREAS**, the Issuer has issued its Revenue Bonds, Series 2011 (Swimming Pool Project), dated September 15, 2011, in the original principal amount of \$4,435,000 (the “Series 2011 Bonds”), which provided funds to pay the costs to acquire, construct and equip a swimming pool facility located in the City; and

**WHEREAS**, in conjunction with the issuance of the Series 2011 Bonds, the City, as Lessor and the Issuer, as Lessee, entered into a Site Lease dated as of September 15, 2011 (the “Original Site Lease”), whereby the City leased certain land where the swimming pool facility is located (the “Land”) to the Issuer; and

**WHEREAS**, the Issuer, as lessor, and the City, as tenant, entered into a Lease dated as of September 15, 2011 (the “Original Lease”) wherein the City leased the Issuer’s interest in the Land and the swimming pool facility (together, the “Project”) from the Issuer in exchange for rental payments sufficient to meet the debt service requirements of the Series 2011 Bonds; and

**WHEREAS**, the Issuer is authorized by the Act to issue refunding revenue bonds of the Issuer for the purpose of refunding the all or a portion of the Series 2011 Bonds; and

**WHEREAS**, in order to achieve interest cost savings through early redemption, reduce debt service requirements of the Issuer with respect to the Project, and to restructure the debt payments for the Project, it has become desirable and in the best interest of the Issuer to authorize the issuance and delivery of refunding revenue bonds(as more particularly described herein, the “Series 2014 Bonds”); and

**WHEREAS**, it is desirable to enter into an Escrow Trust Agreement, by and between the Issuer and the Escrow Agent named therein to provide for the payment of the Series 2011 Bonds so refunded; and

**WHEREAS**, in connection with the Series 2014 Bonds, it is desirable to enter into an Amended and Restated Site Lease, amending and restating the Original Site Lease; and

**WHEREAS**, in connection with the Series 2014 Bonds, it is desirable to enter into an Amended and Restated Lease, amending and restating the Original Lease; and

**WHEREAS**, the Issuer has heretofore taken all legal steps necessary for it: (a) to adopt this Resolution for the purpose of issuing and securing the Series 2014 Bonds and any Additional Bonds hereinafter issued (collectively the “Bonds”); and (b) to enter into the Amended and Restated Site Lease and the Amended and Restated Lease in connection therewith; and

**WHEREAS**, all things necessary to make the Series 2014 Bonds, when authenticated by the Bond Registrar and issued as provided in this Resolution, the valid and legally binding limited obligations of the Issuer, and for this Resolution to constitute a valid and legally binding pledge and assignment of the Pledged Property herein made for the security of the payment of the principal of, redemption premium, if any, and interest on the Bonds issued hereunder, have been done and performed, and the adoption of this Resolution and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

**NOW, THEREFORE, BE IT RESOLVED BY THE BELOIT PUBLIC BUILDING COMMISSION, AS FOLLOWS:**

## **ARTICLE I**

### **DEFINITIONS**

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

“**Act**” means K.S.A. 10-116a and K.S.A. 12-1757 *et seq.*, as amended and supplemented from time to time.

“**Additional Bonds**” means any Bonds issued in addition to the Series 2014 Bonds pursuant to *Section 209* hereof.

“**Additional Rent**” means all Impositions, all Maintenance Costs, all amounts required to be rebated to the United States pursuant to this Bond Resolution, all other payments of whatever nature payable or to become payable pursuant to this Bond Resolution or which Tenant has agreed to pay or assume under the provisions of the Lease and any and all expenses (including reasonable attorney's fees) incurred by Issuer in connection with the issuance of the Bonds or the administration or enforcement of any rights under the Lease or this Bond Resolution.

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

“**Basic Rent**” means the semi-annual amount of rent due and payable under the Lease which, when added to Basic Rent Credits, will be sufficient to pay, on any Payment Date, all principal of, redemption premium, if any, and interest on all Bonds which are due and payable on such Payment Date.

“**Basic Rent Credits**” means all funds on deposit in the Principal and Interest Payment Account and available for the payment of principal of, redemption premium, if any, and interest on the Bonds on any Bond Payment Date.

“**Beneficial Owner**” means any Owner of the Bonds and any other person who, directly or indirectly, has investment power with respect to any of the Bonds.

“**Bond**” or “**Bonds**” means collectively the Series 2014 Bonds and any Additional 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 and the Tenant.

**“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 among the Issuer, the City and the Original Purchaser of the Series 2014 Bonds.

**“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 its successors and assigns.

**“Bond Resolution”** means collectively this Bond Resolution as amended and supplemented, and any Supplemental Resolutions adopted in accordance with the provisions of this Bond Resolution.

**“Business Day”** means a day which is not 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 banks in the City of New York or in the State are not authorized to be closed.

**“Cede & Co.”** means Cede & Co., as nominee name of the Depository Trust Company, New York, New York.

**“City”** means the City of Beloit, Kansas.

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

**“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.

**“Cost of Issuance Account”** means the account by that name created by the Escrow Agreement.

**“Dated Date”** means July 30, 2014.

**“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 Undertaking"** means the City's Omnibus Continuing Disclosure Undertaking 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 the Refunded Bonds.

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

**"Event of Default"** means any one of the following events:

(a) Default in the due and punctual payment of the principal of, premium, if any, and interest on the Bonds whether at the stated maturity or accelerated maturity thereof, or at the redemption date thereof;

(b) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer under this Bond Resolution (other than the covenants relating to Continuing Disclosure contained in *Article XI* hereof) or the Bonds, and the continuance thereof for a period of 30 days after written notice thereof shall have been given to the Issuer by the City, or to the Issuer and the City by the Owners owning not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the City within such period and diligently pursued until the default is corrected; or

(c) An Event of Default as defined in the Lease shall have occurred.

**“Facility”** means the swimming pool facility financed from the proceeds of the Series 2011 Bonds.

**“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.

**“Funds and Accounts”** means funds and accounts created or referred to in *Section 401* hereof.

**“Interest Payment Date(s)”** means the Stated Maturity of an installment of interest on any Series 2014 Bond which shall be April 1 and October 1 of each year, commencing April 1, 2015.

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

**“Issuer”** means the PBC, its successors and assigns.

**“Land”** means the real property (or interests therein) described in *Schedule 1* attached to the Lease.

**“Lease”** means the Amended and Restated Lease dated as of the Dated Date between the Issuer, as lessor, and the Tenant, as lessee, as from time to time amended and supplemented in accordance with the provisions thereof.

**“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:

(a) With respect to the Issuer:

Beloit Public Building Commission  
Beloit Municipal Building  
119 N. Hersey Avenue  
Beloit, Kansas 67420  
Attn: President

(b) With respect to the Tenant:

Beloit Public Building Commission  
Beloit Municipal Building  
119 N. Hersey Avenue  
Beloit, Kansas 67420  
Attn: City Clerk

(c) With respect to the Paying Agent:

Treasurer of the State of Kansas  
900 S.W. Jackson St.  
2nd Floor State Capitol  
Topeka, Kansas 66612-1235

(d) With respect to the Purchaser:

Piper Jaffray & Co.  
11635 Rosewood Street  
Leawood, Kansas 66211  
Fax: (913) 345-3393

(e) To the Rating Agency(ies):

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

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

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

**“Notice Representative”** means:

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

**“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 601* 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.

**“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.

**“PBC”** means the Beloit Public Building Commission.

**“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.

**“Pledged Property”** means (a) all right, title and interest, of the Issuer in, to and under the Site Lease and Lease, all Basic Rent or Additional Rent derived by the Issuer pursuant to the Lease, subject to the provisions of the Lease and Site Lease; provided that the pledge and assignment hereby made shall not impair or diminish the obligations of the Issuer under the provisions of the Lease and Site Lease; and

(b) all moneys and Investment Securities from time to time held under the terms of this Bond Resolution (excluding funds held in or accruing to the Rebate Fund), including, without limitation, Bond proceeds and income from the temporary investment thereof, proceeds from insurance and condemnation awards, any and all real or personal property of every kind and nature from time to time hereafter, by delivery or by right of any kind, pledged, assigned or transferred as and for additional security for the Bonds by the Issuer.

**“President”** means the duly appointed and/or elected President or, in the President's absence, the duly appointed Vice President or Acting President of the Issuer.

**“Principal and Interest Payment Account”** means the account by that name created in *Section 401* hereof.

**“Principal Payment Date”** shall mean the first day of October, commencing October 1, 2015, and continuing until such time as the aggregate principal amount of the Bonds has been paid or provisions is made for the payment thereof, whether at Stated Maturity or Redemption date.

**“Project”** means and includes the interest of the Issuer in the Land and the Facility acquired, constructed or installed with the proceeds of the Series 2011 Bonds, together with any Project Additions.

**“Project Additions”** means any additions to the Project acquired, constructed or installed from proceeds of any series of Additional Bonds authorized and issued pursuant to this Bond Resolution. It also includes any alterations or additions made to the Project to the extent provided in *Articles XI* and *XII* of the Lease.

**“Purchase Price”** means: (a) with respect to the Series 2014 Bonds, the amount set forth in the Bond Purchase Agreement, and (b) with respect to Additional Bonds, the amount set forth in the supplemental resolution authorizing such Additional Bonds.

**“Purchaser”** means Piper Jaffray & Co., Leawood, Kansas, the Purchaser of the Series 2014 Bonds.

**“Rebate Fund”** means the fund by that name created in *Section 501* hereof.

**“Record Dates”** for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of each month preceding such Interest Payment Date.

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

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

**“Refunded Bonds”** means the Series 2011 Bonds maturing April 1, 2015 and thereafter, in the aggregate principal amount of \$4,200,000.

**“Refunded Bonds Paying Agent”** means the paying agent for the Refunded Bonds as designated in the resolution authorizing and securing the Refunded Bonds, and any successor or successors at the time acting as paying agent of the Refunded Bonds.

**“Refunded Bonds Payment Date”** means each date that principal of or interest on the Refunded Bonds is payable.

**“Refunded Bonds Redemption Date”** means April 1, 2017.

**“Rental Payments”** means the aggregate of the Basic Rent payments and Additional Rent payments provided for pursuant to the Lease.

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

**“SEC Rule”** means Rule 15c2-12 promulgated by Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

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

**“Securities Depository”** means, initially, DTC, and its successors and assigns.

**“Series 2011 Bonds”** means the Revenue Bonds, Series 2011 (Swimming Pool Project), dated September 15, 2011, in the original aggregate principal amount of \$4,435,000.

**“Series 2014 Bonds”** means Beloit Public Building Commission Refunding Revenue Bonds Series 2014, dated the Dated Date, in the aggregate principal amount of \$[4,230,000].

**“Site Lease”** means the Amended and Restated Site Lease dated as of the Dated Date between the City, as lessor, and the PBC, as lessee.

**“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.

**“Supplemental Resolution”** means any amendment or supplement to this Bond Resolution entered into as provided in *Article XI* hereof.

**“Tax Agreement”** means the Tax Compliance Agreement dated as of the Dated Date between the Issuer and the City, as from time to time amended and supplemented in accordance with the provisions thereof.

“**Tenant**” means the City, its successors and assigns.

“**Trustees**” means the Board of Trustees of the Wichita State University, duly created pursuant to K.S.A. 76-3a01 *et seq.*, with the essential purpose of supporting the educational undertakings of Wichita State University.

“**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.

#### **Section 102. Rules of Interpretation.**

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the 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.

(b) Wherever in this Bond Resolution it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

(c) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Bond Resolution as a whole and not to any particular Article, Section or subdivision.

(d) The Table of Contents and the Article and Section headings of this Bond Resolution shall not be treated as a part of this Bond Resolution or as affecting the true meaning of the provisions hereof.

## **ARTICLE II**

### **THE BONDS**

**Section 201. Authorization of the Bonds.** There shall be issued and hereby are authorized and directed to be issued the Beloit Public Building Commission Refunding Revenue Bonds, Series 2014, in the principal amount of \$[4,230,000], for the purpose of providing funds to (a) advance refund the Refunded Bonds and (b) pay Costs of Issuance.

#### **Section 202. Security for the Bonds; Limited Nature of Obligations.**

(a) The Bonds and the interest thereon shall be limited obligations of the Issuer payable solely and only from the net earnings and revenues derived by the Issuer from the Project, including but not limited to the rents, revenues and receipts under the Lease (including, in certain circumstances, Bond proceeds and income from the temporary investment thereof, and proceeds from insurance and

condemnation awards). The Bonds and the interest thereon shall not be a debt or general obligation of Issuer or the State, and are secured by a pledge and assignment of the Pledged Property, and the Bonds, the interest thereon, or any judgment thereon or with respect thereto, are payable from tax revenues only to the extent that the Tenant generates the rentals payable under the Lease from taxation. The Bonds shall not constitute an indebtedness or a pledge of the faith and credit of Issuer, the State or any municipal corporation thereof, within the meaning of any constitutional or statutory limitation or restriction.

The covenants and agreements of the Issuer contained in this Bond Resolution, the Lease, Site Lease and in the Bonds shall be for the equal benefit, protection, and security of the legal Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of, redemption premium, if any, 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.

(b) No provision, covenant or agreement contained in this Bond Resolution or the Bonds, or any obligation herein or herein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or powers of taxation. In making the agreements, provisions and covenants set forth in this Bond Resolution, the Issuer has not obligated itself except with respect to the Project and the application of the payments, revenues and receipts therefrom as hereinabove provided. Neither the officers of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

**Section 203. Description of the Series 2014 Bonds.** The Series 2014 Bonds shall consist of fully registered book-entry bonds in Authorized Denominations and shall be numbered in such manner as the Bond Registrar shall determine. All of the Series 2014 Bonds shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturities, without the option of prior redemption and payment, and shall bear interest as the rates per annum as follows:

**Serial Bonds**

<b>Stated Maturity <u>October 1</u></b>	<b>Principal Amount</b>	<b>Annual Rate of Interest</b>	<b>Stated Maturity <u>October 1</u></b>	<b>Principal Amount</b>	<b>Annual Rate of Interest</b>
2015			2027		
2016			2028		
2017			2029		
2018			2030		
2019			2031		
2020			2032		
2021			2033		
2022			2034		
2023			2035		
2024			2036		
2025			2037		
2026					

**[Term Bonds**

<b>Stated Maturity <u>October 1</u></b>	<b>Principal Amount</b>	<b>Annual Rate of Interest</b>
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The Series 2014 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 205** hereof. The Series 2014 Bonds shall be issued as Book-Entry-Only Bonds and administered in accordance with the provisions of **Section 210** hereof.

Each of the Series 2014 Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as **Exhibit A** or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

**Section 204. 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 Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. The President and Secretary 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 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 (1) 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 (2) 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 205. Method and Place of Payment of the Bonds.** The principal of, or Redemption Price, if any, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of 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 the 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 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 Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the 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 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.

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 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 President, attested by the manual or facsimile signature of the Secretary and the seal of the Issuer shall be affixed thereto or imprinted thereon. The President and Secretary 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 Secretary, which registration shall be evidenced by the manual or facsimile signature of the Secretary with the seal of the Issuer affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the County Clerk of Mitchell County, Kansas, which registration shall be evidenced by the manual or facsimile signature of the County Clerk with the seal of the County affixed thereto or imprinted thereon; and 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 Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as *Exhibit A* hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

**Section 208. Mutilated, Lost, Stolen or Destroyed Bonds.** If (a) any mutilated Bond is surrendered to the Bond Registrar 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.** Any series of Bonds may be issued as Book-Entry-Only Bonds. If so, such series of 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.

(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 Authorized Denominations and form as provided herein.

### **Section 211. Authorization of Additional Bonds.**

(a) Additional Bonds may be issued under and equally and ratably secured by this Bond Resolution on a parity with the Series 2014 Bonds and any other Additional Bonds Outstanding at any time and from time to time, upon compliance with the conditions hereinafter provided in this Section, for any of the following purposes:

(1) To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Project in the event of damage, destruction or condemnation thereto or thereof.

(2) To provide funds to pay all or any part of the costs of acquisition, purchase or construction of such additions, improvements, extensions, alterations, expansions, or modifications of the Project or any part thereof as the City may deem necessary or desirable and as will not impair the nature of the Project as a facility within the meaning and purposes of the Act.

(3) To provide funds for refunding all or any part of the Bonds of any series then Outstanding, including the payment of any premium thereon and interest to accrue to the designated redemption date and any expenses in connection with such refunding.

(b) Before any Additional Bonds shall be issued under the provisions of this Section, the Purchaser shall be given written notice thereof and the Issuer shall adopt a Supplemental Resolution (i) authorizing the issuance of such Additional Bonds, fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Bonds are being issued or describing the Bonds to be refunded; and (ii) requiring the Issuer to enter into a supplemental lease with the City to provide for rental payments at least sufficient to pay the principal of, premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and for such other matters as are appropriate because of the issuance of the Additional Bonds proposed to be issued which, in the judgment of the Issuer, is not to the prejudice of the Issuer or the Owners of Bonds previously issued.

(c) Such Additional Bonds shall have the same designation as the Series 2014 Bonds, except for an identifying series letter or date and the addition of the word "Refunding" when applicable, shall be dated, shall be stated to mature on Bond Payment Dates in such year or years, shall bear interest at such rate or rates not exceeding the maximum rate then permitted by law, and shall be redeemable at such

times and prices (subject to the provisions of *Article III* of this Bond Resolution), all as may be provided by the Supplemental Resolution authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturity or maturities, the rate or rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Bond Resolution as the Series 2014 Bonds and any other Additional Bonds Outstanding at the time of the issuance of such Additional Bonds.

(d) Such Additional Bonds shall be substantially in the form and executed in the manner set forth in this Article and shall be deposited with the Bond Registrar for authentication.

(e) Except as provided in this Section, the Issuer will not otherwise issue any obligations ratably secured and on a parity with the Series 2014 Bonds, but the Issuer may issue other obligations specifically subordinate and junior to the Series 2014 Bonds with the express written consent of the City.

**Section 212. Preliminary and Final Official Statement.** The Preliminary Official Statement dated \_\_\_\_\_, is hereby ratified and approved, and the final Official Statement is hereby authorized and approved 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 President is hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the final Official Statement by the Purchaser in connection with the reoffering of the Series 2014 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 date of payment for and delivery of the Series 2014 Bonds.

**Section 213. Sale of the Bonds – Bond Purchase Agreement.** The execution of the Bond Purchase Agreement by the President is hereby ratified and confirmed. 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. Approval and Execution of the Site Lease and Lease.** The Site Lease and Lease presented with this Bond Resolution are hereby authorized and approved. The President is hereby authorized and directed to execute and deliver the Site Lease and Lease for and on behalf of and as the act and deed of the Issuer in substantially the form presented this date with such minor corrections or amendments thereto as the President shall approve, which approval shall be evidenced by his or her execution thereof, and to execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the purposes and intent of this Bond Resolution. The Secretary of the PBC is hereby authorized and directed to attest the execution of the Site Lease and Lease and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Bond Resolution.

**Section 215. Authorization of Escrow Agreement.** The Issuer is hereby authorized to enter into the Escrow Agreement, and the President and Secretary 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.** The Bonds shall be subject to redemption and payment prior to their Stated Maturity, as follows:

(a) ***Optional Redemption.***

(1) *Series 2014 Bonds.* At the option of the Issuer, Bonds maturing on October 1 in the years 2025, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on October 1, 2024, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

(2) *Additional Bonds.* Additional Bonds are subject to redemption and payment prior to Stated Maturity in accordance with the provisions of the supplemental resolution authorizing the issuance of such Additional Bonds.

(b) ***Mandatory Redemption.***

(1) *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 2014 Term Bonds.* (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 October 1 in each year, the following principal amounts of such [ ] Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$	

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\*Final Maturity

(b) [ ] *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 October 1 in each year, the following principal amounts of such [ ] Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$	

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\*Final Maturity

(3) *Additional Bonds*. Additional Bonds designated as Term Bonds shall be subject to mandatory redemption in accordance with the provisions of the supplemental resolution authorizing such Additional Bonds.

**Section 302. Selection of Bonds to be Redeemed.**

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

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

Bond Registrar in minimum Authorized Denomination in such equitable manner as the Bond Registrar may determine.

(c) In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each 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).

**Section 303. Notice and Effect of Call for Redemption.** Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the 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 any series of 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, further notice may be given by 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 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.

#### ARTICLE IV

##### ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF MONEYS

**Section 401. Establishment of Funds and Accounts.** Simultaneously with the issuance of the Series 2014 Bonds, there shall be created within the Treasury of the Issuer the following funds and accounts:

(a) Principal and Interest Payment Account; and

(b) Rebate Fund

The Funds and Accounts established herein shall be administered in accordance with the provisions of this Bond Resolution so long as the Series 2014 Bonds are Outstanding.

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

**Section 402. Deposit of Bond Proceeds and Other Funds.** The net proceeds received from the sale of the Series 2014 Bonds shall be deposited simultaneously with the delivery of the Series 2014 Bonds as follows:

(a) All excess proceeds received from the sale of the Series 2014 Bonds shall be deposited in the Principal and Interest Payment Account and applied in accordance with **Section 404** hereof.

(b) The sum of \$[ ] shall be deposited in the Cost of Issuance Account and applied in accordance with the provisions of the Escrow Agreement.

(c) The remaining balance of the proceeds derived from the sale of the Series 2014 Bonds shall be deposited in the Escrow Fund and shall be applied in accordance with the provisions of the Escrow Agreement.

(d) Simultaneously with the issuance of the Series 2014 Bonds, the Issuer shall transfer from the Series 2011 Debt Service Account the sum of \$[ ] and the Series 2011 Bond Reserve Account the sum of \$[ ] to the Escrow Fund to provide for payment of the Refunded Bonds.

**Section 403. Deposits to and Application of Moneys in Principal and Interest Payment Account.** There shall be deposited in the Principal and Interest Payment Account all Rental Payments received from the City pursuant to the terms of **Article III** of the Lease. All amounts paid and credited to the Principal and Interest Payment 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 Series 2014 Bonds as and when the same become due and the usual and customary fees and expenses of the Paying Agent. Funds shall be withdrawn from the Principal and Interest Payment Account in sums sufficient to pay both principal or Redemption Price of and interest on the Series 2014 Bonds and the fees and expenses of the Paying Agent as and when the same become due, and shall be forwarded 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 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. Payment of fees and expenses of the Paying Agent and Bond Registrar shall be subordinate to payments of principal and interest to the Owners of the Bonds.

Any moneys or investments remaining in the Principal and Interest Payment Account after the retirement of the indebtedness for which the Series 2014 Bonds were issued shall be transferred and paid to the City.

**Section 404. Application of Moneys in the Rebate Fund.**

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

(b) The Issuer shall periodically determine the rebatable arbitrage, if any, under Section 148(f) of the Code in accordance with the Tax Agreement, and the Issuer shall, from funds received from the City, make payments to the United States of America at the times and in the amounts determined under the Tax Agreement. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount, or provision made therefor, shall be transferred and paid to the City.

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

**Section 405. 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 City. All such depositories shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

Moneys held in any Fund or Account may be invested in accordance with this Bond Resolution and the Tax Agreement, in Investment Securities; 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. In determining the amount held in any Fund or Account under the provisions of the Resolution, Investment Securities shall be valued at their market value. Such valuation shall be made as of the final Principal Payment Date of any Fiscal Year that the Bonds remain Outstanding.

**Section 406. 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 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 407. 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(s) and] the Escrow Agreement.

**Section 408. 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 this *Article V* 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.

## ARTICLE V

### DEFAULT AND REMEDIES

**Section 501. Notice of Default.** If an Event of Default shall have occurred and be continuing, the Issuer shall request the Bond Registrar to promptly notify the Owners of such default.

**Section 502. 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 Owners of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated to enforce the rights of such Owner or Owners against the Issuer and to require and compel duties and obligations required by the provisions of the Resolution, by the Lease, or by the Constitution and laws of the State.

**Section 503. Limitation on Exercise of Remedies by Owners.** No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Bond Resolution or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless: (a) a default has occurred, of which the Owners have been notified; (b) such default shall have become an Event of Default, (c) the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Issuer, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; and (d) the Issuer shall thereafter fail or refuse to exercise the powers granted in this section to institute such action, suit or proceeding in its own name against the City. No one or more Owners shall have any right in any manner whatsoever to affect, disturb or prejudice this Bond Resolution by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in this Bond Resolution contained shall, however, affect or impair the right of any Owner to payment of the principal of and interest on any Bond at and after the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective Owners thereof at the time, place, from the source and in the manner herein and in the Bonds expressed.

**Section 504. Right of Owners to Direct Proceedings.** Anything in this Bond Resolution to the contrary notwithstanding, the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Registrar, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Resolution.

**Section 505. Remedies Cumulative.** No remedy by the terms of this Bond Resolution conferred upon or reserved to the Issuer or to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Issuer or to the Owners hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Issuer or by the Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

**Section 506. Waivers of Events of Default.** Any Event of Default hereunder and its consequences may be waived and shall be waived upon the written request of the Owners of at least 25% in aggregate principal amount of all Bonds then Outstanding. In case of any such waiver or rescission, or in case any proceedings taken by the Issuer under this Bond Resolution on account of any such default shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the City and the Owners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon, and all rights, remedies and powers of the Issuer shall continue as if no such proceedings had been taken.

## ARTICLE VI

### DEFEASANCE

**Section 601. Defeasance.** When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Pledged Property 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, (1) the Issuer has elected to redeem such Bonds, and (2) 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 VII

### TAX COVENANTS

**Section 701. General Covenants.** The Issuer covenants and agrees that it will comply with and cause the City to 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 2014 Bonds; and (b) all provisions and requirements of the Tax Agreement. The President, Secretary and the City's Chief Financial Officer are hereby authorized and directed to execute the Tax Agreement 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 2014 Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

**Section 702. Survival of Covenants.** The covenants contained in this Article shall remain in full force and effect notwithstanding the defeasance of the Series 2014 Bonds pursuant to *Article VII* hereof or any other provision of this Bond Resolution until the final maturity date of all Series 2014 Bonds Outstanding.

## ARTICLE VIII

### GENERAL COVENANTS AND PROVISIONS

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 801. Payment of Principal of, Premium, if any, and Interest on the Bonds.** The Issuer covenants and agrees that it will, but solely from the rents, revenues and receipts derived from the Project as described herein, promptly pay or cause to be paid the principal of, premium, if any, and interest on the Bonds as the same become due and payable at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof, and to this end the Issuer covenants and agrees that it will use its best efforts to cause the Project to be continuously leased as a revenue and income producing undertaking, and that, should there be a default under the Lease with the result that the right of possession of the Project is returned to the Issuer, the Issuer shall fully cooperate with the Owners to protect the rights and security of the Owners and shall diligently proceed in good faith and use its best efforts to secure another lawful tenant for the Project to the end that at all times sufficient rents, revenues and receipts will be derived by Issuer from the Project to provide for payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable. Nothing herein shall be construed as requiring the Issuer to operate the Project as a business other than as lessor or to use any funds or revenues from any source other than funds and revenues derived from the Project.

**Section 802. Authority to Execute Resolution and Issue Bonds.** The Issuer covenants that it is duly authorized under the constitution and laws of the State of Kansas to execute this Bond Resolution,

to issue the Bonds; that all action on its part for the execution and delivery of this Bond Resolution and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of the Issuer according to the import thereof.

**Section 803. Performance of Covenants.** The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Bond Resolution, in the Bonds and in all proceedings pertaining thereto.

**Section 804. Instruments of Further Assurance.** The Issuer covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Resolutions and such further acts, instruments, financing statements and other documents required to secure the payment of the principal of, premium, if any, and interest on the Bonds. The Issuer covenants and agrees that, except as herein and in the Lease provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the rents, revenues and receipts derived therefrom or from the Lease, or of its rights under the Lease.

**Section 805. Maintenance, Taxes and Insurance.** The Issuer represents that pursuant to the provisions of the Lease, the City has agreed to cause the Project to be maintained and kept in good condition, repair and working order, to pay, as the same respectively become due, all taxes, assessments and other governmental charges at any time lawfully levied or assessed upon or against the Project or any part thereof, and to keep the Project constantly insured to the extent provided for therein, all at the sole expense of City.

**Section 806. Inspection of Project Books.** The Issuer covenants and agrees that all books and documents in its possession relating to the Project and the rents, revenues and receipts derived from the Project shall at all times be open to inspection by such accountants or other agencies as the Issuer may from time to time designate.

**Section 807. Enforcement of Rights Under the Lease.** The Issuer covenants and agrees that it shall enforce all of its rights and all of the obligations of the City (at the expense of the City) under the Lease to the extent necessary to preserve the Project in good order and repair, and to protect the rights of the Owners hereunder with respect to the pledge and assignment of the rents, revenues and receipts coming due under the Lease. The Issuer agrees to enforce all rights of the Issuer and all obligations of the City under and pursuant to the Lease for and on behalf of the Owners.

**Section 808. Possession and Use of Project.** So long as not otherwise provided in this Bond Resolution, the City shall be suffered and permitted to possess, use and enjoy the Project and appurtenances so as to carry out its obligations under the Lease.

## ARTICLE IX

### SUPPLEMENTAL RESOLUTIONS

**Section 901. Supplemental Resolutions Not Requiring Consent of Owners.** The Issuer may from time to time, without the consent of or notice to any of the Owners, enter into such Supplemental Resolution or Supplemental Resolutions as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

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

- (b) To grant to or confer upon the Bond Registrar for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners;
- (c) To more precisely identify the Project or to substitute or add additional property thereto;
- (d) To subject to this Bond Resolution additional revenues, properties or collateral;
- (e) To issue Additional Bonds as provided in *Section 211* hereof; and
- (f) To conform the provisions of this Bond Resolution to the provisions of the Code as the same now exists or may be hereafter amended.

**Section 902. Supplemental Resolutions Requiring Consent of Owners.**

(a) Exclusive of Supplemental Resolutions described in the preceding section, and subject to the terms and provisions contained in this Section, and not otherwise, Owners owning not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Bond Resolution to the contrary notwithstanding, to consent to and approve the execution by the Issuer of such other Supplemental Resolution or Supplemental Resolution as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Bond Resolution or in any Supplemental Resolutions; provided, however, that nothing in this Section contained shall permit or be construed as permitting (1) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (2) a reduction in the principal amount of any Bond or the rate of interest thereon, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (4) a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Resolution.

(b) Any provision of this Bond Resolution or the Bonds may be amended with the written consent of the Owners owning 100% in aggregate principal amount then Outstanding.

**Section 903. City's Consent to Supplemental Resolution.** Anything herein to the contrary notwithstanding, a Supplemental Resolution under this Article which affects any rights of the City shall not become effective unless and until the City shall have consented in writing to the execution and delivery of such Supplemental Resolution, provided that receipt by the Issuer of an amendment to the Lease executed by the City in connection with the issuance of Additional Bonds under *Section 211* hereof shall be deemed to constitute consent of the City to the execution of a Supplemental Resolution pursuant to *Section 211* hereof. In this regard, the Issuer cause notice of the proposed execution and delivery of any such Supplemental Resolution (other than a Supplemental Resolution proposed to be executed and delivered pursuant to *Section 211* hereof) together with a copy of the proposed Supplemental Resolution to be mailed to the City at least 15 days prior to the proposed date of execution and delivery of any such Supplemental Resolution.

**ARTICLE X**

**LEASE AMENDMENTS**

**Section 1001. Lease Amendments.** The provisions of the Lease may be amended to the extent and upon the terms and conditions provided therein.

## ARTICLE XI

### CONTINUING DISCLOSURE REQUIREMENTS

**Section 1101. Disclosure Requirements.** The Lease provides that the City will furnish certain materials delineated in the Disclosure Undertaking for the purpose of complying with the SEC Rule.

**Section 1102. Failure to Comply with Continuing Disclosure Requirements.** In the event that the City fails to provide in a timely manner the information that it has covenanted to provide in the Lease, the Issuer shall pursue the remedies granted to it in the Lease.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

**Section 1201. 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. A copy of any notice received by the Issuer pursuant to the provisions hereof shall be forwarded to the City. 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 1202. Immunity of Officers, Employees and Members of Issuer.** No recourse shall be had for the payment of the principal of, redemption premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Bond Resolution contained against any past, present or future officer, director, member, employee or agent of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution, or by the enforcement of any

assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Resolution and the issuance of the Bonds.

**Section 1203. 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 1204. Further Authority.** The officers and officials of the Issuer, including the President and Secretary, 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 1205. 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 1206. Governing Law.** This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

**Section 1207. Effective Date.** This Bond Resolution shall take effect and be in full force from and after its passage by the governing body of the Issuer.

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**ADOPTED** by the Beloit Public Building Commission on July 1, 2014.

**BELOIT PUBLIC  
BUILDING COMMISSION**

(Seal)

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

**CERTIFICATE**

I, the undersigned, hereby certify that the above and foregoing is a true and correct copy of the Resolution No. [ ] (the "Resolution") of the Beloit Public Building Commission, adopted on July 1, 2014, as the same appears of record in my office, and that the Resolution has not been modified, amended or repealed and is in full force and effect as of this date.

DATED: \_\_\_\_\_.

\_\_\_\_\_  
Secretary

**EXHIBIT A**  
**(FORM OF SERIES 2014 BONDS)**

**REGISTERED  
NUMBER \_\_\_\_\_**

**REGISTERED  
\$**

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

**UNITED STATES OF AMERICA  
STATE OF KANSAS  
COUNTY OF MITCHELL  
BELOIT PUBLIC BUILDING COMMISSION  
REFUNDING REVENUE BOND  
SERIES 2014**

<b>Interest Rate:</b>	<b>Maturity Date:</b>	<b>Dated Date: July 30, 2014</b>	<b>CUSIP:</b>
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**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**KNOW ALL PERSONS BY THESE PRESENTS:** That the Beloit Public Building Commission, a municipal corporation in the County of Mitchell, State of Kansas (the “Issuer”), for value received, hereby acknowledges itself to be indebted and promises to pay, but solely from the sources hereinafter referred to, to the Registered Owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, 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 April 1 and October 1 of each year, commencing April 1, 2015 (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 to the person in whose name this Bond is registered at the maturity 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 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 (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 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.

**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 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.

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

**BELOIT PUBOIC  
BUILDING COMMISSION**

(Facsimile Seal)

By: \_\_\_\_\_ (facsimile)  
President

ATTEST:

By: \_\_\_\_\_ (facsimile)  
Secretary

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of a series of Refunding Revenue Bonds, Series 2014, of the Beloit Public Building Commission, described in the within-mentioned Resolution.

Registration Date: \_\_\_\_\_

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

By \_\_\_\_\_

Registration Number: \_\_\_\_\_

---

(FORM OF REVERSE SIDE OF BOND)

**ADDITIONAL PROVISIONS**

**Authorization of Series 2014 Bonds.** This Bond is one of an authorized series of Bonds of the Issuer designated "Beloit Public Building Commission Revenue Bonds, Series 2014," aggregating the principal amount of \$[4,230,000] (the "Series 2014 Bonds") issued for the purposes set forth in the Bond Resolution of the Issuer authorizing the issuance of the Bonds (the "Bond Resolution"). The proceeds of the Series 2014 Bonds are for the purpose of providing funds to pay the costs to advance refund the Issuer's Revenue Bonds (Swimming Pool Project), Series 2011, the proceeds of which were used to acquire, construct and equip a swimming pool facility (the "Facility") in the City of Beloit, Kansas (the "City"). The Issuer and the City will enter into an Amended and Restate Site Lease, dated as of the Dated Date, wherein the City leases will continue to lease the site on which the Facility is located (the "Land") to the Issuer for a term ending October 1, 2037 (the "Site Lease"), and permit the operation of the Facility. The Issuer will then enter into an Amended and Restate Lease Agreement, dated as of the Dated Date (the "Lease"), with the City wherein the Issuer will continue to lease the Land and the Facility (collectively the "Project") to the City for lease payments sufficient to provide funds to the Issuer to pay the debt service requirements on the Series 2014 Bonds. The term of the Lease will be co-terminus with the final maturity of the Series 2014 Bonds.

The Series 2014 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. 12-1757 *et seq.*, and K.S.A. 10-116a, all as amended, and all other provisions of the laws of the State of Kansas applicable thereto. Subject to the terms and conditions set forth therein, the Bond Resolution permits the Issuer to issue Additional Bonds (as defined therein) secured by the Bond Resolution ratably and on a parity with the Series 2014 Bonds (the Series 2014 Bonds together with such Additional Bonds being herein referred to collectively as the "Bonds"). Reference is hereby made to the Bond Resolution for a description of the provisions, among others, with respect to the nature and extent of the security for the Series 2014 Bonds, the rights, duties and obligations of the Issuer and the Owners, and the terms upon which the Series 2014 Bonds are issued and secured.

**Special Obligations.** The Series 2014 Bonds and the interest thereon are special obligations of the Issuer payable exclusively out of the Pledged Property under the Bond Resolution, including but not

limited to the rents, revenues and receipts under the Lease, and are secured by a pledge of the Project as described in the Lease and a pledge and assignment of the Pledged Property, including all rentals and other amounts to be received by the Issuer under and pursuant to the Lease, all as provided in the Bond Resolution. The Series 2014 Bonds and the interest thereon do not constitute a debt or general obligation of the Issuer, the State of Kansas or any municipal corporation thereof, and are payable from taxation only to the extent that the Tenant generates the rentals payable under the Lease from taxation. The Series 2014 Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

**Redemption Prior to Maturity.** The Series 2014 Bonds are subject to redemption prior to maturity, as follows:

**Optional Redemption.** At the option of the Issuer, Series 2014 Bonds maturing on October 1 in the years 2025, and thereafter, will be subject to redemption and payment prior to maturity on October 1, 2024, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

**Mandatory Redemption.** Each of the Bonds maturing on October 1, [ ] ,and [ ] 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 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 Series 2014 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 certificate with respect to each date on which the Series 2014 Bonds are stated to mature or with respect to each form of Series 2014 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 2014 Bonds by the Securities Depository's participants, beneficial ownership of the Series 2014 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 2014 Bond, as the owner of this Series 2014 Bond for all purposes, including (i) payments of principal of, and redemption premium, if

any, and interest on, this Series 2014 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 2014 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 Series 2014 Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2014 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 2014 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 2014 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 2014 Bond or Series 2014 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 2014 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 2014 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 2014 Bonds are issued in fully registered form in Authorized Denominations.

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### 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 2014 Bonds:

**GILMORE & BELL, P.C.**  
**Attorneys at Law**  
**100 N. Main Suite 800**  
**Wichita, Kansas 67202**

(PRINTED LEGAL OPINION)

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**BOND ASSIGNMENT**

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

\_\_\_\_\_  
(Name and Address)

\_\_\_\_\_  
(Social Security or Taxpayer Identification No.)

the Series 2014 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 Series 2014 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:

By \_\_\_\_\_

**CERTIFICATE OF SECRETARY**

STATE OF KANSAS            )  
  ) SS.  
COUNTY OF MITCHELL    )

The undersigned Secretary of the Beloit Public Building Commission, does hereby certify that the within Series 2014 Bond has been duly registered in my office according to law as of \_\_\_\_\_.

WITNESS my hand and official seal.

(Facsimile Seal)

By: \_\_\_\_\_ (facsimile)  
Secretary

**CERTIFICATE OF COUNTY CLERK**

STATE OF KANSAS            )  
  ) SS.  
COUNTY OF MITCHELL    )

The undersigned County Clerk of Mitchell County, Kansas, does hereby certify that the within Series 2014 Bond has been duly registered in my office according to law as of \_\_\_\_\_.

WITNESS my hand and official seal.

(Facsimile Seal)

By: \_\_\_\_\_ (facsimile)  
County Clerk

**CERTIFICATE OF STATE TREASURER**

OFFICE OF THE TREASURER, STATE OF KANSAS

RON ESTES, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Series 2014 Bond has been filed in the office of the State Treasurer, and that this Series 2014 Bond was registered in such office according to law on \_\_\_\_\_.

WITNESS my hand and official seal.

(Facsimile Seal)

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

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**TAX COMPLIANCE AGREEMENT**

**Dated as of July 30, 2014**

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**Between**

**BELOIT PUBLIC BUILDING COMMISSION  
as Issuer**

**And**

**THE CITY OF BELOIT, KANSAS  
as Lessee**

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**[\$4,590,000]  
BELOIT PUBLIC BUILDING COMMISSION  
REFUNDING REVENUE BONDS, SERIES 2014**

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**TAX COMPLIANCE AGREEMENT**

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- B. RECEIPT FOR PURCHASE PRICE
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- D. DESCRIPTION OF PROPERTY COMPRISING THE FINANCED PROJECT
- E. SAMPLE ANNUAL COMPLIANCE CHECKLIST

\* \* \*

## TAX COMPLIANCE AGREEMENT

**THIS TAX COMPLIANCE AGREEMENT** (the “Tax Agreement”), entered into as of July 30, 2014, between the **BELOIT PUBLIC BUILDING COMMISSION**, a municipal corporation organized and existing under the laws of the State of Kansas (the “Issuer”) and **THE CITY OF BELOIT, KANSAS**, a municipal corporation organized and existing under the laws of the State of Kansas (the “City”).

### RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance by the Issuer of \$[4,590,000] principal amount of Refunding Revenue Bonds, Series 2014 (the “Bonds”), under a Bond Resolution (as herein defined) for the purposes described in this Tax Agreement and in the Bond Resolution.

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

3. The Issuer and the City are entering into this Tax Agreement in order to set forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the property financed or refinanced with those proceeds and the investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

4. The Issuer adopted its Tax and Securities Compliance Procedures on July 1, 2014 (the “Tax Compliance Procedure”) for the purpose of setting out general procedures for the Issuer to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

5. The City adopted its Tax and Securities Compliance Procedures on April 2, 2013 (the “Tax Compliance Procedure”) for the purpose of setting out general procedures for the City to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

6. This Tax Agreement is entered into as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Bonds.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Issuer and the City represent, covenant and agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.1. Definitions of Words and Terms.** Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Indenture, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Agreement have the following meanings:

“**Act**” means K.S.A. 12-1757 *et seq.*, and K.S.A. 10-116a, all as amended and supplemented from time to time.

“**Adjusted Gross Proceeds**” means the Gross Proceeds of the Bonds reduced by amounts (1) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (2) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (3) representing grant repayments or sale or Investment proceeds of any purpose Investment.

“**Annual Compliance Checklist**” means a checklist for the Financed Facility designed to measure compliance with the requirements of this Tax Certificate and the Tax Compliance Procedure after the Issue Date as further described in **Section 4.2(e)** and substantially in the form attached as **Exhibit E**.

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

“**Bond**” or “**Bonds**” means any bond or bonds described in the recitals, authenticated and delivered under the Indenture.

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

“**Bond Resolution**” means Resolution No. [ ]-2014 of the Issuer duly adopted by the governing body of the Issuer on July 1, 2014, as originally executed by the Issuer as amended and supplemented in accordance with the provisions of the Bond Resolution.

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

“**City**” means the City of Beloit, Kansas.

“**City Bond Compliance Officer**” means the City’s Director of Finance or other person named in the City Tax Compliance Procedure.

“**City Tax Compliance Procedure**” means the City’s Tax and Securities Compliance Procedures dated April 2, 2013.

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

“**Computation Date**” means each date on which arbitrage rebate for the Bonds is computed. The Issuer may treat any date as a Computation Date, subject to the following limits:

- (a) the first rebate installment payment must be made for a Computation Date not later than five years after the Issue Date;
- (b) each subsequent rebate installment payment must be made for a Computation Date not later than five years after the previous Computation Date for which an installment payment was made; and
- (c) the date the last Bond is discharged is the final Computation Date.

The Issuer selects April 1, 2019 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“**Escrow Agent**” means Security Bank of Kansas City, Kansas City, Kansas and its successor or successors at the time acting as the Escrow Agent under the Escrow Agreement.

“**Escrow Agreement**” means the Escrow Trust Agreement between the Issuer and the Escrow Agent dated as of the Issue Date and related to the Bonds.

“**Escrowed Securities**” means the direct non-callable obligations of the United States of America listed in the Verification Report, and any Substitute Escrowed Securities.

“**Final Written Allocation**” means the written allocation of expenditures of proceeds of the Original Obligations as set forth on **Exhibit D**.

“**Financed Facility**” means the portion of the Project being financed or refinanced with the proceeds of the Original Obligations as described on **Exhibit D**.

“**Gross Proceeds**” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds, other Investment proceeds or transferred proceeds), (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, (e) any other replacement proceeds and (f) any transferred proceeds. Specifically, Gross Proceeds includes (but is not limited) to amounts held in the following funds and accounts:

- (1) Principal and Interest Account.
- (2) Costs of Issuance Account.
- (3) Escrow Fund.
- (4) Rebate Fund (to the extent funded with sale proceeds or Investment proceeds of the Bonds).
- (5) Compliance Account (to the extent funded with sale proceeds or Investment proceeds of the Bonds).

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

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

**“IRS”** means the United States Internal Revenue Service.

**“Issue Date”** means July 30, 2014.

**“Issuer”** means the Beloit Public Building Commission and its successors and assigns, or any body, agency or instrumentality of the State of Kansas succeeding to or charged with the powers, duties and functions of the Issuer.

**“Issuer Bond Compliance Officer”** means the Issuer’s Secretary or other person named in the Issuer’s Tax Compliance Procedure.

**“Issuer’s Tax Compliance Procedure”** means the Issuer’s Tax and Securities Compliance Procedures dated July 1, 2014.

**“Land”** means the real property (or interests therein) on which the Project or portions thereof will be constructed or installed as described on *Schedule I* attached to the Lease.

**“Lease”** means the Amended and Restated Lease dated as of July 30, 2014, between the Issuer and the City, as from time to time amended and supplemented in accordance with the provisions thereof.

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

**“Measurement Period”** means, with respect to each item of property financed as part of the Financed Facility with proceeds of the Original Obligations, the period beginning on the later of (i) the issue date of the Original Obligations or (ii) the date the property was or will be placed in service, and ending on the earlier of (A) the final maturity date of the Bonds or (B) the expected economic useful life of the property.

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

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

**“Non-Qualified Use”** means use of Bond proceeds or the Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether

Bond proceeds or the Financed Facility are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Regulations § 1.141-3.

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

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

“**Original Obligations**” means the Series 2011 Bonds which was the first issue of tax-exempt governmental bonds that financed or refinanced a portion of the Financed Facility.

“**Post-Issuance Tax Requirements**” means those requirements related to the use of proceeds of the Bonds, the use of the Financed Facility and the investment of Gross Proceeds after the Issue Date of the Bonds.

“**Project**” means all of the property being acquired, developed, constructed, renovated, and equipped by the Issuer using proceeds of the Original Obligations and other money contributed by the Issuer, as described on **Exhibit D**.

“**Proposed Regulations**” means the proposed arbitrage regulations REG 106143-07 (published at 72 Fed. Reg. 54606 (Sept. 26, 2007)).

“**Qualified Use Agreement**” means any of the following:

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

(2) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby (a) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (b) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

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

type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

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

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

**"Rebate Analyst"** means Gilmore & Bell, P.C. or any successor Rebate Analyst selected pursuant to this Tax Agreement.

**"Refunded Obligations"** means \$4,200,000 outstanding principal amount of the Series 2011 Bonds maturing April 1, 2015 through April 1, 2032.

**"Refunded Obligations Redemption Date"** means April 1, 2017.

**"Regulations"** means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Bonds.

**"Series 2011 Bonds"** means the Issuer's \$4,435,000 original principal amount Revenue Bonds, Series 2011 (Swimming Pool Project) issued on September 15, 2011, the proceeds of which financed new money capital expenditures.

**"Site Lease"** means the Amended and Restated Site Lease dated as of July 30, 2014, between the Issuer and the City, as from time to time amended and supplemented in accordance with the provisions thereof.

**"Tax Agreement"** means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

**"Tax Compliance Procedure"** collectively the City Tax Compliance Procedure and the Issuer Tax Compliance Procedure.

**"Tax-Exempt Bond File"** means documents and records for the Bonds, the Refunded Obligations and the Original Obligations maintained by the City Bond Compliance Officer pursuant to the Issuer Tax Compliance Procedure.

**"Transcript"** means the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

**"Underwriter"** means Piper Jaffray & Co. underwriter of the Bonds.

**"Verification Report"** means the report of Robert Thomas, CPA, LLC, certified public accountants, relating to the Bonds and the Refunded Obligations.

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

## ARTICLE II

### GENERAL REPRESENTATIONS AND COVENANTS

**Section 2.1. Mutual Representations and Covenants of the Issuer and the City.** The Issuer represents and covenants as follows:

(a) *Organization and Authority.*

(1) Issuer. The Issuer: (1) is a municipal corporation duly organized and existing under the laws of the State, including, but not limited to, the Act, (2) has lawful power and authority to issue the Bonds for the purposes set forth in the Bond Resolution, to enter into, execute and deliver the Bond Resolution, the Site Lease, the Lease and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Bond Resolution, the Site Lease, the Lease and this Tax Agreement, acting by and through its duly authorized board members and officers.

(2) City. The City: (1) is a municipal corporation duly organized and existing under the laws of the State, (2) has lawful power and authority to enter into, execute and deliver the Site Lease, the Lease and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Site Lease, the Lease and this Tax Agreement, acting by and through its duly authorized board members and officers.

(3) On Behalf of Issuer. The Issuer issuing the Bonds on behalf of the City. In accordance therewith:

(A) The Issuer is a municipal corporation authorized by K.S.A. 12-1757 *et seq.* and formed by and at the direction of the City for the purpose of financing certain projects and holding property in trust for the City;

(B) The Issuer was formed by the governing body of the City formally approving the creation of the Issuer by Ordinance;

(C) All of the members of the Issuer are appointed by the governing body of the City;

(D) The Issuer is authorized under Kansas law to issue bonds in furtherance of its corporate purposes, which include the power to finance and lease the Project to the City; and

(E) Upon dissolution of the Issuer, legal title to the Project will vest in and become property of the City.

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

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

(d) *Governmental Obligations—Private Security or Payment.* As of the Issue Date, the Issuer and the City each expects that none of the principal and interest on the Bonds will be and the payment of principal of and interest on the Refunded Obligations has not been (under the terms of the Bonds or any underlying arrangement) directly or indirectly:

- (1) secured by (i) any interest in property used or to be used for a private business use, or (ii) any interest in payments in respect of such property; or
- (2) derived from payments (whether or not such payments are made to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use.

For purposes of the forgoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. Neither the Issuer nor the City will permit any private security or payment with respect to the Bonds without first obtaining an Opinion of Bond Counsel.

(e) *No Private Loan.* Not more than 5% of the Net Proceeds of the Bonds will be loaned directly or indirectly to any Non-Qualified User.

(f) *Management Agreements.* As of the Issue Date, neither the Issuer nor the City has any Management Agreement with a Non-Qualified User. During the Measurement Period, the Issuer has not and will not enter into or renew any Management Agreement with any Non-Qualified User without first obtaining an Opinion of Bond Counsel.

(g) *Leases.* As of the Issue Date, neither the Issuer nor the City has entered into any leases or subleases of any portion of the Financed Facility other than Qualified Use Agreements. During the Measurement Period, neither the Issuer nor the City has or will enter into or renew any lease, sublease or similar agreement or arrangement other than a Qualified Use Agreement without first obtaining an Opinion of Bond Counsel.

(h) *Limit on Maturity of Bonds.* A list of the assets included in the Financed Facility and a computation of the “average reasonably expected economic life” is attached to this Tax Agreement as **Exhibit D**. Based on this computation, the “average maturity” of the Bonds, as computed by Bond Counsel, does not exceed 120% of the average reasonably expected economic life of the Financed Facility. The “average reasonably expected economic life” of the Financed Facility was determined as follows: the average economic life of the Financed Facility as of the issue date of the Original

Obligations was first multiplied by 120%, then reduced by the number of years elapsed from the issue date of the Original Obligations to the Issue Date.

(i) *Reimbursement of Expenditures; Official Intent.* On July 5, 2011, the governing body of the Issuer adopted a resolution declaring the intent of the Issuer to finance the Financed Facility with tax-exempt bonds and to reimburse the Issuer for expenditures made for the Financed Facility prior to the issuance of those bonds, a copy of which is found behind Tab 36 in the transcript of proceedings. No portion of the Net Proceeds of the Original Obligations was used to reimburse an expenditure paid by the Issuer more than 60 days prior to the date the resolution was adopted, except as described in the Federal Tax Agreement for the Original Obligations. The Issuer evidenced each allocation of the proceeds of the Original Obligations to an expenditure in writing.

(j) *Registered Bonds.* The Indenture requires that all of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).

(k) *Bonds Not Federally Guaranteed.* The Issuer will not take any action or permit any action to be taken which would cause any Bond to be “federally guaranteed” within the meaning of Code § 149(b).

(l) *IRS Form 8038-G.* Bond Counsel will prepare Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the Issuer and the City contained in this Tax Agreement or otherwise provided by the Issuer or City. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer’s records. Issuer agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G for filing with the IRS. A copy of the “as-filed” copy along with proof of filing will be included as **Exhibit A**.

(m) *Hedge Bonds.* At least 85% of the net sale proceeds (the sale proceeds of the Original Obligations less any sale proceeds invested in a reserve fund) of the Original Obligations were used to carry out the governmental purpose of the Original Obligations within 3 years after the issue date of the Original Obligations, and not more than 50% of the proceeds of the Original Obligations were invested in Investments having a substantially guaranteed Yield for 4 years or more.

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

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

(p) *Interest Rate Swap.* As of the Issue Date, neither the Issuer or City has entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bonds. Neither the Issuer or City will enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

(q) *Guaranteed Investment Contract.* As of the Issue Date, neither the Issuer or City expects to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The Issuer or City will be responsible for complying **Section 4.4(d)** if it decides to enter into a Guaranteed Investment Contract at a later date.

(r) *Bank Qualified Tax-Exempt Obligation.* The Issuer designates the Bonds as “qualified tax-exempt obligations” under Code § 265(b)(3), and with respect to this designation certifies as follows:

(1) the Issuer reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the Issuer (and all subordinate entities of the Issuer) during the calendar year that the Bonds are issued, including the Bonds, will not exceed \$10,000,000; and

(2) the Issuer (including all subordinate entities of the Issuer) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during the calendar year that the Bonds are issued, including the Bonds, in an aggregate principal amount or aggregate issue price in excess of \$10,000,000, without first obtaining an Opinion of Bond Counsel that the designation of the Bonds as “qualified tax-exempt obligations” will not be adversely affected.

**Section 2.2. Survival of Representations and Covenants.** All representations, covenants and certifications of the Issuer and the City contained in this Tax Agreement or in any certificate or other instrument delivered by the Issuer or the City under this Tax Agreement, will survive the execution and delivery of such documents and the issuance of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds.

### ARTICLE III

#### ARBITRAGE CERTIFICATIONS AND COVENANTS

**Section 3.1. General.** The purpose of this **Article III** is to certify, under Regulations § 1.148-2(b), the Issuer’s expectations as to the sources, uses and investment of Bond proceeds and other money, in order to support the Issuer’s conclusion that the Bonds are not arbitrage bonds. The persons executing this Tax Agreement on behalf of the Issuer and the City are officers of the Issuer and the City responsible for issuing the Bonds.

**Section 3.2. Reasonable Expectations.** The facts, estimates and expectations set forth in this **Article III** are based upon and in reliance upon the Issuer’s and City’s understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Issuer’s and City’s knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Issuer and the City set forth in this Tax Agreement are reasonable. Neither the Issuer or the City has any knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

**Section 3.3. Purpose of Financing.** The Bonds are being issued for the purpose of providing funds to refund the Refunded Obligations. The purpose of the refunding of the Refunded Obligations is to restructure debt service to achieve interest cost savings and accommodate budgetary constraints.

**Section 3.4. Funds and Accounts.** The following funds and accounts have been established under the Indenture:

Principal and Interest Account  
Rebate Fund  
Compliance Account

In addition, the Escrow Fund and Costs of Issuance Account are established in the custody of the Escrow Agent under the Escrow Agreement.

In addition, Resolution No. 2-2011 of the Issuer authorizing the Series 2011 Bonds established a Reserve Account for the Series 2011 Bonds.

**Section 3.5. Amount and Use of Bond Proceeds and Other Money.**

(a) *Amount of Bond Proceeds.* The total proceeds to be received by the Issuer from the sale of the Bonds will be as follows:

Principal Amount	\$[4,590,000].00
Net Original Issue Premium/(Discount)	
Underwriting Discount	
Total Proceeds Received by Issuer	\$

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

(1) \$[ ] of sale proceeds of the Bonds will be deposited in the Costs of Issuance Account and used to pay costs of issuing the Bonds.

[(2) \$[ ] of sale proceeds of the Bonds will be deposited in the Compliance Account.]

( ) \$[ ], representing the remaining sale proceeds of the Bonds will be transferred to the Escrow Agent for deposit in the Escrow Fund to be applied as provided in the Escrow Agreement to pay the principal of and interest on the Refunded Obligations on and prior to the Refunded Obligations Redemption Date.

**Section 3.6. Multipurpose Issue.** The Issuer is applying the arbitrage rules to separate financing purposes of the issue that have the same initial temporary period as if they constitute a single issue for purposes pursuant to Regulations § 1.148-9(h)(3)(i).

**Section 3.7. Advance Refunding.**

(a) *Escrow Fund.* Money in the Escrow Fund aggregating \$[ ] will be used to purchase the Escrowed Securities, as described in the Verification Report, and \$[ ] will be

held uninvested as the initial cash balance in the Escrow Fund. The maturing principal of and interest on the Escrowed Securities and the initial cash deposit in the Escrow Fund will be expended to pay the principal of, redemption premium, if any, and interest on the Refunded Obligations. Upon redemption of the Refunded Obligations, any excess cash remaining in the Escrow Fund not needed to pay debt service on the Refunded Obligations will be transferred to the Principal and Interest Account.

(b) *Limit on Number of Advance Refunding Issues.* The issuance of the Bonds constitutes the first advance refunding of the Refunded Obligations.

(c) *Transferred Proceeds.* As of the Issue Date the following unspent proceeds of the Refunded Obligations remain: approximately \$ [188,441.94] in the debt service reserve fund for the Refunded Obligations. Upon discharge of any principal amount of the Refunded Obligations with proceeds of the Bonds, a ratable portion of any remaining unspent proceeds of the Refunded Obligations will become proceeds of the Bonds (determined in accordance with Regulations § 1.148-9(b)).

(d) *Yield On The Escrowed Securities.* The Yield on the Escrowed Securities ([ ]%), as shown in the Verification Report), does not exceed the Yield on the Bonds (see **Section 3.13**).

(e) *Excess Gross Proceeds.* There will be no excess gross proceeds of the Bonds.

**Section 3.8. No Current Refunding.** No proceeds of the Bonds will be used to pay principal or interest on any other debt obligation other than as described in **Section 3.7** above.

**Section 3.9. Project Completion.** The Financed Facility has previously been completed.

**Section 3.10. Sinking Funds.** The Issuer is required to make periodic payments in amounts sufficient to pay the principal of and interest on the Bonds. Such payments will be deposited into the Principal and Interest Account. Except for the Principal and Interest Account, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bonds has been established or is expected to be established. The Principal and Interest Account is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the Issuer expects that the Principal and Interest Account will qualify as a Bona Fide Principal and Interest Account.

**Section 3.11. Reserve, Replacement and Pledged Funds.**

(a) *Debt Service Reserve Fund.* No reserve or replacement fund has been established for the Bonds.

(b) *No Other Replacement or Pledged Funds.* None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility or refund the Refunded Obligations, and that instead has been or will be used to acquire higher yielding Investments. Except for the Principal and Interest Account, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Issuer encounters financial difficulty.

(c) *Compliance Account.* Amounts held in the Compliance Account are expected to be used 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. Therefore, amounts held in the Compliance Account are not pledged or committed in a manner that provides a reasonable assurance that

such funds would be available for payment of the principal of or interest on the Bonds if the Issuer encounters financial difficulty.

**Section 3.12. Purpose Investment Yield.** The proceeds of the Bonds will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

**Section 3.13. Offering Prices and Yield on Bonds.**

(a) *Offering Prices.* On Exhibit C, the Underwriter has certified that (1) all of the Bonds have been the subject of an initial offering to the public at prices no higher than those shown on Exhibit C, plus accrued interest (the “offering prices”), and (2) the Underwriter expects that at least 10% of the Bonds of each maturity will be sold to the public at initial offering prices no higher than said offering prices. The aggregate initial offering price of the Bonds is \$[\_\_\_\_\_], plus accrued interest.

(b) *Bond Yield.* Based on the offering prices, the Yield on the Bonds is [\_\_\_\_\_]%, as shown in the Verification Report. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

**Section 3.14. Miscellaneous Arbitrage Matters.**

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

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

**Section 3.15. Conclusion.** On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the Issuer does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an “arbitrage bond” within the meaning of Code § 148 and the Regulations.

## ARTICLE IV

### POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES

**Section 4.1. General.**

(a) *Purpose of Article.* The purpose of this Article IV is to supplement the Issuer Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Bonds are issued. The Issuer and City each recognizes that interest on the Bonds will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer and City each further acknowledges that written evidence substantiating compliance with the Post-Issuance Tax Requirements must be retained in order to permit the Bonds to be refinanced with tax-exempt obligations and substantiate the position that interest on the Bonds is exempt from gross income in the event of an audit of the Bonds by the IRS.

(b) *Written Policies and Procedures of the Issuer.* The Issuer intends for the Issuer Tax Compliance Procedure, as supplemented by this Tax Agreement, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Bonds and to supplement any other formal policies and procedures related to tax compliance that the Issuer has established. The provisions of this Tax Agreement are intended to be consistent with the Issuer Tax Compliance Procedure. In the event of any inconsistency between the Issuer Tax Compliance Procedure and this Tax Agreement, the terms of this Tax Agreement will govern.

(c) *City Responsible for Post-Issuance Tax Requirements.* The Issuer Bond Compliance Officer has provided a copy of the Issuer Tax Compliance Procedure to the City Bond Compliance Officer. The Issuer Tax Compliance Procedure contemplates that the City and the City's Bond Compliance Officer will follow the Issuer Tax Compliance Procedure. The Issuer and the City acknowledge that the investment and expenditure of proceeds of the Bonds are within the control of the City, and that substantially all of the proceeds of the property financed or refinanced by the Bonds is controlled by the City. For these reasons, the Issuer and the Issuer Bond Compliance Officer are relying on the City and the City Bond Compliance Officer to carry out the Post-Issuance Tax Requirements as set out in this Tax Agreement and the Issuer Tax Compliance Procedure. The City agrees to undertake these obligations and the obligations imposed on it by the Issuer Tax Compliance Procedure. The Issuer and the Issuer Bond Compliance Officer will cooperate with the City when necessary to enable the City to fulfill its Post-Issuance Tax Requirements. Subject to this **Section 4.1(c) and 4.1(d)**, this cooperation includes, but is not limited to, signing Form 8038-T in connection with the payment of arbitrage rebate or Yield reduction payments, participating in any federal income tax audit of the Bonds or related proceedings under a voluntary compliance agreement procedure (VCAP) or a remedial action procedure pursuant to Regulations § 1.141-12.

(d) *Payment of Costs of Post-Issuance Tax Requirements and Indemnifications.* The Issuer is not required to incur any cost in connection with any action taken related to the Post-Issuance Tax Requirements, it being the intent of the parties that all costs of the Post-Issuance Tax Requirements will be paid by, or immediately reimbursed by, the City. With respect to all actions requested of the Issuer by the City involving the Post-Issuance Tax Requirements, the Issuer is entitled to recover from the City all legal and other fees and expenses incurred and has all rights of indemnification against the City generally contained in the Lease.

#### **Section 4.2. Record Keeping; Use of Bond Proceeds and Use of Financed Facilities.**

(a) *Record Keeping.* The City Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Bonds in accordance with the Issuer Tax Compliance Procedure. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Agreement, the City Bond Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until 3 years following the final maturity of (i) the Bonds or (ii) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (1) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (2) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (3) exhibit a high degree of legibility and readability both electronically and in hardcopy, (4) provide support for other books and records of the City and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the City's premises. Upon request, the City will provide copies of all documents in the Tax-Exempt Bond File to the Issuer.

(b) *Accounting and Allocation of Bond Proceeds to Expenditures.* Proceeds of the Bonds will be used as describe in **Sections 3.5, 3.7 and 3.8.** The City Bond Compliance Officer will maintain accounting records showing the investment and expenditure of this money as part of the Tax-Exempt Bond File. The City Bond Compliance Officer has prepared written substantiation records of the allocation of proceeds the Original Obligations to the Financed Facility through requisitions from the project fund established under the indentures for the Original Obligations. This allocation is summarized on **Exhibit D** and is intended to constitute the Final Written Allocation for the Original Obligations.

(c) *Annual Compliance Checklist.* Attached as **Exhibit E** is a form of Annual Compliance Checklist for the Bonds. The City Bond Compliance Officer will prepare and complete an Annual Compliance Checklist for the Financed Facility at least annually in accordance with the Issuer Tax Compliance Procedure. In the event the Annual Compliance Checklist identifies a deficiency in compliance with the requirements of this Tax Agreement, the City Bond Compliance Officer will take the actions identified in an Opinion of Bond Counsel or the Issuer Tax Compliance Procedure to correct any deficiency.

(d) *Opinions of Bond Counsel.* The City Bond Compliance Officer is responsible for obtaining and delivering to the Issuer and the City any Opinion of Bond Counsel required under the provisions of this Tax Agreement, including any Opinion of Bond Counsel required by this Tax Agreement or the Annual Compliance Checklist.

**Section 4.3. Investment Yield Restriction.** Except as described below, the Issuer will not invest Gross Proceeds at a Yield greater than the Yield on the Bonds:

(a) *Costs of Issuance Account.* Amounts held in the Costs of Issuance Account may be invested without Yield restriction for 13 months.

(b) *Escrow Fund.* Proceeds of the Bonds deposited in the Escrow Fund are being invested at a Yield less than the Yield on the Bonds. Other money in the Escrow Fund may be invested at a Yield that does not exceed the Yield on the Refunded Obligations.

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

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

**Section 4.4. Procedures for Establishing Fair Market Value.**

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

(b) *Established Securities Market.* Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established

securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

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

(d) *Guaranteed Investment Contracts.* The Issuer is applying Regulations § 1.148-5(d)(6)(iii)(A) as amended by the Proposed Regulations (relating to electronic bidding of Guaranteed Investment Contracts) to the Bonds. The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

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

(A) The bid specifications are in writing and are timely forwarded to potential providers.

(B) The bid specifications include all “material” terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, the Trustee, or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the Issuer, the Trustee, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the Issuer’s reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.

(G) At least three “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.

(2) Bids Received. The bids received must meet all of the following requirements:

(A) At least three bids are received from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least one of the three bids received is from a reasonably competitive provider, as defined above.

(C) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

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

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

(5) Records. The Issuer and the Trustee retain the following records with the bond documents until three years after the last outstanding Bond is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer or the Trustee, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

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

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

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

**Section 4.5. Certain Gross Proceeds Exempt from the Rebate Requirement.**

(a) *General.* A portion of the Gross Proceeds of the Bonds may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Bonds and will not otherwise affect the application of the Investment limitations described in **Section 4.3**. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in **Section 4.6** applies even if a portion of the gross proceeds of the Bonds is exempt from the rebate requirement. To the extent all or a portion of the Bonds is exempt from Rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in **Section 4.6**. The Issuer may defer the final rebate Computation Date and the payment of rebate for the Bonds to the extent permitted by Regulations § 1.148-7(b)(1) and § 1.148-3(e)(2) but only in accordance with specific written instructions provided by the Rebate Analyst.

(b) *Applicable Spending Exceptions.* The following optional rebate spending exceptions can apply to the Bonds: 6-month Exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c).

In addition, the following rebate spending exceptions can apply to the transferred proceeds of the Refunded Obligations: 6, 18, or 24-month Exception (Regulations § 1.148-7(b)(1)(i)).

(c) *Special Elections Made with Respect to Spending Exception Elections.* No special elections are being made in connection with the application of the spending exceptions.

(d) *Bona Fide Debt Service Fund.* To the extent that the Principal and Interest Account qualifies as a Bona Fide Debt Service Fund, Investment earnings in the fund cannot be taken into account in computing arbitrage rebate (1) with respect to such portion that meets the 6-month, 18-month or 2-year spending exception, or (2) for a given Bond Year, if the gross earnings on the Principal and Interest Account for such Bond Year are less than \$100,000. If the average annual debt service on the Bonds does not exceed \$2,500,000, the \$100,000 earnings test may be treated as satisfied in every Bond Year.

(e) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, the Issuer may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the Issuer must continue to comply with **Section 4.4** hereof.

(f) *General Requirements for Spending Exception.* The following general requirements apply in determining whether a spending exception is met.

(1) Using Adjusted Gross Proceeds to pay principal of any Bonds is not taken into account as expenditure for purposes of meeting any of the spending tests.

(2) The six-month spending exception generally is met if all Adjusted Gross Proceeds of the Bonds are spent within six months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial six-month period, so long as this amount is spent within one year of the Issue Date.

**Section 4.6. Computation and Payment of Arbitrage Rebate.**

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

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

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

Internal Revenue Service Center  
Ogden, UT 84201

**Section 4.7. Successor Rebate Analyst.** If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the Issuer desires that a different firm act as the Rebate Analyst, then the Issuer by an instrument or concurrent instruments in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Agreement, will engage a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. In the event the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason and the Issuer fails to appoint a qualified

successor Rebate Analyst within thirty (30) days following notice of such resignation then the Trustee will appoint a firm to act as the successor Rebate Analyst.

**Section 4.8. Filing Requirements.** The Trustee and the Issuer will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel.

**Section 4.9. Survival after Defeasance.** Notwithstanding anything in the Indenture to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Bonds.

## ARTICLE V

### MISCELLANEOUS PROVISIONS

**Section 5.1. Term of Tax Agreement.** This Tax Agreement will be effective concurrently with the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; provided that, the provisions of **Article IV** of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States.

**Section 5.2. Amendments.** This Tax Agreement may be amended from time to time by the parties to this Tax Agreement without notice to or the consent of any of the Bondowners, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then existing law, assuming compliance with this Tax Agreement as so amended such amendment will not cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the Issuer and the Trustee receive this Opinion of Bond Counsel.

**Section 5.3. Opinion of Bond Counsel.** The Issuer and the City may deviate from the provisions of this Tax Agreement if furnished with an Opinion of Bond Counsel addressed to each of them to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Issuer and the City will comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or the exclusion from gross income of interest on the Bonds.

**Section 5.4. Reliance.** In delivering this Tax Agreement the Issuer and the City are making only those certifications, representations and agreements as are specifically attributed to them in this Tax Agreement. Neither the Issuer nor the City is aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Agreement and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The parties to this Tax Agreement understand that its certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Bonds and the exclusion from federal gross income of the interest on the Bonds.

**Section 5.5. Severability.** If any provision in this Tax Agreement or in the Bonds is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

**Section 5.6. Benefit of Agreement.** This Tax Agreement is binding upon the Issuer and the City and their respective successors and assigns, and inures to the benefit of the parties to this Tax Agreement and the owners of the Bonds. Nothing in this Tax Agreement or in the Bond Resolution or the Bonds, express or implied, gives to any person, other than the parties to this Tax Agreement, and their successors and assigns, and the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement.

**Section 5.7. Default; Breach and Enforcement.** Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement may be pursued by the Bondowners or the other party or parties to this Tax Agreement pursuant to the terms of the Indenture or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

**Section 5.8. Execution in Counterparts.** This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

**Section 5.9. Governing Law.** This Tax Agreement will be governed by and construed in accordance with the laws of the State of Kansas.

**Section 5.10. Electronic Transactions.** The parties agree that the transaction described in this Tax Agreement may be conducted, and related documents may be stored, by electronic means.

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The parties to this Tax Agreement have caused this Tax Compliance Agreement to be duly executed by their duly authorized officers as of the Issue Date of the Bonds.

**BELOIT PUBLIC BUILDING COMMISSION**

By: \_\_\_\_\_  
Title: President

**CITY OF BELOIT, KANSAS**

By: \_\_\_\_\_  
Title: Mayor

By: \_\_\_\_\_  
Title: Director of Finance

**EXHIBIT A**  
**IRS FORM 8038-G**

**ATTACHMENT TO IRS FORM 8038-G:**

**Beloit Public Building Commission  
Refunding Revenue Bonds, Series 2014**

**PART II: Type of Issue**

*Line 11-18 Users of Bond Proceeds:*

<b>Form 8038-G Line Number</b>	<b>User Name</b>	<b>Employer Identification Number</b>	<b>Governmental or Nongovernmental Entity</b>	<b>Summary of Use</b>
18	City of Beloit, Kansas	[ ]	Governmental	City swimming pool

(EVIDENCE OF FINLING OF FORM 8038-G)

**EXHIBIT B**

**RECEIPT FOR PURCHASE PRICE**

**[\$4,590,000]  
BELOIT PUBLIC BUILDING COMMISSION  
REFUNDING REVENUE BONDS  
SERIES 2014  
DATED JULY 30, 2014**

The undersigned Chief Financial Officer of the City of Beloit, Kansas, on behalf of the Beloit Public Building Commission, this day received from Piper Jaffray & Co., Leawood, Kansas, the original purchaser of the above-described bonds (the "Bonds"), the full purchase price of the Bonds, said purchase price and net amount received by the Issuer being calculated as follows:

Principal Amount .....

Plus Premium.....

Less Underwriting Discount .....

***Total Purchase Price.....***

DATED: July 30, 2014.

**BELOIT PUBLIC BUILDING COMMISSION**

By \_\_\_\_\_  
City's Chief Financial Officer

*EXHIBIT C*

**RECEIPT AND REPRESENTATION**

**[\$4,590,000]  
BELOIT PUBLIC BUILDING COMMISSION  
REFUNDING REVENUE BONDS  
SERIES 2014  
DATED JULY 30, 2014**

This certificate is being delivered by Piper Jaffray & Co., Leawood, Kansas (the "Purchaser") in connection with the issuance of the above-described bonds (the "Bonds"), being issued on the date of this Receipt by the Beloit Public Building Commission, Beloit, Kansas (the "Issuer"). Based on its records and information available to the undersigned which the undersigned believes to be correct, the Purchaser represents as follows:

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

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

**3. Public Offering.** 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"), made pursuant to the Bond Purchase Agreement between the Issuer and the Purchaser, dated [\_\_\_\_], 2014 (the "Sale Date"). On the Sale Date, the Purchaser reasonably expected that at least 10 percent of the principal amount of each such maturity of the Bonds would be initially sold to the Public at the respective price for that maturity set forth on *Schedule I* attached to this Certificate, without accrued interest (the "Offering Prices"). For purposes of this certificate, we have assumed that the phrase "bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers" refers only to persons who, to our actual knowledge, have an arrangement with the Issuer or the Purchaser to act in such capacity on behalf of the Issuer or the Purchaser.

**4. Compliance with Bond Purchase Agreement.** The Purchaser acknowledges that it has timely received in satisfactory form and manner all proceedings, certificates, opinions, letters and other documents required to be submitted to it pursuant to the Bond Purchase Agreement on the date of the delivery of and payment for the Bonds (except to the extent the Purchaser has waived or consented to modification of certain provisions thereof), and that the Issuer has in all respects complied with and satisfied all of its obligations to us which are required under the Bond Purchase Agreement to be complied with and satisfied on or before the date hereof. To the extent that the Purchaser has provided the Issuer and Gilmore & Bell, P.C., Bond Counsel ("Bond Counsel") with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Bonds, these computations are provided for informational purposes and are based on our understanding of directions that we have received from Bond Counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Bond Counsel.

5. **Reliance.** The Issuer may rely on the foregoing representations in executing and delivering its Federal Tax Certificate with respect to its certification as to issue price of the Bonds under the Internal Revenue Code of 1986, as amended (the "Code"), and Bond Counsel may rely on the foregoing representations in rendering its opinion relating to the exclusion from federal gross income of the interest on the Bonds under the Code; *provided, however*, nothing herein represents our interpretation of any laws, and in particular, regulations under the Code.

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Dated: July 30, 2014.

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

By: \_\_\_\_\_  
Title: Senior Vice President

**SCHEDULE I**

**EXHIBIT D**

**DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY**

*[see Excel spreadsheet]*

**EXHIBIT E**

**SAMPLE  
ANNUAL COMPLIANCE CHECKLIST**

<b>Name of tax-exempt bonds ("Bonds") financing</b>	
<b>Financed Facility:</b>	_____
<b>Issue Date of Bonds:</b>	_____
<b>Placed in service date of Financed Facility:</b>	_____
<b>Name of Bond Compliance Officer:</b>	_____
<b>Period covered by request ("Annual Period"):</b>	_____

<b>Item</b>	<b>Question</b>	<b>Response</b>
<b>1 Ownership</b>	Was the entire Financed Facility owned by the Issuer during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "No," was an Opinion of Bond Counsel obtained prior to the transfer?	<input type="checkbox"/> Yes <input type="checkbox"/> 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.	

<b>2 Leases &amp; Other Rights to Possession</b>	During the Annual Period, was any part of the Financed Facility leased at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement?	<input type="checkbox"/> Yes <input type="checkbox"/> 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
<b>3</b> <b>Management</b> <b>or Service</b> <b>Agreements</b>	During the Annual Period, has the management of all or any part of the operations of the Financed Asset (e.g., cafeteria, gift shop, etc.) been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the management 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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>4</b> <b>Other Use</b>	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Facility?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained 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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>5</b> <b>Arbitrage</b> <b>&amp; Rebate</b>	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

<b>6</b> <b>Continuing Disclosure Filings</b>	Did the Issuer file its annual report (including audited financial statements and any other financial information and operating data required for the Bonds) with the MSRB on EMMA by August 1?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If No, file the appropriate failure to file notice required for the Bonds with the MSRB on EMMA. In addition, contact Bond Counsel and file the deficient material with the MSRB on EMMA and include a description of the reason for the delay in the Tax-Exempt Bond File.	

<b>7</b> <b>Material Event Filings</b>	<p>Did any of the following events occur with respect to the Bonds?</p> <ul style="list-style-type: none"> <li>• principal and interest payment delinquencies;</li> <li>• non-payment related defaults, if material;</li> <li>• unscheduled draws on debt service reserves reflecting financial difficulties;</li> <li>• unscheduled draws on credit enhancements reflecting financial difficulties;</li> <li>• substitution of credit or liquidity providers, or their failure to perform;</li> <li>• 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;</li> <li>• modifications to rights of bondholders, if material;</li> <li>• bond calls, if material, and tender offers;</li> <li>• defeasances;</li> <li>• release, substitution or sale of property securing repayment of the Bonds, if material;</li> <li>• rating changes;</li> <li>• bankruptcy, insolvency, receivership or similar event of the obligated person;</li> <li>• 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</li> <li>• appointment of a successor or additional trustee or the change of name of the trustee, if material.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
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<p>If "Yes," was Bond Counsel contacted and notice of the material event filed with the MSRB on EMMA?</p> <p>If No, contact Bond Counsel immediately and prepare and file any required notice with the MRSB on EMMA.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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**Bond Compliance Officer:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_