

## PRELIMINARY OFFICIAL STATEMENT DATED MARCH 18, 2011

NEW ISSUE  
BOOK ENTRY

BANK QUALIFIED

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Series A, 2011 Notes, including any original issue discount properly allocable to an owner thereof, is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is excluded from computation of Kansas adjusted gross income. The Series A, 2011 Notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "LEGAL MATTERS - Opinion of Bond Counsel" herein.

**\$440,000**  
**CITY OF COLWICH, KANSAS**  
**TEMPORARY NOTES**  
**SERIES A, 2011**

**DATED: Date of Delivery**

**DUE: May 1, 2013**

The Temporary Notes, Series A, 2011 (the "Series A, 2011 Notes" or the "Notes") are being issued by the City of Colwich, Kansas (the "City") pursuant to a resolution adopted by the City on April 18, 2011 (the "Resolution"). The Series A, 2011 Notes are issuable only as fully registered Notes, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series A, 2011 Notes. Purchases of the Series A, 2011 Notes will be made in book-entry form, in the denominations of \$5,000, or any integral multiple thereof (the "Authorized Denominations"). Purchasers will not receive certificates representing their interests in the Series A, 2011 Notes purchased. So long as Cede & Co. is the registered owner of the Series A, 2011 Notes, as nominee for DTC, references herein to the Series A, 2011 Note owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Series A, 2011 Notes. Principal of and interest on the Series A, 2011 Notes will be paid from moneys available therefore under the Resolution by the Office of State Treasurer, Topeka, Kansas, as paying agent and registrar, referred to hereinafter as the "Registrar" or "Paying Agent". So long as DTC or its nominee, Cede & Co. is the Series A, 2011 Note owner, such payments will be made directly to such Series A, 2011 Note owner. DTC is expected, in turn, to remit such principal and interest payments to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Principal and interest on the Notes will be payable at maturity or on a date set for early redemption as set out below.

### MATURITY SCHEDULE

\$440,000    % Notes, Due May 1, 2013  
[Priced to Call Date to Yield    %]  
[Yield to Maturity =    %]

The Notes are subject to redemption and payment prior to maturity at the option of the City on or after May 1, 2012. See "The Notes - Redemption Provisions" herein.

The full faith, credit and resources of the City are hereby pledged to secure the payment of the principal of and interest on the Notes. The Governing Body covenants to make provision for the payment of the principal of and the interest on the Notes by levying and collecting special assessment taxes on the properties benefiting from the improvements and by issuing general obligation bonds and applying the proceeds therefrom, together with any current revenues of the City available for such purpose, to the payment of the principal and interest on the Notes.

This cover page contains only a brief description of the Series A, 2011 Notes and the security therefore. It is not intended to be a summary of material information with respect to the Series A, 2011 Notes. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series A, 2011 Notes are offered when, as, and if, issued and delivered by the City to the Underwriter, subject to the receipt of the approving legal opinion of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. It is expected that the Series A, 2011 Notes will be available for delivery on or about May 3, 2011.

**FAXED BIDS FOR THE PURCHASE OF THE NOTES WILL BE RECEIVED**  
**ON AN OFFICIAL BID FORM PURSUANT TO THE NOTICE OF SALE:**  
**On or before 11:00 a.m. Central Time on Monday, April 18, 2011.**  
**Documents available at [colwichkansas.officialstatement.info](http://colwichkansas.officialstatement.info)**

**\$440,000**  
**CITY OF COLWICH, KANSAS**  
**TEMPORARY NOTES**  
**SERIES A, 2011**

**REGARDING THIS OFFICIAL STATEMENT**

No dealer, broker, salesman or other person has been authorized by the City of Colwich, Kansas (the "City"), or by \_\_\_\_\_ (the "Underwriter") to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor will there be any sale of the Series A, 2011 Notes by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The Series A, 2011 Notes may be placed by certain dealers (including dealers depositing the Series A, 2011 Notes into investment trusts) at prices other than the offering prices shown of the cover page of this Official Statement and the initial offering prices or yields may be changed from time to time by the Underwriters.

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**CITY OF COLWICH, KANSAS**

**Governing Body**

Terrence Spexarth, Mayor  
Andy Buessing, Council Member  
Shawna Glasscock, Council Member  
Michael Kraus, Council Member  
Jon Scott, Council Member  
Frank Sullentrop, Council Member

**City Clerk**

Diana Brooks

**City Attorneys**

Alison McKenney Brown, Esq.  
Lee Parker, Esq.

**Bond Counsel**

Gilmore & Bell, P.C.  
Wichita, Kansas

**Paying Agent/Note Registrar**

Office of State Treasurer  
Topeka, Kansas

**Financial Advisor**

Citycode Financial, LLC  
Wichita, Kansas

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE NOTES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE NOTES IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE NOTES AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE “FORWARD-LOOKING STATEMENTS” AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS “ESTIMATE,” “INTEND,” “EXPECT” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF. THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE ISSUER FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE ISSUER FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

## TABLE OF CONTENTS

<b>INTRODUCTION.....</b>	<b>1</b>
General Matters .....	1
Continuing Disclosure.....	1
Additional Information.....	2
<b>THE SERIES A, 2011 NOTES .....</b>	<b>2</b>
Authority and Purpose for the Notes .....	2
Security for the Notes.....	2
Description of the Notes.....	2
Designation of Paying Agent and Note Registrar .....	2
Method and Place of Payment of the Notes .....	3
Payments Due on Saturdays, Sundays and Holidays .....	3
Book-Entry Notes: Securities Depository .....	3
Registration, Transfer and Exchange of Notes.....	4
Mutilated, Lost, Stolen or Destroyed Notes .....	5
Nonpresentation of Notes.....	5
Redemption Provisions .....	5
<b>BOOK-ENTRY ONLY SYSTEM .....</b>	<b>7</b>
<b>RISK FACTORS AND INVESTMENT CONSIDERATIONS.....</b>	<b>8</b>
Legal Matters.....	8
Limitations on Remedies Available to Owners of Notes .....	9
Taxation of Interest on the Notes .....	9
Lack of Rating.....	9
Secondary Market .....	9
Premium on Notes.....	10
No Additional Interest or Mandatory Redemption upon Event of Taxability.....	10
Suitability of Investment .....	10
<b>THE PROJECT .....</b>	<b>10</b>
<b>APPLICATION OF NOTE PROCEEDS .....</b>	<b>10</b>
<b>LEGAL MATTERS.....</b>	<b>11</b>
Approval of the Notes .....	11
<b>TAX MATTERS .....</b>	<b>11</b>
General .....	11
Tax Matters Applicable to the Series A, 2011 Notes .....	11
Opinion of Bond Counsel.....	12
Other Tax Consequences.....	13
<b>ABSENCE OF LITIGATION .....</b>	<b>13</b>
<b>FINANCIAL ADVISOR .....</b>	<b>13</b>
<b>INITIAL PURCHASE.....</b>	<b>13</b>
<b>ADDITIONAL INFORMATION.....</b>	<b>14</b>
<b>AUTHORIZATION OF OFFICIAL STATEMENT.....</b>	<b>14</b>
<b>APPENDIX A – FINANCIAL OVERVIEW AND GENERAL INFORMATION ABOUT THE CITY</b>	
<b>APPENDIX B – UNAUDITED TREASURER’S REPORT FOR THE FISCAL YEAR ENDED</b>	
<b>DECEMBER 31, 2010</b>	
<b>APPENDIX C – SUMMARY OF FINANCING DOCUMENTS</b>	

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**\$440,000**  
**CITY OF COLWICH, KANSAS**  
**TEMPORARY NOTES**  
**SERIES A, 2011**

**INTRODUCTION**

**General Matters**

This Official Statement including the cover page and appendices hereto (the “Official Statement”) is provided to furnish information with respect to the City of Colwich, Kansas (the “City”) and the issuance and delivery of its Temporary Notes, Series A, 2011 (the “Series A, 2011 Notes” or the “Notes”), in the aggregate principal amount of \$440,000. The Series A, 2011 Notes are being issued pursuant to a resolution adopted by the City on April 18, 2011 (the “Resolution”). The Series A, 2011 Notes are being issued for the purpose of providing permanent financing for various internal improvement projects within the City of Colwich, Kansas.

The Series A, 2011 Notes constitute general obligations of the City, and shall be payable as to both principal and interest thereon, in part from the collection of special assessments levied upon the property benefitted by the construction of certain public improvements (as hereinafter described in the section entitled "THE PROJECTS") or from the proceeds of the City's general obligation bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property within the territorial limits of the City. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

The Series A, 2011 Notes will be issued in denominations of \$5,000 or multiples thereof with the Office of State Treasurer, Topeka, Kansas serving as Registrar and Paying Agent for the Series A, 2011 Notes. See “THE SERIES A, 2011 NOTES – Registration, Transfer and Exchange of Notes” herein for additional detail.

The Series A, 2011 Notes are subject to optional redemption and payment prior to maturity. See “THE SERIES A, 2011 NOTES - Redemption Provisions” herein for additional detail.

Except for the information expressly attributed to other sources, all information has been provided by the City. The presentation of information herein, including all tables, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Citycode Financial, LLC, Wichita, Kansas, the Financial Advisor, has assisted in the preparation of the Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the City for the purposes of passing upon the accuracy or completeness of this Official Statement. Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel, has not assisted in the preparation of this Official Statement and expresses no opinion as to the accuracy or sufficiency of the information contained herein, except to the extent described under the sections captioned “THE SERIES A, 2011 NOTES,” “TAX MATTERS” and "APPENDIX B - SUMMARY OF FINANCING DOCUMENTS."

**Continuing Disclosure**

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to its Rule 15c2-12 (the “Rule”) requiring continuous secondary market disclosure for certain issues. The Issuer is relying on a provision of the Rule that exempts issues of less than \$1,000,000 aggregate principal amount from the requirements of the Rule and therefore has **not** covenanted to provide continuous secondary market

disclosure.

### **Additional Information**

All of the summaries of statutes, opinions, financial and statistical data, and other related reports and documents described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the City Hall, 310 S 2nd, Colwich, Kansas 67030. Additional information regarding the City or the Series A, 2011 Notes may be obtained from Diana Brooks, City Clerk, (316) 796-1025, or from Citycode Financial, LLC, 7701 E. Kellogg, Suite 700, Wichita, Kansas 67207, (316) 685-5911, attention: Larry Kleeman.

## **THE SERIES A, 2011 NOTES**

### **Authority and Purpose for the Notes**

The Notes are being issued pursuant to and in full compliance with the Kansas Constitution, and statutes of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123) and K.S.A. 12-6a01 *et seq.*, all as amended and supplemented from time to time. The Notes are being issued pursuant to a resolution authorizing their issuance and setting forth the terms, details and conditions of the Notes, adopted by the governing body of the City on April 18, 2011 (the "Resolution"), for the purpose of providing interim financing for the cost of certain internal improvements (the "Improvements"). For a more detailed description of the Improvements, see "THE PROJECTS" herein.

### **Security for the Notes**

The Notes shall be general obligations of the City payable as to both principal and interest from special assessments levied upon the property benefited by the construction of said Improvements or from the proceeds of the City's general obligation bonds and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Notes as the same become due. The governing body of the City shall annually make provision for the payment of principal of, premium, if any, and interest on the Notes as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the City in the manner provided by law.

### **Description of the Notes**

The Notes shall consist of fully registered book-entry-only Notes in an Authorized Denomination and shall be numbered in such manner as the Note Registrar shall determine. All of the Notes shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the cover page of this Official Statement. The Notes shall bear interest (computed on the basis of twelve 30 day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

### **Designation of Paying Agent and Note Registrar**

The Issuer will at all times maintain a paying agent and note registrar meeting the qualifications set forth in the Note Resolution. The Issuer reserves the right to appoint a successor paying agent or note registrar. No resignation or removal of the paying agent or note registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or note registrar. Every paying agent or note registrar

appointed by the Issuer shall at all times meet the requirements of Kansas law.

The Treasurer of the State of Kansas, Topeka, Kansas (the “Note Registrar” and “Paying Agent”) has been designated by the Issuer as paying agent for the payment of principal of and interest on the Notes and note registrar with respect to the registration, transfer and exchange of Notes.

### **Method and Place of Payment of the Notes**

The principal of, or Redemption Price, and interest on the Notes shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Note and the interest thereon shall be paid at Maturity to the Person in whose name such Note is registered on the Note Register at the Maturity thereof, upon presentation and surrender of such Note at the principal office of the Paying Agent.

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

**SO LONG AS CEDE & CO. REMAINS THE REGISTERED OWNER OF THE NOTES, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES.** See “THE NOTES – Book-Entry Notes; Securities Depository.”

### **Payments Due on Saturdays, Sundays and Holidays**

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

### **Book-Entry Notes: Securities Depository**

The Notes shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Notes, except in the event the Note Registrar issues Replacement Notes. It is anticipated that during the term of the Notes, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Notes to the Participants until and unless the Note Registrar authenticates and delivers Replacement Notes to the Beneficial Owners as described in the following paragraphs.

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

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

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

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

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

### **Registration, Transfer and Exchange of Notes**

As long as any of the Notes remain Outstanding, each Note when issued shall be registered in the name of the Owner thereof on the Note Register. Notes may be transferred and exchanged only on the Note Register as hereinafter provided. Upon surrender of any Note at the principal office of the Note Registrar, the Note Registrar shall transfer or exchange such Note for a new Note or Notes in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Note that was presented for transfer or exchange. Notes presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Note Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Notes is exercised, the Note Registrar shall

authenticate and deliver Notes in accordance with the provisions of the Note Resolution. The Issuer shall pay the fees and expenses of the Note Registrar for the registration, transfer and exchange of Notes. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, are the responsibility of the Owners of the Notes. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

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

### **Mutilated, Lost, Stolen or Destroyed Notes**

If (a) any mutilated Note is surrendered to the Note Registrar or the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (b) there is delivered to the Issuer and the Note Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Note Registrar that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Note Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer, in its discretion, may pay such Note instead of issuing a new Note. Upon the issuance of any new Note, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

### **Nonpresentment of Notes**

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

### **Redemption Provisions**

***Optional Redemption.*** At the option of the Issuer, the Notes will be subject to redemption and payment prior to maturity on May 1, 2012 and thereafter, as a whole or in part (selection of the amount of to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

***Selection of Notes to be Redeemed.*** Notes shall be redeemed only in an Authorized Denomination. When less than all of the Notes are to be redeemed and paid prior to their Stated Maturity, such Notes shall be

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

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

All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Notes are to be redeemed, the identification (and, in the case of partial redemption of any Notes, the respective principal amounts) of the Notes to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Note or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Notes are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Notes or portions of Notes that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Notes or portions of Notes to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Notes or portion of Notes shall cease to bear interest.

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

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Instructions. The Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate

the redemption of any Note.

### **BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to

Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

## **RISK FACTORS AND INVESTMENT CONSIDERATIONS**

A PROSPECTIVE PURCHASER OF THE NOTES DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE NOTES WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE NOTES. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR THE UNDERWRITER.

### **Legal Matters**

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Notes. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City or the taxing authority of the City. Changes in laws effecting the taxing authority of the City

could limit the ability of the City to collect revenue sufficient to pay principal and interest on the Notes.

### **Limitations on Remedies Available to Owners of Notes**

The enforceability of the rights and remedies of the owners of Notes, and the obligations incurred by the City in issuing the Notes, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

### **Taxation of Interest on the Notes**

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Notes is excludable from gross income for federal income tax purposes under current provisions of the Code, and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Notes includable in gross income for federal income tax purposes.

The City has covenanted in the Resolution and in other documents and certificates to be delivered in connection with the issuance of the Notes to comply with the provisions of the Code, including those which require the City to take or omit to take certain actions after the issuance of the Notes. Because the existence and continuation of the excludability of the interest on the Notes depends upon events occurring after the date of issuance of the Notes, the opinion of Bond Counsel described under "LEGAL MATTERS" assumes the compliance by the City with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Notes in the event of noncompliance with such provisions. The failure of the City to comply with the provisions described above may cause the interest on the Notes to become includable in gross income as of the date of issuance.

### **Lack of Rating**

The Notes are not rated and no application has been made for a rating.

### **Secondary Market**

There is no established secondary market for the Notes, and there is no assurance that a secondary market will develop for the purchase and sale of the Notes. Prices of municipal Notes traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit market. From time to time it may be necessary to suspend indefinitely secondary market trading in selected issues of municipal Notes as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the City, or a material adverse change in the financial condition of the City, whether or not the subject Notes are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

## Premium on Notes

[The initial offering price of the Notes that are subject to optional redemption are in excess of the respective principal amounts thereof.] Any person who purchases a Note in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Notes are subject to redemption at par under the various circumstances described under “THE NOTES - Redemption of Notes.”

## No Additional Interest or Mandatory Redemption upon Event of Taxability

The Resolution does not provide for the payment of additional interest or penalty on the Notes or the mandatory redemption thereof if the interest thereon become includable in gross income for federal income tax purposes. Likewise, the Note Resolution does not provide for the payment of any additional interest or penalty on the Notes if the interest thereon becomes includable in gross income for Kansas income tax purposes.

## Suitability of Investment

The tax exempt feature of the Notes is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Notes are an appropriate investment.

THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE NOTES.

Prospective purchasers of the Notes should analyze carefully the information contained in this Official Statement and additional information in the form of the complete documents summarized herein, copies of which are available and maybe obtained from the City or the Financial Advisor.

## THE PROJECT

The Notes are being issued for the purpose of providing interim financing for the construction of certain internal improvements, more specifically described as follows:

Description	Ord./Res. Number	Authority (K.S.A.)	Estimated Cost	Amount Financed
Water Improvements - ICM 2nd Addition	446	12-6a01 et seq.	\$124,300	\$106,405
Sanitary Sewer Improvements - ICM 2nd Addition	447	12-6a01 et seq.	\$141,900	\$122,270
Paving Improvements - ICM 2nd Addition	448	12-6a01 et seq.	\$245,300	\$211,325

## APPLICATION OF NOTE PROCEEDS

The following table itemizes the sources of funds available for the Project, including the proceeds from the sale of the Notes, and how such funds are expected to be used, exclusive of accrued interest:

### Sources of Funds

Proceeds of the Notes	440,000.00
<b>Total</b>	<b>440,000.00</b>

### Uses of Funds

Project Fund	426,360.00
Estimated costs of issuance (underwriting allowance, legal, financial, and misc costs)	13,640.00
<b>Total</b>	<b>440,000.00</b>

## LEGAL MATTERS

### Approval of the Notes

All matters incident to the authorization and issuance of the Notes are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the Official Statement but expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE SERIES A, 2011 NOTES," "TAX MATTERS" and "APPENDIX C – SUMMARY OF FINANCING DOCUMENTS." Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Notes.

## TAX MATTERS

### General

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series A, 2011 Notes. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series A, 2011 Notes as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series A, 2011 Notes in the secondary market at a premium or a discount. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series A, 2011 Notes.

### Tax Matters Applicable to the Series A, 2011 Notes

***Sale, Exchange or Retirement of Notes.*** Upon the sale, exchange or retirement (including redemption) of a Note, an owner of the Note generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Note (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Note. To the extent the Series A, 2011 Notes are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Note has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Series A, 2011 Notes, and to the proceeds paid on the sale of Notes, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

### **Opinion of Bond Counsel**

**Federal Tax Exemption.** In the opinion of Bond Counsel, under existing law, the interest on the Series A, 2011 Notes [(including any original issue discount properly allocable to an owner thereof)] is excluded from gross income for federal income tax purposes. Interest on the Series A, 2011 Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series A, 2011 Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series A, 2011 Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series A, 2011 Notes.

**Bank Qualification.** The Series A, 2011 Notes are "qualified tax-exempt obligations" for purposes of Code § 265(b)(3), and, in the case of certain financial institutions (within the meaning of Code § 265(b)(5)), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Series A, 2011 Notes.

**Kansas Tax Exemption.** The interest on the Series A, 2011 Notes is excluded from computation of Kansas adjusted gross income.

**[Original Issue Discount.** In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Note purchased in the original offering at a price less than the principal amount thereof, to the extent properly allocable to each owner of such Note, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Note over its initial offering price to the public (excluding underwriters and intermediaries) at which price a substantial amount of the Notes were sold. For each Note, the stated redemption price at maturity includes all payments on the Note, except interest payable at least annually over the term of the Note ("qualified stated interest"). Since the April 1, 2013 interest payment will be paid more than one year after the Notes are issued, none of the interest payments constitute qualified stated interest, and the stated redemption price of each Note includes all payments on the Note.

Under Code §§ 1272 and 1288, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner during any accrual period generally equals: (a) the issue price of such Note plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (b) the yield to maturity on such Note (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (c) any interest payable on such Note during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Note. Owners of the Notes should consult with their individual tax advisors to determine whether they are required to include, for State and local income tax purposes, an amount of interest on the Notes as income even though no corresponding cash interest payment is actually received during the tax year.]

**[Original Issue Premium.** An amount equal to the excess of the purchase price of a Note over its stated principal amount at maturity constitutes premium on such Note. An owner of a Note must amortize any premium over such Note's term using constant yield principles, based on the Note's yield to maturity. As premium is amortized, the owner's basis in such Note and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Note prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Owners of any Notes purchased at a premium, whether at the time of initial issuance or subsequent thereto, should consult their individual tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Notes.]

**No Other Opinions.** Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Series A, 2011 Notes.

### **Other Tax Consequences**

Prospective purchasers of the Series A, 2011 Notes should be aware that ownership of the Series A, 2011 Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series A, 2011 Notes. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Notes should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series A, 2011 Notes, including the possible application of state, local, foreign and other tax laws.

### **ABSENCE OF LITIGATION**

There is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the issuing municipality or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in the Transcript leading up to the issuance of the Series A, 2011 Notes, or the constitutionality or validity of the indebtedness represented by the Series A, 2011 Notes shown to be authorized in said Transcript, or the validity of the Series A, 2011 Notes or any of the proceedings in relation to the issuance or sale thereof, or the levy and collection of a tax.

### **FINANCIAL ADVISOR**

Citycode Financial, LLC, Wichita, Kansas, has acted as Financial Advisor to the Issuer in connection with the sale of the Notes. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Notes. The fees of the Financial Advisor are contingent upon the issuance of the Notes.

### **INITIAL PURCHASE**

On April 18, 2011, the Issuer received \_\_\_\_\_ ( ) sealed bids for the purchase of the Notes. The Notes were awarded by the Issuer's Governing Body to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, (the "Underwriter"). The Underwriter submitted the lowest bid for the purchase of the Notes with a net effective interest rate of \_\_\_\_%. The Notes were purchased at a net interest cost to the Issuer of \$ \_\_\_\_\_ over the life of

Notes.

**ADDITIONAL INFORMATION**

Additional information with respect to the City and the Series A, 2011 Notes may be obtained upon request from the City of Colwich, Kansas, 310 S 2nd, Colwich, Kansas 67030.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the Noteowners.

This Official Statement is submitted only in connection with the sale and delivery of the Series A, 2011 Notes and may not be reproduced or used in whole or in part for any other purpose.

**AUTHORIZATION OF OFFICIAL STATEMENT**

The preparation of this Official Statement, and its distribution, has been authorized by the City. This Official Statement is hereby duly approved by the governing body of the City as of the date shown on the cover page hereof.

**CITY OF COLWICH, KANSAS**

By \_\_\_\_\_  
Terrence Spexarth, Mayor

ATTEST:

\_\_\_\_\_  
Diana Brooks, City Clerk

**APPENDIX A**  
**INFORMATION CONCERNING THE ISSUER**

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## **GENERAL INFORMATION**

### **Location and Size**

The City of Colwich is located in Sedgwick County, approximately 10 miles northwest of Wichita. Being located in one of the richest agricultural and petroleum producing areas in the state, the city's economy is diversified among agricultural production, oil production and industrial development of the greater Wichita area.

### **Government and Organization**

The City is a city of the third class under the laws of the State of Kansas and has a Mayor-Council form of government. The Mayor and five Councilmembers are elected at large to staggered two (2) year terms.

### **Municipal Services and Utilities**

The City provides a full range of services, which include police and fire protection, construction and maintenance of infrastructure, community development and planning and cultural activities. The City operates the water and wastewater systems. Additional services in the City are provided by private companies.

### **Transportation**

The City is served by Kansas Highway 96. In addition, a system of well-maintained county highways, serve the City. Commercial air transportation is provided at Wichita's Mid-Continent Airport. General aviation services are provided by the Jabara Airport located approximately 15 miles from the City, in Wichita.

### **Education**

The City is served by the Unified School District No. 267 (Renwick). The school district is an independent taxing unit with boundaries that are separate from the jurisdictional boundaries of the City of Colwich. The district currently operates two high schools, three elementary schools, and a charter school.

The City is within easy driving distance to Wichita State University, Friends University and Newman University located in Wichita, Kansas. In addition, numerous private colleges have satellite facilities in Wichita.

### **Population**

The following table shows the approximate population of the City and Sedgwick County in the years indicated:

	City of Colwich	Sedgwick County
<u>Year</u>	<u>Population</u>	<u>Population</u>
1960	703	343,231
1970	879	350,694
1980	935	367,088
1990	1,091	403,662
2000	1,229	452,869
2006	1,355	470,895
2007	1,377	476,026
2008	1,403	482,863
2009	1,429	490,864

### ECONOMIC INFORMATION

#### Labor Force

The following table sets forth the labor force and employment figures for Sedgwick County and the State of Kansas.

#### *Sedgwick County*

<u>Year</u>	Total		Unemployed	
	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Rate</u>
2000	235,385	225,321	10,064	4.3%
2001	233,692	223,941	9,751	4.2%
2002	239,819	224,244	15,575	6.5%
2003	242,312	223,721	18,591	7.7%
2004	243,225	228,029	15,196	6.6%
2005	244,567	230,787	13,780	5.6%
2006	245,814	234,670	11,144	4.5%
2007	251,018	240,890	10,128	4.0%
2008	253,834	242,825	11,009	4.3%
2009	257,065	235,878	21,187	8.2%

*State of Kansas*

<u>Year</u>	Total			Unemployed
	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Rate</u>
2000	1,405,100	1,352,000	53,100	3.8%
2001	1,408,100	1,347,700	60,400	4.3%
2002	1,424,000	1,350,900	73,100	5.1%
2003	1,445,000	1,364,000	80,600	5.6%
2004	1,460,900	1,380,000	80,900	5.5%
2005	1,465,900	1,391,400	74,500	5.1%
2006	1,470,800	1,407,100	63,700	4.3%
2007	1,485,237	1,425,049	60,188	4.1%
2008	1,496,943	1,427,862	65,884	4.4%
2009	1,518,921	1,416,940	101,981	6.7%

**Agriculture**

The following table lists the total value of field crops, cattle/milk and livestock/poultry produced in Sedgwick County for the years listed.

<u>Year</u>	Total Value <u>of Field Crops</u>	Total Value of <u>Cattle/Milk</u>	<u>Total</u>
2001	45,652,200	\$17,867,800	63,520,000
2002	59,414,025	16,392,200	75,806,225
2003	56,002,449	18,209,400	74,211,849
2004	61,006,700	21,232,900	82,239,600
2005	58,466,500	17,365,300	75,831,800
2006	81,152,400	15,690,000	96,842,400
2007	58,069,700	20,711,800	78,781,500

**Financial and Banking Institutions**

There are currently 35 banks with 143 banking locations in Sedgwick County. For the years listed, deposits of the banks located in Sedgwick County are as follows:

<u>Year</u>	Total Bank <u>Deposits</u>	<u>Year</u>	Total Bank <u>Deposits</u>
2000	\$5,159,184,000	2005	\$6,912,000,000
2001	5,553,064,000	2006	7,540,000,000
2002	5,985,571,000	2007	7,623,000,000
2003	6,304,436,000	2008	7,933,000,000
2004	6,542,086,000	2009	8,509,000,000

**Personal Income**

The Sedgwick County personal and per capita personal income and State of Kansas per capita personal income are listed for the years indicated in the following table.

	Sedgwick County	Sedgwick County	State of Kansas
	Total Personal	Per Capita	Per Capita
<u>Year</u>	<u>Income</u>	<u>Personal Income</u>	<u>Personal Income</u>
2000	\$12,746,898,000	\$29,453	\$28,477
2001	13,569,154,000	31,341	29,668
2002	14,225,331,000	30,969	29,758
2003	14,269,519,000	31,666	30,824
2004	15,103,109,000	33,158	31,922
2005	16,175,401,000	34,667	33,136
2006	18,211,277,000	38,437	35,764
2007	18,916,121,000	38,780	37,414
2008	19,218,845,000	39,847	38,886

## FINANCIAL INFORMATION

### Budgeting Procedures

Applicable Kansas statutes require that budgets be legally adopted for all funds (including debt service and enterprise funds) unless exempted by a specific statute. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable are recorded as expenditures.

The statutes provide that the budget for the succeeding calendar year must be prepared on or before August 1 and published on or before August 5 of each year. A public hearing is required to be held on or before August 15, with the final budget being adopted on or before August 25 of each year. Original appropriations may be modified by supplemental appropriations and transfers among budget categories. The governing body must approve all significant changes.

Kansas law prohibits cities and other governmental units from creating indebtedness unless there is money on hand in the proper fund unencumbered by previous commitments with which to pay the indebtedness. The execution of a contract, or the issuing of a purchase order, automatically encumbers the money in the fund for the payment of the amount represented by the commitment. It makes no difference that the amount may not have to be paid until more moneys are in the fund or until the following year. An exception to this cash basis law is the issuance of debt, in the form of bonds, notes, or warrants, pursuant to statutory authority, referendum or the State Board of Tax Appeals. In the event debt is issued, funds need not be on hand for future payments.

### Sources of Revenue

The City finances its general operations through the local property tax levy, various other taxes, a variety of license and permit fees, and other miscellaneous sources as estimated below for the current fiscal year:

<u>Source</u>	<u>Percent</u>
Charges for Services (Sewer and Water)	29.58%
Property Taxes	24.85%
Sales Tax	14.71%
Special Assessments	8.15%
Franchise	6.25%
Motor Vehicle Tax	5.37%
Other	4.43%
Special City-County Highway Fund	4.14%
Fines	1.56%
Interest	0.66%
Permits & Licenses	0.31%
<i>Total</i>	<u>100.00%</u>

### **Appraisal and Assessment Procedures**

The determination of appraised and assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines the appraised valuation of property located in the County. The Appraiser's determination is based on a number of criteria established by Kansas statute. All property, with the exception of agricultural land, is appraised based on estimated fair market value. Agricultural property is appraised based on productivity value. Kansas statutes require that each parcel of real property be reviewed and inspected by the county appraiser once every four years for taxation purposes. Once appraised valuations have been determined, they are multiplied by the applicable statutory assessment rates to arrive at the assessed valuations. The total assessed valuation is then used to establish property tax rates.

### **Property Assessment Rates**

In order to determine the assessed valuation of a parcel of property for taxation purposes, the county appraiser multiplies the appraised value of the parcel by the applicable assessment rate. Current property assessment rates were established in 1986, effective in 1989, and slightly modified in 1992. The most significant 1992 modifications involved lowering the assessment rate on commercial and industrial real property from 30% to 25% and on residential property from 12% to 11.5%. The following table shows the current assessment rates for the different classes of taxable tangible property within the State of Kansas.

Real Property:

Residential	11.5%
Commercial and Industrial-Real Property	25.0%
Agricultural Land (1)	30.0%
Agricultural Improvements	25.0%
Vacant Lots	12.0%
Not-for-Profit (2)	12.0%
All Other	30.0%

Personal Property (3):

Mobile Homes	11.5%
Mineral Leaseholds (large)	30.0%
Mineral Leaseholds (small)	25.0%
Commercial & Industrial Machinery & Equipment	25.0%
All Other	30.0%

Utilities:

Railroads	federally mandated rate
All Other Public Utilities	33.0%

Motor Vehicles:

22.0%

Property Exempt:

Property used for the following purposes, or portions thereof, are exempt from taxation provided certain statutory requirements are met: religious, educational, literary, scientific, benevolent, alumni associations, veterans' organizations, or charitable purposes, including parsonages and community service organizations providing humanitarian services.

- (1) Agricultural land is valued based on the productivity value of the property and not estimated market valuation.
- (2) A bill passed by the Kansas Legislature in 1994 clarified this class of property to include all property owned and operated by not-for-profit organizations not subject to federal income taxation pursuant to paragraphs (2), (3), (4), (7), (8), or (10) of Subsection C of Section 501 of the federal internal revenue code. This bill specifically established that private, not-for-profit country clubs would be assessed at 12% for all land which does not accommodate buildings or improvements.
- (3) The 2006 Kansas Legislature exempted from all property or ad valorem property taxes levied under the laws of the State, all commercial, industrial, telecommunications, and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business.

**History of Assessed Valuation of Taxable Tangible Property**

The following table shows Assessed Valuation of Taxable Tangible Property for the years indicated:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>	<u>Percentage Increase Over Prior Year</u>
2002	\$5,881,255	\$1,419,261	\$321,532	\$1,279,665	\$8,901,713	-
2003	6,421,879	1,945,167	323,586	1,384,701	10,075,333	13.18%
2004	6,910,909	1,900,132	324,809	1,440,408	10,576,258	4.97%
2005	7,286,145	2,741,517	340,185	1,573,603	11,941,450	12.91%
2006	8,205,668	2,256,168	395,706	1,645,430	12,502,972	4.70%
2007	9,758,816	2,076,021	389,709	1,690,962	13,915,508	11.30%
2008	8,858,623	1,590,730	377,277	1,703,731	12,530,361	-9.95%
2009	8,755,980	1,223,906	343,821	1,718,329	12,042,036	-3.90%
2010	8,811,381	990,907	338,962	1,663,463	11,804,713	-1.97%

## Property Tax Collections

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are penalized at a statutorily prescribed rate until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale in July of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal property taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, warrants are issued and placed in the hands of the Sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

Motor vehicle taxes are collected periodically throughout the year concurrently with the renewal of motor vehicle tags based upon the value of such vehicles. Such tax receipts are distributed to all taxing subdivisions, including the State of Kansas, in proportion to the number of mills levied within each taxpayer's tax levy unit.

The following table shows the City's mill levies by fund (per \$1,000 of assessed valuation) for each of the years indicated.

<u>Year</u>	<u>City Levies</u>				<u>Levies of Overlapping</u>			<u>TOTAL LEVY</u>
	<u>General Fund</u>	<u>G.O. Bonds</u>	<u>Misc. Funds</u>	<u>TOTAL CITY</u>	<u>State &amp; County</u>	<u>Town-ship</u>	<u>School</u>	
2002/03	42.965	0.158	8.973	52.096	30.276	0.013	66.143	148.62
2003/04	12.501	0	11.191	23.692	30.317	0.017	62.543	116.569
2004/05	23.065	0	10.443	33.508	30.263	0.29	57.208	121.269
2005/06	30.411	0	7.521	37.932	30.258	0.258	55.713	124.161
2006/07	27.899	0	6.35	34.249	32.815	0.252	54.737	122.053
2007/08	27.749	0	4.351	32.1	32.833	0.225	54.689	119.847
2008/09	21.918	13.324	6.985	42.227	31.877	0.206	64.456	138.766
2009/10	36.182	8.382	9.22	53.784	31.368	0.401	64.462	150.015
2010/11	18.227	7.914	7.187	33.328	30.859	0.326	64.32	128.832

The following table sets forth the ten largest taxpayers in the City for taxes levied in the most recent tax collection period.

<u>Taxpayer Name</u>	<u>Assessed Value</u>	<u>Percent of City's Assessed Value*</u>
Abengoa Bioenergy	\$1,074,433	10.59%
Vander Griend, David J Rev Tr	526,508	5.19%
ICM Inc	354,627	3.50%
Southwestern Bell Telephone Co	155,821	1.54%
Kraus, Kenneth M & Suzanne K	116,198	1.15%
Kansas Gas & Elec-A Westar Energy Co	108,844	1.07%
State Bank of Colwich/City of Colwich	187,454	1.85%
Rau, James R & Desiree	104,193	1.03%
Andale Farmers Co-Op Co	83,145	0.82%
Black Hills Corp	<u>69,723</u>	<u>0.69%</u>
	\$2,780,946	27.42%

\* Excludes motor vehicle valuation.

### Special Assessments

The City has pursued a policy of utilizing special benefit districts to pay the cost of certain improvement projects that directly benefit property from the construction thereof. Kansas statutes allow for the creation of special benefit districts to pay for the cost of a variety of improvements, including street construction, storm water drains, sanitary sewer system improvements, street lighting, and water system improvements. The City has typically utilized special benefit districts to pay for the costs associated with constructing certain street, sewer, and water improvements within the newly developing subdivisions in the City.

The creation of special benefit districts, the determination of property benefited, and the method of allocating the cost of the improvement is at the discretion of the City. Property owners have the ability to suggest improvements to be made through a petition process and to comment on the final amounts of their assessments. The City may or may not be included as part of the special benefit district. All property owners have the option to pay their portions of the improvement cost with a one-time payment during an assessment prepayment period or in annual installments with interest over a certain number of years.

Upon completion of the special benefit district improvement projects and the prepayment period, the City issues general obligation bonds to provide for permanent project financing. The payment of the principal of and interest on such bonds is paid from the special assessments levied annually on the benefitted property owners. Special assessments are paid at the same time and in the same manner as ad valorem property taxes. If at any time the special assessments received from the property owners are insufficient to provide for the payment of the principal of and interest on the bonds, the City is obligated to provide for the balance of such payments through its ability to levy unlimited ad valorem property taxes. Pursuant to Kansas law, unpaid special assessments are collected in the same manner as property taxes and result in a lien on the property. Kansas statutes authorize the judicial sale of property in order to recover the unpaid taxes and special assessments.

The City has adopted Resolution No. 350 establishing a policy for the financing of certain public improvements and the levying of special assessments. Pursuant to the resolution, developers that utilize special assessment financing must provide a financial commitment in the form of either (a) funding (cash, cashier's check or escrow account) equal to 20% of the estimated principal costs of the project; or (b) financial guarantee (irrevocable letter of credit, corporate completion bond) equal to 35% of the estimated principal costs of the project. The financial guarantee is to be applied to satisfy unpaid principal and interest costs of bonded public improvements, should any applicable special assessments not be paid when due. The financial guarantee is released when certificates of occupancy are issued for at least 35% of the benefitting properties, or five years from the issuance date of the guarantee, whichever occurs sooner.

## DEBT STRUCTURE

### Debt Summary

The following table summarizes certain key statistics with respect to the City's general obligation debt, including the Series A, 2011 Bonds:

	<u>Gross G.O. Debt</u>	<u>Net of Self-Supporting G.O. Debt (1)</u>
2010 Appraised Valuation	\$ 79,772,441	\$ 79,772,441
2010 Assessed Valuation	\$ 11,804,713	\$ 11,804,713
Population - 2009 Census Bureau Estimate	1,429	1,429
General Obligation Bonds and Notes ("G.O. Bonds")	\$ 5,020,000	\$ 1,715,000
G.O. Bonds Per Capita	\$ 3,513	\$ 1,200
Ratio of G.O. Bonds to Appraised Valuation	6.29%	2.15%
Ratio of G.O. Bonds to Assessed Valuation	42.53%	14.53%
Overlapping General Obligation Debt	\$ 3,548,052 (2)	\$ 2,508,930
Direct and Overlapping General Obligation Debt	\$ 8,568,052	\$ 4,223,930
Direct and Overlapping Debt Per Capita	\$ 5,996	\$ 2,956
Ratio of Direct and Overlapping Debt to Appraised Valuation	10.74%	5.29%
Ratio of Direct and Overlapping Debt to Assessed Valuation	72.58%	35.78%

(1) The column titled "Net of Self-Supporting G.O. Debt" is intended to give a snapshot of the City's outstanding general obligation debt and resulting ratios exclusive of amounts anticipated to be paid from its utility system and special assessments. Specifically, the amounts exclude (a) \$920,000 of outstanding general obligation bonds and notes which are anticipated to be repaid with special assessments levied against specifically benefited properties and (b) \$2,385,000 of bonds which are anticipated to be paid by the City's water system revenues. See the section herein captioned "FINANCIAL INFORMATION – Special Assessments."

The payment of the special assessment debt will be provided for first with special assessments against the benefited property. However, in the event that revenues from special assessments are not sufficient to pay the debt service due on these bonds, the City is obligated to pay such debt service from available revenues or from property tax revenues that the City may impose in an amount sufficient to pay such debt service. As such, these bonds are backed by the City's ability to levy unlimited ad valorem taxes. See the section herein captioned "FINANCIAL INFORMATION - Special Assessments."

The City has adopted Resolution No. 350 establishing a policy for the financing of certain public improvements and the levying of special assessments. Pursuant to the resolution, developers that utilize special assessment financing must provide a financial commitment in the form of either (a) funding (cash, cashier's check or escrow account) equal to 20% of the estimated principal costs of the project; or (b) financial guarantee (irrevocable letter of credit, corporate completion bond) equal to 35% of the estimated principal costs of the project. The financial guarantee is to be applied to satisfy unpaid principal and interest costs of bonded public improvements, should any applicable special assessments not be paid when due. The financial guarantee is released when certificates of occupancy are issued for at least 35% of the benefitting properties, or five years from the issuance date of the guarantee, whichever occurs sooner.

(2) The column titled "Net of Self-Supporting GO. Debt" excludes an estimated \$1,039,123 of general obligation bonds issued by Unified School District No. 267 which is anticipated to be paid from state aid. See the section herein captioned "DEBT STRUCTURE - Overlapping Indebtedness."

**Current Indebtedness of the City**

The following tables show the anticipated outstanding general obligation debt (bonds and notes) as of May 3, 2011:

***General Obligation Bonds***

<u>Issue</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
Series A, 2008	7/15/2008	10/1/2023	1,380,000	1,260,000
Series B, 2008	11/15/2008	10/1/2023	437,000	395,000
Series 2010	5/27/2010	10/1/2030	600,000	540,000
Series A, 2011	4/28/2011	4/1/2022	2,385,000	<u>2,385,000</u>
				\$4,580,000

***Temporary Notes***

<u>Issue</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
* Series A, 2011	5/3/2011	5/1/2013	440,000	<u>440,000</u>
				\$440,000

\* This issue.

The following table shows other outstanding long-term debt as of May 3, 2011:

***Other Long-Term Debt***

<u>Project/Lessor</u>	<u>Date of Project</u>	<u>Final Maturity</u>	<u>Outstanding Amount as of 12/31/2010</u>
State Revolving Loan - Sewer	2/23/1996	9/1/2017	\$456,000

**Overlapping Indebtedness**

The following table sets forth the overlapping indebtedness as of December 31, 2010 attributable to the City (on the basis of assessed valuation).

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to Issuer</u>	<u>Amount Applicable to Issuer</u>
Sedgwick County	\$4,279,583,271	\$82,730,000	0.24%	\$196,044
USD 267 (Renwick)	90,036,640	29,760,000	11.26%	<u>3,352,009</u>
				\$3,548,052

**Authority to Incur Debt**

Pursuant to Kansas law, the City is authorized to incur applicable bonded debt of 30% of the current years' Assessed Tangible Valuation, including the City's valuation of motor vehicles. Colwich's current applicable bonded debt is 7.75% of its Assessed Tangible Valuation for computation of bond debt limitation.

Assessed Tangible Valuation (2010)	\$10,141,250
Motor Vehicle Valuation (2010)	<u>1,663,463</u>
Total Valuation for computation of Bonded Indebtedness Limitations	\$11,804,713
Legal limitation of Bonded Debt (30%)	\$3,541,414
Applicable general obligation debt	<u>914,416</u>
Additional Debt Capacity	\$2,626,998

**Future Debt**

Residential and commercial growth that the City has experienced is expected to continue. As a result, the City anticipates financing the public infrastructure needs of the community with ongoing temporary note financing and eventually bonded indebtedness.

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**APPENDIX B**

**CITY OF COLWICH, KANSAS  
UNAUDITED TREASURER'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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**CITY OF COLWICH, KANSAS**  
**SUMMARY OF CASH RECEIPTS AND EXPENDITURES**  
**FOR YEAR ENDING DECEMBER 31, 2010**

Fund	Beginning Cash	Receipts & Transfers In	Expenditures & Transfers Out	Ending Cash 12/31/2010
General	255,017.63	855,715.39	689,183.33	421,549.69
Sewer Utility	66,890.71	163,722.49	119,737.47	110,875.73
Sewer Reserve	95,937.76	4,800.00	0.00	100,737.76
Water Utility	186,386.84	400,953.28	344,016.85	243,323.27
Water Reserve	20,536.99	5,000.00	0.00	25,536.99
Bond and Interest	54,684.83	210,472.57	233,880.40	31,277.00
Special Street & Highway	49,513.42	56,047.26	19,811.38	85,749.30
Employee Benefits	36,233.84	63,310.43	67,172.05	32,372.22
Library	1,769.89	42,140.41	42,448.82	1,461.48
Special Parks & Recreation	17,359.91	4,051.92	1,220.53	20,191.30
Senior Services	5,254.41	5,000.00	3,656.13	6,598.28
Park Site Development Reserve	105,797.68	67,497.51	107,715.04	65,580.15
Municipal Equipment Reserve	361,254.69	147,883.71	110,539.28	398,599.12
Temporary Notes - 1st Street	123,388.76	24,744.41	108,761.90	39,371.27
Bond Redemption Reserve	0.00	594,606.00	594,606.00	0.00
Veterans Memorial Reserve	0.00	52,783.00	45,134.75	7,648.25
Tax Abatement Reserve	38,939.94	0.00	0.00	38,939.94
<b>Total</b>	<b>\$ 1,418,967.30</b>	<b>2,698,728.38</b>	<b>2,487,883.93</b>	<b>1,629,811.75</b>

Composition of Cash:

Legacy Bank: Checking Account Balance as of 12/31/10	\$ 93,325.34
Money Market Account	\$ 994,440.67
Investments	\$ 575,000.00
Outstanding Checks as of 12/31/10	\$ (32,954.26)
Total	<u>\$ 1,629,811.75</u>



**APPENDIX C**

**SUMMARY OF FINANCING DOCUMENTS**

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## APPENDIX C

### SUMMARY OF FINANCING DOCUMENTS

The following is a summary of certain provisions contained in the Note Resolution authorizing the issuance of the Notes. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing document.

#### THE NOTE RESOLUTION

##### DEFINITIONS

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

**“Act”** means the Constitution and statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123), K.S.A. 10-620 *et seq.* and K.S.A. 12-6a01 *et seq.*, as amended and supplemented.

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

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

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

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

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

**“Cede & Co.”** means Cede & Co., as nominee of DTC and any successor nominee of DTC with respect to the Notes.

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

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

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

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

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

**“Dated Date”** means the Issue Date.

**“Debt Service Account”** means the account by that name (within the Bond and Interest Fund) created by the Note Resolution.

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

**“Defaulted Interest”** means interest on any Note which is payable but not paid on any Interest Payment Date.

**“Defeasance Obligations”** means any of the following obligations:

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

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

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

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

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

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

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

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

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

**“DTC”** means The Depository Trust Company.

**“Event of Default”** means each of the following occurrences or events:

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

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

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

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

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

**“Financeable Costs”** means the amount of expenditure for an Improvement which has been duly authorized by action of the governing body of the Issuer to be financed by general obligation bonds, less: (a) the amount of any temporary

notes or general obligation bonds of the Issuer which are currently Outstanding and available to pay such Financeable Costs; and (b) any amount of Financeable Costs which has been previously paid by the Issuer or by any eligible source of funds unless such amounts are entitled to be reimbursed to the Issuer under State or federal law.

**“Funds and Accounts”** means funds and accounts created by or referred to in the Note Resolution.

**“Improvement Fund”** means the fund by that name created in the Note Resolution.

**“Improvements”** means the improvements referred to in the preamble to the Note Resolution and any Substitute Improvements.

**“Independent Accountant”** means an independent certified public accountant or firm of independent certified public accountants at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Independent Accountant by the Note Resolution.

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

**“Issue Date”** means the date when the Issuer delivers the Notes to the Purchaser in exchange for the Purchase Price.

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

**“Maturity”** when used with respect to any Note means the date on which the principal of such Note becomes due and payable as therein and in the Note Resolution provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

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

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

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

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

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

**“Note Resolution”** means the resolution adopted by the governing body of the Issuer authorizing the issuance of the Notes, as amended from time to time.

**“Notes”** means the Temporary Notes, Series A, 2011, authorized and issued by the Issuer pursuant to the Note Resolution.

**“Official Statement”** means the Issuer's Official Statement, dated April 18, 2011, relating to the Notes.

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

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

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

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

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

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

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

**“Purchaser”** means the financial institution or investment banking firm that is original purchaser of the Notes.

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

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

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

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

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

**“Securities Depository”** means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

**“Special Record Date”** means the date fixed by the Paying Agent for the payment of Defaulted Interest.

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

**“State”** means the state of Kansas.

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

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

**“Substitute Improvements”** means the substitute or additional improvements of the Issuer described in the Note Resolution.

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

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

## **ESTABLISHMENT OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF NOTE PROCEEDS**

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

- (a) Improvement Fund; and
- (b) Debt Service Account.

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

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

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

(b) The remaining balance of the proceeds derived from the sale of the Notes shall be deposited in the Improvement Fund.

***Application of Moneys in the Improvement Fund.*** Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements; and (b) paying Costs of Issuance.

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

***Substitution of Improvements; Reallocation of Proceeds.*** The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Notes provided the following conditions are met: (a) the Substitute Improvement and the issuance of general obligation bonds to pay the cost of the Substitute Improvement has been duly authorized by the governing body of the Issuer in accordance with the laws of the State; (b) a resolution authorizing the use of the proceeds of the Notes to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the governing body of the Issuer pursuant to this Section, (c) the Attorney General of the State has approved the amendment made by such resolution to the transcript of proceedings for the Notes to include the Substitute Improvements; and (d) the use of the proceeds of the Notes to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax-exempt status of the Notes under State or federal law.

The Issuer may reallocate expenditure of Note proceeds among all Improvements financed by the Notes; provided the following conditions are met: (a) the reallocation is approved by the governing body of the Issuer; (b) the reallocation shall not cause the proceeds of the Notes allocated to any Improvement to exceed the Financeable Costs of the Improvement; and (c) the reallocation will not adversely affect the tax-exempt status of the Notes under State or federal law.

***Application of Moneys in the Debt Service Account.*** All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Notes as and when the same become due and the usual and customary fees and expenses of the Note Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Notes and the fees and expenses of the Note Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent 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 Notes are no longer entitled to enforce payment of the Notes or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Note Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Notes entitled to payment from such moneys.

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

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

## **DEPOSIT AND INVESTMENT OF MONEYS**

***Deposits.*** Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank which are members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law, and which meet certain guidelines of State law. All such deposits shall be held in cash or invested in Permitted Investments or shall be adequately secured as provided by the laws of the State.

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

## **DEFAULT AND REMEDIES**

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

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

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

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

***Limitation on Rights of Owners.*** The covenants and agreements of the Issuer contained in the Note Resolution and in the Notes shall be for the equal benefit, protection, and security of the Owners of any or all of the Notes, all of which Notes of any series shall be of equal rank and without preference or priority of one Note over any other Note in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Notes, or otherwise,

except as to rate of interest, date of maturity and right of prior redemption as provided in the Note Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Note Resolution, or to enforce any right, except in the manner provided in the Note Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Notes.

**Remedies Cumulative.** No remedy conferred upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred. No waiver of any default or breach of duty or contract by the Owner of any Note shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon.

## **DEFEASANCE**

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

## **TAX COVENANTS**

**General Covenants.** The Issuer covenants and agrees that: it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Notes; and (b) all provisions and requirements of the Federal Tax Certificate. The Issuer will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Notes will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

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

## **MISCELLANEOUS PROVISIONS**

**Levy and Collection of Annual Tax.** The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Notes as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

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

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

**Amendments.** The rights and duties of the Issuer and the Owners, and the terms and provisions of the Notes or of the Note Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Notes then Outstanding, such consent to be

evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

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

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

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

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

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

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

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

**Governing Law.** The Notes and the Note Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

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Citycode Financial, LLC  
7701 E. Kellogg, Suite 700  
Wichita, KS 67207

316.685.5911

[www.citycode.com](http://www.citycode.com)

[www.officialstatement.info](http://www.officialstatement.info)