

**NOTICE OF NOTE SALE**

**\$440,000**

**CITY OF COLWICH, KANSAS**

**TEMPORARY NOTES**

**SERIES A, 2011**

(GENERAL OBLIGATION NOTES PAYABLE  
FROM UNLIMITED AD VALOREM TAXES)

**Bids.** Written or facsimile bids for the purchase of the above-referenced notes (the “Notes”), of the City of Colwich, Kansas (the “Issuer”) herein described will be received on behalf of the undersigned Clerk of the Issuer at the address hereinafter set forth, until 11:00 a.m., Central Daylight Time (the “Submittal Hour”), on

**APRIL 18, 2011**

(the “Sale Date”). All bids will be publicly evaluated at said time and place and the award of the Notes to the successful bidder (the “Successful Bidder”) will be acted upon by the governing body at its meeting to be held at 7:00 p.m. on the Sale Date. No oral or auction bids will be considered. Capitalized terms not otherwise defined herein shall have the meanings set forth in the hereinafter referenced Preliminary Official Statement relating to the Notes.

**Terms of the Notes.** The Notes will consist of fully registered notes in the denomination of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). The Notes will be dated the date of issuance and delivery (the “Issue Date” or “Dated Date”), and will become due on May 1, 2013.

The Notes will bear interest from the Dated Date at rates to be determined when the Notes are sold as hereinafter provided, which interest will be payable at maturity or earlier redemption.

**Place of Payment.** The principal of and interest on the Notes will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Note Registrar”). The principal of each Note and the interest thereon will be payable at maturity or earlier redemption to the owners thereof whose names are on the registration books (the “Note Register”) of the Note Registrar (the “Registered Owner”) upon presentation and surrender at the principal office of the Paying Agent.

**Note Registration.** The Notes will be registered pursuant to a plan of registration approved by the Issuer and the Attorney General of the State of Kansas. The Issuer will pay for the fees of the Note Registrar for registration and transfer of the Notes and will also pay for printing a reasonable supply of

registered note blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, will be the responsibility of the Registered Owners.

**Book-Entry-Only System.** The Notes shall be initially registered in the name of Cede & Co., as the nominee of DTC and no beneficial owner will receive certificates representing their interests in the Notes. During the term of the Notes, so long as the book-entry-only system is continued, the Issuer will make payments of principal of, premium, if any, and interest on the Notes to DTC or its nominee as the Registered Owner of the Notes, DTC will make book-entry-only transfers among its participants and receive and transmit payment of principal of, premium, if any, and interest on the Notes to its participants who shall be responsible for transmitting payments to beneficial owners of the Notes in accordance with agreements between such participants and the beneficial owners. The Issuer will not be responsible for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that: (a) DTC determines not to continue to act as securities depository for the Notes, or (b) the Issuer determines that continuation of the book-entry-only form of evidence and transfer of ownership of the Notes would adversely affect the interests of the beneficial owners of the Notes, the Issuer will discontinue the book-entry-only form of registration with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer will cause to be authenticated and delivered to the beneficial owners replacement Notes in the form of fully registered certificates. Reference is made to the Preliminary Official Statement for further information regarding the book-entry-only system of registration of the Notes and DTC.

#### **Redemption of Notes Prior to Maturity.**

**General.** Whenever the Issuer is to select Notes for the purpose of redemption, it will, in the case of Notes in denominations greater than the minimum Authorized Denomination, if less than all of the Notes then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such fully registered Note as though it were a separate Note in the minimum Authorized Denomination.

**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 Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

**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 maturity thereof, the Issuer shall give written notice of its intention to call and pay said Notes to the Note Registrar and the Successful Bidder. In addition, the Issuer shall cause the Note Registrar to give written notice of redemption to the registered owners of said Notes. Each of said written notices shall be deposited in United States first class mail not less than 30 days prior to the date fixed for redemption. All notices of redemption shall state the date of redemption, the redemption price, the Notes to be redeemed, the place of surrender of Notes so called for redemption and a statement of the effect of the redemption. The Issuer shall also give such additional notice as may be required by Kansas law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Note be called for redemption and payment as aforesaid, all interest on such Note shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

**Authority, Purpose and Security.** The Notes are being issued pursuant to K.S.A. 10-123, K.S.A. 12-6a01 et seq., as amended, and a resolution adopted by the governing body of the Issuer (the “Note Resolution”) for the purpose of paying the cost of certain internal improvements improvements (the “Improvements”). The Notes shall be general obligations of the Issuer payable as to both principal and interest from special assessments levied upon the property benefited by the construction of said Improvements or from the proceeds of general obligation bonds of the Issuer, and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Notes as the same become due.

**Submission of Bids.** All bids must be made on forms which may be procured from the Clerk or the Financial Advisor. No additions or alterations in such forms shall be made and any erasures may cause rejection of any bid. Bids must be in writing, submitted in sealed envelopes by mail or hand delivery or by facsimile, addressed to the undersigned, and marked “Proposal for Temporary Notes, Series A, 2011.” Written bids submitted by facsimile should not be preceded by a cover sheet and should be sent only once to **(316) 796-0913**. Confirmation of receipt of facsimile bids may be made by contacting the undersigned at the number listed below. The Issuer shall not be responsible for failure of transmission of facsimile or delivery by mail or in person of any bid.

**Conditions of Bids.** Proposals will be received on the Notes bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) the same rate shall apply to all Notes; (b) no interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond published by **THE BOND BUYER**, in New York, New York, on the Monday next preceding the day on which the Notes are sold, plus 6%; and (c) no supplemental interest payments will be considered. No bid shall be for less than **99.25%** of the principal amount of the Notes and accrued interest thereon to the date of delivery will be considered. Each bid shall specify the total interest cost (expressed in dollars) during the term of the Notes on the basis of such bid, the discount, if any, the premium, if any, offered by the bidder, the net interest cost (expressed in dollars) on the basis of such bid and the average annual net interest rate (expressed as a percentage) on the basis of such bid. Each bidder shall certify to the Issuer the correctness of the information contained on the Official Bid Form; the Issuer will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the Notes, it will provide the certification as to initial offering prices described under the caption “Certification as to Offering Price” in this Notice.

**Basis of Award.** The award of the Notes will be made on the basis of the lowest net interest cost (expressed in dollars), which will be determined by subtracting the amount of the premium bid, if any, from or adding the amount of the discount bid, if any, to the total interest cost to the Issuer. The Issuer or its Financial Advisor will compute the net interest cost based on such bids. If there is any discrepancy between the net interest cost specified and the interest rates specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body of the Issuer will determine which bid, if any, will be accepted, and its determination is final.

The Issuer reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any disputes arising hereunder shall be governed by the laws of Kansas, and any party submitting a bid agrees to be subject to jurisdiction and venue of the federal and state courts within Kansas with regard to such dispute. Any bid received after the Submittal Hour on the Sale Date will be returned to the bidder.

**Optional Bond Insurance.** The Issuer has **not** applied for any policy of municipal bond insurance with respect to the Notes, and will not pay the premium in connection with any policy of municipal bond insurance desired by the Successful Bidder. In the event a bidder desires to purchase and pay all costs associated with the issuance of a policy of municipal bond insurance in connection with the Notes, such indication and the name of the desired insurer must be set forth on the bidder's Official Bid Form, and shall specify all terms and conditions to which the Issuer will be required to agree in connection with the issuance of such insurance policy. The Issuer specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest net interest cost to the Issuer.

**CUSIP Numbers.** CUSIP identification numbers will be assigned and printed on the Notes, but neither the failure to print such number on any Note nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes in accordance with the terms of this Notice. All expenses in relation to the assignment and printing of CUSIP numbers on the Notes will be paid by the Issuer.

**Delivery and Payment.** The Issuer will pay for printing the Notes and will deliver the Notes properly prepared, executed and registered without cost on or about **May 3, 2011**, at DTC for the account of the Successful Bidder. The Successful Bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Notes and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Notes affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Notes shall be made in federal reserve funds, immediately available for use by the Issuer.

The Issuer will deliver one Note of each maturity registered in the nominee name of DTC.

**Reoffering Prices.** To provide the Issuer with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the Successful Bidder will be required to complete, execute and deliver to the Issuer prior to the delivery of the Notes, a written certification (the "Issue Price Certificate") containing the following: (a) the initial offering price and interest rate for the Notes; (b) that all of the Notes were offered to the public in a bona fide public offering at the initial offering prices on the Sale Date; and (c) on the Sale Date the Successful Bidder reasonably expected that at least 10% of the Notes would be sold to the "public" at prices not higher than the initial offering prices. For purposes of the preceding sentence "public" means persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. However, such Issue Price Certificate may indicate that the Successful Bidder has purchased the Notes for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Notes for sale the public.

***Subsequent to the Submittal Hour, such initial offering prices to the public shall be provided to the Issuer or the Financial Advisor not more than 20 minutes after requested by the Issuer or the Financial Advisor.***

At the request of the Issuer, the Successful Bidder will provide information explaining the factual basis for the Purchaser's Issue Price Certificate. This agreement by the Purchaser to provide such information will continue to apply after the Closing Time if: (a) the Issuer requests the information in connection with an audit or inquiry by the Internal Revenue Service (the "IRS") or the Securities and Exchange Commission (the "SEC") or (b) the information is required to be retained by the Issuer pursuant

to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

**Preliminary Official Statement and Official Statement.** The Issuer has prepared a Preliminary Official Statement dated March 21, 2011, copies of which may be obtained from the Clerk or from the Financial Advisor. Upon the sale of the Notes, the Issuer will adopt the final Official Statement and will furnish the Successful Bidder, without cost, with a sufficient number of copies thereof, which may be in electronic format, in order to comply with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board (the "Rule"). Additional copies may be ordered by the Successful Bidder at its expense. The Issuer's acceptance of the Successful Bidder's proposal for the purchase of the Notes in accordance with this Notice of Note Sale shall constitute a contract between the Issuer and the Successful Bidder for purposes of the Rules.

**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. The absence of continuing disclosure of financial or other information pertaining to the Issuer may impair the development of a secondary market for the Notes and could impair the ability of a Registered Owner to sell the Notes in the secondary market.

**Assessed Valuation and Indebtedness.** The total assessed valuation of the taxable tangible property within the Issuer for the year 2010, is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property .....	\$10,141,250
Tangible Valuation of Motor Vehicles.....	1,663,463
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations .....	\$11,804,463

The total general obligation indebtedness of the Issuer as of the date of delivery of the Notes, including the Notes being sold, is \$5,020,000.

**Legal Opinion.** The Notes will be sold subject to the approving legal opinion of GILMORE & BELL, P.C., WICHITA, KANSAS, Bond Counsel, which opinion will be furnished and paid for by the Issuer, will be printed on the Notes, if the Notes are printed, and will be delivered to the Successful Bidder when the Notes are delivered. Said opinion will also include the opinion of Bond Counsel relating to the exclusion of the interest on the Notes from gross income for federal income tax purposes and from computation of Kansas adjusted gross income. Reference is made to the Preliminary Official Statement for further discussion of federal and Kansas income tax matters relating to the interest on the Notes.

**Additional Information.** Additional information regarding the Notes may be obtained from the undersigned, or from the Financial Advisor, at the addresses set forth below:

**DATED: March 21, 2011.**

**CITY OF COLWICH, KANSAS**

By Diana K. Brooks, Clerk

***Written and Facsimile Bid and Good Faith Deposit Delivery Address:***

310 S. 2nd Street  
P.O. Box 158  
Colwich, Kansas 67030-0158  
Phone No. (316) 796-1025  
Fax No. (316) 796-0913  
Email: colwichclerk@sbcglobal.net

***Financial Advisor:***

Citycode Financial, L.L.C.  
7701 E. Kellogg, Suite 700  
Wichita, Kansas 67207  
Attn: Larry Kleeman  
Phone No. (316) 685-5911  
Fax No. (316) 685-1751  
Email: larry@citycode.com

**OFFICIAL BID FORM**

**PROPOSAL FOR THE PURCHASE OF CITY OF COLWICH, KANSAS  
TEMPORARY NOTES**

TO: Diana K. Brooks, Clerk  
City of Colwich, Kansas

April 18, 2011

For \$440,000 principal amount of Temporary Notes, Series A, 2011, of the City of Colwich, Kansas, to be dated the Issue Date, as described in your Notice of Note Sale dated March 21, 2011, said Notes to bear interest as follows:

<b>Maturity</b>	<b>Principal</b>	<b>Interest</b>
<b><u>May 1, 2013</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>
2013	\$440,000	_____ %

the undersigned will pay the purchase price for the Notes set forth below, plus accrued interest to the date of delivery.

Principal Amount .....	\$440,000
Less Discount (not to exceed 0.75%).....	- _____
Plus Premium (if any) .....	_____
Total Purchase Price .....	\$ _____
Total interest cost to maturity at the rate(s) specified .....	\$ _____
Net interest cost .....	\$ _____
Average annual net interest rate .....	_____ %

This proposal is subject to all terms and conditions contained in said Notice of Note Sale, and if the undersigned is the Successful Bidder, the undersigned will comply with all of the provisions contained in said Notice. The acceptance of this proposal by the Issuer shall constitute a contract between the Issuer and the Successful Bidder.

Submitted by: \_\_\_\_\_

[LIST ACCOUNT MEMBERS ON REVERSE]

By: \_\_\_\_\_  
Telephone No.(\_\_\_\_) \_\_\_\_\_

**ACCEPTANCE**

Pursuant to action duly taken by the Governing Body of the City of Colwich, Kansas, the above proposal is hereby accepted on April 18, 2011.

Attest:

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Mayor

**NOTE:** No additions or alterations in the above proposal form shall be made, and any erasures may cause rejection of any bid. Sealed bids may be filed with the Clerk, Diana K. Brooks, 310 S. 2nd Street, P.O. Box 158, Colwich, Kansas 67030-158, facsimile bids may be filed with the Clerk, Fax No. (316) 796-0913 at or prior to 11:00 a.m., Central Daylight Time, on April 18, 2011. Any bid received after such time will not be accepted or shall be returned to the bidder.