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7/1/92*

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF OSAGE

REGISTERED
NUMBER R-_____

REGISTERED
\$ _____

CITY OF BURLINGAME, KANSAS
SEWAGE TREATMENT SYSTEM REVENUE BOND
SERIES 1988

Rate of Maturity CUSIP
Interest: _____ Date: _____ Dated: March 1, 1988 Number: _____

Registered Owner: _____
Principal Amount: _____

THE CITY OF BURLINGAME, KANSAS (the "City"), for value received, hereby promises to pay to the Registered Owner shown above, or registered assigns, upon presentation and surrender of this Bond, but solely from the revenues derived by the City from the operation of its sewer system as hereinafter stated, the Principal Amount shown above, on the Maturity Date shown above, and to pay interest thereon, but solely from the revenues herein stated, from the Date shown above, at the Rate of Interest per annum shown above, payable semi-annually on March 1 and September 1 in each year, (the "Interest Payment Dates"), commencing September 1, 1988 until said principal sum shall have been paid.

The principal of and premium, if any, and interest on this Bond shall 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 "Bond Registrar"). The principal of this Bond shall be payable to the registered

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owner hereof upon presentation of this Bond at the maturity or redemption date to the Paying Agent for payment and cancellation. The interest on this Bond shall be mailed to the registered owner hereof at the address appearing on the registration books of the City maintained by the Bond Registrar on the 15th day of the month preceding each Interest Payment Date (the "Record Dates").

This Bond is a special obligation of the City payable solely from, and secured as to the payment of principal and interest by, a pledge of, the revenues derived by the City from the operation of its sewer system, including revenues derived from extensions and improvements to said system hereafter constructed or acquired by the City. The taxing power of the City is not pledged to the payment of this Bond either as to principal or interest. This Bond is not a general obligation of the City, nor does it constitute an indebtedness of the City within the meaning of any constitutional or statutory provision.

Additional terms and provisions of this Bond, including the right of the City to redeem some of the Bonds of this series prior to their maturity date, are continued on the reverse hereof and shall for all purposes have the same effect as though fully set forth at this place.

This Bond has been duly registered in the office of the City Clerk and in the office of the Treasurer of the State of Kansas.

It is hereby declared and certified that all acts, conditions and things required to be done and to exist precedent to and in the issuance of this Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that before the issuance of this Bond, provision has been made for the collection and segregation of revenues of the City's sewer system, including the revenues of extensions and improvements to said system hereafter constructed or acquired, and for the application of the same as hereinbefore provided.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

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IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and its corporate seal to be imprinted hereon, all as of the first day of _____, 1988.

CITY OF BURLINGAME, KANSAS

(Facsimile seal)

(facsimile)

Mayor

ATTEST:

(facsimile)
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This bond is one of a series of Sewage Treatment System Revenue Bonds, Series 1988 of the City of Burlingame, Kansas, described in the within-mentioned Ordinance.

Registration Date _____

OFFICE OF THE STATE TREASURER
Topeka, Kansas, as Bond Registrar
and Paying Agent

By _____

Registration Number _____

FURTHER TERMS AND PROVISIONS

This Bond is one of an authorized series of Bonds of the City designated "Sewage Treatment System Revenue Bonds, Series 1988" in an aggregate principal amount of \$235,000 (the

"Bonds") issued for the purpose of paying a portion of the costs of making repairs, extensions, reconstructions, enlargements and improvements of the sewer system of the City as set out in an Ordinance of the City authorizing the Bonds (the "Ordinance"). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-1201 as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

The City hereby covenants with the owner of this Bond to keep and perform all covenants and agreements contained in the Ordinance, and the City will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the sewer system of the City, including all extensions and improvements thereto hereafter constructed or acquired by the City, as will produce revenues sufficient to pay the cost of operation and maintenance of its sewer system, pay the principal of and interest on the Bonds as and when the same become due, and provide reasonable and adequate reserve funds.

Reference is made to the Ordinance for a description of the covenants and agreements made by the City with respect to the collection, segregation and application of the revenues of the sewer system of the City, the nature and extent of the security of the Bonds, the rights, duties and obligations of the City with respect thereto, and the rights of the owners thereof.

The Bonds are issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. This Bond may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity and of other authorized denominations upon the terms provided in the Ordinance.

The City and the Bond Registrar may deem and treat the registered owner hereof as the absolute owner hereof for purposes

of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

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This Bond is transferable by the registered owner hereof in person or by the registered owner's attorney duly authorized in writing, at the office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance and upon surrender and cancellation of this Bond. The City shall pay out of the proceeds of the Bonds all costs incurred in connection with the issuance, payment and initial registration of the Bonds and the cost of a reasonable supply of bond blanks.

LEGAL OPINION

I, the undersigned, City Clerk of the City of Burlingame, Kansas, do hereby certify that the following is a true and correct copy of the approving legal opinion of Cosgrove, Webb & Oman, Attorneys at Law, Topeka, Kansas, on the within Bond and the series of which it is a part, except that it omits the date of such opinion; that said opinion was manually executed and was dated and issued as of the date of delivery of and payment for the Bonds, and is on file in my office.

By _____ (facsimile)
City Clerk

RE: \$235,000 Sewage Treatment System Revenue Bonds, Series 1988 of the City of Burlingame, Kansas, Dated March 1, 1988

We have acted as Bond Counsel in connection with the issuance by the City of Burlingame, Kansas (the "City"), of \$235,000 principal amount of Sewage Treatment System Revenue Bonds, Series 1988, dated March 1, 1988 (the "Bonds"). The Bonds are issuable in the form of fully registered bonds, in the denomination of \$5,000 or any integral multiple thereof. The bonds become due serially (subject to prior redemption as stated in each Bond) on March 1 of the years and bear interest from March 1, 1988, at the rates, as follows:

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<u>Maturity Date</u> <u>March 1:</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
1989	10,000	7.0%
1990	10,000	7.0%
1991	10,000	7.0%
1992	10,000	7.0%
1993	10,000	7.0%
1994	15,000	7.25%
1995	15,000	7.25%
1996	15,000	7.25%
1997	15,000	7.50%
1998	20,000	7.50%
1999	20,000	7.50%
2000	20,000	7.50%
2001	20,000	7.50%
2002	20,000	7.75%
2003	25,000	7.75%

Interest is payable semi-annually on March 1 and September 1 of each year, commencing September 1, 1988. The principal of the Bonds are payable at the office of the State Treasurer in the City of Topeka, Kansas, and the interest on the Bonds are payable by mail to the registered owner thereof.

We have examined a certified transcript of proceedings relating to the authorization and issuance of the Bonds. We have also examined the Constitution and statutes of the State of Kansas, insofar as the same relate to the authorization and issuance of the Bonds, and also an executed, registered, authenticated Bond of the issue so authorized.

Based upon such examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Kansas.

2. The Bonds are valid and legally binding special obligations of the City, payable as to both principal and interest solely from the revenues derived by the City from the rates, fees or charges collected by the City from the operation of its sewer system, including all improvements, extensions and enlargements thereto hereafter constructed or acquired by the City, and not from any other fund or source.

3. Under existing law, the Bonds are exempt from Kansas intangible personal property taxes.

4. The Internal Revenue Code of 1986 ("1986 Code") imposes requirements and restrictions which must be complied with subsequent to the issuance of the Bonds in order to preserve the federal tax-exempt status of the Bonds. The City has covenanted in the Resolution authorizing the issuance of the Bonds to comply with the provisions of the 1986 Code and with any other applicable future laws, regulations, and published rulings and judicial decisions with respect to, and in order to preserve, the federal tax-exempt status of the Bonds, to the extent that such compliance and actions can be performed and taken by the governing body of the City. Assuming the continuing compliance with and performance of such covenants by the City, the interest on the Bonds is exempt from Federal income taxation, except as such

interest may be included in the measure of income for computing alternative minimum taxes imposed on corporations, and the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the 1986 Code.

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We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

Very truly yours,

COSGROVE, WEBB & OMAN

BOND ASSIGNMENT

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

(Name and address)

(Social Security or Taxpayer Identifying Number)

the Bond to which this assignment is affixed in the outstanding principal amount of \$ _____, standing in the name of the undersigned on the books of the Treasurer of the State of Kansas (the Bond Registrar). The undersigned do(es) hereby irrevocably, constitute and appoint _____ as agent to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Name _____

Social Security or Taxpayer
Identification No. _____

Signature
(Sign here exactly as name(s)
appear on the face of
Certificate)

Signature guaranteee:

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(FORM OF CITY CLERK CERTIFICATE)

STATE OF KANSAS)
) ss.
COUNTY OF OSAGE)

I, the undersigned, City Clerk of Burlingame, Kansas, hereby certify that the within Sewage Treatment System Revenue Bond, Series 1988, has been duly registered in my office according to law.

WITNESS my hand and official seal this _____.

(facsimile)

City Clerk

(Facsimile seal)

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

I, JOAN FINNEY, Treasurer of the State of Kansas, do hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in my office, and that this Bond was registered in my office according to law on _____.

WITNESS my hand and official seal.

Treasurer of the State of Kansas

(Facsimile Seal)

By _____
Assistant State Treasurer

Section 11. So long as any of the Bonds remain outstanding and unpaid, all revenues derived from the operation of the sewer system utility of said City shall be paid into the treasury of said City and kept in separate funds and shall not be used except for the purposes authorized by law, including the cost of operation, maintenance and improvement of said utility, providing an adequate depreciation fund, and for paying the principal and interest on the Bonds. The Bonds are hereby made a lien upon the revenues produced from said sewer system utility. The City shall, and does hereby agree that it will, by appropriate enactment of its Governing Body, make provisions for the payment of the Bonds and all interest thereof, by fixing rates, fees or charges for the use of or service rendered by such sewer system utility, which rates, fees or charges shall be sufficient to pay the cost of operation, improvement and maintenance of such utility, provide an adequate depreciation fund, and pay the principal of and the interest on the Bonds as the same respectively become due. If at any time the revenues of said utility are insufficient to pay the cost of operation, maintenance and improvement of said utility, provide an adequate depreciation fund and pay the principal of and interest on the Bonds herein authorized, the reasonable cost in value of the sewer service furnished by said utility to said City or any department thereof shall be charged against the City and payments therefor shall be made monthly from the general fund of the City, and such payment shall be made into the separate fund hereinbefore referred to and accounted for as revenue of the sewer system utility of said City.

Section 12. There are hereby created and ordered to be established in the Treasury of the City a separate account, to be maintained and administered by the City, as provided in this Ordinance so long as any of the Bonds remaining outstanding and unpaid, and to be known respectively as the:

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- (a) Sewer Fund,
- (b) Sewer Construction Fund,
- (c) Sewer Operation and Maintenance Account (the "Operation and Maintenance Account"),
- (d) Principal and Interest Account for Sewage Treatment System Revenue Bonds, Series 1988 (the "1988 Principal and Interest Account"),
- (e) Reserve Account for Sewage Treatment System Revenue Bonds, Series 1984 (the "Bond Reserve Account"), and

Section 13. The proceeds received from the sale of the Bonds, including any premium or accrued interest thereon, shall be deposited simultaneously with the delivery of the Bonds, as follows:

- (a) There shall be deposited in the 1988 Principal and Interest Account all accrued interest paid to the date of the delivery of the Bonds, to be applied to the payment of interest next due on the Bonds.
- (b) The balance of the proceeds of the Bonds shall be deposited in the Sewer Construction Fund, to be used by the City for the sole purpose of paying the costs of the issuance of the Bonds and of the construction of the sewer system improvements hereinabove specified. Any surplus in said Sewer Construction Fund not required for the payment of the costs as hereinabove set forth shall be credited to the Sewer Fund.

Section 14. The City covenants and agrees that, so long as any of the Bonds remain outstanding and unpaid, all of the revenues derived and collected by the City from the operation of its sewer system utility, including the revenues of all extensions and improvements to the system hereinafter constructed or acquired by the City, will be paid and deposited into the Sewer Fund, and that said revenues shall be segregated and kept separate and apart from all other monies, revenues, funds and accounts of the City and shall not be mingled with any other

monies, revenues, funds and accounts of the City. The Sewer Fund shall be administered and applied solely for the purposes and in the manner herein provided in this Ordinance.

Section 15. The City covenants and agrees that so long as any of the Bonds remain outstanding and unpaid, the City will, on the first day of each month, administer and allocate the monies then held in the Sewer Fund as follows:

(a) There shall first be paid and credited on the first day of each month from the Sewer Fund to the Operation and Maintenance Account an amount equal to the estimated reasonable and proper expenses of operating and maintaining the sewer system during the ensuing 60 day period, taking into account the amount on hand in the account. All amounts paid and credited to the Operation and Maintenance Account shall be expended and used by the City solely for the purpose of paying the reasonable and proper expenses of operating and maintaining the sewer system and keeping the system in good repair and working order, including, without limiting the generality of the foregoing, salaries, wages, costs of materials and supplies, annual audits, engineer's reports, and insurance.

(b) There shall next be paid and credited on the first day of each month from the Sewer Fund to the 1988 Principal and Interest Account, the following sums in the following order:

(1) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter, to and including the first day of the month immediately prior to the next succeeding interest payment date, an equal prorata portion of the amount of interest becoming due on the Bonds on the next succeeding interest payment date, and

(2) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter, to and including the first day of the month immediately prior to the next succeeding principal payment date, an equal prorata

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portion of the amount of principal becoming due on the Bonds on the next succeeding principal payment date.

(c) The initial and maximum balance of the Bond Reserve Account shall be \$35,400, the funds for which are hereby directed to be paid from other funds (not derived from this bond issue) now on hand in the treasury of the City. If at any time the balance in the Bond Reserve Account is less than \$35,400 the City shall make monthly payments to said account in the amount of \$3,000 until said account aggregates the sum of \$35,400.

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Section 16. The Treasurer of the City is hereby authorized and directed to withdraw from the 1988 Principal and Interest Account and, to the extent necessary to prevent a default in the payment of either principal or interest on the Bonds, from the Bond Reserve Account, sums sufficient to pay the principal of and interest on the Bonds when the same become due, and to forward such sums to the Paying Agent not less than three business days prior to the dates when such principal and interest will become due. If, through lapse of time or otherwise, the holders of Bond shall no longer be entitled to enforce payment of their obligations, it shall be the duty of the Paying Agent forthwith to return said funds to the City. All monies deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

Section 17. Cash monies in each of the funds and account created by and referred to in this Ordinance shall be deposited

in a bank or banks located in the State of Kansas which are members of the Federal Deposit Insurance Corporation, and all such bank deposits shall be continuously and adequately secured by the banks holding such deposits as provided by the laws of the State of Kansas.

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Monies held in any fund or account referred to in this Ordinance may be invested by the City in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or in such other obligations as may be permitted by law; provided, however, that no such investment shall be made for a period extending longer than to the date when the monies invested may be needed for the purpose of which such fund or account was created. All interest on any investments held in the Bond Reserve Account shall be paid over to the general funds of the City. In determining the amount held in any fund or account under any of the provisions of this Ordinance, obligations shall be valued at the principal amount or the market value thereof, whichever is lower. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of this Ordinance, the City may direct that such excess be paid and credited to the Sewer Fund.

Section 18. The City covenants and agrees with each of the purchasers and owners of any of the Bonds that so long as any of the Bonds remain outstanding and unpaid:

- (a) The City will continuously own and will operate its sewer system in an efficient and economical manner and will keep and maintain the same in good repair and working order.
- (b) The City will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the sewer system, including all extensions and improvements thereto hereafter

constructed or acquired by the City, as will produce revenues sufficient to (i) pay the cost of the operation and maintenance of the sewer system; (ii) pay the principal of and interest on the Bonds as and when the same become due; (iii) enable the City to have in each fiscal year net operating revenues from the sewer system in an amount that will be not less than 100% of the maximum amount required to be paid by the City in any fiscal year on account of both principal of and interest on all sewer system revenue bonds at the time outstanding. The City will require the prompt payment of accounts for services rendered by or through the sewer system and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

(c) None of the facilities or services provided by the sewer system will be furnished to any user (except, subject to Section 11, the City itself) without a reasonable charge being made therefor. In the event that the revenues derived by the City from the sewer system shall at any time be insufficient to pay the reasonable expenses of operation and maintenance of the sewer system and also to pay all interest on and principal of the Bonds as and when the same become due, then the City will thereafter pay into the Sewer Fund a fair and reasonable payment in accordance with effective applicable rates, fees and charges for all services or other facilities furnished to the City or any of its departments by the sewer system, and such payments will continue so long as the same be necessary in order to prevent or reduce the amount of any default in the payment of the interest on or principal of the Bonds.

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(d) The City will not mortgage, pledge or otherwise encumber the sewer system or any part, extension or improvement thereof, nor will it sell, lease or otherwise dispose of the sewer system or any material part thereof; provided, however, the City may sell any portion of such property which shall have been replaced by other similar property of at least equal value or which shall cease to be necessary for the efficient operation of the sewer system. The proceeds of any such sale or sales of any portion of the sewer system shall be paid and deposited into the Sewer Fund. The City may cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the City.

(e) The City will carry and maintain a reasonable amount of all-risk insurance upon all of the properties forming a part of the sewer system insofar as the same are of an insurable nature, such insurance to be of the character and coverage and in an amount as would normally be carried by a private corporation engaged in a similar type of business. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or, if such reconstruction or replacement be unnecessary, then the City will pay and deposit the proceeds of such insurance into the Sewer Fund. The City in operating the sewer system will carry and maintain public liability and worker's compensation insurance in such amounts as required by Kansas law or, in the event that Kansas law does not require such insurance, in such amounts would normally be maintained by a private

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corporation engaged in a similar type of business, and the proceeds derived from such insurance shall be used in paying the claims on account of which such proceeds were received. The cost of all insurance obtained pursuant to the requirements of this subsection shall be paid as an operating cost out of the revenues of the sewer system.

(f) The City will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the City) in which complete and correct entries will be made of all dealings and transactions of or in relation to the sewer system of the City. Such accounts shall show the amount of revenues received from the sewer system, the application of such revenues and all financial transactions in connection therewith. Said books shall be kept by the City according to standard accounting practices applicable to the operation of municipal utilities.

(g) Prior to the commencement of each fiscal year, the director of the sewer system or other representative of the City designated by the governing body of the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the sewer system for the next succeeding fiscal year. The City Clerk, promptly upon the filing of said budget in his office, will mail a copy of said budget to the original purchaser of the Bonds. Said annual budget shall be prepared in accordance with the requirements of the laws of Kansas and shall contain all information as shall be required by such laws.

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- (h) The owner or owners of any of the Bonds shall have the right at all reasonable times to inspect the sewer system and all records, accounts and data relating thereto, and any such owner shall be furnished all such information concerning the sewer system and the operation thereof which such owner or owners may reasonable request.
- (i) The City will faithfully and punctually perform all duties and obligations with respect to the operation of the sewer system, including all extensions and improvements thereto now or hereafter imposed upon the City by the Constitution and laws of the State of Kansas and by the provisions of this Ordinance.

Section 19. The City covenants and agrees that so long as any of the Bonds remain outstanding and unpaid the City will not issue any additional bonds or other debt obligations payable out of the revenues of the sewer system or any part thereof which are superior in lien or priority to the Bonds.

The City covenants and agrees that so long as any of the Bonds remain outstanding and unpaid, the City will not issue any additional bonds or other long-term obligations payable out of the revenues of the sewer system or any part thereof which stand on a parity or equality with the Bonds unless:

- (a) The City shall not be in default in the payment of principal of or interest on the Bonds or in making any timely payment required to be made into the respective funds and accounts created by and referred to in this Ordinance; and
- (b) The estimated average annual net revenues derived by the City from the operation of the sewer system for the two fiscal years immediately preceding the year in which the additional bonds are contemplated to be issued was in an amount not less than 125% of the

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greatest annual principal and interest requirements on the Bonds contemplated to be issued plus the same requirements with respect to the Bonds. In determining the amount of estimated net revenues of the sewer system for the purpose of this subsection, the City may adjust said estimated net revenues for such prior years by adding thereto any estimated increase in net revenues resulting from any increase in rates for the use and services of the sewer system, which estimate shall be examined and approved by a consulting engineer satisfactory to Beecroft, Cole & Company (at its option).

Additional revenue bonds of the City which stand on a parity with the Bonds shall enjoy complete equality, concerning lien on and claim against the revenues of the sewer system, with the Bonds, and the City may make equal provision for paying said bonds and the interest thereon out of the Sewer Fund and may likewise provide for the creation of reasonable principal and interest accounts and bond reserve accounts for the payment of such additional bonds and the interest thereon out of monies in the Sewer Fund.

Nothing in this section shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for the purpose of extending, improving, enlarging, repairing or altering the sewer system and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the revenues of the sewer system, provided at the time of the issuance of such additional revenue bonds or obligations the City shall not be in default in the performance of any covenant or agreement contained in this Ordinance, and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Bonds so that if at any time the City shall be in default in paying

either interest on or principal of the Bonds, or if the City shall be in default in making any payments required to be made by it under the provisions of Section 15 of this Ordinance, the City shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or obligations out of monies in the Sewer Fund.

The City shall have the right, if it shall find it desirable, to refund any of the Bonds then subject to redemption or becoming due, under the provisions of any law then available, and the refunding bonds so issued shall enjoy complete equality of pledge of the revenues of the sewer system with any of the Bonds which are not refunded.

Section 20. The City covenants and agrees that if it shall default in the payment of the principal of or interest on any of the Bonds as the same shall become due, and such default shall continue for a period of 30 days, or if the City or its governing body or any of the officers, agents or employees thereof shall fail or refuse to comply with any of the provisions of the Constitution or statutes of the State of Kansas, or of this Ordinance, then, upon 30 days written notice thereafter from any bondowner and while such default shall continue, the owners of 25% in principal amount of the Bonds then outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City, declare the principal of all Bonds then outstanding to be due and payable immediately upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in this Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the

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condition that if at any time after the principal of said outstanding Bonds shall have been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds shall have been paid in full, and all other defaults, if any, by the City under the provisions of this Ordinance and under the provisions of the statutes of the State of Kansas shall have been cured, then and in every such case the owners of 50% in principal amount of the Bonds then outstanding, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Section 21. The provisions of this Ordinance, including the covenants and agreements herein contained, shall constitute a contract between the City and the owners of the Bonds, and the owner or owners of not less than 10% in principal amount of the Bonds at the time outstanding shall have the right, for the equal benefit and protection of all owners of Bonds similarly situated:

- (a) By mandamus or other suit, action or proceedings at law or in equity to enforce such owner's or owners' rights against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of this Ordinance or by the Constitution and laws of the State of Kansas;
- (b) By suit, action or other proceedings in equity or at law to require the City to account as if it were the trustee 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 owner or owners of the Bonds.

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No one or more bondowners secured hereby shall have any right in any manner whatever by the owner's or owners' action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, had and maintained for the equal benefit of all owners of such outstanding Bonds.

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

Nothing contained in this Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred herein or to pay the principal of or interest on the Bonds.

Section 22. When all of the Bonds shall have been paid and discharged, then the requirements contained in this Ordinance and the pledge of revenues made hereunder and all other rights granted hereby shall terminate. Bonds shall be deemed to have been paid and discharged within the meaning of this Ordinance if there shall have been deposited with the Paying Agent or a bank located in the State of Kansas having full trust powers, at or prior to the maturity or redemption date of the Bonds, in trust for and irrevocably appropriated thereto, monies and/or direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America which, together with the interest to be earned on any such obligations, will be sufficient for the payment of the principal of the Bonds, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments, provided always that if any such Bonds shall be redeemed prior to the maturity thereof, the City shall have elected to redeem such Bonds and notice of such redemption shall have been given. Any monies and obligations which at any time shall be deposited with the Paying Agent or bank by or on behalf of the City for the purpose of paying and discharging any of the Bonds shall be and are hereby assigned, transferred and set over to the Paying Agent or bank in trust for the respective owners of the Bonds, and such monies shall be and are hereby irrevocably appropriated to the payment and discharge hereof. All monies deposited with the Paying Agent or bank shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

Section 23. The rights and duties of the City and the bondowners and the terms and provisions of the Bonds or of this Ordinance may be amended or modified at any time in any respect by ordinance of the City with the written consent of the owners

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of not less than 66 2/3% in principal amount of the Bonds then outstanding, such consent to be evidenced by an instrument or instruments executed by such owners and acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall: (a) extend the maturity of any payment of principal or interest due upon any Bond; or (b) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Bond; or (c) permit the creation of a lien on the revenues of the sewer system prior or equal to the lien of the Bonds or additional bonds hereafter issued on a parity with the Bonds as hereinbefore provided; or (d) permit preference or priority of any Bonds over any other Bonds; or (e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Ordinance.

Any provision of the Bonds or of this Ordinance may, however, be amended or modified by ordinance duly adopted by the governing body of the City at any time in any respect with the written consent of the owners of all of the Bonds at the time outstanding.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the City Clerk a duly certified copy of the ordinance of the City as hereinabove provided for, as well as proof of consent to such modification by the owners of not less than 66 2/3% in principal amount of the Bonds then outstanding. It shall not be necessary to note on any of the outstanding Bonds any reference to such amendment or modification.

Section 24. The City covenants and agrees that it will:

A. Use the proceeds of the Bonds as soon as practicable and with all reasonable dispatch for the purpose for which the Bonds are issued as provided in Section 1 hereof and no part

of the proceeds of the Bonds shall be invested in any securities or obligations except for a temporary period pending such use, nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Bonds, would have caused any of the Bonds to be or become "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 ("1986 Code"), and regulations promulgated thereunder. CD 7/1/42

B. Comply with the provisions of the 1986 Code (including but not limited to the information reporting requirements of Section 149(e) of the 1986 Code and regulations promulgated thereunder) and with any other future laws, regulations, and published rulings and judicial decisions with respect to, and in order to preserve, the Federal tax-exempt status of the Bonds, to the extent that such compliance and actions can be performed and taken by the Governing Body of the City.

Section 25. The City designates the Bonds as "qualified tax-exempt obligations" as identified in Section 265(b)(3) of the 1986 Code, and states that it and its subordinate entities do not anticipate issuing more than \$10,000,000 of qualified tax-exempt obligations during the calendar year in which the Bonds are issued.

Section 26. If any section or other part of this Ordinance shall for any reason be held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

Section 27. This Ordinance shall take effect and be in full force after its passage, approval and publication in the official city newspaper of the City.

Passed by the governing body of the City of Burlingame,
Kansas and approved by the Mayor this 7th day of
March, 1988.

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Donald H Smith
Mayor

(Seal)

Attest:

John H. Smith
City Clerk