

RESOLUTION NO. R-2644

OF

THE CITY OF JUNCTION CITY, KANSAS

ADOPTED

JULY 11, 2011

**GENERAL OBLIGATION WATER AND SEWER SYSTEM REFUNDING BONDS
SERIES 2011B**

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RESOLUTION NO. R-2644

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION WATER AND SEWER SYSTEM REFUNDING BONDS, SERIES 2011B, OF THE CITY OF JUNCTION CITY, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. S-3095 OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the Issuer has heretofore adopted the Ordinance authorizing the issuance of the Series 2011B Bonds; and

WHEREAS, the Ordinance authorized the governing body of the Issuer to adopt a resolution prescribing certain details and conditions and to make certain covenants with respect to the issuance of the Series 2011B Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF JUNCTION CITY, KANSAS, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section I.1. Definitions of Words and Terms.

In addition to words and terms defined elsewhere herein, in the Series DV Bond Resolution, and amendments thereto, the following words and terms as used in this Series 2011B Bond Resolution shall have the meanings hereinafter set forth. To the extent that a definition is contained here and also in the Series DV Bond Resolution, the definition contained herein shall constitute an amendment or supplement thereto, as the case indicates. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

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

“Bond Purchase Agreement” means, with respect to the Series 2011B Bonds, the Bond Purchase Agreement dated as of July 7, 2011, between the Issuer and the Purchaser.

“Bond Registrar” means, with respect to the Series 2011B Bonds, the State Treasurer, and its successors and assigns.

“Bonds” means the Series DV Bonds, the Series 2011B Bonds and any Additional Bonds.

“Compliance Account-2011B” means the Compliance Account for General Obligation Water and Sewer System Refunding Bonds, Series 2011B, created pursuant to **Section 501** hereof.

“Costs of Issuance Account-2011B” means the Costs of Issuance Account for General Obligation Water and Sewer System Refunding Bonds, Series 2011B, created pursuant to **Section 501** hereof.

“Dated Date” means, with respect to the Series 2011B Bonds, July 27, 2011.

“Debt Service Account-DV” means the Debt Service Account for General Obligation Water and Sewer System Refunding Bonds, Series DV, referred to in **Section 501** hereof.

“Debt Service Account-2011B” means the Debt Service Account for General Obligation Water and Sewer System Refunding Bonds, Series 2011B, created by **Section 501** hereof.

“Funds and Accounts” means funds and accounts created or referred to in the Series DV Bond Resolution or created in **Section 501** hereof.

“Interest Payment Date(s)” means, with respect to the Series 2011B Bonds, the Stated Maturity of an installment of interest on the Series 2011B Bonds which shall be March 1 and September 1 of each year, commencing March 1, 2012.

“Notice Address” means, in addition to the addresses set forth in the Series DV Bond Resolution, the following:

(a) To the Paying Agent at:

Series 2011B Bonds:

State Treasurer of the State of Kansas
Landon Office Building
900 Southwest Jackson, Suite 201
Topeka, Kansas 66612-1235
Fax: (785) 296-6976

(b) To the Purchaser:

Series 2011B Bonds:

George K. Baum & Company
Plaza Colonnade
4801 Main Street, Suite 500
Kansas City, Missouri
Fax: (816) 283-5326

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

“Ordinance” means Ordinance No. S-3095 of the Issuer authorizing the issuance of the Series 2011B Bonds, as amended from time to time.

“Paying Agent” means, with respect to the Series 2011B Bonds, the State Treasurer, and its successors and assigns.

“Purchase Price” means, with respect to the Series 2011B Bonds, the amount set forth in the Bond Purchase Agreement.

“Purchaser” means, with respect to the Series 2011B Bonds, George K. Baum & Company, Kansas City, Missouri, the original purchaser of the Series 2011B Bonds, and any successor and assigns.

“Redemption Fund-2011B” means the Redemption Fund for Refunded Bonds referred to in *Section 501* hereof.

“Refunded Bond Resolution” means the Series DV Bond Resolution which authorized the 2011B Refunded Bonds.

“Refunded Bonds Principal and Interest Account” means the Debt Service Account-DV.

“Refunded Bonds Redemption Date” means September 1, 2011.

“Series DV Bonds” means the Issuer's General Obligation Water and Sewer System Refunding Bonds, Series DV, dated May 15, 2009.

“Series DV Bond Resolution” means collectively the Issuer's Ordinance No. S-3057 and Resolution No. R-2555, which authorized the Series DV Bonds.

“Series 2011B Bonds” means the Issuer's General Obligation Water and Sewer System Refunding Bonds, Series 2011B, authorized and issued by the Issuer pursuant to the Series 2011B Bond Resolution.

“Series 2011B Bond Resolution” means collectively the Ordinance and this resolution prescribing the terms and details of the Series 2011B Bonds and making covenants with respect thereto, which constitutes a supplemental bond resolution authorized pursuant to the Series DV Bond Resolution.

“Series 2011B Term Bonds” means the Series 2011B Bonds maturing in the year 2036.

“Subordinate Lien Bonds” means the Series DV Bonds, the Series 2011B Bonds, and any Additional Bonds or Additional Obligations payable from the Revenues on a subordinate lien basis to any Parity Bonds and Junior Lien Obligations, and which constitute general obligations of the Issuer.

“System Bond Resolution” means collectively the Series DV Bond Resolution, the Series 2011B Bond Resolution and any supplemental resolutions of the Issuer that authorize the issuance of any System Indebtedness.

“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.

“2011B Refunded Bonds” means the Series DV Bonds maturing in the year 2011 in the principal amount of \$705,000.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section II.1. Authorization of the Series 2011B Bonds.

The Series 2011B Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$825,000, for the purpose of providing funds to: (a) refund the 2011B Refunded Bonds and interest due on September 1, 2011, on the Series DV Bonds; and (b) pay Costs of Issuance of the Series 2011B Bonds. The Series 2011B Bonds shall constitute Additional Bonds and Subordinate Lien Bonds.

Section II.2. Description of the Series 2011B Bonds.

The Series 2011B Bonds shall consist of fully registered bonds in Authorized Denominations, and shall be numbered in such manner as the Bond Registrar shall determine. All of the Series 2011B Bonds shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, and without option of prior redemption and payment and shall bear interest at the rates per annum as follows:

TERM BONDS

<u>Stated Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Annual Rate</u> <u>of Interest</u>
2036	\$825,000	5.500%

The Series 2011B Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in **Section 205** of the Series DV Bond Resolution. The Series 2011B Bonds shall be issued as Book-Entry-Only Bonds and administered in accordance with the provisions of **Section 209** of the Series DV Bond Resolution.

Each of the Series 2011B Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as **Exhibit A** or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

Section II.3. Designation of Paying Agent and Bond Registrar.

The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Series 2011B Bonds and Bond Registrar with respect to the registration, transfer and exchange of the Series 2011B Bonds. The Mayor of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Series 2011B Bonds.

Section II.4. Preliminary and Final Official Statement.

The Preliminary Official Statement dated June 30, 2011, is hereby ratified and approved. The Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor or chief financial officer of the Issuer are hereby authorized to execute the Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Purchaser in connection with the reoffering of the Bonds is

hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of the Series 2011B Bonds sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section II.5. Sale of the Series 2011B Bonds – Bond Purchase Agreement.

The execution of the Bond Purchase Agreement by the Mayor is hereby ratified and confirmed. Pursuant to the Bond Purchase Agreement, the Issuer agrees to sell the Series 2011B Bonds to the Purchaser for the Purchase Price, upon the terms and conditions set forth therein.

Section II.6. Other Provisions Regarding the Authorization and Details of the Bonds.

The provisions of *Article II* of the Series DV Bond Resolution, to the extent not inconsistent with the provisions of this *Article II*, are hereby incorporated by reference.

ARTICLE III

REDEMPTION OF BONDS

Section III.1. Redemption by Issuer.

The Series 2011B Bonds shall be subject to redemption and payment prior to their Stated Maturity, as follows:

Optional Redemption. At the option of the Issuer, the Series 2011B Bonds will be subject to redemption and payment prior to their Stated Maturity on September 1, 2021, and thereafter, as a whole or in part (selection of maturities and the amount of Series 2011B Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

Mandatory Redemption. The 2011B Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of *Section 301* of the Series DV Bond Resolution at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in *Article IV* hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on September 1 in each year, the following principal amounts of such 2011B Term Bonds:

Principal Amount	Year
\$ 20,000	2032
25,000	2033
25,000	2034
380,000	2035
375,000	2036*

*Final Maturity

Section III.2. Other Redemption Provisions.

The provisions of *Article III* of the Series DV Bond Resolution, to the extent not inconsistent with the provisions of this *Article III*, are hereby incorporated by reference.

ARTICLE IV

SECURITY FOR BONDS

Section IV.1. Security for the Bonds.

The Series 2011B Bonds shall be general obligations of the Issuer payable from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues, and the Issuer hereby pledges said Net Revenues to the payment of the principal of and interest on the Series 2011B Bonds. If said Net Revenues are not sufficient to provide for the payment of the principal of and interest on the Series 2011B Bonds, the Issuer shall levy taxes as set forth in *Section 6* of the Ordinance and *Section 402* hereof. The covenants and agreements of the Issuer contained herein and in the Series 2011B Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Series 2011B Bonds, all of which Series 2011B Bonds shall be of equal rank and without preference or priority of one Series 2011B Bond over any other Series 2011B Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Series 2011B Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Series 2011B Bond Resolution. The Series 2011B Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues with any other Subordinate Lien Bonds. The Series 2011B Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over other Subordinate Lien Bonds; and any other Subordinate Lien Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over the Series 2011B Bonds. The Series 2011B Bonds shall be junior and subordinate with respect to the payment of principal and interest from the Net Revenues and in all other respects to any Parity Bonds and any Junior Lien Obligations. In the event of any default in the payment of either principal of or interest on any of the System Indebtedness, all of the Net Revenues will be applied solely to the payment of the principal of and interest on the Parity Bonds and the Junior Lien Obligations, in that order, until such default is cured.

Section IV.2. Tax Levy.

The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Series 2011B Bonds as the same become due, if necessary, after applying the Net Revenues pledged herein, 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 above referred to 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 general ad valorem taxes of the Issuer are levied and collected, and the proceeds derived from said taxes shall be applied in the manner set forth in this Bond Resolution.

If at any time said taxes are not collected in time to pay the principal of or interest on the Series 2011B Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes and/or assessments are collected.

ARTICLE V
ESTABLISHMENT OF FUNDS AND
ACCOUNTS
DEPOSIT AND APPLICATION OF BOND
PROCEEDS AND OTHER MONEYS

Section V.1. Creation and Ratification of Funds and Accounts.

(a) Simultaneously with the issuance of the Series 2011B Bonds, there shall be created within the Treasury of the Issuer the following Funds and Accounts:

- (1) Redemption Fund for 2011B Refunded Bonds.
- (2) Debt Service Account for General Obligation Water and Sewer System Refunding Bonds, Series 2011B.
- (3) Costs of Issuance Account for General Obligation Water and Sewer System Refunding Bonds, Series 2011B.
- (4) Compliance Account for General Obligation Water and Sewer System Refunding Bonds, Series 2011B.

(b) The following separate Funds and Accounts created and established in the treasury of the Issuer are hereby ratified and confirmed:

- (1) Water and Sewer System Revenue Fund.
- (2) Water and Sewer System Surplus Account.
- (3) Water and Sewer System Operation and Maintenance Account.
- (4) Debt Service Account for General Obligation Water and Sewer System Refunding Bonds, Series DV.

The Funds and Accounts referred to in this section shall be administered in accordance with the provisions of the System Bond Resolution so long as any Bonds are Outstanding.

Section V.2. Deposit of Series 2011B Bond Proceeds.

The net proceeds received from the sale of the Series 2011B Bonds shall be deposited simultaneously with the delivery of the Series 2011B Bonds as follows:

- (a) All accrued interest and excess proceeds, if any, received from the sale of the Series 2011B Bonds shall be deposited in the Debt Service Account-2011B.
- (b) The sum of \$52,083.50 shall be deposited in the Costs of Issuance Account-2011B.
- (c) The remaining balance of the proceeds derived from the sale of the Series 2011B Bonds shall be deposited into the Redemption Fund-2011B.

Section V.3. Application of Moneys in the Redemption Fund-2011B.

Moneys in the Redemption Fund-2011B shall be paid and transferred to the Refunded Bonds Paying Agent, with irrevocable instructions to apply such amount to the payment of the 2011B Refunded Bonds on the Refunded Bonds Redemption Date. The Director of Finance is authorized to enter into an agreement with the Refunded Bonds Paying Agent to invest moneys in the Redemption Fund until expended to retire the Refunded Bonds. Any moneys remaining in the Redemption Fund-2011B not needed to retire the 2011B Refunded Bonds shall be transferred to the Debt Service Account.

Section V.4. Rebate.

(a) The Issuer shall periodically determine the arbitrage rebate, if any, under Code § 148(f) in accordance with the Federal Tax Certificate, and the Issuer shall make payments to the United States of America at the times and in the amounts determined under the Federal Tax Certificate.

(b) Notwithstanding any other provision of this Series 2011B Bond Resolution or the Series DV Bond Resolution, including in particular *Article XI* thereof, the obligation to pay arbitrage rebate to the United States of America and to comply with all other requirements of this Section and the Federal Tax Certificate shall survive the defeasance or payment in full of the Series 2011B Bonds.

Section V.5. Application of Moneys in the Costs of Issuance Account-2011B.

Moneys in the Costs of Issuance Account-2011B shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account-2011B, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Series 2011B Bonds, shall be transferred to the Debt Service Account-2011B.

Section V.6. Application of Moneys in the Compliance Account-2011B.

Moneys in the Compliance Account-2011B shall be used by the Issuer to pay the to pay fees and expenses relating to compliance with federal arbitrage law, state or federal securities laws, and other costs or expenses of carrying or repaying the respective series of Series 2011B Bonds as set forth in the Federal Tax Certificate. Any funds remaining in the Compliance Account-2011B on the sixth anniversary of the Issue Date shall be transferred to the respective Debt Service Account-2011B.

ARTICLE VI

COLLECTION AND APPLICATION OF REVENUES

Section VI.1. Revenue Fund.

The Issuer covenants and agrees that as long as any of the Bonds remain Outstanding hereunder, all of the Revenues derived and collected from the operation of the System shall as and when received be paid and deposited into the Revenue Fund. Said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, Funds and Accounts of the Issuer and shall not be commingled with any other moneys, revenues, Funds and Accounts of the Issuer. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in the System Bond Resolution, except as may be modified by the provisions of the Parity Resolution.

Section VI.2. Application of Moneys in Funds and Accounts.

Section 602(d) of the Series DV Bond Resolution is hereby amended to read as follows:

(d) **Debt Service Accounts-Subordinate Lien Bonds.** The following transfers shall be made on a parity of lien basis with the requirements of the System Bond Resolution with respect to the Subordinate Lien Bonds, so long as the same shall be Outstanding.

(1) **Debt Service Account-DV.** There shall next be paid and credited monthly to the Debt Service Account-DV, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Series DV Bonds, the following sums:

(i) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter, so long as any of the Series DV Bonds remain Outstanding, an amount not less than 1/6 of the amount of interest that will become due on the Series DV Bonds on the next succeeding Interest Payment Date; and

(ii) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter, so long as any of the Series DV Bonds remain Outstanding, an amount not less than 1/12 of the amount of principal that will become due on the Series DV Bonds on the next succeeding Maturity date.

The amounts required to be paid and credited to the Debt Service Account-DV pursuant to this Section shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service accounts established for the payment of the Debt Service Requirements on Subordinate Lien Bonds under the provisions of the System Bond Resolution.

All amounts paid and credited to the Debt Service Account-DV shall be expended and used by the Issuer for the sole purpose of paying the Debt Service Requirements of the Series DV Bonds as and when the same become due at Maturity and on each Interest Payment Date.

(2) **Debt Service Account-2011B.** There shall next be paid and credited monthly to the Debt Service Account-2011B, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Series 2011B Bonds, the following sums:

(i) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter, an equal pro rata portion of the amount of interest becoming due on the Series 2011B Bonds on March 1, 2012; and thereafter, beginning on March 1, 2012, and continuing on the first day of each month thereafter so long as any of the Series 2011B Bonds remain Outstanding an amount not less than 1/6 of the amount of interest that will become due on the Series 2011B Bonds on the next succeeding Interest Payment Date; and

(ii) Beginning September 1, 2031, and continuing on the first day of each month thereafter, so long as any of the Series 2011B Bonds remain Outstanding, an amount not less than 1/12 of the amount of principal that will become due on the Series 2011B Bonds on the next succeeding Maturity date.

(iii) Any amounts deposited in the Debt Service Account-2011B in accordance with **Section 502(a)** hereof shall be credited against the Issuer's payment obligations as set forth in **Section 602(d)(2)(i)** hereof.

The amounts required to be paid and credited to the Debt Service Account-2011B pursuant to this Section shall be made at the same time and on a parity with the amounts at the

time required to be paid and credited to the debt service accounts established for the payment of the Debt Service Requirements on Subordinate Lien Bonds under the provisions of the System Bond Resolution.

All amounts paid and credited to the Debt Service Account-2011B shall be expended and used by the Issuer for the sole purpose of paying the Debt Service Requirements of the Series 2011B Bonds as and when the same become due at Maturity and on each Interest Payment Date.

(3) If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Accounts and to the debt service accounts established to pay the principal of and interest on any Subordinate Lien Bonds, the available moneys in the Revenue Fund shall, after provision is made for the Debt Service Requirements on the Parity Bonds, the Parity Obligations and the Junior Lien Obligations, be divided among such debt service accounts in proportion to the respective principal amounts of said series of Subordinate Lien Bonds at the time Outstanding which are payable from the moneys in said debt service accounts.

The rest and remainder of **Section 602** of the Series DV Bond Resolution is hereby ratified and confirmed.

Section VI.3. Other Collection and Application of Revenue Provisions.

The provisions of **Article VI** of the Series DV Bond Resolution, to the extent not inconsistent with the provisions of this **Article VI**, are hereby incorporated by reference.

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEYS

Section VII.1. Deposits and Investment of Moneys.

Moneys in each of the Funds and Accounts shall be deposited and may be invested in accordance with the provisions of **Article VII** of the System Bond Resolution, as supplemented.

ARTICLE VIII

ADDITIONAL PROVISIONS

Section VIII.1. Incorporation by Reference.

The provisions of **Articles VIII** through **XI**, inclusive, and **Article XIII** of the Series DV Bond Resolution, to the extent not inconsistent with the provisions of this Series 2011B Bond Resolution, are incorporated herein by reference.

ARTICLE IX

TAX COVENANTS

Section IX.1. General Covenants.

The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2011B Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Mayor and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other 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 Series 2011B Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Section IX.2. Survival of Covenants.

The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Series 2011B Bonds pursuant to *Article XI* of the Series DV Bond Resolution or any other provision of the Series DV Bond Resolution or this Series 2011B Bond Resolution until such time as is set forth in the Federal Tax Certificate.

Article X

MISCELLANEOUS PROVISIONS

Section X.1. Electronic Transactions.

The issuance of the Series 2011B Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Section X.2. Further Authority.

The officers and officials of the Issuer, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Series 2011B Bond Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section X.3. Severability.

If any section or other part of this Series 2011B Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Series 2011B Bond Resolution.

Section X.4. Governing Law.

This Series 2011B Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section X.5. Effective Date.

This Series 2011B Bond Resolution shall take effect and be in full force from and after its passage by the governing body of the Issuer.

Section X.6. Other Miscellaneous Provisions.

The provisions of *Article XV* of the Series DV Bond Resolution, to the extent not inconsistent with the provisions of this *Article X*, are hereby incorporated by reference.

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ADOPTED by the governing body of the Issuer on July 11, 2011.

(SEAL)

Mayor

ATTEST:

Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Series 2011B Bond Resolution of the Issuer adopted by the governing body on July 11, 2011, as the same appears of record in my office.

DATED: July 11, 2011.

Clerk

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EXHIBIT A

(FORM OF SERIES 2011B BONDS)

**REGISTERED
NUMBER** _____

**REGISTERED
\$**_____

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

**UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF GEARY
CITY OF JUNCTION CITY
GENERAL OBLIGATION WATER AND SEWER SYSTEM REFUNDING BOND
SERIES 2011B**

**Interest
Rate:**

**Maturity
Date:**

**Dated
Date: July 27, 2011**

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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

Method and Place of Payment. The principal or redemption price of this Series 2011B Bond shall be paid at maturity to the person in whose name this Series 2011B Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Series 2011B Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”). The interest payable on this Series 2011B Bond on any Interest Payment Date shall be paid to the person in whose name this Series 2011B Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the

15th day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner, or (b) in the case of an interest payment to Cede & Co., Inc. or any Registered Owner of \$500,000 or more in aggregate principal amount of Series 2011B Bonds, by electronic transfer to such Registered Owner upon written notice given to the Bond Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Series 2011B Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

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

ADDITIONAL PROVISIONS OF THIS SERIES 2011B BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

Authentication. This Series 2011B Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Bond Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Series 2011B 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, that the total indebtedness of the Issuer, including this series of bonds, does not exceed any constitutional or statutory limitation, and that provision has been duly made for the collection and segregation of the Revenues of the Water and Sewer System (the "System") and for the application of the same as provided in the hereinafter defined Bond Resolution.

IN WITNESS WHEREOF, the Issuer has caused this Series 2011B Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk, and its seal to be affixed hereto or imprinted hereon.

CITY OF JUNCTION CITY, KANSAS

(Facsimile Seal)

(facsimile)
Mayor

ATTEST:

By _____
(facsimile)
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2011B Bond is one of a series of General Obligation Water and Sewer System Refunding Bonds, Series 2011B, of the City of Junction City, Kansas, described in the within-mentioned Bond Resolution.

Registration Date _____

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

By _____

Registration Number 0177-031-072711-[]

(FORM OF REVERSE SIDE OF BOND)

ADDITIONAL PROVISIONS

Authorization of Series 2011B Bonds. This Series 2011B Bond is one of an authorized series of bonds of the Issuer designated “General Obligation Water and Sewer System Refunding Bonds, Series 2011B,” aggregating the principal amount of \$825,000 (the “Series 2011B Bonds”) issued for the purposes set forth in the Ordinance of the Issuer authorizing the issuance of the Series 2011B Bonds and the Resolution of the Issuer prescribing the form and details of the Series 2011B Bonds (collectively the “Bond Resolution”). The Series 2011B Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-427 *et seq.* and K.S.A. 10-620 *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

General Obligations. The Series 2011B Bonds are general obligations of the Issuer payable from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues derived from the operation of the System. To the extent necessary, after applying the Net Revenues of the System, the Issuer shall levy and collect the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law in order to provide for the payment of the principal of and interest on the Series 2011B Bonds. ***The Series 2011B Bonds constitute Subordinate Lien Bonds. Under the conditions set forth in the Bond Resolution, the Issuer has the right to issue additional System Indebtedness payable from the same source and secured by the Revenues on a prior lien or on a parity lien basis with said Revenues; provided, however, that such additional System Indebtedness may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Bond Resolution.***

The Issuer hereby covenants and agrees with the Registered Owner of this Series 2011B Bond that it will keep and perform all covenants and agreements contained in the Bond Resolution, and will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or

through the System, as will produce Net Revenues sufficient to pay the costs of operation and maintenance of the System, pay the principal of and interest on the Series 2011B Bonds as and when the same become due, and provide reasonable and adequate reserve funds. Reference is made to the Bond Resolution for a description of the covenants and agreements made by the Issuer with respect to the collection, segregation and application of the Revenues of the System, the nature and extent of the security for the Series 2011B Bonds, the rights, duties and obligations of the Issuer with respect thereto, and the rights of the Registered Owners thereof.

Redemption Prior to Maturity. The Series 2011B Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. At the option of the Issuer, the Series 2011B Bonds will be subject to redemption and payment prior to their Stated Maturity on September 1, 2021, and thereafter, as a whole or in part (selection of maturities and the amount of Series 2011B Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

Mandatory Redemption. Each of the Series 2011B Term Bonds shall also be subject to mandatory redemption and payment prior to maturity pursuant to the redemption schedule set forth in the Bond Resolution at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

Redemption Denominations. Whenever the Bond Registrar is to select Series 2011B Bonds for the purpose of redemption, it shall, in the case of Series 2011B Bonds in denominations greater than a minimum Authorized Denomination, if less than all of the Series 2011B Bonds then Outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such Series 2011B Bond as though it were a separate Series 2011B Bond in the denomination of a minimum Authorized Denomination.

Notice of Redemption. Notice of redemption, unless waived, shall be given by the Issuer to the Purchaser of the Series 2011B Bonds, to the Bond Insurer and to the Bond Registrar in accordance with the Bond Resolution. The Issuer shall cause the Bond Registrar to notify each Registered Owner at the address maintained on the Bond Register, such notice to be given by mailing an official notice of redemption by first class mail at least 30 days prior to the redemption date. Notice of redemption having been given as aforesaid, the Series 2011B Bonds or portions of Series 2011B Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer defaults in the payment of the redemption price), such Series 2011B Bonds or portions of Series 2011B Bonds shall cease to bear interest.

Book-Entry System. The Series 2011B Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Resolution. One certificate with respect to each date on which the Series 2011B Bonds are stated to mature or with respect to each form of Series 2011B Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Series 2011B Bonds by the Securities Depository's participants, beneficial ownership of the Series 2011B Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Bond Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Series

2011B Bond, as the owner of this Series 2011B Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Series 2011B Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to Beneficial Owners of the Series 2011B Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such Beneficial Owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the Owner of this Series 2011B Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2011B Bond shall be made in accordance with existing arrangements among the Issuer, the Bond Registrar and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE BOND RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Series 2011B Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Series 2011B Bond together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Series 2011B Bond or Series 2011B Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Series 2011B Bonds and the cost of a reasonable supply of bond blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Series 2011B Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Series 2011B Bonds are issued in fully registered form in Authorized Denominations.

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Series 2011B Bonds:

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

(PRINTED LEGAL OPINION)

BOND ASSIGNMENT

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

(Name and Address)

(Social Security or Taxpayer Identification No.)

the Series 2011B Bond to which this assignment is affixed in the outstanding principal amount of \$_____, standing in the name of the undersigned on the books of the Bond Registrar. The undersigned do(es) hereby irrevocably constitute and appoint _____ as agent to transfer said Series 2011B Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or
Taxpayer Identification No.

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

Signature guarantee:

By _____

CERTIFICATE OF CLERK

STATE OF KANSAS)
) SS.
COUNTY OF GEARY)

The undersigned, Clerk of the City of Junction City, Kansas, does hereby certify that the within Series 2011B Bond has been duly registered in my office according to law as of July 27, 2011.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____ (facsimile)
Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

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

WITNESS my hand and official seal.

(Facsimile Seal)

By: (facsimile)
Treasurer of the State of Kansas