

(Published in *The Russell County News* on September 25, 2009)

ORDINANCE NO. B-511

AN ORDINANCE OF THE CITY OF VICTORIA, KANSAS, AUTHORIZING ISSUANCE OF THE CITY'S GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 2009, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$415,000, FOR THE PURPOSE OF REFUNDING OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON THE BONDS; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

WHEREAS, the governing body of the City of Victoria, Kansas (the "City") is authorized by the K.S.A. 10-101 to 10-125, inclusive as supplemented and amended, and K.S.A. 10-427 *et seq.* (the "Act"), to issue its general obligation bonds to refund a portion of the City's outstanding General Obligation Internal Improvement Bonds, Series A, 1999 (the "Refunded Bonds"); and

WHEREAS, the governing body finds it necessary and appropriate to authorize and authorize issuance of its general obligation bonds to refund the Refunded Bonds; and to specify the terms, details and conditions of such general obligation bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF VICTORIA, KANSAS:

SECTION 1. Authorization of the Bonds. General Obligation Refunding Bonds, Series A, 2009, of the City in the total principal amount of \$415,000.00 (the "Bonds") are authorized to be issued to provide funds to refund the Refunded Bonds and to pay costs of issuing the Bonds.

SECTION 2. Security for the Bonds. The Bonds are general obligations of the City payable as to both principal and interest in part from special assessments levied upon the property benefited by construction of certain improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property real and personal, within the territorial limits of the City. The balance of the principal of and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are pledged to secure the payment of the principal of and the interest on the Bonds as the same severally become due and payable. The governing body of the City covenants that it shall annually make provision for the payment of the principal of and the interest on the Bonds when due and payable as provided in Section 5 of this Resolution.

SECTION 3. Terms, Details and Conditions of the Bonds. The Bonds shall be dated and bear interest, shall mature and be payable at such times, shall be in such forms, shall be subject to redemption and payment prior to maturity thereof, and shall be issued and delivered in the manner prescribed and subject to the provisions of a resolution adopted by the governing body of the City concurrently with this Ordinance (the "Resolution").

SECTION 4. Designation of Paying Agent and Bond Registrar; Issuer/Agent Agreement. Pursuant to K.S.A. 10-620 *et seq.*, the governing body elects to have the provisions of the Kansas Bond Registration Law apply to the Bonds and designates and appoints the Treasurer of the State of Kansas, Topeka, Kansas, as the Bond Registrar and Paying Agent for the bonds (the "Paying Agent"). The terms, conditions and provisions under which the Paying Agent will perform its duties are set forth in an Agreement between Issuer and Paying Agent dated as of October 15, 2009 (the "Issuer/Agent Agreement") and presented with this Ordinance. The form and text of the Issuer/Agent Agreement are approved and accepted by the governing body and its provisions incorporated here by this reference. The Mayor and City Clerk are authorized to execute and deliver the Issuer/Agent Agreement for and on behalf of the City.

SECTION 5. Levy and Collection of Annual Tax. The governing body of the City shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by levying and collecting the necessary taxes or assessments upon all of the taxable tangible property within the City 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 other general ad valorem taxes of the City are levied and collected, shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent. The proceeds derived from said taxes shall be deposited in the Series A, 2009 Principal and Interest Account, as defined in the Resolution.

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the City Treasurer is hereby authorized and directed to pay principal or interest on the Bonds out of the general funds of the City and to reimburse the general funds when such taxes are collected.

SECTION 6. Tax Covenants. The governing body of the City covenants that; (1) so long as any of the Bonds remain outstanding and unpaid, it will not use or permit the use of proceeds thereof which, if such use had been reasonably expected on the date of issuance and delivery, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 103(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), and (2) that it will comply with all applicable requirements of Section 148 of the Code and the applicable rules and regulations of the United States Treasury Department issued thereunder for so long as any of the Bonds remain outstanding and unpaid. The governing body further covenants to take all such action in its power as may be required from time to time in order to ensure the continued tax-exempt status of the interest on the Bonds, and to comply with all provisions of the Code, as the same be amended, and any applicable rules and regulations of the United States Treasury Department thereunder.

SECTION 7. Authorization of Official Statement. The governing body of the City ratifies and confirms its prior approval of the form and content of the "deemed final" Preliminary Official Statement dated September 18, 2009 and the use of the final Official Statement in the reoffering of the Bonds by DeWaay Financial Network, LLC, Wichita, Kansas, as Original Purchaser is approved and authorized; and the Mayor is authorized to execute and the City Clerk to attest the Official Statement on behalf of the City.

SECTION 8. Designation as Qualified Tax-Exempt Obligations. The governing body of the City designates the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

SECTION 9. Further Authority. The City and its officers, agents and employees are authorized and directed to take such actions, expend such moneys and execute such other documents, certificates and instruments as may be necessary or desirable in order to carry out and comply with this Ordinance and to give effect to the transactions contemplated hereby, including final certificates required to be included in the official Transcript of Proceedings relating to the authorization and issuance of the Bonds, all without further action by the governing body.

SECTION 10. Severability. If any section, paragraph, clause or provision of this Ordinance is, for any reason, held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any remaining provisions of this Ordinance.

SECTION 11. Governing Law. This Ordinance and the Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

SECTION 12. Effective Date. This Ordinance shall be in force and take effect from and after its adoption and approval and its publication one time in the City's official newspaper.

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ADOPTED AND APPROVED by the governing body of the City of Victoria, Kansas on September 21, 2009.

CITY OF VICTORIA, KANSAS

[seal]

By Curtis B. Unrein, Mayor  
Curtis B. Unrein, Mayor

ATTEST:

By Mary Pfeifer  
Mary Pfeifer, City Clerk