

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE BANK QUALIFIED

**NOT RATED
[BOOK-ENTRY ONLY]**

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds [(including any original issue discount properly allocable to an owner thereof)]: (a) excluded from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The interest on the Bonds is exempt from income taxation by the State of Kansas. The Bonds are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" herein.

\$170,000*

CITY OF PLEASANTON, KANSAS GENERAL OBLIGATION BONDS SERIES 2011

DATED: December 15, 2011

DUE: November 1, as shown herein

The General Obligation Bonds, Series 2011 (the "Bonds") will be issued by the City of Pleasanton, Kansas (the "Issuer" or the "City"), as fully registered bonds without coupons, [and, when issued will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form] in the denomination of \$5,000 or any integral multiple thereof (the "Authorized Denomination") and shall be numbered in such manner as the Bond Registrar shall determine. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the aforesaid, and shall not mean Beneficial Owners (as herein defined) of the Bonds.] The principal of and premium, if any, on the Bonds shall be payable lawful money of the United States of America at the office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"), upon presentation and surrender of the Bonds for payment and cancellation. Principal on the Bonds will be payable annually on November 1, commencing November 1, 2012. The interest on the Bonds shall be payable semiannually on May 1 and November 1, commencing on May 1, 2012, in lawful money of the United States of America, by check or draft of the Paying Agent mailed to the registered owners thereof at the address appearing on the registration books maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the month next preceding each applicable Interest Payment Date (the "Record Dates"). [So long as DTC or its nominee, Cede & Co., is the Owner of the Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.]

The Bonds are issued pursuant to the Constitution and statutes of the State of Kansas and constitute a valid and legally binding general obligation of the Issuer, and as such are payable both as to principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

MATURITY SCHEDULE*

(See inside cover page)

The Bonds maturing on November 1, 2020 and thereafter will be subject to redemption prior to maturity, at the option of the Issuer, on November 1, 2019, or thereafter as described herein (see "Description of the Bonds - Redemption of the Bonds" herein).

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

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. Certain other legal matters will be passed upon by Gary Thompson, Esq., counsel for the Issuer. It is expected that the Bonds will be available for delivery [through the facilities of DTC] on or about December 15, 2011

**SEALED BIDS WILL BE ACCEPTED BY:
THE CITY OF PLEASANTON, KANSAS
ON NOVEMBER 21, 2011 UNTIL 11:00 A.M. CST AT
200 W. DOUGLAS, STE. 600
WICHITA, KANSAS 67202
PHONE: (316) 264-3400 FAX: (316) 265-5403**

This Preliminary Official Statement is dated October 17, 2011.

* Subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$170,000*
CITY OF PLEASANTON, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011

MATURITY SCHEDULE

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Base:</u>
11/1/2012	\$15,000	_____ %	_____ %	
11/1/2013	15,000	_____ %	_____ %	
11/1/2014	15,000	_____ %	_____ %	
11/1/2015	15,000	_____ %	_____ %	
11/1/2016	15,000	_____ %	_____ %	
11/1/2017	15,000	_____ %	_____ %	
11/1/2018	20,000	_____ %	_____ %	
11/1/2019	20,000	_____ %	_____ %	
11/1/2020	20,000	_____ %	_____ %	
11/1/2021	20,000	_____ %	_____ %	

* Subject to change.

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

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

THIS PRELIMINARY OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS PRELIMINARY OFFICIAL STATEMENT, THE WORDS "ESTIMATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

\$170,000*
CITY OF PLEASANTON, KANSAS
GO BONDS
SERIES 2011

MAYOR
Josh Marshall

CITY COUNCIL
Tanner Ogden
Brandon Johnson
Jake Mattingley
Jeff Waddell
Eldred Whitley

DIRECTOR OF OPERATIONS
Tim Staton

CITY CLERK
Cyndee Schmidt

CITY TREASURER
Steve Ellis

CITY ATTORNEY
Gary Thompson, Esq.
Mound City, Kansas

BOND COUNSEL
Gilmore & Bell, P.C.
Wichita, Kansas

PAYING AGENT
State Treasurer
Topeka, KS

FINANCIAL ADVISOR
Ranson Financial Consultants L.L.C.
Wichita, Kansas

UNDERWRITER

* Subject to change.

REGARDING THIS PRELIMINARY OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City of Pleasanton (the "City") or by Ranson Financial Consultants, L.L.C. (the "Financial Advisor") to give any information or to make any representations pertaining to the Bonds other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Financial Advisor. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter.

Neither the delivery of this Preliminary Official Statement, nor any sale made after any such delivery, shall under any circumstances create any implication that there has been no change in the affairs of the City since the date of this Preliminary Official Statement. The summaries of various statutes or documents considered herein are intended as summaries only and are qualified in their entirety by reference to the originals thereof, copies of which are available from the Underwriter or the City. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities offered hereby, by any person in any state in which it is unlawful for such to make such offer, solicitation or sale.

TABLE CONTENTS

	<u>Page</u>
Financial Overview.....	1
Introductory Statement	2
Authorization and Purpose.....	2
Description of the Bonds	3
[Depository Trust Company]	6
The Project.....	8
Investment Considerations.....	8
Sources and Uses of Funds	9
Debt Service Requirements on the Bonds	10
City Government	10
Financial Information	11
Authority to Incur Debt	15
Debt Structure of the Issuer	15
Regional, Economic and Demographic Information	16
Non-Litigation Certificate.....	18
Financial Advisor.....	18
Underwriter.....	18
Legal Matters	19
Tax Matters	19
Miscellaneous	20
Authorization of Preliminary Official Statement.....	20

APPENDICES

Appendix A - Financial Statements - Fiscal Year Ended December 31, 2010.....	A-1
Appendix B - Summary of Financing Documents.....	B-1

FINANCIAL OVERVIEW

Equalized Assessed Tangible Valuation (1) (2) (See Page 12).....	\$6,570,761
Outstanding General Obligation Bonded Indebtedness (3) (See Page 15)	\$475,000
Estimated Population	1,316
Per Capita General Obligation Bonded Indebtedness	\$361
Ratio of General Obligation Bonded Indebtedness to Equalized Assessed Valuation	7.23%
Direct and Overlapping Debt (See Page 15).....	\$4,141
Per Capita Direct and Overlapping Debt	\$479,141
Ratio of Direct and Overlapping Debt to Equalized Assessed Valuation.....	7.29%

(1) Includes real estate, personal property, state assessed utilities and motor vehicle valuation.

(2) Source: City Clerk.

(3) Includes this issue and subject to change.

This Financial Overview contains only a brief description of the financial condition of the City. It is not intended to be a summary of all material information with respect to the Bonds. Investors must read this entire Preliminary Official Statement to obtain information essential to the making of an informed investment decision.

\$170,000*
CITY OF PLEASANTON, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011

INTRODUCTORY STATEMENT

General

The purpose of this Preliminary Official Statement is to set forth certain information concerning the issuance and sale by the City of Pleasanton, Kansas (the "Issuer" or the "City") of \$170,000* aggregate principal amount of its General Obligation Bonds, Series 2011 (the "Bonds"), dated December 15, 2011. The Issuer is a city of the third class, organized and existing under and pursuant to the Constitution and laws of the State of Kansas.

The Bonds will be issued pursuant to an ordinance and resolution adopted by the Governing Body of Issuer (jointly the "Resolution") and pursuant to the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and statutes of the State of Kansas.

The Appendices are an integral part of this Preliminary Official Statement and should be read in their entirety.

Except for the information expressly attributed to other sources, all information has been provided by the Issuer. The presentation of information herein, including tables of receipts of various taxes, is intended to show historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that the past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Ranson Financial Consultants, L.L.C., Wichita, Kansas, Financial Advisor, has assisted in the preparation of the Preliminary Official Statement, but has not verified all of the factual information contained herein, nor has it conducted an independent investigation of the affairs of the City for the purposes of passing upon the accuracy or completeness of this Preliminary Official Statement. Bond Counsel has not assisted in the preparation nor reviewed this Preliminary Official Statement, except to the extent described under the section captioned "DESCRIPTION OF THE BONDS," "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX B – SUMMARY OF FINANCING DOCUMENTS".

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. The Issuer is relying on a provision of the Rule that exempts issues of less than \$1,000,000 aggregate principal amount from the requirements of the Rule and therefore has not covenanted to provide continuous secondary market disclosure. However, the Issuer obtains an audit of its annual financial statements by independent auditors, and intends to supply its most recent audited financial statements to the Underwriter and any Bondowner upon written request and reimbursement to the Issuer of the costs of the photocopying and mailing. For a discussion of the impact of the absence of continuous disclosure on the secondary market for the Bonds, see the section captioned "INVESTMENT CONSIDERATIONS" herein.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in "APPENDIX B – SUMMARY OF FINANCING DOCUMENTS – THE BOND RESOLUTION – Definitions."

AUTHORIZATION AND PURPOSE

The Bonds are being issued under the authority of and pursuant to and in full compliance with the Constitution and laws of the State of Kansas, specifically including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 65-163u, as amended and supplemented from time to time (the "Act") and an ordinance passed by the governing body of the Issuer and a resolution adopted by the governing body of the Issuer (jointly the "Bond Resolution") for the purpose of paying a portion of the cost of certain public water supply system improvements (the "Improvements"). The Bonds shall be general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due. All Improvements are to be located within the City (See the section captioned "THE PROJECT" herein). A portion of the proceeds of the sale of the Bonds will also be used to pay the costs of issuance on the Bonds.

* Subject to change.

DESCRIPTION OF THE BONDS

General

The Bonds are issuable as fully registered [book-entry only] bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof, (or such amount added to \$5,000 or an integral multiple thereof) (the "Authorized Denomination") and shall be numbered in such manner as the Bond Registrar shall determine. The Bonds shall be dated as of December 15, 2011 and shall mature on November 1 (the "Principal Payment Date") in the years and in the principal amounts, subject to redemption and payment, prior to their Stated Maturities, and shall bear interest at the respective rates per annum, set forth on the inside cover page hereof.

The principal of, and premium if any, on the Bonds shall be payable in lawful money of the United States of America at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas, as Paying Agent (the "Paying Agent") upon presentation of the Bonds for payment and cancellation. The interest on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Paying Agent, by mailing to the registered owner thereof at the address appearing on the registration books maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

Interest on the Bonds shall be payable semiannually on May 1 and November 1 (the "Interest Payment Dates"), commencing May 1, 2012 to the respective owners thereof appearing on the books maintained by the Bond Registrar on the fifteenth (15th) day of the month next preceding each Interest Payment Date (the "Record Dates"). The Bonds shall bear interest from the Interest Payment Date immediately preceding the effective registration dates unless such effective registration date shall be as of an Interest Payment Date, in which case the Bonds shall bear interest from such Interest Payment Date or unless the effective registration date shall be prior to the first Interest Payment Date, in which case the Bonds bear interest from December 15, 2011. The effective date of registration shall be the date of authentication thereof by the Bond Registrar.

The Issuer shall cause books for the registration and for the transfer of the Bonds to be kept by the office of the Treasurer of the State of Kansas, Topeka, Kansas, as Bond Registrar (the "Bond Registrar" and "Paying Agent"). The principal of, premium, if any, of any fully registered Bond shall be payable only to or upon the order of the registered owner or his legal representative upon presentation and surrender thereof. Interest on any fully registered Bond will be paid by check or draft of the Bond Registrar mailed to the registered owner thereof.

Designation of Paying Agent and Bond Registrar

The Issuer will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Resolution. The Issuer reserves the right to appoint a successor paying agent or bond registrar. No registration or removal of the paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or bond registrar. Every paying agent or bond registrar appointed by the Issuer shall at all times meet the requirements of Kansas law.

The Treasurer of the State of Kansas, Topeka, Kansas has been designated by the Issuer as paying agent for the payment of principal of and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds.

Security for the Bonds

The Bonds constitute general obligations of the Issuer and are payable in part both as to principal and interest from special assessments levied upon the property benefited by the construction of certain public improvements (as hereinafter described in the section entitled "The Project"). The balance of the principal 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 Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

Method and Place of Payment of the Bonds

The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent. Notwithstanding the foregoing, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed

payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall notify the Issuer of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice not less than 10 days prior to such Special Record Date.

[SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE BONDS, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See "THE BONDS – Book-Entry Bonds; Securities Depository."]

Payments Due on Saturdays, Sundays and Holidays

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

[Book-Entry Bonds: Securities Depository

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

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

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

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

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

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer

may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of the Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.]

Registration, Transfer and Exchange of Bonds

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

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

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Nonpresentment of Bonds

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

Redemption of the Bonds

Optional Redemption

At the option of the Issuer, Bonds or portions thereof maturing on November 1, 2020 and thereafter may be called for redemption and payment prior to their Stated Maturity on November 1, 2019, and thereafter as a whole or in part (selection of maturities and the amount of 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 thereon to the Redemption Date.

Selection of Bonds to be Redeemed

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

Notice and Effect of Call for Redemption.

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

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

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

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

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

[THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Bonds, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the

provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

THE PROJECT

The proceeds of the Bonds will be used to provide funds for certain water system improvements and to pay costs associated with the issuance of the Bonds.

INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE BONDS WHICH MUST BE RECOGNIZED.

Taxation of Interest on the Bonds

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

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

Market for the Bonds

Lack of Rating. The Bonds are **not** rated and no application has been made for a rating.

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

Premium on Bonds

Any person who purchases a Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Bonds are subject to redemption at par under the various circumstances described under "THE BONDS - Redemption of Bonds."

Legal Matters

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

laws affecting the taxing authority of the Issuer could limit the ability of the Issuer to collect revenue sufficient to pay principal and interest on the Bonds.

Limitations on Remedies Available to Owners of Bonds

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

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Bond Resolution does not provide for the payment of additional interest or penalty on the Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Bond Resolution does not provide for the payment of any additional interest or penalty on the Bonds if the interest thereon becomes subject to income taxation by the State of Kansas.

Suitability of Investment

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

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

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE UNDERWRITER.

SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds available for such Improvements, including the proceeds from the sale of the Bonds, exclusive of accrued interest.

Sources of Funds:

*Proceeds of the Bonds**..... \$170,000.00

Total Sources of Funds\$

Use of Funds:

Redemption Fund.....\$

Cost of Issuance_____

Total Uses of Funds.....\$

* Subject to change.

DEBT SERVICE REQUIREMENT ON THE BONDS

<u>Dates</u> <u>Payment</u>	<u>Principal*</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u>	<u>Semi-Annual</u> <u>Debt Service</u>	<u>Fiscal Year</u> <u>Debt Service</u>
05/01/12					
11/01/12	\$15,000	_____ %			
05/01/13					
11/01/13	15,000	_____ %			
05/01/14					
11/01/14	15,000	_____ %			
05/01/15					
11/01/15	15,000	_____ %			
05/01/16					
11/01/16	15,000	_____ %			
05/01/17					
11/01/17	15,000	_____ %			
05/01/18					
11/01/18	20,000	_____ %			
05/01/19					
11/01/19	20,000	_____ %			
05/01/20					
11/01/20	20,000	_____ %			
05/01/21					
11/01/21	20,000	_____ %			
TOTALS	\$170,000		\$	\$	\$

* Subject to change.

CITY GOVERNMENT

The City of Pleasanton, Kansas (the “City”) is a municipal corporation incorporated in 1901, and a city of the third class organized and existing under and pursuant to the Constitution and laws of the State of Kansas. The City has a Mayor/Council form of government. The City Council conducts all legislative functions for the City and establishes general policies which are executed by its staff, which serves at its pleasure.

The principal officials and officers of the City are as follows:

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Josh Marshall	5/2013
Council Member	Tanner Ogden	5/2013
Council Member	Brandon Johnson	5/2013
Council Member	Jake Mattingley	5/2015
Council Member	Josh Marshall	5/2015
Council Member	Eldred Whitley	5/2013
Director of Operations	Tim Staton	
City Clerk	Cyndee Schmidt	N/A
City Attorney	Gary Thompson, Esq.	N/A
City Treasurer	Steve Ellis	N/A

Management Personnel

The City Clerk is appointed by the Mayor, subject to Council approval, and is charged with the efficient and effective administration of the City.

FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

The City follows a basis of accounting for all tax supported funds of the City, including the General Fund, that shows compliance with the State's cash basis and budget laws. The City waives GAAP accounting.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted prior to August 25 of each year. Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

Kansas law prohibits governmental units from creating indebtedness unless there are funds on hand in the proper accounts and unencumbered by previous action with which to pay such indebtedness. An exception to this cash-basis operation is made where provision has been made for payment of obligations by bonds or other specific debt obligations authorized by law.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Diehl, Banwart, Bolton, CPAs, PA, Fort Scott, Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ended 2010 is attached hereto as **APPENDIX A**.

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* in June 1999 ("Statement 34"), which established new requirements for the annual financial reports of state and local governments. The City has elected not to implement the changes set forth in Statement 34.

The financial information contained in the Appendices to this Official Statement are an integral part of this document and are intended to be read in conjunction herewith.

Assessed Valuation and Reappraisal

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties under the direction of state statutes. The Linn County Appraiser's office determines the assessed valuation that is to be used as a basis for the mill levy on property located in the County.

All property in the State of Kansas has been reevaluated as a result of a bill passed by the 1985 session of the Kansas Legislature requiring county assessors to reassess property for tax purposes, with an effective date of January 1, 1989. In conjunction with the November 1986 general election, Kansas voters approved a proposition to modify the State Constitution with respect to classification of property for ad valorem taxation. For taxable years 1989 through 1992, real and personal property was divided into classes and assessed at different percentages of fair market value. Land devoted to agricultural use is valued on the basis of its agricultural income or productivity and assessed at 30% of the value so obtained; commercial and industrial machinery and equipment is assessed at 20% of its fair market value; residential property and vacant lots is assessed at 12% of fair market value. Farm machinery and equipment, merchants' and manufacturers' inventories, and livestock are exempt from property taxation.

In conjunction with the November 1992 general election, Kansas voters approved a proposition to further modify the State Constitution with respect to classification of property for ad valorem taxation. The modified clarification provisions shall be effective for assessment and taxation of property on and after January 1, 1993 and each year thereafter. Property was divided into two classes real property and personal property. Real property will be divided into seven subclasses; there will be six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family, mobile or manufactured homes, including the real property on which such homes are located assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purpose and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) other urban and real property not otherwise specifically classified, assessed at 30%.

The tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 20%,(v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%.

All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

The following table shows the total assessed valuation of all the tangible property in the City for the year 2010:

Assessed Tangible Valuation	\$5,525,845
Tangible Valuation of Motor Vehicles	<u>1,044,916</u>
Equalized Assessed Valuation of Taxable Tangible Property	\$6,570,761

Source: County Clerk

Property Tax Levies and Collections

Tax Collections:

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

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

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

Tax Rates.

The City may levy taxes in accordance with the requirements of its adopted budget. Prior to July 1, 1999, the City tax levies were further restricted by a state aggregate tax lid. The funds of city restricted by the tax lid include the general fund, capital improvement funds and general improvement funds. Levies not affected by the tax lid include debt service payments on bonds, notes and no fund warrants; payments made to a public building commission; expenses related to tort claim liability and employer contributions for employee retirement, health care and benefit programs, expenses incurred for rebates to owners of property in connection with neighborhood revitalization programs, and expenses incurred to interface with the state criminal justice information system by cities administering juvenile delinquency and crime programs. The tax lid has been repealed effective July 1, 1999. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the county appraiser.

Assessed Valuation

<u>Year</u>	<u>Assessed Valuation of Taxable Tangible Property*</u>
2010	\$5,525,845
2009	5,631,354
2008	5,396,689
2007	5,282,049
2006	4,959,520

* Does not include motor vehicles valuation

Source: County Clerk

**Mill Levy
(Per \$1,000 Assessed Valuation)
(2006 to 2010, inclusive)**

<u>Levy Year</u>	<u>Budget Year</u>	<u>City of Pleasanton</u>	<u>Linn County</u>	<u>USD No. 344</u>	<u>Other</u>	<u>State</u>	<u>Total</u>
2010	2011	74.991	53.050	39.987	6.154	1.500	175.682
2009	2010	75.001	49.656	38.618	6.095	1.500	170.870
2008	2009	75.445	47.573	36.013	6.592	1.500	167.123
2007	2008	75.332	43.897	35.918	6.332	1.500	162.979
2006	2007	66.635	39.336	35.944	0.631	1.500	144.046

Source: County Clerk

**Tax Collection Record
(2006 to 2010, inclusive)**

<u>Year</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>	<u>Percentage of Taxes Collected</u>
2010	\$414,389	In Process	N/A
2009	422,785	\$378,833	89.60%
2008	407,153	379,640	93.24%
2007	398,672	362,595	90.95%
2006	334,838	303,321	90.59%

Source: County Clerk

Employee Retirement Plans

The City participates in the Kansas Public Employees Retirement System (KPERS) established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERS is governed by a board of trustees consisting of nine members, including four members appointed by the Governor subject to confirmation by the State Senate, one appointed by the President of the Senate, one appointed by the Speaker of the House of Representatives, two elected by members and retirants of the retirement system, which must be members of such system, and the State Treasurer. Members of the board of trustees serve four-year terms and elect a chairperson annually. The board of trustees appoints an Executive Director to serve as the managing officer of KPERS and employs a staff of approximately 95 people.

As of June 30, 2010, KPERS serves about 277,000 members and 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen’s Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for more

than 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

(a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, 85% of which comes from the State General Fund. State legislation enacted in 2003 made certain pre-1962 Board employees (which are part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the State/School Group.

(b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate. State legislation enacted in 2003 made certain pre-1962 employees of the University of Kansas Hospital Authority (which are a part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the Local Group.

KPERS is a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans (more common in the private sector), which are funded solely by employer contributions. The City's employees annually contribute: (a) 4% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), or (b) 6% of their gross salary to the plan if such employees are KPERS Tier 2 members (covered employment on or after July 1, 2009). The City's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The City's contribution is 7.40% of the employee's gross salary for calendar year 2011.

According to the Valuation Report as of December 31, 2009 (the "Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability (UAAL) of \$1,315 million at the end of 2009. KPERS' actuaries identified that an employer contribution rate of 9.44% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by 2033, the end of the actuarial period. Because the annual growth in employer contribution rates is limited by Kansas law, the actual contribution rate permitted at the time of calculation was only 7.34%. As a result, members of the Local Group are underfunding their projected actuarial liabilities and the UAAL can be expected to grow over time. KPERS' actuaries project the required employer contribution rate to increase by the maximum, 0.60%, each year until such time as the permitted rate equals the actuarial rate. The authors of the Valuation Report expect this to occur in 2019 based upon the actuarial assumptions made by the authors.

The 2011 Kansas legislature approved a number of changes to KPERS, including:

(a) Establishing a 13-member KPERS Study Commission to evaluate alternative plan designs during 2011 and recommend a plan for the long-term sustainability of KPERS. The commission's report is due to the Kansas Legislature by January 6, 2012. Pursuant to the 2011 legislation, the 2012 Kansas Legislature must vote on the report's recommendations in order for the other parts of the bill, described below, to become effective.

(b) Increasing the statutory maximum employer contribution annual increase from 0.6% per year (status quo) to 0.9% per year in 2014 and to 1.2% per year by 2017.

(c) For future service for existing KPERS members enrolled before July 1, 2009, increasing employee contribution rates and/or reducing retirement benefits, starting in 2014.

(d) For existing KPERS members enrolled on or after July 1, 2009, reducing benefits or eliminating annual cost of living increases on benefits paid during retirement, starting in 2014.

Employee Relations

The City has 7 full time employees. Employee relations are characterized as good.

Equalized Assessed Valuation of Tangible Valuation

For Computation of Bonded Debt Limitations	\$6,570,761
Legal limitation of Bonded Debt ¹	\$1,971,228
Outstanding general obligation debt as of December 15, 2011*	\$475,000
Exempt Debt	\$225,000
Net Debt against Statutory Debt limit capacity	\$250,000
Additional debt capacity	\$1,721,228
Direct debt per capita	\$361
Overlapping Indebtedness	\$4,141
Direct and overlapping debt	\$479,141
Direct and overlapping debt per capita	\$364
Direct debt as a percentage of Equalized Assessed Valuation	7.23%
Direct & overlapping debt as a percentage of Equalized Assessed Valuation	7.29%
Statutory direct debt as a percentage of Equalized Assessed Valuation	3.80%

¹K.S.A. 10-301 *et seq.*

* Includes this issue and subject to change.

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of December 15, 2011, and the percent attributable (on the basis of assessed valuation) to the City.

Taxing Jurisdiction	2010 Assessed Valuation	Outstanding General Obligation Indebtedness	Percent Applicable To the City	Amount Applicable to the City
Linn County	\$156,916,861	\$117,650	03.52%	\$4,141
U.S.D. No. 344	12,986,409	0	42.55%	<u>0</u>
			Totals	\$4,141

Source: County Clerk

DEBT STRUCTURE OF THE ISSUER

**Outstanding General Obligation Debt
(As of December 15, 2011)**

Description of Indebtedness	Series	Original Amount	Amount Outstanding	Amount Included In Debt Limitation
GO Bonds	1999	\$200,000	\$ 55,000	\$ 0
GO Rec Zone Econ Dev Bonds	2009	300,000	250,000	250,000
GO Bonds*	2011	170,000	<u>170,000</u>	<u>0</u>
	Totals		\$475,000	\$250,000

* This issue and subject to change.

**Temporary Notes Outstanding
(As of December 15, 2011)**

As of December 15, 2011 none are outstanding.

**Revenue Obligations Outstanding
(As of December 15, 2011)**

As of December 15, 2011 none are outstanding.

**Leases Outstanding
(As of December 15, 2011)**

As of December 15, 2011 none are outstanding.

Loans Outstanding
(As of December 15, 2011)

<u>Description of Loan</u>	<u>Series</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
KDHE Sewer Loan	2001	\$ 357,700	\$215,665
KDHE Sewer Loan	2004	650,000	<u>479,211</u>
	Totals		\$694,876

Source: City Clerk

REGIONAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

Size and Location

The City of Pleasanton is located in Linn County, Kansas and is located approximately 175 miles northeast of Wichita, the largest population center in Kansas, and 65 miles South of the Kansas City, Missouri metropolitan area. The City has a current estimated population of 1,316 persons.

Municipal Services and Utilities

The City owns and operates its own water and sewer systems. Electricity is provided by Atmos Energy. Telephone service is provided by Craw-Kan Telephone.

The City's fire and emergency services are provided by the County.

Transportation Facilities

The City is served by US Highway 69. Wichita Mid-Continent Airport, located 20 miles from the City, serves the City and provides a runway capable of handling private and corporate aircraft. Hutchinson Muni is also located within 25 miles of the City.

Educational Institutions and Facilities

Unified School District No. 344 operates one elementary school and one high school in the City and surrounding area. The District has a total enrollment of approximately 400 students. Johnson County Community College, Pittsburg State University, University of Missouri-Kansas City, and the University of Kansas are all located within 65 miles of the City.

Medical and Health Facilities

Bates County Memorial Hospital and Mercy Hospital both provide the City with major medical service and are within 25 miles of the City.

Financial Institutions

There are currently 6 banks located in Linn County.

Labor Force

The following table sets forth labor force figures for Linn County and the State of Kansas:

LINN COUNTY

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2010	4,433	3,965	468	10.6%
2009	4,510	3,991	519	11.5%
2008	4,602	4,300	302	6.6%
2007	4,729	4,432	297	6.3%
2006	4,814	4,514	300	6.2%

STATE OF KANSAS

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2010	1,502,324	1,396,560	105,764	6.6%
2009	1,508,427	1,401,611	106,816	6.6%
2008	1,488,424	1,421,111	67,313	4.4%
2007	1,477,057	1,415,944	61,113	4.4%
2006	1,468,399	1,403,938	64,461	4.4%

Source: Kansas Department of Labor

Agriculture

The following table lists the total value of field crops and livestock/poultry produced in Linn County for the years listed:

<u>Year</u>	<u>Total Value Of Field Crops(\$000)</u>	<u>Total Value Of Livestock/Poultry(\$000)</u>	<u>Total Value Of Cattle/Milk(\$000)</u>	<u>Total(\$000)</u>
2007	\$13,053	\$18,955	N/A	\$32,008
2006	17,348	N/A	\$8,956	26,304
2005	16,553	N/A	11,260	27,813
2004	17,776	N/A	11,636	29,412
2003	14,568	N/A	11,357	25,925

Source: Kansas Statistical Abstract

Retail Sales Tax Collections

The following table lists Linn County's state sales tax collections for the years indicated:

<u>Year</u>	<u>Sales Tax Collections</u>	<u>Per Capita Sales Tax</u>
2010	\$2,896,493	\$277.96
2009	2,459,302	260.97
2008	2,728,821	280.41
2007	2,691,635	265.22
2006	2,618,328	253.16

Source: Kansas Statistical Abstract

Ten Largest Taxpayers

The following table sets forth the ten largest taxpayers of the City in 2010:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
Kansas City Power & Light	\$361,723	\$63,548
IPC Inc.	338,086	59,395
Craw-Kan Telephone	224,159	39,380
Atmos Energy Corp	166,542	29,258
Flohers, Williams Lyla Trust	121,271	21,305
Crossland Holding	117,505	20,643
BNSF	92,844	16,311
Pleasanton Association	64,020	11,201
DJKierl Inc.	61,628	10,780
Individual	61,233	10,757

Source: County Clerk

Population Trends

The following table shows the approximate population of Linn County in the years indicated:

<u>Year</u>	<u>Linn County Population</u>
2010	9,224
2009	9,335
2008	9,439
2007	9,593
2006	9,772

Source: Kansas Statistical Abstract

Personal Income Trends

Linn County personal and per capita income and State of Kansas per capita income are listed for the years indicated, in the following table

<u>Year</u>	<u>Linn County Personal Income (\$000)</u>	<u>Linn County Per Capita Income</u>	<u>State Per Capita Income</u>
2009	\$292,149	\$31,296	\$39,173
2008	291,319	30,863	40,022
2007	275,180	28,685	37,775
2006	257,743	26,376	35,772
2005	249,131	25,336	33,145

Source: Kansas Statistical Abstract

NON-LITIGATION CERTIFICATE

At the present time there is no controversy, suit or other proceedings of any kind pending or threatened whereby any question is raised or may be raised questioning or affecting in any way the legal organization of the City or its boundaries or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in the Transcript of proceedings leading up to the issuance of the Bonds, or the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in said Transcript, or the validity of the bonds or any of the proceedings had in relation to the issuance or sale thereof, or the levying and collection of taxes to pay the principal and interest thereof.

FINANCIAL ADVISOR

Ranson Financial Consultants, L.L.C. serves as financial advisor (the "Financial Advisor") to the City of Pleasanton, Kansas. The Financial Advisor has participated in the preparation of this Preliminary Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Preliminary Official Statement. The Financial Advisor's fee is contingent upon the actual issuance and delivery of the Bonds.

UNDERWRITING

On November 21, 2011, the City received _____ bids for the purchase of the Bonds. The Bonds were awarded by the City to the account of _____ (the "Underwriter"). The Initial Purchaser submitted the lowest bid for the purchase of the Bonds with a net effective interest rate of ____%.

The Bonds will be offered to the public initially at the prices determined to produce the yield to maturity set forth on the inside cover page of this Preliminary Official Statement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

LEGAL MATTERS

Approval of Bonds

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, (“Bond Counsel”). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has not participated in the preparation of the Official Statement and therefore expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned “DESCRIPTION OF THE BONDS,” “LEGAL MATTERS,” “TAX MATTERS” and “*APPENDIX B* - SUMMARY OF FINANCING DOCUMENTS.” Certain legal matters have been passed on for the Issuer by Gary Thompson, Esq., City Attorney.

TAX MATTERS

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

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the issue date of the Bonds:

Federal Tax Exemption. The interest on the Bonds [(including any original issue discount properly allocable to an owner thereof)] is excluded from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

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

Kansas Tax Exemption. The interest on the Bonds is exempt from income taxation by the State of Kansas.

No Other Opinions. Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

Other Tax Consequences

[Original Issue Discount. For Federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is the first price at which a substantial amount of the Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Code § 1288, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Bond during any accrual period generally equals: (a) the issue price of that Bond, plus the amount of OID accrued in all prior accrual periods; multiplied by (b) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period); minus (c) any interest payable on that Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for Federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.]

[Original Issue Premium. If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Bond. Under Code § 171, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for Federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no Federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

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

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

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

MISCELLANEOUS

The references herein to the Resolution and other documents referred to in this Preliminary Official Statement are brief summaries of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions, reference is made to such documents.

The agreement of the Issuer with the Owners of the Bonds is fully set forth in the Resolution, and neither any advertisement of the Bonds nor this Preliminary Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. So far as any statements are made in this Preliminary Official Statement involving matters of opinion, estimates, projections or forecasts, whether or not expressly stated as such, they are not to be construed as representations of fact. Copies of the documents mentioned under this caption are on file at the offices of the Financial Advisor and, following delivery of the Bonds, will be on file with the Issuer.

The Appendices made herein attached hereto are an integral part of this Preliminary Official Statement and must be read together with all of the statements.

AUTHORIZATION OF PRELIMINARY OFFICIAL STATEMENT

The preparation of this Preliminary Official Statement and its distribution has been authorized by the governing body of the Issuer as of the date on the cover page hereof. This Preliminary Official Statement is submitted in connection with the issuance of the Bonds and may not be reproduced or used as a whole or in part for any other purpose. This Preliminary Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Bonds.

CITY OF PLEASANTON, KANSAS

By: _____
Josh Marshall, Mayor

\$170,000*
CITY OF PLEASANTON, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011

APPENDIX A

FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2010

* Subject to change.

**CITY OF PLEASANTON,
KANSAS**

For the Year Ended
December 31, 2010

Statutory Basis Financial Statements
and Independent Auditors' Report

CITY OF PLEASANTON, KANSAS

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
FINANCIAL STATEMENTS:	
Independent Auditors' Report	1-2
Statement 1	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	3
Statement 2	
Summary of Expenditures - Actual and Budget	4
Statement 3	
Statement of Cash Receipts and Expenditures - Actual and Budget	
General Fund	5 - 6
Consolidated Street Fund	7
Municipal Equipment Fund	8
Special Capital Improvement Fund.....	9
Special Highway Improvement Fund	10
Street Project Fund.....	11
General Bond and Interest Fund	12
Sewage Disposal Utility Fund.....	13
Water Utility Fund.....	14
Water Capital Improvement Reserve Fund	15
Grant Fund.....	16
Notes to the Financial Statements.....	17 - 26

In our opinion, because of the omission of the discretely presented component unit, as discussed above, and because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Pleasanton, Kansas, as of December 31, 2010, or the changes in financial position, or, where applicable, its cash flows for the year then ended. Further, the City of Pleasanton, Kansas has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In addition, in our opinion, the statutory basis financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of the City of Pleasanton, Kansas, as of December 31, 2010, and its cash receipts and expenditures, and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

DIEHL, BANWART, BOLTON, CPAs PA

April 29, 2011
Fort Scott, Kansas

*Diehl
Banwart
Bolton*

Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Mayor and the City Council
City of Pleasanton, Kansas

We have audited the accompanying statutory basis financial statements of the City of Pleasanton, Kansas, as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the City's primary government, as listed in the Table of Contents. These financial statements are the responsibility of the City of Pleasanton, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year 2009 comparative information has been derived from the City's 2009 financial statements and, in our report dated May 5, 2010 we expressed unqualified opinion on the primary government financial statements prepared in accordance with the statutory basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the **Kansas Municipal Audit Guide**. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements do not include financial data for the City's legally separate component unit, the Pleasanton Housing Authority. Accounting principles generally accepted in the United States of America require the financial data for this component unit be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data or its component units. The City has not issued such reporting entity financial statements. The effects on the financial statements of the omission of the component units, although not reasonably determinable, are presumed to be material.

As described in Note 1, the City's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

CITY OF PLEASANTON, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2010

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances December 31, 2010	2009
General Fund	\$92,749.77	\$592,443.14	\$601,969.68	\$83,223.23	-	\$83,223.23	\$92,943.16
Special Revenue Funds:							
Consolidated Street	9,563.56	159,308.15	159,386.27	9,485.44	-	9,485.44	9,616.81
Municipal Equipment	64,774.22	68,905.00	58,370.14	75,309.08	-	75,309.08	64,774.22
Special Capital Improvement	33,534.83	202,583.46	187,583.46	48,534.83	-	48,534.83	33,534.83
Special Highway Improvement	126,289.32	92,237.82	41,123.93	177,403.21	-	177,403.21	126,289.32
Capital Project							
Street Project	-	300,175.18	300,175.18	-	-	-	-
Debt Service Fund:							
General Bond and Interest	1,390.80	19,160.00	19,160.00	1,390.80	-	1,390.80	1,390.80
Enterprise Funds:							
Sewage Disposal Utility	47,386.92	90,375.62	92,867.98	44,894.56	-	44,894.56	47,386.92
Water Utility	52,853.76	322,728.34	307,091.84	68,490.26	28,497.82	96,988.08	79,931.58
Water Capital Improvement Reserve	168,444.03	75,000.00	49,504.74	193,939.29	-	193,939.29	168,444.03
Grant	-	395,000.00	395,000.00	-	-	-	-
Totals	\$596,987.21	\$2,317,916.71	\$2,212,233.22	\$702,670.70	\$28,497.82	\$731,168.52	\$624,311.67

Composition of Cash:		
Petty Cash	\$200.00	\$100.00
General Checking Account	534,968.52	428,211.67
Certificates of Deposit	196,000.00	196,000.00
Totals	\$731,168.52	\$624,311.67

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS

Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2010

Funds	Certified Budget	Adjustments For Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Favorable (Unfavorable)
General Fund	\$645,418.00	-	\$645,418.00	\$601,969.68	\$43,448.32
Special Revenue Funds:					
Consolidated Street	168,142.00	3,445.62	171,587.62	159,386.27	12,201.35
Debt Service Fund:					
General Bond and Interest	19,161.00	-	19,161.00	19,160.00	1.00
Enterprise Funds:					
Sewage Disposal Utility	113,722.00	-	113,722.00	92,867.98	20,854.02
Water Utility	302,763.00	6,904.22	309,667.22	307,091.84	2,575.38
Total Certified Budget	<u>\$1,249,206.00</u>				

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
GENERAL FUND

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad valorem property tax	\$275,262.35	\$277,187.03	\$286,319.00	(\$9,131.97)
Machinery and equipment tax	65.57	-	-	-
Delinquent tax	20,901.32	14,735.06	6,009.00	8,726.06
Motor vehicle tax	41,272.00	36,963.43	46,607.00	(9,643.57)
Special assessments	100.00	-	-	-
Franchise taxes	27,121.25	22,610.86	22,000.00	610.86
Sales tax	135,528.63	145,735.32	157,000.00	(11,264.68)
Intergovernmental				
County park appropriation	1,200.00	1,200.00	1,200.00	-
Drug control grant	-	-	-	-
Wildlife and Parks grant	-	-	-	-
KDOT Grant	834.10	965.84	2,500.00	(1,534.16)
Community Fisheries assistance grant	14,420.00	14,420.00	14,000.00	420.00
In lieu of taxes	9,749.00	11,789.21	8,000.00	3,789.21
Solid waste	4,225.00	3,900.00	3,900.00	-
Charges for Services				
Swimming pool	9,662.70	9,084.50	10,000.00	(915.50)
Licenses and Permits				
Animal control fees	526.00	-	1,400.00	(1,400.00)
Licenses and permits	1,397.04	2,360.75	1,400.00	960.75
Fines, Forfeitures & Penalties	26,535.84	15,192.46	25,000.00	(9,807.54)
Use of Money and Property				
Interest income	5,542.79	4,266.31	6,000.00	(1,733.69)
Sale of land and property	-	-	-	-
Rent	6,535.00	6,000.00	6,000.00	-
Other Receipts				
Miscellaneous	11,203.21	19,385.43	4,500.00	14,885.43
Insurance proceeds	7,202.07	6,646.94	-	6,646.94
Reimbursed expenses	2,171.46	-	-	-
Residual Equity Transfers from Discontinued Funds				
Library Fund	4,693.81	-	-	-
Operating Transfer from Other Funds				
Special Capital Improvement	-	-	-	-
Sewer Utility	-	-	-	-
Total Cash Receipts	606,149.14	592,443.14	\$601,835.00	(\$9,391.86)

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
GENERAL FUND

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Expenditures				
General Government	\$214,493.18	\$214,796.95	\$254,878.00	\$40,081.05
City Council	16,767.28	21,752.93	21,650.00	(102.93)
Economic Development	5,000.00	-	-	-
Public Safety				
Fire Department	17,094.76	13,647.21	21,330.00	7,682.79
Law Enforcement	118,562.28	124,860.43	140,375.00	15,514.57
Municipal Court	9,192.61	7,172.98	12,112.00	4,939.02
Solid Waste	29,943.90	25,372.02	27,139.00	1,766.98
Cultural and Recreation				
Special Park	59,950.55	55,865.04	58,900.00	3,034.96
Special Pool	37,455.55	36,002.12	49,034.00	13,031.88
Operating Transfers to Other Funds				
Municipal Equipment	40,000.00	27,500.00	-	(27,500.00)
Special Capital Improvement	5,000.00	15,000.00	60,000.00	45,000.00
Grant	-	-	-	-
Special Highway Improvement	50,000.00	60,000.00	-	(60,000.00)
Subtotal			645,418.00	
Adjustments for Qualifying Budget Credits				
Grants in excess of budget	-	-	-	-
Reimbursements in excess of budget	-	-	-	-
Total Expenditures	603,460.11	601,969.68	\$645,418.00	\$43,448.32
Receipts Over(Under) Expenditures	2,689.03	(9,526.54)		
Unencumbered Cash, Beginning	90,060.74	92,749.77		
Unencumbered Cash, Ending	\$92,749.77	\$83,223.23		

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
CONSOLIDATED STREET FUND

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad valorem property tax	\$104,377.51	\$101,646.25	\$105,003.00	(\$3,356.75)
Machinery and equipment tax	315.50	-	-	-
Delinquent tax	7,248.27	5,189.28	-	5,189.28
Motor vehicle tax	12,688.29	13,391.28	17,653.00	(4,261.72)
Intergovernmental				
State gasoline tax	33,437.19	34,811.72	38,760.00	(3,948.28)
FEMA grant	-	3,445.62	-	3,445.62
Other Receipts				
Miscellaneous	2,269.69	824.00	800.00	24.00
Total Cash Receipts	160,336.45	159,308.15	\$162,216.00	(\$2,907.85)
Expenditures				
Streets and Highways	141,572.22	129,386.27	\$148,142.00	\$18,755.73
Operating Transfer to Other Funds				
Special Highway Improvement	25,000.00	30,000.00	20,000.00	(10,000.00)
Subtotal			168,142.00	
Adjustments for Qualifying				
Budget Credits				
Reimbursements for FEMA grant	-	-	3,445.62	3,445.62
Total Expenditures	166,572.22	159,386.27	\$171,587.62	\$12,201.35
Receipts Over(Under) Expenditures	(6,235.77)	(78.12)		
Unencumbered Cash, Beginning	15,799.33	9,563.56		
Unencumbered Cash, Ending	\$9,563.56	\$9,485.44		

The notes to the financial statements are an integral part of this statement.

**CITY OF PLEASANTON, KANSAS
MUNICIPAL EQUIPMENT FUND**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
Grants	-	\$34,200.00
Other Receipts		
Insurance proceeds	-	7,205.00
Operating Transfer from Other Funds		
General Fund	40,000.00	27,500.00
Special Highway Improvement	-	-
Sewage Disposal Utility	-	-
Total Cash Receipts	40,000.00	68,905.00
Expenditures		
Capital Outlay	21,107.48	50,610.98
Debt Service on Capital Lease		
Principal	-	6,998.32
Interest	-	760.84
Total Expenditures	21,107.48	58,370.14
Receipts Over(Under) Expenditures	18,892.52	10,534.86
Unencumbered Cash, Beginning	45,881.70	64,774.22
Unencumbered Cash, Ending	<u>\$64,774.22</u>	<u>\$75,309.08</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
SPECIAL CAPITAL IMPROVEMENT FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Receipts		
Reimbursed expenses	-	-
Intergovernmental		
KDOT grant	358,875.00	187,583.46
Operating Transfers from General Fund	5,000.00	15,000.00
Total Cash Receipts	363,875.00	202,583.46
Expenditures		
Operating Expenditures		
Capital Outlay	387,739.19	187,583.46
Operating Transfer to Other Funds General Fund	-	-
Total Expenditures	387,739.19	187,583.46
Receipts Over(Under) Expenditures	(23,864.19)	15,000.00
Unencumbered Cash, Beginning	57,399.02	33,534.83
Unencumbered Cash, Ending	<u>\$33,534.83</u>	<u>\$48,534.83</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
SPECIAL HIGHWAY IMPROVEMENT FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
Federal interest on reimbursement	-	\$2,237.82
Operating Transfers from Other Funds		
General	50,000.00	60,000.00
Consolidated Street	25,000.00	30,000.00
Sewer Disposal Utility	-	-
Total Cash Receipts	75,000.00	92,237.82
Expenditures		
Operating Expenditures		
Capital Outlay	58,710.68	10,868.68
Debt Service		
Principal	-	25,000.00
Interest	-	5,255.25
Total Expenditures	58,710.68	41,123.93
Receipts Over(Under) Expenditures	16,289.32	51,113.89
Unencumbered Cash, Beginning	110,000.00	126,289.32
Unencumbered Cash, Ending	<u>\$126,289.32</u>	<u>\$177,403.21</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
STREET PROJECT FUND

Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Receipts		
Proceeds from Bonds		
Principal	-	\$300,000.00
Accrued Interest	-	175.18
Total Cash Receipts	-	300,175.18
Expenditures		
Streets and Highways		
Capital Outlays	-	300,175.18
Total Expenditures	-	300,175.18
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
GENERAL BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Other Receipts				
Miscellaneous	-	-	-	-
Operating Transfers from Other Funds				
Water Utility	17,849.75	19,160.00	17,851.00	1,309.00
Total Cash Receipts	<u>17,849.75</u>	<u>19,160.00</u>	<u>\$17,851.00</u>	<u>\$1,309.00</u>
Expenditures				
Debt Service				
Principal	15,000.00	15,000.00	\$15,000.00	-
Interest	4,850.00	4,160.00	4,160.00	-
Other	-	-	1.00	1.00
Total Expenditures	<u>19,850.00</u>	<u>19,160.00</u>	<u>\$19,161.00</u>	<u>\$1.00</u>
Receipts Over(Under) Expenditures	(2,000.25)	-		
Unencumbered Cash, Beginning	3,391.05	1,390.80		
Unencumbered Cash, Ending	<u>\$1,390.80</u>	<u>\$1,390.80</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
SEWAGE DISPOSAL UTILITY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Operating Receipts				
Charges for services	\$90,403.24	\$90,165.62	\$90,000.00	\$165.62
Other Receipts				
Miscellaneous	-	210.00	-	210.00
Total Cash Receipts	90,403.24	90,375.62	\$90,000.00	\$375.62
Expenditures				
Operating Expenditures				
Wastewater Treatment	22,158.11	25,379.96	\$49,780.00	\$24,400.04
Debt Service on WP Revolving Loan				
Principal	15,141.61	14,882.63	15,868.00	985.37
Interest and fees	8,073.15	7,605.39	8,074.00	468.61
Operating Transfer to Other Funds				
Municipal Equipment	-	-	20,000.00	20,000.00
Special Highway Improvement	-	-	20,000.00	20,000.00
Water Capital Improvement Reserve	65,000.00	45,000.00	-	(45,000.00)
General	-	-	-	-
Total Expenditures	110,372.87	92,867.98	\$113,722.00	\$20,854.02
Receipts Over(Under) Expenditures	(19,969.63)	(2,492.36)		
Unencumbered Cash, Beginning	67,356.55	47,386.92		
Unencumbered Cash, Ending	\$47,386.92	\$44,894.56		

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
WATER UTILITY FUND

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Operating Receipts				
Charges for services	\$202,023.07	\$268,138.88	\$210,000.00	\$58,138.88
Wholesale sales	30,951.88	29,597.28	29,000.00	597.28
Penalties	7,495.79	8,359.48	7,000.00	1,359.48
Taxes and fees	3,423.83	4,228.48	4,000.00	228.48
FEMA grant	-	3,892.47	-	3,892.47
Nonoperating Receipts				
Customer deposits	7,137.22	7,853.19	5,000.00	2,853.19
Miscellaneous	868.92	658.56	500.00	158.56
Reimbursements	-	-	-	-
Total Cash Receipts	251,900.71	322,728.34	\$255,500.00	\$67,228.34
Expenditures				
Operating Expenditures				
Production	53,143.72	45,939.07	\$70,000.00	\$24,060.93
Salaries and Benefits	86,694.91	89,666.15	88,833.00	(833.15)
General				
Contractual	52,355.09	53,333.37	60,000.00	6,666.63
Commodities	5,390.22	15,398.32	13,000.00	(2,398.32)
Other	-	2,022.47	-	(2,022.47)
Nonoperating Expenditures				
Sales and Production Taxes	3,649.37	4,123.11	5,000.00	876.89
Capital Improvements	-	-	-	-
Customer Deposits	1,918.81	4,679.67	4,000.00	(679.67)
Debt Service on WP Revolving Loan				
Principal	23,034.74	23,876.14	23,876.00	(0.14)
Interest and fees	19,734.94	18,893.54	18,894.00	0.46
Operating Transfers to Other Funds				
General Bond and Interest	17,849.75	19,160.00	19,160.00	-
Water Capital Improvement Reserve	-	30,000.00	-	(30,000.00)
Subtotal	-	-	302,763.00	
Adjustments for Qualifying Budget Credits				
Customer Deposits in excess of budget	-	-	2,853.19	2,853.19
Reimbursements & Grants	-	-	4,051.03	4,051.03
Total Expenditures	263,771.55	307,091.84	\$309,667.22	\$2,575.38
Receipts Over(Under) Expenditures	(11,870.84)	15,636.50		
Unencumbered Cash, Beginning	64,724.60	52,853.76		
Unencumbered Cash, Ending	<u>\$52,853.76</u>	<u>\$68,490.26</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
WATER CAPITAL IMPROVEMENT RESERVE FUND
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2010
 With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Receipts		
Reimbursed expenses	\$5,000.00	-
Operating Transfers from Other Funds		
Sewage Disposal Utility	65,000.00	45,000.00
Water Utility	-	30,000.00
Total Cash Receipts	70,000.00	75,000.00
Expenditures		
Capital Outlay	3,998.48	49,504.74
Total Expenditures	3,998.48	49,504.74
Receipts Over(Under) Expenditures	66,001.52	25,495.26
Unencumbered Cash, Beginning	102,442.51	168,444.03
Unencumbered Cash, Ending	<u>\$168,444.03</u>	<u>\$193,939.29</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS
GRANT FUND

Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
CDBG grant	\$5,000.00	\$395,000.00
Wildlife and Parks grant	-	-
Operating Transfer from Other Funds		
General Fund	-	-
Total Cash Receipts	5,000.00	395,000.00
Expenditures		
Capital Outlays	5,000.00	395,000.00
Total Expenditures	5,000.00	395,000.00
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, KANSAS

Notes to the Financial Statements
For the Year Ended December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pleasanton, Kansas (the City), was incorporated as a City of the third class on October 29, 1869, under the provision of K.S.A. 13-101 et seq. The City operates under a City Council and Mayor form of government and provides the following services as authorized by its Charter: public safety (police and fire), highway and streets, water and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Pleasanton, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity

The City of Pleasanton, Kansas (the City) is a municipal corporation governed by an elected five member City Council. These financial statements present the City of Pleasanton, Kansas (the primary government). The component units should be included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The following is a brief review of potential component units.

Housing Authority

The City of Pleasanton Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City.

The City has elected to exclude component units from the basic financial statements. Separate financial statements are not available for the component units.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation - Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction, or limitations.

The following types of funds comprise the financial activities of the City of Pleasanton, Kansas:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities are financed through revenues received by the General Fund.

Special Revenue Funds - These funds are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are designated to finance particular functions or activities of the City.

Debt Service Fund - The Bond and Interest Fund is used to account for the payment of principal and interest on the City's general obligation bonds which are recorded in the general long-term debt group of accounts. Revenues for this purpose include ad valorem property taxes, special assessment taxes and investment interest income.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), federal grants and other City funds.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made. The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Departures from Accounting Principles Generally Accepted In the United States of America

The basis of presentation described above results in a statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance. Encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

As discussed previously, component units have been omitted from these financial statements.

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)
Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budgets amended this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, reserve accounts established by bond ordinances, and the following special revenue funds:

- Special Capital Improvement Fund (K.S.A. 12-1, 118)
- Municipal Equipment Fund (K.S.A. 12-1, 117)
- Special Highway Improvement Fund (K.S.A. 68-590)
- Water Capital Improvement Reserve Fund (K.S.A. 12-1, 118)

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. Cash consists of an interest bearing checking account and certificates of deposit.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

Compensated Absences

Full-time employees are granted vacation after the first year of employment on the anniversary of their employment date according to the following schedule. The amount of vacation earned must be used within the following year or the vacation is lost.

<u>Years of continuous employment</u>	<u>Other Hours</u>	<u>Police Hours</u>
One to five	80	82.50
six to ten	96	99.00
eleven to fifteen	120	132.00
after fifteen	144	156.75

Regular employees earn and accumulate sick leave after one year of employment at the rate of 8 hours per month (8.25 for police) up to a maximum of 400 hours.

The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material.

In accordance with the above criteria, the City has not accrued a liability for compensated absences which has been earned but not taken by City employees inasmuch as the amount is not considered to be material.

Termination and Post Employment Benefits

No termination benefits are provided to City employees when employment with the City ends except for the accrued compensated absences as discussed in Note 1.

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Memorandum Only Totals

Totals are marked Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

Comparative Data

Comparative Data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data in each of the statements have not been presented since their inclusion would make the statements unduly complex and difficult to read.

2. **COMPLIANCE, STEWARDSHIP, AND ACCOUNTABILITY**

Compliance With Kansas Statutes

Statements 1 and 2 are designed to show compliance with the cash basis and budget laws of Kansas. As shown on Statements 1 and 2, the City was in apparent compliance with these laws.

3. **CASH, INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the Government is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Government has no investment policy that would further limit its investment choices, but has limited the investments to time deposits at the local bank.

Concentration of credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not have any "peak periods" designated.

At December 31, 2010 the City's carrying amount of deposits was \$730,968.52 and the bank balance was \$802,699.82. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$446,000.00 was covered by federal depository insurance, and the remaining \$356,699.82 was collateralized with securities totaling \$664,483.45 held by the pledging financial institutions' agents in the City's name.

4. RETIREMENT PLAN

Plan Description

In 1997, the City began participation in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603), or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate that ranges from 4% to 6% of covered salary depending upon year date hired. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for January 1 to December 31, 2010 was 7.14%, respectively. The City employer contributions to KPERS, for the years ending December 31, 2010, 2009 and 2008 was \$24,055.34, \$20,480.57, and \$17,301.50, equal to the statutory required contributions for the year.

5. WATER CUSTOMER DEPOSITS

Water customers are required to make cash deposits to the City when starting new water service. The deposits are refunded to the customers when service is terminated. At December 31, the City has \$28,497.82 of customer deposits, which are included as an encumbrance in the Water Utility Fund in these financial statements.

6. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through various insurance policies.

7. **INTERFUND TRANSFERS**

Operating transfers between funds were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>KSA Statutory Authority</u>	<u>Amount</u>
Special Street	Special Highway Improvement	12-1,118	\$ 30,000.00
General	Municipal Equipment	12-1,117	27,500.00
General	Special Highway Improvement	12-1,118	60,000.00
Water Utility	General Bond and Interest	12-825d	19,160.00
Sewer Utility	Water Capital Improvement	12-825d	45,000.00
Water Utility	Water Capital Improvement	12-825d	30,000.00
General	Special Capital Improvement	12-1,118	15,000.00

8. **CONTINGENCIES**

Grants are subject to additional audits by regulatory agents, the purpose of which is to ensure compliance with the specific conditions of the grants. Any liability for reimbursement which may arise as a result of the audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material and would not be payable by the City.

9. **SUBSEQUENT EVENTS**

Management has evaluated events and transactions occurring subsequent to December 31, 2010 through the date of the issuance of the financial statements as shown in the Independent Auditors' Report on page two of these financial statements. During this period, there were no subsequent events requiring recognition in the financial statements or disclosure in the notes to the financial statements.

10. **LONG-TERM DEBT OBLIGATIONS**

Details about the City's long-term obligations, changes in long term debt, and current maturities for the next five years and thereafter are recorded on the following two pages:

10. LONG TERM OBLIGATIONS (Continued)

Changes in Long Term Obligations

Debt	Original Amount	Date Issued	Maturity Date	Interest Rate	Beginning Balances	Increases or New Debt Issued	Decreases or Debt Repaid	Ending Balances	Interest Paid
<u>General Obligation Bonds</u>									
Water and Sewer Project Bonds Series 1999	\$ 200,000	03-01-1999	03-01-2014	4.2-5.0%	\$ 85,000.00	\$ -	\$ 15,000.00	\$ 70,000.00	\$ 4,160.00
Economic Development Recovery Series 2010	300,000	02-01-2010	09-01-2019	1.52-4.4%	-	300,000.00	25,000.00	275,000.00	5,255.25
Total General Obligation Bonds					85,000.00	300,000.00	40,000.00	345,000.00	9,415.25
<u>Lease Purchase Agreements</u>									
2 Ford Ranger Pickups	28,500	09-19-2008	01-19-2012	3.50%	21,738.34	-	6,998.32	14,740.02	760.84
Total Lease Purchase Agreements					21,738.34	-	6,998.32	14,740.02	760.84
<u>Water Pollution Control Revolving Loan</u>									
No. C20 1588-01	357,700	06-04-2001	02-01-2022	3.14%	245,901.27	-	14,882.63	231,018.64	7,605.39
KPWSLF #.2348 Note	650,000	04-19-2004	08-01-2026	3.62%	527,836.30	-	23,876.14	503,960.16	18,893.54
Total Revolving Loans					773,737.57	-	38,758.77	734,978.80	26,498.93
Total Long Term Obligations					\$ 880,475.91	\$ 300,000.00	\$ 85,757.09	\$ 1,094,718.82	\$ 36,675.02

10. LONG TERM OBLIGATIONS (Continued)

Maturities of Long Term Obligations

Debt	2011	2012	2013	2014	2015	2016 to 2020	2021 to 2025	2026 to 2030	Totals
PRINCIPAL									
<u>General Obligation Bonds</u>									
Series 1999	\$ 15,000	\$ 15,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 70,000
Series 2010	25,000	30,000	30,000	30,000	30,000	130,000	-	-	275,000
Total General Obligation Bonds	40,000	45,000	50,000	50,000	30,000	130,000	-	-	345,000
<u>Lease Purchase Agreements</u>									
2 Ford Ranger Pickups	7,243	7,497	-	-	-	-	-	-	14,740
Total Lease Purchase Agreements	7,243	7,497	-	-	-	-	-	-	14,740
<u>Water Pollution Control Revolving Loan</u>									
No. C20 1588-01	15,354	15,840	16,341	16,858	17,391	95,569	53,666	-	231,019
KPWSLF No. 2348	24,748	25,652	26,589	27,561	28,567	159,272	190,566	21,005	503,960
Total Revolving Loans	40,102	41,492	42,930	44,419	45,958	254,841	244,232	21,005	734,979
TOTAL PRINCIPAL	\$ 87,345	\$ 93,989	\$ 92,930	\$ 94,419	\$ 75,958	\$ 384,841	\$ 244,232	\$ 21,005	\$ 1,094,719
INTEREST									
<u>General Obligation Bonds</u>									
Series 1999	\$ 3,455	\$ 2,735	\$ 2,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 9,190
Series 2010	8,629	8,149	7,516	6,736	5,905	13,465	-	-	50,400
Total General Obligation Bonds	12,084	10,884	9,516	7,736	5,905	13,465	-	-	59,590
<u>Lease Purchase Agreements</u>									
2 Ford Ranger Pickups	516	262	-	-	-	-	-	-	778
Total Lease Purchase Agreements	516	262	-	-	-	-	-	-	778
<u>Water Pollution Control Revolving Loan</u>									
No. C20 1588-01	7,134	6,649	6,147	5,630	5,097	16,871	2,554	-	50,082
KPWSLF No. 2348	18,021	17,117	16,180	15,209	14,202	54,576	23,283	380	158,968
Total Revolving Loans	25,155	23,766	22,327	20,839	19,299	71,447	25,837	380	209,050
TOTAL INTEREST	\$ 37,755	\$ 34,912	\$ 31,843	\$ 28,575	\$ 25,204	\$ 84,912	\$ 25,837	\$ 380	\$ 269,418

\$170,000*
CITY OF PLEASANTON, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011

APPENDIX B
SUMMARY OF FINANCING DOCUMENTS

* Subject to change.

APPENDIX B

SUMMARY OF FINANCING DOCUMENTS

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

THE BOND RESOLUTION

DEFINITIONS

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

“Act” means the Constitution and statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 65-163u, as amended and supplemented.

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

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

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

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

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

“Bond Register” means the books for the registration, transfer and exchange of Bonds kept at the office of the Bond Registrar.

“Bond Registrar” means the State Treasurer, Topeka, Kansas, and its successors and assigns.

“Bond Resolution” means collectively, the Ordinance passed by the governing body of the Issuer and the resolution adopted by the governing body of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

“Bonds” means the General Obligation Bonds, Series 2011, authorized and issued by the Issuer pursuant to the Bond Resolution.

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

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

“City” means the City of Phillipsburg, Kansas.

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

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

“Consulting Engineer” means an independent engineer or engineering firm, or architect or architectural firm, having a favorable reputation for skill and experience in the construction, financing and operation of public facilities, at the

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time employed by the Issuer for the purpose of carrying out the duties imposed on the Consulting Engineer by the Bond Resolution.

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

“Costs of Issuance Account” means the account by that name created by the Bond Resolution.

“Dated Date” means December 15, 2011.

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

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

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

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

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

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

“DTC” means The Depository Trust Company, New York, New York.

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

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

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

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

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

“Financeable Costs” means the amount of expenditure for an Improvement which has been duly authorized by action of the governing body of the Issuer to be financed by general obligation bonds, less: (a) the amount of any temporary notes or general obligation bonds of the Issuer which are currently Outstanding and available to pay such Financeable Costs; and (b) any amount of Financeable Costs which has been previously paid by the Issuer or by any eligible source of funds unless such amounts are entitled to be reimbursed to the Issuer under State or federal law.

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

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

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

“Improvements” means the improvements referred to in the preamble to the Ordinance and any Substitute Improvements.

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Bond which shall be May 1 and November 1 of each year, commencing May 1, 2012.

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

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

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

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

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

“Official Statement” means the Issuer's Official Statement, dated November 21, 2011, relating to the Bonds.

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

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

“Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register. Whenever consent of the Owners is required pursuant to the terms of the Bond Resolution, and the Owner of

the Bonds, as set forth on the Bond Register, is Cede & Co., the term Owner shall be deemed to be the Beneficial Owner of the Bonds.

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

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

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

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

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

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

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

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

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

“Replacement Bonds” means Bonds issued to the Beneficial Owners of the Bonds in accordance with the Bond Resolution.

“Securities Depository” means, initially, DTC, and its successors and assigns.

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

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

“State” means the state of Kansas.

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

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

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

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

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

ESTABLISHMENT OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

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

- (a) Improvement Fund;
- (b) Debt Service Account; and
- (c) Costs of Issuance Account.

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

Deposit of Bond Proceeds and Other Moneys. The net proceeds received from the sale of the Bonds and certain other funds shall be deposited simultaneously with the delivery of the Bonds as follows:

- (a) All accrued interest and premium, if any, received from the sale of the Bonds shall be deposited in the Debt Service Account.
- (b) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Improvement Fund.

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

Substitution of Improvements; Reallocation of Proceeds. The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Bonds provided the following conditions are met: (a) the Substitute Improvement and the issuance of general obligation bonds to pay the cost of the Substitute Improvement has been duly authorized by the governing body of the Issuer in accordance with the laws of the State; (b) a resolution authorizing the use of the proceeds of the Bonds to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the governing body of the Issuer pursuant to this Section, (c) the Attorney General of the State has approved the amendment made by such resolution to the transcript of proceedings for the Bonds to include the Substitute Improvements; and (d) the

use of the proceeds of the Bonds to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax status of the Bonds under State or federal law.

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

Application of Moneys in the Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys. Any moneys or investments remaining in the Debt Service Account after the retirement of the indebtedness for which the Bonds were issued shall be transferred and paid into the Bond and Interest Fund.

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

Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, 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 Bonds, shall be transferred to the Improvement Fund until completion of the Improvements and thereafter to the Debt Service Account.

DEPOSIT AND INVESTMENT OF MONEYS

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

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

DEFAULT AND REMEDIES

Remedies. The provisions of the Bond Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer and the Owners of the Bonds. If an Event of Default occurs and shall be continuing, 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 the rights of such Owner or Owners against the Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Resolution or by the Constitution and laws of the State;

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

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

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained in the Bond Resolution and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds of any series shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Resolution, or to enforce any right, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

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

DEFEASANCE

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

MISCELLANEOUS PROVISIONS

Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such annual audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent. If at any time said taxes are not collected in time to pay the principal of or interest on the 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 are collected.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall: (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond; (c) permit preference or priority of any Bond over any other Bond; or (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution.

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

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

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Bond Resolution shall be in writing, and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent. All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

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

Severability. If any section or other part of the 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 the Bond Resolution.

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