

NEW ISSUE**RATINGS: See "RATINGS" herein**

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, (i) the interest on the Series 2009L-1 Bonds (including any original issue discount allocable to any owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) the interest on the Series 2009L-2 Bonds is subject to federal income taxation. The interest on the Series 2009L Bonds is exempt from all Kansas state, county and municipal taxes, including income, inheritance and property taxes. See the caption "TAX MATTERS" herein.

KANSAS DEVELOPMENT FINANCE AUTHORITY**\$15,225,000****SALES TAX REVENUE BONDS****SERIES 2009L-1****(K-STATE - OLATHE INNOVATION
CAMPUS, INC. PROJECT)****\$15,275,000****TAXABLE SALES TAX REVENUE BONDS****SERIES 2009L-2****(K-STATE - OLATHE INNOVATION
CAMPUS, INC. PROJECT)****Dated: Date of Delivery****Due: September 1, as shown herein**

The Series 2009L-1 Bonds and Series 2009L-2 Bonds referenced above (collectively, the "Series 2009L Bonds") will be issued by the Kansas Development Finance Authority (the "Authority") pursuant to a Bond Resolution adopted by the Authority and a Trust Indenture, dated as of September 1, 2009 (the "Indenture"), between the Authority and UMB Bank, N.A., Kansas City, Missouri, as trustee (the "Trustee"). The Series 2009L Bonds will consist of fully registered bonds in the denomination of \$5,000 or integral multiples thereof, shall be dated the date of delivery thereof, and shall become due on September 1, as set forth on the inside cover page hereof. Interest due with respect to the Series 2009L Bonds is payable semiannually on March 1 and September 1 of each year to and including the date of maturity or redemption, whichever is earlier, commencing on March 1, 2010, to the registered owners appearing on the registration books maintained by the Trustee as of the fifteenth day (whether or not a Business Day) of the calendar month next preceding each interest payment date. The Depository Trust Company, New York, New York, will act as securities depository for the Series 2009L Bonds. Purchases of Series 2009L Bonds will be made in book-entry form. See "THE SERIES 2009L BONDS – Book-Entry Only System for Series 2009L Bonds" herein.

The Series 2009L Bonds are payable solely from payments to be made pursuant to a Pledge of Revenues Agreement dated as of September 1, 2009 (the "Pledge Agreement") between the Authority and K-State - Olathe Innovation Campus, Inc., a Kansas not-for-profit corporation (the "Corporation"), which are pledged and assigned to the Trustee for payment of the Series 2009L Bonds in accordance with the Indenture. Pursuant to the Pledge Agreement, the Corporation has pledged and assigned to the Authority the Revenues, which consist primarily of receipts from the Corporation's proportionate share of a one-eighth of a percent (0.125%) countywide retailers' sales tax approved by the voters of Johnson County, Kansas in November 2008, and adopted and levied by the Board of Commissioners of Johnson County, effective April 1, 2009, for the purpose of supporting certain research projects and programs of the Corporation, the University of Kansas and the University of Kansas Medical Center. Under the Indenture, Additional Bonds may be issued by the Authority on a parity with the Series 2009L Bonds (such Additional Bonds, together with the Series 2009L Bonds, being collectively referred to herein as the "Bonds").

The Series 2009L Bonds shall not be deemed to constitute a debt or liability of the State of Kansas or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Kansas or of any political subdivision thereof, but shall be payable solely from the funds provided for in the Pledge Agreement and the Indenture. The issuance of the Series 2009L Bonds shall not directly or indirectly obligate the State of Kansas, any political subdivision thereof, the Authority or its officers, directors or employees to provide any funds for the payment of such Series 2009L Bonds. The issuance of the Series 2009L Bonds shall not, directly, indirectly or contingently, obligate the State of Kansas or any political subdivision thereof to levy any form of taxation therefor or, except as otherwise provided in the hereinafter defined JCERTA Act, to make any appropriation for their payment. The State of Kansas shall not in any event be liable for the payment of the principal of, premium, if any, or interest on the Series 2009L Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Kansas or any charge upon its general credit or its taxing power. Neither the Corporation nor the Authority has any power to tax. The Series 2009L Bonds are not an obligation of Kansas State University or the Kansas Board of Regents. See "SECURITY FOR THE SERIES 2009L BONDS" herein.

MATURITY SCHEDULE LISTED ON INSIDE COVER PAGE

The Series 2009L Bonds are subject to redemption prior to maturity and to certain redemption risks as described under the caption "THE SERIES 2009L BONDS - Redemption of Series 2009L Bonds" herein.

The Series 2009L Bonds are being issued to provide funds to finance the costs of the construction, improvement and equipping of a new building at Kansas State University's Olathe Innovation Campus located in Olathe, Kansas, which will include educational, administrative and research space with a focus on food safety and security and animal health and for other related purposes as described herein under the heading "PLAN OF FINANCING."

The payment of the principal of, redemption premium, if any, and interest on the Series 2009L Bonds is subject to certain risk factors and investment considerations as described under the captions "INVESTMENT CONSIDERATIONS" and "SECURITY FOR THE SERIES 2009L BONDS" herein.

The Series 2009L Bonds are being offered when, as and if issued by the Authority and accepted by the Underwriters, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. Certain legal matters will be passed upon for the Authority by Rebecca E. Floyd, Esq., its General Counsel, for the Corporation by Logan Logan & Watson, L.C., Prairie Village, Kansas, and for the Underwriters by Thompson Coburn LLP, St. Louis, Missouri. Certain legal matters with respect to this Official Statement will be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Series 2009L Bonds will be available for delivery to DTC in New York, New York on or about September 10, 2009.

**George K. Baum & Company****Wells Fargo Securities**

MATURITY SCHEDULES

SERIES 2009L-1 BONDS

TERM BONDS

\$6,285,000 4.75% Term Bonds Due September 1, 2034 (Yield: 4.80%) (CUSIP: 485247 AA8)
\$8,940,000 5.00% Term Bonds Due September 1, 2039 (Yield: 4.90%) (CUSIP: 485247 AB6)

SERIES 2009L-2 BONDS

SERIAL BONDS

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2011	\$510,000	1.90%	1.90%	485247 AC4
2012	520,000	2.45	2.45	485247 AD2
2013	535,000	2.85	2.85	485247 AE0
2014	555,000	3.45	3.45	485247 AF7
2015	575,000	3.80	3.80	485247 AG5
2016	595,000	4.15	4.15	485247 AH3
2017	620,000	4.40	4.40	485247 AJ9
2018	650,000	4.65	4.65	485247 AK6
2019	680,000	4.80	4.80	485247 AL4
2020	715,000	5.00	5.00	485247 AP5
2021	755,000	5.20	5.20	485247 AQ3

TERM BONDS

\$2,525,000 5.50% Term Bonds Due September 1, 2024 (Yield: 5.50%) (CUSIP: 485247 AM2)
\$6,040,000 6.00% Term Bonds Due September 1, 2030 (Yield: 5.97%) (CUSIP: 485247 AN0)

KANSAS DEVELOPMENT FINANCE AUTHORITY

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Daniel L. Watkins, Vice Chair
John G. Montgomery, Member
Audrey H. Langworthy, Member
Timothy C. Schaller, Member
Stephen R. Weatherford, President
Rebecca E. Floyd, Esq., Executive Vice President and General Counsel
Jim MacMurray, Vice President of Finance
Nick Lehman, Vice President of Finance
Linda Clark, Chief Fiscal Officer

K-STATE - OLATHE INNOVATION CAMPUS, INC.

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Kent Glasscock, President and Chief Operating Officer of the National Institute for Strategic Technology
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Ruth Dyer, Interim Provost and Vice President for Academic Affairs of Kansas State University, Director
Daniel C. Richardson, Chief Executive Officer

KANSAS STATE UNIVERSITY

Kirk A. Schulz, President
Bruce Shubert, Vice President for Administration and Finance
Fran Willbrant, Controller

PROFESSIONAL SERVICES

Financial Advisor, Columbia Capital Management, LLC
Bond Counsel, Gilmore & Bell, P.C.

No dealer, broker, salesman or other person has been authorized by the Authority, the Corporation or the Underwriters listed on the cover of this Official Statement to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Corporation or the Underwriters.

STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT THAT CONTAIN ESTIMATES, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS A REPRESENTATION OF FACT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN SUCH INFORMATION AND EXPRESSIONS OF OPINION SINCE THE DATE HEREOF.

This 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 Series 2009L Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2009L Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the Underwriters or the Authority. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2009L Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Corporation since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009L BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2009L BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2009L BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2009L BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2009L BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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APPENDIX C -	Definitions and Summaries of Principal Financing Documents
APPENDIX D -	Book-Entry Only System

OFFICIAL STATEMENT

KANSAS DEVELOPMENT FINANCE AUTHORITY

\$15,225,000 Sales Tax Revenue Bonds Series 2009L-1 (K-State - Olathe Innovation Campus, Inc. Project)	\$15,275,000 Taxable Sales Tax Revenue Bonds Series 2009L-2 (K-State - Olathe Innovation Campus, Inc. Project)
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INTRODUCTION

*The following introduction is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in **Appendix C**.*

Purpose of this Official Statement

This Official Statement, including the cover page and the Appendices, is furnished in connection with the offering by the Kansas Development Finance Authority (the "Authority") of its \$15,225,000 principal amount of Sales Tax Revenue Bonds (K-State - Olathe Innovation Campus, Inc. Project), Series 2009L-1 (the "Series 2009L-1 Bonds") and \$15,275,000 principal amount of Taxable Sales Tax Revenue Bonds (K-State - Olathe Innovation Campus, Inc. Project), Series 2009L-2 (the "Series 2009L-2 Bonds", together with the Series 2009L-1 Bonds, the "Series 2009L Bonds").

The Authority

The Authority is an independent instrumentality of the State of Kansas (the "State") exercising essential public functions and is authorized by law to issue the Series 2009L Bonds.

The Corporation

The K-State - Olathe Innovation Campus, Inc. (the "Corporation") (1) is a not-for-profit corporation duly organized and validly existing under the laws of the State of Kansas not operated for private or corporate profit, (2) operates educational facilities and research facilities (as defined in the Act) in Olathe, Kansas, (3) is a Tax-Exempt Organization, and (4) has not declared and has not been determined to have any "unrelated business taxable income" as defined in Section 512 of the Internal Revenue Code which could have a material adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal income taxation, could have a material adverse effect on the condition, financial or otherwise, of the Corporation. Additional information regarding the Corporation is contained under the caption entitled "THE CORPORATION" and in **Appendix A** – "K-STATE - OLATHE INNOVATION CAMPUS, INC."

The University

Kansas State University, with a full-time enrollment of over 23,000 students, has its main campus located in northern Manhattan, Kansas, which is approximately one hundred twenty-five miles west of Kansas City and an auxiliary campus located in Salina, Kansas. The University is a State institution of higher education under the control and supervision of the Kansas Board of Regents (the "Board of Regents"). The Project financed by the Series 2009L Bonds will be located at the University's Olathe campus, which will focus on commercially viable applied research and technology discovery in animal health, plant science, food

safety and security, bioenergy, and other relevant areas and provide a direct portal to the University's resources on the main Manhattan, Kansas campus.

JCERTA

The Johnson County Educational Research Triangle Authority ("JCERTA") was created by affirmative vote of the voters of Johnson County, Kansas on November 4, 2008 pursuant to the election held on such date pursuant to the provisions of the JCERTA Act. The Board of Directors of JCERTA consists of seven voting members who are elected officials of Johnson County and who are appointed as follows: (a) one member appointed by the Governor of Kansas, (b) one member appointed by the Kansas Board of Regents, (c) one member appointed by majority vote of the Board of Commissioners of Johnson County, (d) one member appointed by the Board of Trustees of Johnson County Community College, (e) two members appointed by the Chancellor of the University of Kansas, and (f) one member appointed by the President of the University. The chancellor of the University of Kansas or the Chancellor's designate, the President of Kansas State University or the President's designee, the President of Johnson County Community College or the President's designee and the Executive Vice Chancellor of the University of Kansas Medical Center of the Vice Chancellor's designee serve as ex officio, non-voting members of the Board of Directors.

Definitions and Summaries of Principal Financing Documents

Definitions of certain terms used in this Official Statement, and summaries of the Indenture, the Pledge of Revenues Agreement, dated as of September 1, 2009 (the "Pledge Agreement"), between the Authority and the Corporation and the Continuing Disclosure Agreement are set forth in *Appendix C* to this Official Statement. This Official Statement contains brief descriptions of, among other things, the Authority, the Corporation, the Series 2009L Bonds, the Indenture, the Pledge Agreement and the Continuing Disclosure Agreement. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to such documents, and references to the Series 2009L Bonds are qualified in their entirety by reference to the form of the Series 2009L Bonds included in the Indenture.

The Series 2009L Bonds

The Series 2009L Bonds will be issued under and in full compliance with the Constitution and statutes of the State and under and pursuant to a resolution (the "Resolution") adopted by the Board of Directors of the Authority on August 6, 2009, and a Trust Indenture dated as of September 1, 2009 (the "Indenture") between the Authority and UMB Bank, N.A., Kansas City, Missouri, as trustee (the "Trustee"). The Authority will use the proceeds of the Series 2009L Bonds, together with anticipated interest earnings thereon to (1) finance the costs of the construction, improvement and equipping of a new building at Kansas State University's Olathe Innovation Campus located in Olathe Kansas (the "K-State Olathe Innovation Campus"), which will include educational, administrative and research space with a focus on food safety and security and animal health, as more fully described herein under the heading "PLAN OF FINANCING – The Project," (2) fund a debt service reserve fund deposit for the Series 2009L Bonds and (3) pay certain costs related to the issuance of the Series 2009L Bonds.

Security for the Series 2009L Bonds

The principal of, redemption premium, if any, and interest on the Series 2009L Bonds are special limited obligations of the Authority and are payable by the Authority solely from Revenues pledged by the Corporation pursuant to the Pledge Agreement. The Corporation has pledged all of the Revenues to secure the payment of amounts due, and the performance by the Corporation of its other obligations, under the Pledge Agreement. Revenues, as defined in the Indenture, means, collectively, (a) the Corporation Sales Tax Revenues, and investment earnings thereon and (b) other funds available to the Corporation and actually deposited into the Revenue Fund. The "Corporation Sales Tax Revenues" consist solely of (i) the Corporation's proportionate share of a one-eighth of a percent (0.125%) countywide retailers' sales tax

approved by the voters of Johnson County, Kansas on November 4, 2008, and adopted and levied by the Board of Commissioners of Johnson County, effective from and after April 1, 2009, pursuant to K.S.A. 19-5001 *et seq.*, as amended (the "JCERTA Act"), and the related countywide compensating use tax imposed by K.S.A. 12-198, and (ii) the Corporation's proportionate share of any additional countywide retailers' sales tax approved by the voters of Johnson County, Kansas pursuant to the JCERTA Act for the purpose of supporting certain research projects and programs of the Corporation described herein and other research programs at the University of Kansas and the University of Kansas Medical Center, and any related countywide compensating use tax imposed in connection therewith. The Corporation is entitled to one-third (1/3) of all receipts of the 2008 Sales Tax and any Additional Sales Tax, after JCERTA retains up to 2% of such receipts for payment of its administrative expenses. See the caption "SECURITY FOR THE SERIES 2009L BONDS – The Revenues" herein.

The Authority may issue Additional Bonds and the Corporation may incur Additional Indebtedness that would have standing on a parity with the Series 2009L Bonds with respect to the Revenues pledged to the Authority under the Pledge Agreement. See the captions "SUMMARY OF THE INDENTURE -- Authorization of Additional Bonds," "SUMMARY OF THE PLEDGE AGREEMENT -- Additional Bonds" and "SUMMARY OF THE PLEDGE AGREEMENT – Additional Indebtedness" in *Appendix C* to this Official Statement. The Series 2009L Bonds, together with any Additional Bonds which may be issued under the Indenture, are herein referred to as the "Bonds".

The obligation of the Corporation to make payments under the Pledge Agreement is limited to the pledge by the Corporation to the Authority of the Revenues. In addition, a Debt Service Reserve Fund has been established under the Indenture, which will initially be funded by a deposit of proceeds of the Series 2009L Bonds in an amount equal to the Debt Service Reserve Fund Requirement and thereafter is required to be maintained at such level. See the caption "SECURITY FOR THE SERIES 2009L BONDS -- Debt Service Reserve Fund".

The Series 2009L Bonds are subject to redemption in whole or in part prior to maturity as described under the caption "THE SERIES 2009L BONDS -- Redemption of Series 2009L Bonds" herein.

THE BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF THE TRUST ESTATE, WHICH INCLUDES THE REVENUES PLEDGED TO THE AUTHORITY BY THE CORPORATION PURSUANT TO THE PLEDGE AGREEMENT, AND CERTAIN INVESTMENT EARNINGS ON FUNDS AND ACCOUNTS MAINTAINED UNDER THE INDENTURE. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF KANSAS OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OF KANSAS OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE PLEDGE AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE STATE OF KANSAS, ANY POLITICAL SUBDIVISION THEREOF, THE AUTHORITY OR ITS OFFICERS, DIRECTORS OR EMPLOYEES TO PROVIDE ANY FUNDS FOR THE PAYMENT OF SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE STATE OF KANSAS OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR, EXCEPT AS OTHERWISE PROVIDED IN THE JCERTA ACT, TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE STATE OF KANSAS SHALL NOT IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WHICH MAY BE UNDERTAKEN BY THE AUTHORITY. NO BREACH BY THE AUTHORITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OF KANSAS OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER. NEITHER THE AUTHORITY NOR THE

CORPORATION HAS ANY POWER TO TAX. THE BONDS ARE NOT AN OBLIGATION OF THE UNIVERSITY OR THE BOARD OF REGENTS.

The Series 2009L Bonds are also subject to certain risk factors and investment considerations. See the caption "INVESTMENT CONSIDERATIONS" herein.

Suitability of Investment

An investment in the Series 2009L Bonds involves a certain degree of risk. The interest rate borne by the Series 2009L Bonds (as compared to prevailing interest rates on more secure tax-exempt bonds, such as those which constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of risk. Furthermore, the exclusion of interest on the Series 2009L Bonds from certain taxes described under the caption "TAX MATTERS" is more valuable to high income tax bracket investors than to investors who are in low income tax brackets, and so the value of the interest compensation to any particular investor will vary with income tax rates. Each prospective investor should carefully examine this 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 Series 2009L Bonds are an appropriate investment.

NO REPRESENTATION OR ASSURANCE CAN BE MADE OR GIVEN THAT REVENUES WILL BE REALIZED BY THE CORPORATION IN AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2009L BONDS.

THE STATEMENTS HEREIN 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 SERIES 2009L BONDS.

Prospective purchasers of the Series 2009L Bonds should analyze carefully the information contained in this Official Statement and additional information in the form of the complete documents summarized herein, copies of which are available from the Authority.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2009L Bonds. Information with respect to the book-entry system is contained in *Appendix D* attached hereto.

Additional Information

Information in this Official Statement concerning the Authority has been supplied by the Authority. Information concerning the Corporation has been supplied by the Corporation and other sources believed to be reliable and has not been verified by the Authority or the Underwriters, and neither the Authority nor the Underwriters make any representation, express or implied, as to the accuracy or completeness of such information. Until the issuance and delivery of the Series 2009L Bonds, copies of the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement and other documents described in this Official Statement may be obtained at the office of the Authority, Suite 202, 555 South Kansas Avenue, Topeka, Kansas 66603. Copies of these documents also may be obtained from the Underwriters after delivery of the Series 2009L Bonds.

PLAN OF FINANCING

Series 2009L Bonds

The proceeds of the Series 2009L Bonds, together with anticipated interest earnings thereon, will be used by the Authority to (1) finance the costs of the construction, improvement and equipping of a new building at the K-State Olathe Innovation Campus, which will include approximately 103,000 square feet of educational, administrative and research space with a focus on food safety and security and animal health (collectively, the "Project"); (2) fund a debt service reserve fund deposit for the Series 2009L Bonds; and (3) pay certain costs related to the issuance of the Series 2009L Bonds.

The Project

The Project includes the construction, improvement and equipping of the first building to be located on the 38-acre K-State Olathe Innovation Campus located in Olathe, Kansas. Activities at the K-State Olathe Innovation Campus will focus on commercially viable applied research and technology discovery in animal health, plant science, food safety and security, bioenergy and other relevant areas. The Project will include approximately 103,000 square feet of educational, administrative and research space with a focus on food safety and security and animal health and will be known as the National Food Safety and Animal Health Institute. Approximately one-third of the space in the building will be used for laboratories and other research activities and approximately two-thirds will be used for educational space.

The K-State Olathe Innovation Campus is located within the 91-acre Kansas Bioscience Park. The Kansas Bioscience Park also includes land owned by the Kansas Bioscience Authority, which intends to develop biotechnology incubators and space for start-up and established biotech companies. For additional information about the K-State Olathe Innovation Campus, see *Appendix A* -- "K-STATE - OLATHE INNOVATION CAMPUS, INC."

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the issuance of the Series 2009L Bonds (exclusive of accrued interest, if any) are as follows:

	<u>Series 2009L-1</u>	<u>Series 2009L-2</u>	<u>Total</u>
Sources of Funds:			
Bond Proceeds	\$15,225,000.00	\$15,275,000.00	\$30,500,000.00
Original Issue Premium	<u>24,165.75</u>	<u>13,288.00</u>	<u>37,453.75</u>
Total Sources of Funds	<u>\$15,249,165.75</u>	<u>\$15,288,288.00</u>	<u>\$30,537,453.75</u>
Uses of Funds:			
Project Costs	\$14,000,000.00	\$14,000,000.00	\$28,000,000.00
Debt Service Reserve	1,010,128.83	1,013,446.17	2,023,575.00
Underwriter's Discount	61,841.82	97,177.41	159,019.23
Costs of Issuance	<u>177,195.10</u>	<u>177,664.42</u>	<u>354,859.52</u>
Total Uses of Funds	<u>\$15,249,165.75</u>	<u>\$15,288,288.00</u>	<u>\$30,537,453.75</u>

THE AUTHORITY

The Authority is a public body politic and corporate and an independent instrumentality of the State of Kansas exercising essential public functions, created by K.S.A. 74-8901 *et seq.*, as amended and supplemented (the "Act"). The Authority was created for the primary purposes of enhancing the ability of the State to finance capital improvements and improving access to long-term financing for State agencies, political subdivisions, public and private organizations and businesses.

The powers of the Authority are vested in its Board of Directors, consisting of five public members appointed by the Governor subject to confirmation by the State Senate. The Governor also appoints a President who serves at the pleasure of the Governor. The President is an ex-officio, nonvoting member of the Board. Not less than three members of the Board must be representative of the general public, and not more than three members may be members of the same political party. The names, offices, principal occupations and residences of the members of the Authority's Board of Directors and their terms of office are as follows:

<u>Name</u>	<u>Office</u>	<u>Term</u>	<u>Principal Occupation and Place of Business</u>
Brett A. Reber	Chair Vice-Chair & Member	12/15/06 to 1/15/11 5/02/03 to 1/15/11	Attorney McPherson, Kansas
Daniel L. Watkins	Chair Vice Chair Member	5/02/03 to 12/15/06 12/15/06 to 1/15/09 5/02/03 to 1/15/09	Attorney Lawrence, Kansas
John G. Montgomery	Member	5/02/01 to 1/15/09	President, Junction City Daily Union Junction City, Kansas
Audrey H. Langworthy	Member	1/29/04 to 1/15/09	Community Volunteer Prairie Village, Kansas
Timothy C. Schaller	Member	3/23/04 to 1/15/11	Architect Larned, Kansas
Stephen R. Weatherford	Ex-officio Member	1/27/03 to present	President Kansas Development Finance Authority Topeka, Kansas

Members of the Board of Directors serve until their successors are appointed by the Governor and confirmed by the State Senate. The Authority's General Counsel serves as Secretary to the Authority.

The Authority has the rights, powers and privileges and is subject to the duties provided by the Act creating it, including the acquisition and disposal of real and personal property for its corporate purposes; the borrowing of money and issuance of notes, bonds and other obligations; the making of secured or unsecured loans for any of the purposes for which it may issue bonds (except making loans directly to individuals to finance housing developments); the provision of technical assistance and advice to the State or political subdivisions of the State; and entering into contracts with the State or political subdivisions thereof to provide such services.

No recourse shall be had for the payment of the principal of or redemption premium, if any, or interest on any of the Series 2009L Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained against any past, present or future officer, director, member, employees or agent of the Authority or any officer, director, member, trustee, employee or agent of any successor corporation or body politic as such, either directly or through the Authority or any successor corporation or body politic under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, trustees, members, employees or agents as such, is expressly waived and released as a condition of and consideration of and consideration for the execution of the Indenture and the issuance of any of the Series 2009L Bonds.

THE CORPORATION

The K-State - Olathe Innovation Campus, Inc. (1) is a not-for-profit corporation duly organized and validly existing under the laws of the State of Kansas not operated for private or corporate profit, (2) is authorized by law to provide or operate educational and research facilities, within the meaning of the Act, in the State of Kansas, (3) is a Tax-Exempt Organization, and (4) has not declared and has not been determined to have any "unrelated business taxable income" as defined in Section 512 of the Internal Revenue Code which could have a material adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal income taxation, could have a material adverse effect on the condition, financial or otherwise, of the Corporation. Additional information concerning the Corporation is contained in *Appendix A* -- "K-STATE - OLATHE INNOVATION CAMPUS, INC."

THE SERIES 2009L BONDS

General

The Series 2009L Bonds will be issued as fully registered Bonds in the denomination of \$5,000 each or integral multiples thereof. The Series 2009L Bonds will be dated the date of initial delivery, and will mature, subject to prior redemption, in the years and amounts as shown on the inside cover page hereof and will bear interest from their dated date at the rates shown on the inside cover page.

The principal of, redemption premium, if any, and interest on the Series 2009L Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and the redemption premium, if any, on all Series 2009L Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Series 2009L Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Series 2009L Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Series 2009L Bonds.

The interest payable on each Series 2009L Bond on any interest payment date shall be paid by the Trustee to the registered owner of such Series 2009L Bond as shown on the bond register at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (2) at the written request addressed to the Trustee by any owner of Series 2009L Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interchangeability and Transfer

The Series 2009L Bonds will be transferable at the office of the Trustee, as Bond Registrar. The Authority has agreed to pay the fees, charges and expenses of the Trustee, which fees, charges and expenses shall include all costs incurred in connection with the issuance, transfer, exchange, registration, redemption or payment of the Series 2009L Bonds, except (a) the reasonable fees and expenses in connection with the replacement of any Series 2009L Bond or Series 2009L Bonds mutilated, stolen, lost or destroyed, or (b) any tax or other governmental charge imposed in relation to the transfer, exchange, registration, redemption or payment of the Series 2009L Bonds. Such additional costs shall be paid by the registered owners. The

Trustee shall not be required (i) to transfer or exchange any Series 2009L Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of such Series 2009L Bond and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Series 2009L Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such series of Series 2009L Bonds and ending at the close of business on the relevant interest payment date therefor.

Redemption of Series 2009L Bonds

Optional Redemption. The Series 2009L Bonds maturing on and after September 1, 2020 are subject to redemption and payment prior to maturity, at the option of the Authority, which shall be exercised upon written direction of the Corporation, on and after September 1, 2019, in whole or in part on any date at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

Extraordinary Optional Redemption. The Series 2009L Bonds are subject to redemption and payment prior to the stated maturity thereof, at the option of the Authority, which shall be exercised upon written direction from the Corporation, in whole or in part from the maturity or maturities selected by the Corporation at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, upon the occurrence of any of the following events:

- (1) as a result of any changes in the Constitution of the State of Kansas or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final direction, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Corporation in good faith, the Indenture or the Pledge Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein; or
- (2) the Corporation is required or ordered, by legislative, judicial or administrative action of the United States or of the State of Kansas, or any agency, department or subdivision thereof, to operate the facilities financed or refinanced with the proceeds of the Series 2009L Bonds in a manner inconsistent with the stated goals, purposes and policies of the Corporation, including without limitation its goals, purposes and policies with respect to its primary operations, and such legislative, judicial or administrative action is applicable to the Corporation because the Corporation is a party to the Pledge Agreement.

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Mandatory Redemption. The Series 2009L-1 Bonds maturing September 1, 2034 are subject to mandatory redemption and payment prior to maturity on September 1 in each of the years set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

<u>Year</u>	<u>Principal Amount</u>
2030	\$545,000
2031	1,335,000
2032	1,400,000
2033	1,465,000
2034 [†]	1,540,000

[†] Maturity Date.

The Series 2009L-1 Bonds maturing September 1, 2039 are subject to mandatory redemption and payment prior to maturity on September 1 in each of the years set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

<u>Year</u>	<u>Principal Amount</u>
2035	\$1,615,000
2036	1,695,000
2037	1,785,000
2038	1,875,000
2039 [†]	1,970,000

[†] Maturity Date.

The Series 2009L-2 Bonds maturing September 1, 2024 are subject to mandatory redemption and payment prior to maturity on September 1 in each of the years set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

<u>Year</u>	<u>Principal Amount</u>
2022	\$795,000
2023	840,000
2024 [†]	890,000

[†] Maturity Date.

The Series 2009L-2 Bonds maturing September 1, 2030 are subject to mandatory redemption and payment prior to maturity on September 1 in each of the years set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

<u>Year</u>	<u>Principal Amount</u>
2025	\$940,000
2026	1,000,000
2027	1,060,000
2028	1,125,000
2029	1,195,000
2030 [†]	720,000

[†] Maturity Date.

The Trustee shall, in each year in which the Series 2009L Bonds referenced above (collectively, the "Term Bonds") are to be redeemed pursuant to the terms of this subsection, make timely selection of such Term Bonds or portions thereof to be redeemed pursuant to the terms of this subsection in \$5,000 units of principal amount in such equitable manner as the Trustee determines and shall give notice thereof without further instructions from the Authority or the Corporation. At the option of the Authority, to be exercised on or before the 35th day next preceding each mandatory redemption date, the Authority may (1) deliver to the Trustee for cancellation Term Bonds in the aggregate principal amount desired, (2) furnish to the Trustee funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds from any Owner thereof in the open market at a price not in excess of 100% of the principal amount thereof, whereupon the Trustee shall use its best efforts to expend such funds for such purposes, or (3) elect to receive a credit in respect to the mandatory redemption obligation under this subsection for any Term Bonds which prior to such date have been redeemed (other than through the operation of the requirements of this subsection) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under this subsection. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation to redeem Term Bonds on the next mandatory redemption date applicable to Term Bonds that is at least 35 days after receipt by the Trustee of such instructions from the Authority, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds in chronological order or such other order as the Authority may designate, and the principal amount of Term Bonds to be redeemed on such future mandatory redemption dates by operation of the requirements of this subsection shall be reduced accordingly. If the Authority intends to exercise any option granted by the provisions of clauses (1), (2) or (3) of this subsection, the Authority will, on or before the 35th day next preceding the applicable mandatory redemption date, furnish the Trustee a written certificate signed by the Authority Representative indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with in respect to such mandatory redemption payment.

Notice and Effect of Redemption. Notice of the call for any redemption identifying the Bonds, or portions thereof, to be redeemed shall be given by mailing a copy of the redemption notice by registered or certified mail not more than 60 days and not less than 15 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any such Bonds.

On and after the redemption date specified in a notice of redemption, such Bonds, or portions thereof, thus called shall not bear interest, shall no longer be protected by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture, and the holders thereof shall have the right only to receive the redemption price thereof plus accrued interest thereon to the date fixed for redemption.

Acceleration

Upon the happening of any Event of Default specified in the Indenture and the continuance of the same for the period, if any, specified in the Indenture for such Event of Default, the Trustee may, without any action on the part of the Bondholders, and shall upon the written request of the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds of the affected series then Outstanding thereunder, and upon being indemnified to its satisfaction, by notice in writing delivered to the Authority and the Corporation, declare the entire principal amount of the affected series of Bonds then Outstanding under the Indenture and the interest accrued thereon, immediately due and payable, and the said entire principal and interest shall thereupon become and be immediately due and payable; subject, however, to the right of the Registered Owners of the majority in principal amount of the Bonds of the affected series then Outstanding, by written notice to the Trustee, the Corporation and the Authority, to rescind and annul such declaration and destroy its effect as provided in the Indenture. See the caption "SUMMARY OF THE INDENTURE – Acceleration of Maturity; Rescission and Annulment" in *Appendix C* to this Official Statement.

Additional Bonds and Parity Obligations

Additional Bonds may be issued by the Authority and Additional Indebtedness may be incurred by the Corporation which would be on a parity with the Series 2009L Bonds in accordance with the provisions of the Indenture, and the Corporation may incur indebtedness that would constitute Subordinated Indebtedness in accordance with the provisions of the Pledge Agreement. See the captions "SUMMARY OF THE INDENTURE -- Authorization of Additional Bonds," and "SUMMARY OF THE PLEDGE AGREEMENT -- Additional Bonds" and SUMMARY OF THE PLEDGE AGREEMENT -- Additional Indebtedness" in *Appendix C* to this Official Statement.

SECURITY FOR THE SERIES 2009L BONDS

General

The Bonds and the interest thereon shall be special, limited obligations of the Authority payable solely and only from, and are secured by a transfer, pledge and assignment by the Authority of and a grant of a security interest in, the Trust Estate, in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Kansas or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Kansas or of any political subdivision thereof, but shall be payable solely from the Trust Estate. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Kansas or any political subdivision thereof to levy any form of taxation therefor or, except as otherwise provided in the JCERTA Act, to make any appropriation for their payment. The State of Kansas shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Kansas or any charge upon its general credit or against its taxing power. Neither the Authority nor the Corporation has any taxing power. The Bonds are not an obligation of the University or the Board of Regents.

The Pledge Agreement

The principal of, redemption premium, if any, and interest payable on the Series 2009L Bonds are payable solely from the Revenues derived by the Authority under the Pledge Agreement. Pursuant to the Pledge Agreement, the Corporation will agree to deposit all Revenues as received to the credit of the Revenue Fund.

The Revenues

Pursuant to the Pledge Agreement, the Corporation has pledged and assigned to the Authority the Revenues. The "Revenues" consist of (a) the Corporation Sales Tax Revenues, and investment earnings thereon, and (b) other funds available to the Corporation and actually deposited into the Revenue Fund. The "Corporation Sales Tax Revenues" include the Corporation's proportionate share of a one-eighth of a percent (0.125%) countywide retailers' sales tax approved by the voters of Johnson County, Kansas, on November 4, 2008, and adopted and levied by the Board of Commissioners of Johnson County, effective from and after April 1, 2009, pursuant to the JCERTA Act, and the related countywide compensating use tax imposed by K.S.A. 12-198 (collectively, the "2008 Sales Tax"). The 2008 Sales Tax was authorized by the JCERTA Act, pursuant to which sales tax collections are authorized to be used for the purpose of supporting in equal shares (i) the research and education programs in animal health and food safety and security at the K-State Olathe Innovation Campus, (ii) undergraduate and graduate programs at the Edwards campus of the University of Kansas in Overland Park, Kansas, and (iii) the medical education and life sciences and cancer research programs at the Johnson County locations of the University of Kansas Medical Center. The Corporation Sales

Tax Revenues also include the Corporation's proportionate share of any future countywide retailers' sales tax imposed pursuant to the JCERTA Act, and any related countywide compensating use tax imposed in connection therewith (collectively, the "Additional Sales Tax"). The Corporation is entitled to one-third (1/3) of all receipts of the 2008 Sales Tax and any Additional Sales Tax, after JCERTA retains up to 2% of such receipts for payment of its administrative expenses.

Pursuant to the JCERTA Act, the 2008 Sales Tax and any Additional Sales Tax enacted by the voters are subject to voter recall upon proper petition and submission of the issue to a recall ballot in a general election. See the caption "INVESTMENT CONSIDERATIONS – Changes to Sales Tax."

The 2008 Sales Tax and any Additional Sales Tax are enforced and collected in the same manner as other countywide retailers' sales taxes and compensating use taxes are collected. The gross receipts from the 2008 Sales Tax and any Additional Sales Tax (the "Sales Tax Revenues") are collected by the Kansas Director of Taxation and remitted to the State Treasurer in accordance with Kansas law. Upon receipt of each remittance, the State Treasurer is required to deposit the entire amount of the Sales Tax Revenues to the credit of the JCERTA Retailers' Sales Tax Fund within the State Treasury. All Sales Tax Revenues are required by the JCERTA Act to be remitted at least quarterly by the State Treasurer to the treasurer of Johnson County, Kansas. However, pursuant to a Memorandum of Understanding among the Authority, the Kansas Department of Revenue and the State Treasurer (the "Memorandum of Understanding"), the State Treasurer has agreed to remit the Sales Tax Revenues to Johnson County, Kansas on a monthly basis by the last Business Day of each month. All Sales Tax Revenues received by the Johnson County Treasurer are required by the JCERTA Act to be appropriated by Johnson County to JCERTA. Such Sales Tax Revenues are required to be remitted by JCERTA *in equal shares* to the Corporation and the designated officials for the Edwards campus of the University of Kansas and the University of Kansas Medical Center's Johnson County locations; provided that prior to such remittance, JCERTA is permitted to use not more than two percent of the Sales Tax Revenues for administrative expenses of JCERTA or its Board of Directors. See the caption "TAX LEVY, REPORTING, COLLECTION AND DISTRIBUTION."

All Revenues, including the Corporation Sales Tax Revenues, will be deposited in the Revenue Fund. Within one Business Day after each deposit of Revenues into the Revenue Fund, the Trustee will apply the moneys in the Revenue Fund as described under the caption "SUMMARY OF THE TRUST INDENTURE – Revenue Fund" in *Appendix C*. Revenues are generally applied *first*, to fund ongoing Bond-related fees and expenses, *second*, to fund a portion of the interest payable on Parity Bonds and Parity Indebtedness on the next interest payment date, *third*, to fund a portion of the principal payable on Parity Bonds and Parity Indebtedness on the next principal payment date, *fourth*, to fund deficiencies in any account of the Debt Service Reserve Fund relating to Parity Bonds, *fifth*, to pay arbitrage rebate, *sixth*, to fund debt service payable on Subordinate Bonds or Subordinate Indebtedness, and *seventh*, to pay certain amounts payable in connection with a Qualified Swap Agreement. Any amounts remaining after such distributions are made are paid to the Corporation to be used for any other lawful purpose. The Corporation intends to use amounts so distributed to the Corporation to pay operating costs of the K-State Olathe Innovation Campus.

Debt Service Reserve Fund

Concurrently with the issuance and delivery of the Series 2009L Bonds, the Trustee will deposit into the Series 2009L Account of the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement with respect to the Series 2009L Bonds from proceeds of the Series 2009L Bonds. Additional Bonds may be secured by a separate account of the Debt Service Reserve Fund or a comparable reserve fund established at the time of issuance of such Additional Bonds as provided in the Supplemental Indenture authorizing such Additional Bonds from the proceeds of the sale of such Additional Bonds or other available moneys. The Series 2009L Account of the Debt Service Reserve Fund secures only the Series 2009L Bonds, and any Additional Bonds are not entitled to the benefit and security of the Series 2009L Account of the Debt Service Reserve Fund.

The Debt Service Reserve Requirement is equal to:

- (a) with respect to the Series 2009L Bonds, an amount equal to the least of (1) 10% of the original principal amount of the Series 2009L Bonds, (2) the Maximum Annual Debt Service on the Series 2009L Bonds in the current or any future fiscal year following such date, or (3) 125% of the average future annual debt service on the Series 2009L Bonds, and
- (b) with respect to any series of Additional Bonds that are entitled to the benefit of the Debt Service Reserve Fund, an amount equal to the least of (A) 10% of the original principal amount of such series of Additional Bonds, (B) the Maximum Annual Debt Service on such series of Additional Bonds in the current or any future fiscal year following such date, (C) 125% of the average future annual debt service on such series of Additional Bonds, or (D) if the interest on such Additional Bonds is intended to be excluded from gross income for federal income tax purposes, the maximum amount permitted by the Internal Revenue Code to be deposited from the proceeds of such Additional Bonds in a debt service reserve fund without being subject to yield restriction under the Internal Revenue Code and without causing the interest on such Additional Bonds to be included in gross income for federal income tax purposes.

The Debt Service Reserve Fund shall be maintained in an amount equal to the Debt Service Reserve Fund Requirement. Funds on deposit in an account of the Debt Service Reserve Fund shall be pay the principal of and redemption premium, if and interest on the related series of Bonds if sufficient moneys therefore are not available in the applicable accounts of the Debt Service Fund and the Capitalized Interest Fund. See the caption "SUMMARY OF THE INDENTURE – Debt Service Reserve Fund" in *Appendix C* to this Official Statement.

The Trustee shall determine the Value of cash and Permitted Investments in the Debt Service Reserve Fund each September 1 and at the time of any withdrawal from the Debt Service Reserve Fund and at such other times as the Trustee deems appropriate. If on any such valuation date, the Value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, or at any time any amount is withdrawn from the Debt Service Reserve Fund for the purposes described above, the Trustee shall immediately notify the Authority and the Corporation of such deficiency. If at any time of valuation, the Value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Requirement, the Trustee shall transfer the amount of such excess to the Debt Service Fund.

TAX LEVY, REPORTING, COLLECTION AND DISTRIBUTION

Sales and Compensating Use Taxes

Overview

The source of payment for the Series 2009L Bonds is the Corporation's proportionate share of the gross receipts from the 2008 Sales Tax and any Additional Sales Tax. Pursuant to the JCERTA Act, these taxes are administered, enforced and collected in the same manner and by the same procedure as other countywide retailers' sales taxes are levied and collected. The State Director of Taxation must cause such taxes to be collected within and outside the boundaries of Johnson County at the same time and in the same manner provided for the collection of the state retailers' sales tax and local retailers' sales tax.

Tax Base

Sales Tax. Sales tax is imposed upon the gross receipts from retail sale of tangible personal property and specified services. Gross receipts subject to tax do not include allowable discounts, rescinded sales where a complete refund is made and trade-in allowances. Historically, this tax base has changed throughout the years, providing either the exemption or inclusion of certain property items and services. Currently, Kansas exempts prescription drugs from sales tax but imposes the tax on food. More specifically, there are approximately 100 categories of exempt sales.

Compensating Use Tax. The compensating use tax is imposed on the purchase price paid for tangible personal property used, stored or consumed within the State. The use tax does not apply to purchases of articles that are not subject to sales tax, to purchases made other than at retail, or to articles already subject to an equal or greater tax. The use tax also does not apply to articles brought into the state by nonresidents for a period not in excess of 60 days, or by a railroad or public utility for consumption or movement in interstate commerce.

Retail Sales; Exemptions. The Kansas sales tax generally applies to three types of transactions: (1) the retail sale, rental or lease of tangible personal property, including the sales or furnishing of utilities; (2) charges for labor services to install, apply, repair, service, alter or maintain tangible personal property; and (3) the sales of admissions to places providing amusement, entertainment or recreation services. Each such retail sale is presumed to be taxable, but there are numerous exemptions. Some exemptions are explicitly provided for, while others are the result of exceptions to a definition of a taxable sale or of tangible personal property. Exemptions are granted on the basis of the nature of the product, the type of transaction, or the nature of the entity buying or selling the product.

Sales Tax Reporting and Collection

All retailers with annual sales tax liability over \$3,200 are required to file tax returns reporting their sales activity for that month on or before the 25th of the following month. Tax payments must accompany the tax report, except that if annual tax liability exceeds \$32,000, the tax for the first 15 days of the months must be paid on or before the 25th day of that month.

Deposit of Sales Tax Revenues with State Treasurer

Any county or city imposing a retailers' sales tax is prohibited from administering or collecting the tax locally, and is required to utilize the services of the State Department of Revenue to administer, enforce and collect the tax. Similarly, the JCERTA Act requires that Johnson County utilize the services of the State Department of Revenue and the State Treasurer to administer, enforce and collect the 2008 Sales Tax and any Additional Sales Tax. The State Director of Taxation is required to cause all Sales Tax Revenues to be remitted to the State Treasurer in accordance with Kansas law, and the State Treasurer is required to deposit the entire amount of the Sales Tax Revenues so received to the credit of the JCERTA Retailers' Sales Tax Fund within the State Treasury in accordance with the JCERTA Act.

Transfer of Sales Tax Revenues to Johnson County Treasurer

All local retailers' sales and use tax revenues collected within any county or city are required to be apportioned and remitted at least quarterly by the State Treasurer to the Treasurer of a county or city. The State Treasurer has historically distributed local sales and use tax collection on a monthly basis near the end of the month. The current practice of the State Treasurer is to distribute the receipts from local sales and use taxes received by the 15th of the month during the last week of the month. Thus, for example, sales and use taxes collected by retailers during the month of April would be submitted to the State Treasurer by the May 25th and would be distributed to the local jurisdictions during the last week of June.

Similar to the general local sales and use tax statutes, the JCERTA Act requires that the State Treasurer remit all of the Sales Tax Revenues to the Treasurer of Johnson County at least quarterly. However, pursuant to the Memorandum of Understanding, the State Treasurer has agreed to remit the Sales Tax Revenues to Johnson County on a monthly basis by the last Business Day of each month.

Transfer of Sales Tax Revenues to JCERTA

Pursuant to the JCERTA Act, all Sales Tax Revenues received by the Treasurer of Johnson County pursuant to the JCERTA Act are required to be appropriated by Johnson County to JCERTA.

Distribution of Sales Tax Revenues by JCERTA

Pursuant to the JCERTA Act, all Sales Tax Revenues received by JCERTA are required to be remitted by JCERTA *in equal shares* to designated officials for the K-State Olathe Innovation Campus, the Edwards campus of the University of Kansas and the University of Kansas Medical Center's Johnson County locations; provided that JCERTA may retain up to two percent (2%) of the Sales Tax Revenues collected in any fiscal year as reimbursement for administrative expenses incurred by JCERTA or its board of directors. The Corporation is the "designated official" under the JCERTA Act for the K-State Olathe Innovation Campus and is entitled to receive the portion of the Sales Tax Revenues allocable thereto.

The Corporation has directed JCERTA to remit all Corporation Sales Tax Revenues directly to the Trustee, for deposit in the Revenue Fund. In the event that, notwithstanding such direction, JCERTA remits any Corporation Sales Tax Revenues directly to the Corporation, the Corporation has agreed to immediately remit such Sales Tax Revenues to the Trustee, for deposit in the Revenue Fund.

GENERAL INFORMATION CONCERNING JOHNSON COUNTY

Johnson County, Kansas is located within the Kansas City Metropolitan Statistical Area and is the largest county in the State of Kansas. The county encompasses approximately 477 square miles and had a 2008 estimated population of 534,093. Additional information regarding Johnson County is contained in *Appendix B* to this Official Statement.

HISTORICAL AND PROJECTED CORPORATION SALES TAX REVENUES

The Corporation Sales Tax Revenues derived from the 2008 Sales Tax is the source of the Revenues. The 2008 Sales Tax was levied commencing on April 1, 2009. Sales Tax Revenues from the 2008 Sales Tax were received and distributed by JCERTA to the Corporation and the two other beneficiaries of the 2008 Sales Tax in the months of June and July 2009, as follows:

*Historical Sales Tax Revenues Received by the Corporation
June 2009 – July 2009*

<u>Month</u>	<u>Sales Tax Revenues Received by JCERTA</u>	<u>Sales Tax Revenues Less JCERTA Administrative Fees</u>	<u>Sales Tax Revenues Received by Corporation</u>
June 2009	\$1,109,446	\$1,087,257	\$362,419
July 2009	1,173,006	1,149,549	383,183

All Sales Tax Revenues received by the Corporation during the months of June, July and August 2009 will be retained by the Corporation and will not be transferred to the Trustee for deposit in the Revenue Fund. All Sales Tax Revenues received by the Corporation following the date of issuance of the Series 2009L Bonds will be transferred to the Trustee for deposit in the Revenue Fund.

Although the 2008 Sales Tax was not effective until April 1, 2009, the amount of Sales Tax Revenues that would have been generated in prior calendar years if the 2008 Sales Tax had been in effect in such years can be calculated by applying the 0.125% tax rate of the 2008 Sales Tax to historical data with respect to local sales tax and compensating use tax collections derived from the 0.1% stormwater management sales tax imposed in Johnson County (the "Stormwater Tax"), which has the same tax base as the 2008 Sales Tax. Such hypothetical Sales Tax Revenues are presented in the following table, together with the hypothetical application of such Sales Tax Revenues in accordance with the JCERTA Act.

***Hypothetical Historical Corporation Sales Tax Revenues Received by the Corporation
Calendar Years 2002 - 2008***

Year	Hypothetical Sales Tax Revenues Received by JCERTA	Hypothetical Sales Tax Revenues Less JCERTA Administrative Fees	Hypothetical Corporation Sales Tax Revenues Received by Corporation
2002	\$11,587,539	\$11,355,788	\$3,785,263
2003	11,648,829	11,415,853	3,805,284
2004	13,632,403	13,359,755	4,453,252
2005	14,303,303	14,017,237	4,672,412
2006	14,671,885	14,378,447	4,792,816
2007	14,737,949	14,443,190	4,814,397
2008	14,456,792	14,167,656	4,772,552

Sales tax collection information is available only for the first seven months of calendar year 2009. Using the assumptions and historical data described above, the amount of hypothetical Sales Tax Revenues that would have been received by JCERTA for the period from January through July of 2009 is \$8,035,377, compared to \$8,383,035 of hypothetical Sales Tax Revenues that would have been received by JCERTA for the period from January through July of 2008 and \$8,632,906 of hypothetical Sales Tax Revenues that would have been received by JCERTA for the period from January through July of 2007.

Presented in the following table are the projected Sales Tax Revenues for calendar years 2009 through 2039, together with the required application of such projected Sales Tax Revenues in accordance with the JCERTA Act. Because the 2008 Sales Tax will not be pledged to the Series 2009L Bonds until the date of issuance of the Series 2009L Bonds, the projected Sales Tax Revenues for 2009 reflect a partial year of receipts commencing in September 2009. The projections for September through December 2009 are based on the monthly receipts from the Stormwater Tax for the months of September through December 2008 and assume a 5% decline in monthly receipts from 2008 to 2009. Projections for 2010 assume no growth or decline in Sales Tax Revenues from 2009 to 2010, based on monthly receipts from the Stormwater Tax for January through May 2009, actual 2008 Sales Tax receipts for June and July 2009, and projected 2008 Sales Tax receipts for August through December 2009. Projections for 2011 assume 1% growth in Sales Tax Revenues, projections for 2012 through 2014 assume 2% per year growth in Sales Tax Revenues, and projections for 2015 through 2039 assume no growth or decline in Sales Tax Revenues. **No assurance is given that the projected Sales Tax Revenues will be realized in the amounts set forth below. Such projections are based on certain assumptions concerning future events. Actual future events are likely to vary from such assumptions, and such variations may be material.** Neither the Authority nor the Underwriters make any representation, express or implied, as to the accuracy or completeness of any numerical, technical or statistical data or any estimates or assumptions made in preparing the projections regarding Sales Tax Revenues contained in this Official Statement. No party assumes any responsibility to update such information following the delivery of the Series 2009L Bonds.

***Projected Corporation Sales Tax Revenues Received by the Corporation
Calendar Years 2009 - 2039***

<u>Year</u>	<u>Projected Sales Tax Revenues Received by JCERTA</u>	<u>Projected Sales Tax Revenues Less JCERTA Administrative Fees</u>	<u>Projected Corporation Sales Tax Revenues Received by Corporation</u>
2009 ⁽¹⁾	\$4,580,620	\$4,489,008	\$1,496,336
2010	13,805,445	13,529,336	4,509,779
2011	13,943,500	13,664,630	4,554,877
2012	14,222,370	13,937,922	4,645,974
2013	14,506,817	14,216,681	4,738,894
2014	14,796,954	14,501,015	4,833,672
2015	14,796,954	14,501,015	4,833,672
2016	14,796,954	14,501,015	4,833,672
2017	14,796,954	14,501,015	4,833,672
2018	14,796,954	14,501,015	4,833,672
2019	14,796,954	14,501,015	4,833,672
2020	14,796,954	14,501,015	4,833,672
2021	14,796,954	14,501,015	4,833,672
2022	14,796,954	14,501,015	4,833,672
2023	14,796,954	14,501,015	4,833,672
2024	14,796,954	14,501,015	4,833,672
2025	14,796,954	14,501,015	4,833,672
2026	14,796,954	14,501,015	4,833,672
2027	14,796,954	14,501,015	4,833,672
2028	14,796,954	14,501,015	4,833,672
2029	14,796,954	14,501,015	4,833,672
2030	14,796,954	14,501,015	4,833,672
2031	14,796,954	14,501,015	4,833,672
2032	14,796,954	14,501,015	4,833,672
2033	14,796,954	14,501,015	4,833,672
2034	14,796,954	14,501,015	4,833,672
2035	14,796,954	14,501,015	4,833,672
2036	14,796,954	14,501,015	4,833,672
2037	14,796,954	14,501,015	4,833,672
2038	14,796,954	14,501,015	4,833,672
2039	14,796,954	14,501,015	4,833,672

⁽¹⁾ Sales Tax Revenues for calendar year 2009 reflect projected receipts from the date of issuance of the Series 2009L Bonds through December 31, 2009.

The application of projected Corporation Sales Tax Revenues and certain other available moneys to debt service requirements for the Series 2009L Bonds is set forth under the caption "DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE RATIOS."

DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE RATIOS

The following table sets forth the amounts required in each calendar year for the payment of the interest on and principal of the Series 2009L Bonds.

<u>Year</u>	<u>Series 2009L-1 Bonds</u>		<u>Series 2009L-2 Bonds</u>		<u>Combined Annual Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010		\$726,899.06		\$750,552.56	\$1,477,451.62
2011		745,537.50	\$510,000.00	769,797.50	2,025,335.00
2012		745,537.50	520,000.00	760,107.50	2,025,645.00
2013		745,537.50	535,000.00	747,367.50	2,027,905.00
2014		745,537.50	555,000.00	732,120.00	2,032,657.50
2015		745,537.50	575,000.00	712,972.50	2,033,510.00
2016		745,537.50	595,000.00	691,122.50	2,031,660.00
2017		745,537.50	620,000.00	666,430.00	2,031,967.50
2018		745,537.50	650,000.00	639,150.00	2,034,687.50
2019		745,537.50	680,000.00	608,925.00	2,034,462.50
2020		745,537.50	715,000.00	576,285.00	2,036,822.50
2021		745,537.50	755,000.00	540,535.00	2,041,072.50
2022		745,537.50	795,000.00	501,275.00	2,041,812.50
2023		745,537.50	840,000.00	457,550.00	2,043,087.50
2024		745,537.50	890,000.00	411,350.00	2,046,887.50
2025		745,537.50	940,000.00	362,400.00	2,047,937.50
2026		745,537.50	1,000,000.00	306,000.00	2,051,537.50
2027		745,537.50	1,060,000.00	246,000.00	2,051,537.50
2028		745,537.50	1,125,000.00	182,400.00	2,052,937.50
2029		745,537.50	1,195,000.00	114,900.00	2,055,437.50
2030	\$545,000.00	745,537.50	720,000.00	43,200.00	2,053,737.50
2031	1,335,000.00	719,650.00			2,054,650.00
2032	1,400,000.00	656,237.50			2,056,237.50
2033	1,465,000.00	589,737.50			2,054,737.50
2034	1,540,000.00	520,150.00			2,060,150.00
2035	1,615,000.00	447,000.00			2,062,000.00
2036	1,695,000.00	366,250.00			2,061,250.00
2037	1,785,000.00	281,500.00			2,066,500.00
2038	1,875,000.00	192,250.00			2,067,250.00
2039	<u>1,970,000.00</u>	<u>98,500.00</u>			<u>2,068,500.00</u>
TOTAL	<u>\$15,225,000.00</u>	<u>\$19,508,924.06</u>	<u>\$15,275,000.00</u>	<u>\$10,820,440.06</u>	<u>\$60,829,364.12</u>

The projected Corporation Sales Tax Revenues are set forth under the caption "HISTORICAL AND PROJECTED CORPORATION SALES TAX REVENUES." The application of the projected Corporation Sales Tax Revenues, projected investment earnings on the Series 2009L Account of the Debt Service Reserve Fund and the projected transfer of moneys from the Series 2009L Account of the Debt Service Reserve Fund in calendar year 2039 to debt service requirements for the Series 2009L Bonds is set forth below. **No assurance or guarantee is given that such projections will be realized. Such projections are based on certain assumptions concerning future events. Actual future events are likely to vary from such assumptions, and such variations may be material.**

<u>Year</u>	<u>Projected Sales Tax Revenues</u>	<u>Projected Debt Service Reserve Fund Investment Earnings and Transfer</u>	<u>Projected Revenues Available for Debt Service</u>	<u>Projected Debt Service Requirements</u>	<u>Projected Debt Service Coverage Ratio</u>
2009 ⁽¹⁾	\$1,496,336	\$0	\$1,496,336	\$0	N/A
2010	4,509,779	49,317	4,559,096	1,477,452	3.09
2011	4,554,877	50,589	4,605,466	2,025,335	2.27
2012	4,645,974	50,589	4,696,564	2,025,645	2.32
2013	4,738,894	50,589	4,789,483	2,027,905	2.36
2014	4,833,672	50,589	4,884,261	2,032,658	2.40
2015	4,833,672	50,589	4,884,261	2,033,510	2.40
2016	4,833,672	50,589	4,884,261	2,031,660	2.40
2017	4,833,672	50,589	4,884,261	2,031,968	2.40
2018	4,833,672	50,589	4,884,261	2,034,688	2.40
2019	4,833,672	50,589	4,884,261	2,034,463	2.40
2020	4,833,672	50,589	4,884,261	2,036,823	2.40
2021	4,833,672	50,589	4,884,261	2,041,073	2.39
2022	4,833,672	50,589	4,884,261	2,041,813	2.39
2023	4,833,672	50,589	4,884,261	2,043,088	2.39
2024	4,833,672	50,589	4,884,261	2,046,888	2.39
2025	4,833,672	50,589	4,884,261	2,047,938	2.38
2026	4,833,672	50,589	4,884,261	2,051,538	2.38
2027	4,833,672	50,589	4,884,261	2,051,538	2.38
2028	4,833,672	50,589	4,884,261	2,052,938	2.38
2029	4,833,672	50,589	4,884,261	2,055,438	2.38
2030	4,833,672	50,589	4,884,261	2,053,738	2.38
2031	4,833,672	50,589	4,884,261	2,054,650	2.38
2032	4,833,672	50,589	4,884,261	2,056,238	2.38
2033	4,833,672	50,589	4,884,261	2,054,738	2.38
2034	4,833,672	50,589	4,884,261	2,060,150	2.37
2035	4,833,672	50,589	4,884,261	2,062,000	2.37
2036	4,833,672	50,589	4,884,261	2,061,250	2.37
2037	4,833,672	50,589	4,884,261	2,066,500	2.36
2038	4,833,672	50,589	4,884,261	2,067,250	2.36
2039	4,833,672	2,074,164	6,907,836	2,068,500	3.34

⁽¹⁾ Sales Tax Revenues for calendar year 2009 reflect projected receipts from the date of issuance of the Series 2009L Bonds through December 31, 2009.

INVESTMENT CONSIDERATIONS

Bondowners' Risks

*The following is a discussion of certain risks that could affect payments to be made by the Corporation with respect to the Series 2009L Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2009L Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in **Appendix C**, copies of which are available as described herein.*

General

The payment of the Series 2009L Bonds and interest thereon is subject to certain risks. The Series 2009L Bonds and the interest thereon do not constitute an obligation of the Corporation, the University, the Board of Regents, JCERTA or the State, and are payable solely from the Revenues pledged pursuant to the Indenture and the Pledge Agreement. No representation or assurance can be given that Revenues will be realized in amounts sufficient to make payments under the Indenture with respect to the Series 2009L Bonds. The realization of future Sales Tax Revenues is dependent upon future changes in economic and other conditions that are unpredictable and cannot be determined at this time. No owner can compel taxation to pay debt service on the Series 2009L Bonds.

Additional Bonds and Additional Indebtedness can be issued on a parity with the Series 2009L Bonds. See the captions "SUMMARY OF THE INDENTURE -- Authorization of Additional Bonds," "SUMMARY OF THE PLEDGE AGREEMENT -- Additional Bonds" and SUMMARY OF THE PLEDGE AGREEMENT -- Additional Indebtedness" in **Appendix C** to this Official Statement.

Changes in Economic and Demographic Conditions

Sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. Demographic changes in the population of Johnson County, Kansas may adversely affect the level of sales tax revenues. A decline in population, or reductions in the level of tourism in the Johnson County-Kansas City metropolitan area, could reduce the number and value of taxable transactions and thus reduce the amount of sales tax revenues. It is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on the Sales Tax Revenues. Certain information with respect to Johnson County is contained in **Appendix B** to this Official Statement.

Changes to Sales Tax

The voters of Johnson County have the right to repeal the previously authorized 2008 Sales Tax and any future Additional Sales Tax that produces the Sales Tax Revenues pledged to payment of the Series 2009L Bonds. If the 2008 Sales Tax is repealed, there will be no source of revenue to pay debt service on the Series 2009L Bonds. The JCERTA Act specifically provides that the 2008 Sales Tax and any Additional Sales Tax are subject to voter recall upon proper petition and submission of the issue to a recall ballot in a general election. The electors of Johnson County approved the 2008 Sales Tax in the general election held on November 4, 2008, with 57.11% of the 270,286 votes cast in favor of imposition of the tax. There is no direct statutory guidance regarding the procedures for a recall of the 2008 Sales Tax or any Additional Sales Tax. Kansas law governing the recall of elected local officials requires the filing of a petition signed by registered electors in number at least equal to 40% of the votes cast for all candidates for the office of the local official

sought to be recalled in the last general election in which such local official was elected. The removal of a local official from office requires a majority vote by electors in favor of the recall of such official.

Any change in the current system of collection and distribution of sales and compensating use taxes generally, or of the 2008 Sales Tax or any Additional Sales Tax specifically, including without limitation the reduction or elimination of any such tax, changes to the tax base and exemptions applicable to any such tax, judicial action concerning any such tax, or any voter initiative, referendum or action with respect to any such tax, would likely affect the amount of Sales Tax Revenues generated and could adversely affect the availability of Revenues in amounts sufficient to pay the principal of and interest on the Series 2009L Bonds. There can be no assurance that the current system of collection and distribution of sales taxes will not be changed by any competent authority having jurisdiction to do so, including without limitation the State, the courts or the voters.

Distribution of Sales Tax Revenues

Gross receipts of the 2008 Sales Tax and any Additional Sales Tax are deposited with the State Treasurer, who is required by state law to remit such moneys to the Treasurer of Johnson County at least quarterly. The State Treasurer has agreed to remit such moneys to the Treasurer of Johnson County on a monthly basis by the last Business Day of each month. Upon receipt, the Johnson County Treasurer is required by state law to appropriate and remit such moneys to JCERTA, which is required by state law to distribute such moneys (after payment of certain expenses) in equal shares to the Corporation and two other entities as described under the caption "TAX LEVY, COLLECTION, REPORTING AND DISTRIBUTION – Distribution of Sales Tax Revenues by JCERTA." Although it is expected that such transfers will be made by the Treasurer of Johnson County and JCERTA promptly upon their receipt of such moneys, there can be no guarantee that such transfers of moneys will be made in a timely fashion. Any significant delay in the required transfers could adversely affect the availability of Revenues in amounts sufficient to pay the principal of and interest on the Series 2009L Bonds when due.

Projections

Projections of anticipated receipts of Sales Tax Revenues are included under the caption "HISTORICAL AND PROJECTED CORPORATION SALES TAX REVENUES." Such projections are based on various assumptions that are based on facts and events that are not within the control of the Authority or the Corporation. No representation or warranty is or can be made about the amount or timing of any future receipts of Sales Tax Revenues or that actual results will be consistent with the projections contained herein. The projections regarding future receipts of Sales Tax Revenues are based on various assumptions and estimates. The actual results may vary from the projections, and such variations may be material.

Amendment of the Indenture

The Corporation and the Trustee may, without the consent of, or notice to, any of the Bondowners, amend or supplement the Indenture for any one or more of the purposes set forth under the caption "SUMMARY OF THE INDENTURE – Supplemental Indentures without Consent of Bondowners" in *Appendix C*. There can be no assurances that any such amendment will not be adverse to the interests of the Owners of the Series 2009L Bonds.

Certain amendments to the Indenture may be made with the consent of the owners of a majority in aggregate principal amount of the outstanding Bonds. Such amendments may adversely affect the security of the Bondowners, and such percentage may consist wholly or partially of the Bondowners other than the Series 2009L Bondowners.

Secondary Market for the Series 2009L Bonds

The Underwriters are not obligated to make a secondary market in the Series 2009L Bonds, and although the Underwriters intend to do so, there can be no assurance that the Underwriters will continue to do so or that there will be sufficient demand for the Series 2009L Bonds in the secondary market to create efficient pricing of the Series 2009L Bonds in the secondary market.

Covenant to Maintain Exclusion of Interest on the Series 2009L-1 Bonds from Federal Gross Income

The exclusion of interest on the Series 2009L-1 Bonds from gross income for federal income tax purposes is based on the continued compliance by the Authority and the Corporation with certain covenants contained in the Pledge Agreement, the Tax Compliance Agreement and the Indenture. These covenants relate generally to arbitrage limitations and rebate of certain excess investment earnings to the federal government. Failure to comply with any of these covenants may result in the inclusion of interest on the Series 2009L-1 Bonds in gross income retroactive to the date of issuance.

Matters Relating to Security for the Series 2009L Bonds

The remedies available to the Trustee or the Owners of the Series 2009L Bonds upon an Event of Default under the Indenture are in many respects dependent upon State laws concerning the use of assets of charitable corporations and by federal and State laws relating to bankruptcy, fraudulent conveyances, and rights of creditors and by application of general principles of equity applicable to the availability of specific performance, and may be substantially delayed in the event of judicial actions or other litigation or statutory remedy procedures, which are often subject to discretion and delay. Based upon existing constitutional and statutory law and judicial decisions, including specifically the federal Bankruptcy Code, the remedies provided in the Indenture upon a default may not be readily available or may be limited in application. The various legal opinions to be delivered concurrently with the delivery of the Series 2009L Bonds and the delivery of the Pledge Agreement and the Indenture will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

RATINGS

Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., has assigned the Series 2009L Bonds a rating of "AA" and Moody's Investors Services has assigned the Series 2009L Bonds a rating of "Aa3". Such ratings reflect only the views of the issuing rating agencies, and an explanation of the significance of such ratings may be obtained from such rating agencies.

Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions furnished to and obtained and made by such rating agencies. The debt ratings are not a recommendation to purchase, sell or hold a security, inasmuch as they do not comment as to market price or suitability for a particular investor. There is no assurance that the above ratings will remain in effect for any given period of time or that they may not be lowered, suspended or withdrawn entirely by the rating agencies if they deem circumstances are appropriate. Any downward change in, suspension or withdrawal of such ratings may have an adverse effect on the market price of the Series 2009L Bonds.

TAX MATTERS

Federal Tax Matters

Series 2009L-1 Bonds. In the opinion of Bond Counsel, under existing law, the interest on the Series 2009L-1 Bonds (including any original issue discount properly allocable to an Owner thereof) is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. The opinions set forth in this paragraph are subject to the condition that the Authority and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2009L-1 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the Corporation have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2009L-1 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2009L-1 Bonds. The Series 2009L-1 Bonds have **not** been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Original Issue Discount - Series 2009L-1 Bonds. In the opinion of Bond Counsel, subject to the conditions set forth above, the original issue discount in the selling price of each Series 2009L-1 Bond initially reoffered at a price of less than 100% or at a yield greater than the stated interest rate as indicated on the inside cover page hereof (hereinafter referred to as the "OID Bonds"), to the extent properly allocable to each owner of such Bond, is excludable from gross income for federal income tax purposes with respect to such owner. Original issue discount is the excess of the stated redemption price at maturity of an OID Bond over the initial offering price to the public (excluding Underwriters and intermediaries) at which price a substantial amount of the OID Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. For an owner who acquires an OID Bond in this offering, the amount of original issue discount that accrues during any accrual period generally equals (i) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such OID Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of an OID Bond would be treated as gain from the sale or exchange of such Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether the application of the proposed original issue discount federal regulations will require them to include, for State and local income tax purposes, an amount of interest on the OID Bonds as income even though no corresponding cash interest payment is actually received during the tax year.

Other Tax Consequences. Prospective purchasers of the Series 2009L-1 Bonds should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2009L-1 Bonds or, in the case of a financial institution, that portion of such institution's interest expense allocable to interest on the Series 2009L-1 Bonds; (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2009L-1 Bonds; (iii) interest on the Series 2009L-1 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) passive investment income, including interest on the Series 2009L-1 Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest

on the Series 2009L-1 Bonds. These categories of Bondowners should consult their own tax advisors as to the applicability of these consequences.

Series 2009L-2 Bonds. Interest on the Series 2009L-2 Bonds will be taxable as ordinary interest income at the time it is accrued or is paid in accordance with the Owner's method of accounting for tax purposes.

Kansas Tax Exemption

The Series 2009L Bonds and the interest paid thereon are exempt from all Kansas state, county and municipal taxes, including income, inheritance and property taxes.

General

Persons considering the purchase of Series 2009L Bonds should consult their own tax advisors concerning the application of federal income tax laws to their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2009L Bonds are subject to the approving opinion of Gilmore & Bell, P.C, Kansas City, Missouri, Bond Counsel. Certain legal matters will be passed upon for the Authority by Rebecca E. Floyd, its General Counsel, for the Corporation by its counsel, Logan Logan & Watson, L.C., Prairie Village, Kansas, and for the Underwriters by their counsel, Thompson Coburn LLP, St. Louis, Missouri. Certain legal matters with respect to this Official Statement will be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2009L Bonds, the Authority, the Corporation and the Underwriters are being represented by the attorneys or law firms identified above under the heading "LEGAL MATTERS," and Gilmore & Bell, P.C. is acting as Bond Counsel. In other transactions not related to the Series 2009L Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Authority, the Corporation or the Underwriters or their affiliates, in capacities different from those described under "LEGAL MATTERS," and there will be no limitations imposed as a result of the issuance of the Series 2009L Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Furthermore, the Corporation, the Authority, the Underwriters and their affiliates are not limited in engaging in future business transactions together or in any combination with each other. Potential purchasers of the Series 2009L Bonds should not assume that the Authority, the Corporation and the Underwriters or their respective counsel or Bond Counsel have not previously engaged in, or will not, after the issuance of the Series 2009L Bonds, engage in other transactions with each other or with any affiliates of any of them, and no assurance can be given that there are or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

LITIGATION

There is not now pending against the Authority any litigation restraining or enjoining the issuance or delivery of the Series 2009L Bonds or questioning or affecting the validity of the Series 2009L Bonds, any of the documents executed in connection therewith, or any proceedings or authority under which the Series 2009L Bonds are to be issued.

FINANCIAL ADVISOR

Columbia Capital Management, LLC, Overland Park, Kansas has served as financial advisor ("Financial Advisor") to the Authority. The Financial Advisor has assisted in various matters relating to the planning, structuring and issuance of the Series 2009L Bonds, including advice in the preparation of this Official Statement. The Financial Advisor has not passed on the accuracy or completeness of the factual information contained in this Official Statement. The Financial Advisor has not participated in any underwriting syndicate that will purchase or sell any of the Series 2009L Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, George K. Baum & Company and Wells Fargo Securities (collectively, the "Underwriters"), are purchasing the Series 2009L Bonds from the Authority for resale in the normal course of their business activities. The Underwriters have agreed, subject to certain conditions contained in the Bond Purchase Agreement, to purchase the Series 2009L Bonds from the Authority at a purchase price of \$30,378,434.52 (representing the principal amount thereof, less an underwriting discount of \$159,019.23, plus original issue premium of \$37,453.75). The Bond Purchase Agreement provides that the Underwriters shall purchase all the Series 2009L Bonds if any are purchased, subject to the conditions contained therein. The Underwriters intend to offer the Series 2009L Bonds to the public at prices not in excess of the offering prices set forth on the inside cover page of this Official Statement. The Series 2009L Bonds may be offered and sold to certain dealers, banks and others at prices different than the offering prices indicated on the inside cover page hereof. After the initial public offering, such offering prices may be changed from time to time by the Underwriters.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wachovia Bank, National Association.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2009L Bonds or to any decision to purchase, hold or sell the Series 2009L Bonds, and the Authority will not provide any such information. The Corporation has undertaken all responsibilities for any continuing disclosure to Bondholders as described below, and the Authority shall have no liability to the holders of the Series 2009L Bonds or any other Person with respect to S.E.C. Rule 15c2-12.

The Corporation has covenanted for the benefit of the Beneficial Owners of the Series 2009L Bonds to provide certain financial information and operating data by not later than 180 days following the end of the Corporation's fiscal year (currently June 30) (the "Annual Report"), commencing with the report for the fiscal year ending June 30, 2010, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of material events will be filed by the Trustee on behalf of the Corporation with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in *Appendix C* hereto. These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). The Corporation has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

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APPENDIX A

K-STATE - OLATHE INNOVATION CAMPUS, INC.

K-State - Olathe Innovation Campus, Inc., a Kansas non-profit corporation (the "Corporation"), is an organization described in Internal Revenue Code Section 501(c)(3), organized as a "supporting organization," as defined in Code Section 509(a)(3) to provide support exclusively for Kansas State University (the "University"). The University is a public university under the supervision and control of the Kansas Board of Regents. The Corporation is governed by a five-member Board of Directors, the majority of whom are officials of the University. The current members of the Board are Ron Trewyn, Vice President for Research of the University, Chairman of the Board, Bruce Shubert, Vice President for Administration and Finance of the University, Kent Glasscock, President and Chief Operating Officer of the National Institute for Strategic Technology Acquisition and Commercialization, and Ruth Dyer, Interim Provost and Vice President for Academic Affairs of the University. There is currently one vacancy on the Board.

The K-State Olathe Innovation Campus is located within the 91-acre Kansas Bioscience Park located near College Boulevard and Kansas Highway 7 in Olathe, Kansas. The K-State Olathe Innovation Campus will be the academic research presence within the Kansas Bioscience Park, providing a direct portal to the University's capabilities and resources on the main Manhattan, Kansas campus. The K-State Olathe Innovation Campus will focus on commercially viable applied research and technology discovery in animal health, plant science, food safety and security, bioenergy, and other relevant areas.

The Kansas Bioscience Park also encompasses land owned by the Kansas Bioscience Authority ("KBA"). KBA's land will be developed with bioscience focused wet-lab incubators to advance technology and attract life science start-ups that spin off from research at the K-State Olathe Innovation Campus and existing companies around the nation. It is anticipated that the synergies of research between the K-State Olathe Innovation Campus and the entrepreneurial and industrial presence of the KBA within the Kansas Bioscience Park will foster partnerships that can lead to rapid development and deployment of technologies from the lab to the marketplace. Underlying all these areas of technology discovery and commercialization are bioscience education and workforce development.

The 38-acre K-State Olathe Innovation Campus is one leg of the Johnson County Education and Research Triangle, an initiative that partners the University with the University of Kansas' Edwards Campus in Overland Park, Kansas, and its Cancer Center program in Fairway, Kansas. The "Triangle" concept is built on collaboration between the public and private sectors and is projected to have a significant economic impact within the next ten years from dollars invested, jobs created, and commercialized bioscience technologies. The K-State Olathe Innovation Campus is adjacent to a 54-acre tract of land deeded to the Kansas Bioscience Authority. Surrounding the current Park boundaries are nearly 1,000 acres of undeveloped land that offer the possibility of a greatly enlarged Bioscience Park in the years to come.

The K-State Olathe Innovation Campus will partner with existing educational institutions at every level: area school districts, colleges, community colleges and others in the Kansas City Animal Health Corridor. Emphasis will be on engaging students throughout their educational process to encourage interest in the biosciences. Initial offerings at the campus will be graduate/post graduate level programs as well as certificates and professional development courses, both for credit as well as non-credit.

Programs at the K-State Olathe Innovation Campus will be focused on three broad areas: animal health, food safety and security, and plant sciences/alternative fuels.

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APPENDIX B

GENERAL INFORMATION CONCERNING JOHNSON COUNTY, KANSAS

Johnson County, Kansas is not liable in any event for the payment of the principal of, premium, if any, or interest on the Series 2009L Bonds. The Series 2009L Bonds are payable solely from the Revenues pledged under the Indenture. The information regarding Johnson County contained in this Appendix B is included in this Official Statement solely to provide general information regarding the county in which the 2008 Sales Tax is imposed and collected.

Johnson County is one of 15 Kansas and Missouri counties that comprise the Kansas City Metropolitan Statistical Area (the "KCMSA"). With a 2008 estimated population of 534,093, it is the largest county in the state of Kansas. Johnson County encompasses approximately 477 square miles. Within Johnson County, there are nine townships and 20 incorporated cities, of which eight have populations in excess of 10,000. Johnson County's largest city, Overland Park, with a 2008 population estimated at 171,231, is located only 12 miles from both downtown Kansas City, Missouri, and Kansas City, Kansas. Approximately one-half of Johnson County's area is located outside the corporate limits of any city.

Johnson County's population increased approximately 20.4% from the U.S. Census population of 451,086 in 2000 to the Kansas Division of the Budget estimate of 534,093 in 2008. In December 2008, 53% of the State's civilian labor force lived in Johnson County. Johnson County's per capita personal income ranks first among the counties in the KCMSA and first in the seven-state West North Central Region. Johnson County's 2008 per capita personal income was \$54,679.

The following table shows Johnson County's recent population growth:

	<u>Population*</u>	<u>Increase</u>
2008	534,093	18.4%
2000	451,086	27.1
1990	355,021	31.4
1980	270,269	—

* 1980 — 2000 figures are U.S. Census populations and 2008 figure is from the Kansas Division of the Budget.

Assessed Value of New Construction in Johnson County

<u>Year</u>	<u>Assessed Value of Commercial/ Industrial New Construction</u>	<u>Number of Commercial Units</u>	<u>Assessed Value of Residential New Construction</u>	<u>Number of Residential Units</u>	<u>Total Assessed Value of New Construction</u>
2008	\$90,737,363	296	\$81,014,717	3,394	\$171,752,080
2007	83,132,723	235	129,443,110	5,809	212,575,833
2006	76,542,333	243	124,795,223	6,626	201,337,556
2005	48,556,550	209	126,448,643	6,970	175,005,193
2004	52,118,145	192	117,449,841	6,956	169,567,986
2003	46,276,165	213	117,498,269	6,774	163,774,434
2002	55,409,520	164	111,213,026	6,133	166,622,546
2001	71,031,818	231	121,398,135	6,716	192,429,953
2000	72,600,819	262	119,433,151	7,595	192,033,970
1999	72,106,656	243	109,514,923	6,626	181,621,579

Source: Johnson County Budget and Financial Planning Department.

Retail Sales and Effective Buying Income (EBI) for Johnson County

	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>	<u>Total Retail Sales (\$000)</u>	<u>Retail Sales Per Household</u>
2007	\$15,376,795	\$56,420	\$9,874,429	\$47,611
2006	14,741,625	56,029	9,538,221	47,009
2005	14,266,905	55,045	10,926,248	54,878
2004	13,667,718	53,318	10,518,779	54,900
2003	13,224,783	52,929	10,363,368	55,928

The 2007 median household EBI for the State of Kansas was \$40,726.

Source: *Johnson County Budget and Financial Planning Department. Demographics USA, 2006 through 2008 editions, was the underlying source for the 2005 through 2007 data, and Sales and Marketing Management, "Survey of Buying Power," 2004 and 2005 editions, was the underlying source for the 2003 and 2004 data.*

Major Employers in Johnson County

The principal employers within Johnson County are set out below in data provided by the Johnson County Economic Research Institute (CERI).

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Sprint Corporation	Telecommunications	10,000
Olathe School District	Public education (K-12)	4,656
Shawnee Mission School District	Public education (K-12)	4,132
Johnson County Government	Local government	4,100
Embarq	Telecommunications	3,424
Blue Valley School District	Public education (K-12)	3,187
Black & Veatch	Engineering services	3,178
Shawnee Mission Medical Center	Healthcare services	2,752
Johnson County Community College	Public education (Junior College)	2,648
Garmin International Inc.	Communication equipment manufacturing	2,533
United Parcel Services	Parcel post	2,235
Quest Diagnostics	Testing laboratories	2,000
Olathe Health System Inc.	Healthcare services	1,822
City of Overland Park	Local government	1,508
Prescription Solutions	Healthcare Services	1,400
Deffenbaugh Industries	Refuse disposal	1,350
City of Olathe	Local government	1,304
Farmers Insurance — HelpPoint Service Center	Insurance	1,300
YRC Worldwide	Transportation	1,200
Overland Park Regional Medical Center	Healthcare services	1,100

Source: *Johnson County Budget and Financial Planning Department. Underlying sources include Dun & Bradstreet Million Dollar Database, Reference USA Online Business Directory, Sorkins Online Directory of Business and Government, and Directory of Major Johnson County Employers, 2008, CERI, Overland Park, Kansas, c. 2008.*

Labor Force Data*

	Total County <u>Labor Force</u>	<u>Unemployment Rates</u>	
		<u>County</u>	<u>State</u>
2009 (June)	313,072	6.5%	7.0%
2008	302,301	4.4	4.4
2007	299,266	3.9	4.1
2006	292,778	4.1	4.3
2005	291,011	4.6	5.1
2004	285,609	5.0	5.5

Source: Kansas Department of Labor.

* The figures for 2005 through 2008 are the annual average. 2009 figures are preliminary.

Transportation Facilities

Residents of Johnson County have access to all transportation and communication systems serving the Kansas City Metropolitan Area, including Kansas City International Airport (located 30 miles from Overland Park, Johnson County's largest city). Johnson County owns and operates two airports: the Executive Airport and New Century AirCenter. Three interstate highways (I-35, I-435, and I-635) pass through Johnson County and provide access to I-70 and I-29, just north of Johnson County. Four major federal highways and four state highways serve Johnson County. A number of certified motor freight carriers serve Johnson County, and public transportation is provided by Johnson County under contract with a private company. The Kansas City Metropolitan Area is generally regarded to be the second largest rail center in the United States. Four of seven Class I rail carriers serve the area, as well as two regional and local switching carriers. Amtrak passenger trains serve the Kansas City Metropolitan Area. Rail service is provided by Amtrak, Burlington Northern Santa Fe, Kansas City Southern, Kansas City Terminal, Missouri & Northern Arkansas, Norfolk Southern, Iowa, Chicago & Eastern, and Union Pacific.

Public Utilities

Two or more suppliers provide most utility services. Electrical power is supplied under franchises by Westar Energy of Topeka, Kansas which serves the western area of Olathe, the communities and the unincorporated areas in the western part of Johnson County, and by Kansas City Power and Light Company of Kansas City, Missouri, which primarily serves the eastern urbanized portion of Johnson County. The City of Gardner provides its own electrical service.

Local phone service is provided by AT&T for most of Johnson County. United Telephone Systems services the southwestern section of Johnson County.

Water District No. 1, a quasi-municipal corporation, services the eastern half of Johnson County except for the City of Olathe. The City of Olathe services its own community, as do the cities of Gardner and De Soto. There are six other water districts that provide service to the remainder of Johnson County.

Atmos Energy and Kansas Gas Service provide natural gas.

Various cities receive sewerage service in Johnson County, which is supplied by the Johnson County Wastewater District, a separate governmental agency organized and governed by the Board of County Commissioners. The cities of Olathe, Gardner, De Soto, and Edgerton provide their own sewerage services.

Medical and Health Facilities

There are ten general and specialty hospitals within Johnson County with a combined total of over 1,500 licensed beds. Johnson County Med-Act units provide emergency medical services. Johnson County Health Department provides registered nurses and supports a variety of health services. Johnson County also operates a mental health center and a developmental supports center.

Recreational and Cultural Facilities

The Johnson County Park and Recreation District (the "District") operates and maintains eight developed park areas, five future park sites, a Streamway Parks System, three recreation complexes, and an athletic training center. The District comprises nearly 10,000 acres and generates over 6.6 million visitations annually.

Major park and recreation facilities managed by the District include: The Theatre in the Park, an outdoor community theater in Shawnee Mission Park; two beaches and three marinas; Mid-America Sports Complex, a 14-field softball, baseball, and multi-use complex; Mid-America West Sports Complex, a 12-field softball complex with a 56,000 square-foot indoor fieldhouse; one multi-use sports dome for volleyball, basketball, and instructional athletics; a ten-field youth football complex, four softball fields, and an 18-field youth soccer complex in Heritage Park; five softball/baseball fields and one multi-use sports field in Stoll Park; two 18-hole golf courses; an indoor and outdoor aquatics facility; four early childhood development centers and 25 on-site school child care sites; three 50-plus centers; a nature center and outdoor amphitheater in Ernie Miller Park; the TimberRidge Adventure Center at Kill Creek Park; the Mildale Farm Meeting and Event Facility; and one equestrian facility. In 2008, the District offered over 4,000 fee-supported recreation and interpretive programs that generated over 2.2 million program participations.

In addition to the services offered by the District, two recreation commissions and several municipalities and school districts provide recreational services in Johnson County. The additional recreational facilities used in providing these services include public parks, community centers, athletic fields, swimming pools, and tennis courts.

The Johnson County Library consists of a Central Resource Library and 12 branch libraries that serve approximately 415,000 citizens in 20 cities throughout Johnson County, excluding the citizens of the City of Olathe who are served by the Olathe Public Library. The administrative offices of the Johnson County Library are located at the Central Resource Library in Overland Park. There are library branches in the cities of DeSoto, Edgerton, Gardner, Leawood, Lenexa, Merriam, Overland Park (2), Prairie Village, Roeland Park, Spring Hill, and Shawnee.

The Johnson County Library is the largest library system in Kansas with 1.1 million holdings, 425 public internet workstations, and partial federal and state government document depositories. In 2009, Johnson County Library facilities are expected to receive 2.7 million visitors, along with another 3.0 million visitors to the library's website. The Library is expected to check out approximately 6.5 million books, DVDs, music CDs, and audio books.

Approximately 90,000 youth and adults will attend educational or literary programs such as small business seminars, parenting classes, author visits, book discussions, and story times. Adult outreach includes homebound and senior living center services as well as adult detention center services. Books to Grow Kits for children are available for day care centers, home school families, and the general public. Homework Centers provide homework assistance at designated libraries for elementary and secondary students. The Library also offers Issues Forums designed to stimulate community awareness and discussion of regional and national issues that affect the area. Visitors attending designated facilities can view works of art by local artists through the Art in the Stacks program.

The Johnson County Museum, an agency of Johnson County Government, is committed to expanding the public's sense of community through an understanding of Johnson County's history and its place in American society. To achieve this purpose, the Museum collects and preserves artifacts and information that document Johnson County's heritage, and produces interpretive exhibits, educational programs and publications. Since 1987, its efforts have garnered 19 regional and national awards of excellence. In addition to Johnson County-wide organization, 12 city historical societies and nine other museums provide the citizens of Johnson County with a broad array of educational and cultural programs.

Education

Six public school districts serve Johnson County along with numerous private and parochial schools. In addition, post-secondary education is provided by eight colleges in Johnson County.

K-12 school enrollments for the past five years have been as follows:

<u>School Year</u>	<u>Total Enrollment</u>
2008-09	92,512
2007-08	92,546
2006-07	95,483
2005-06	93,316
2004-05	91,539

Source: Johnson County Budget and Financial Planning Department.

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APPENDIX C

DEFINITIONS AND SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS

The following are summaries of certain provisions of the Indenture, the Pledge Agreement and the Continuing Disclosure Agreement, as well as definitions of certain terms used therein and in this Official Statement. The summaries do not purport to be complete, and reference is made to the full text of the Indenture, the Pledge Agreement and the Continuing Disclosure Agreement, respectively, for a complete recital of their terms, as well as a complete recital of the defined terms used therein.

DEFINITIONS

"Act" means the K.S.A. 74-8901, *et seq.*, as from time to time amended and supplemented.

"Additional Bonds" means, collectively, any Additional Parity Bonds and any Subordinate Bonds.

"Additional Indebtedness" means any Indebtedness, other than Additional Bonds, issued or incurred in accordance with the Pledge Agreement and secured by the Revenues, which obligations may be issued to any Person including Persons other than the Authority.

"Additional Parity Bonds" means any additional parity Bonds issued by the Authority pursuant to the Indenture that stand on a parity and equality under the Indenture with the Series 2009L Bonds.

"Additional Sales Tax" means any countywide retailers' sales tax imposed subsequent to the date of the Indenture pursuant to the JCERTA Act, and the related countywide compensating use tax imposed pursuant to K.S.A. 12-198, and any successor taxes thereto.

"Assumed Variable Interest Rate" means, as of any date of calculation, with respect to any Variable Rate Bonds or Parity Indebtedness bearing interest at a variable rate, the greater of (a) the interest rate then in effect for such Variable Rate Bonds or Parity Indebtedness and (b) the **25**-year Bond Buyer Revenue Bond Index most recently published in *The Bond Buyer* (or if *The Bond Buyer* or such index is no longer published, any other published similar index as is determined by the Authority in its sole discretion to be appropriate) plus **50** basis points.

"Authority" means the Kansas Development Finance Authority created by the Act, and its successors and assigns or any body, agency or instrumentality of the State of Kansas succeeding to or charged with the powers, duties and functions of the Authority.

"Authority Representative" means the Chairman, Vice Chairman, President or Executive Vice President of the Authority, and any other duly authorized officer of the Authority whose authority to execute any particular instrument or take a particular action under the Indenture or the Pledge Agreement is evidenced to the satisfaction of the Trustee.

"Authority Swap Payments" means any payment required to be made by or on behalf of the Authority or the Corporation to a Swap Provider pursuant to a Qualified Swap Agreement, *excluding* Termination Payments.

"Balloon Indebtedness" means Long-Term Indebtedness, 25% or more of the original principal of which becomes due and payable (either by maturity or mandatory redemption), or may become due and payable or may be required to be purchased or redeemed upon demand of the holder, during the same fiscal

year, if such principal becoming due and payable is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such fiscal year.

"Bond" or **"Bonds"** means any bond or bonds, including the Series 2009L Bonds, any Additional Parity Bonds and any Subordinate Bonds, issued, authenticated and delivered under and pursuant to the Indenture.

"Book Value" means, when used with respect to Property of the Corporation, the value of such Property, net of accumulated depreciation and amortization, as it is carried on the books of account of the Corporation as reflected in the most recent financial statements of the Corporation.

"Business Day" means any day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Trustee is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository is closed.

"Capitalized Interest Fund" means the fund by that name created by the Indenture.

"Commitment Indebtedness" means the obligation to repay amounts disbursed pursuant to a binding commitment from a financial institution (including a line of credit, letter of credit, standby bond purchase agreement, reimbursement agreement or similar credit or liquidity facility or arrangement established in connection with the issuance or incurrence of any Indebtedness of the Corporation) to refinance, pay, purchase or redeem when due, tendered or required to be paid, purchased or redeemed, other Indebtedness that was incurred or issued in accordance with the provisions of the Pledge Agreement, and the obligation to pay interest payable on amounts disbursed for such purposes, plus any fees payable to such financial institution for such commitment.

"Completion Indebtedness" means Long-Term Indebtedness incurred for the purpose of financing, without materially changing the scope thereof, (a) the completion of facilities for which Long-Term Indebtedness was previously incurred under the provisions of the Pledge Agreement, or (b) the improvement, replacement or substitutions for, or additions to, facilities for which Long-Term Indebtedness was previously incurred, necessitated by faulty design, damage to or destruction of such facilities, or required by enactment of legislation or the promulgation of any ruling affecting the operation of the such facilities.

"Construction Contracts" means the construction contracts described in the Pledge Agreement.

"Consultant" means an independent individual consultant or certified public accountant or firm of consultants or certified public accountants selected by the Corporation and acceptable to the Authority, qualified and having a favorable reputation for skill and experience in financial affairs.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of September 1, 2009 between the Corporation and UMB Bank, N.A., as dissemination agent, as from time to time amended in accordance with the provisions thereof.

"Corporation" means K-State - Olathe Innovation Campus, Inc., a Kansas not-for-profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation as provided in the Pledge Agreement.

"Corporation Representative" means the Chair or Vice Chair of the governing board of the Corporation, the Chief Executive Officer of the Corporation, and any other duly authorized officer of the

Corporation whose authority to execute any particular instrument or take a particular action under the Indenture or the Pledge Agreement is evidenced to the Trustee by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its Chair, Vice Chair or Chief Executive Officer.

"Corporation Sales Tax Revenues" means that portion of the Sales Tax Revenues that is required to be remitted to the Corporation pursuant to the JCERTA Act.

"Costs of Issuance" means issuance costs and expenses with respect to the Bonds that are permitted under the Act to be paid out of proceeds of the Bonds, including but not limited to the following:

- (a) underwriter's spread (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter's counsel, Authority's counsel, Corporation's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the Authority or the Corporation incurred in connection with the issuance of the Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Bonds;
- (g) printing costs (for the Bonds and of any official statement relating to the Bonds); and
- (h) fees and expenses of the Authority incurred in connection with the issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name created by the Indenture.

"Costs of the Project" means all costs and expenses of the Project that are permitted under the Act to be paid out of proceeds of Bonds, including the total of all reasonable or necessary expenses incidental to the acquisition, construction, reconstruction, repair, alteration, improvement and extension of the Project, including without limitation, the following:

- (a) the expenses of studies and surveys, land title and mortgage title policies, architectural and engineering services and the cost of legal, organization or marketing services;
- (b) financial and underwriting fees and expenses;
- (c) the cost of acquiring or demolishing existing structures, developing the site of and constructing and equipping a new building constituting a part of the Project;
- (d) rehabilitating, reconstructing, repairing or remodeling existing buildings constituting a part of the Project; and

- (e) all other necessary and incidental expenses, including interest during construction on Bonds issued to finance the Project to a date subsequent to the estimated date of completion thereof; repayment of interim indebtedness incurred to finance a portion of the Project; and any other costs permitted by the Act.

"Current Value" means the fair market value of such Property, which fair market value shall be evidenced by appraisal or in such other manner satisfactory to the Trustee.

"Debt Service Fund" means the fund by that name created pursuant to the Indenture.

"Debt Service Requirements" means, for the period of time for which calculated, the aggregate principal payments (whether at maturity, or upon mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest payments required to be made during such period on Outstanding Parity Bonds and Parity Indebtedness, *plus*, if the Authority determines that a Qualified Swap Agreement is being entered into for the purpose of providing substitute interest payments for a Series of Parity Bonds, Authority Swap Payments, *less* Swap Provider Payments (excluding Termination Payments made by a Swap Provider), *less*, during any period of time that includes the maturity of a series of Parity Bonds, the amount, if any, projected to be transferred from the Debt Service Reserve Fund to the Debt Service Fund at maturity of such series of Parity Bonds pursuant to the Indenture as determined by the Authority); provided that:

- (a) the amount of such payments for any future period shall be calculated in accordance with the assumptions contained in the Pledge Agreement;

- (b) such payments shall be excluded from Debt Service Requirements to the extent that such payments were paid or are payable from Escrowed Deposits deposited in trust, escrowed or otherwise set aside for such payment or are payable from the proceeds of Refunding Indebtedness or other Long-Term Indebtedness (e.g., accrued interest and capitalized interest), including amounts on deposit in the Capitalized Interest Fund; and

- (c) Debt Service Requirements required to be made pursuant to a Qualified Swap Agreement shall be based upon the actual amount required to be paid by the Authority, if any, to the Swap Provider. In determining that amount, any payments required to be made by either party pursuant to the Qualified Swap Agreement at a variable interest rate shall be computed, in determining the obligation of the Authority under the Qualified Swap Agreement, using the procedures set forth in the Pledge Agreement.

"Debt Service Reserve Fund" means the fund by that name created by the Indenture.

"Debt Service Reserve Requirement" means, (a) with respect to the Series 2009L Bonds, initially, the sum of \$2,023,575, and thereafter, an amount equal to the least of (A) 10% of the original principal amount of the Series 2009L Bonds, (B) the Maximum Annual Debt Service on the Series 2009L Bonds in the current or any future fiscal year following such date, or (C) 125% of the average future annual debt service on the Series 2009L Bonds, and (b) with respect to any series of Additional Bonds that are entitled to the benefit of the Debt Service Reserve Fund, unless otherwise specified in the Supplemental Indenture authorizing such series of Additional Bonds, an amount equal to the least of (A) 10% of the original principal amount of such series of Additional Bonds, (B) the Maximum Annual Debt Service on such series of Additional Bonds in the current or any future fiscal year following such date, (C) 125% of the average future annual debt service on such series of Additional Bonds, or (D) if the interest on such Additional Bonds is intended to be excluded from gross income for federal income tax purposes, the maximum amount permitted by the Internal Revenue Code to be deposited from the proceeds of such Additional Bonds in a debt service reserve fund without being

subject to yield restriction under the Internal Revenue Code and without causing the interest on such Additional Bonds to be included in gross income for federal income tax purposes.

"Defeasance Obligations" means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations).

"Escrowed Deposits" means Defeasance Obligations (including, where appropriate, the earnings or other increment to accrue thereon), including proceeds of Refunding Indebtedness or other Long-Term Indebtedness, that are on deposit in an irrevocable escrow or trust account with the Trustee or a third party escrow agent and are required to be applied to pay all or a portion of the principal of and interest on, as the same shall become due, any Bonds or Indebtedness which would otherwise be considered Outstanding and such amounts so required to be applied are sufficient to pay such principal and interest.

"Event of Default" with respect to the Trust Indenture means one of the following events:

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable;
- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable under the terms of the Indenture (whether at maturity, upon proceedings for redemption, by acceleration or otherwise);
- (c) default in the performance, or breach, of any covenant or agreement of the Authority in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in the Indenture), and continuance of such default or breach for a period of **60** days after there has been given to the Authority and the Corporation by the Trustee or to the Authority, the Corporation and the Trustee by the owners of at least **25%** in principal amount of the Outstanding Bonds of the affected series, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the Authority shall promptly upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or
- (d) any event of default under the Pledge Agreement shall occur and is continuing and has not been waived in accordance with the provisions of the Pledge Agreement.

Notwithstanding the foregoing or any other provision of the Indenture to the contrary, an event of default that affects only one series of Bonds shall not constitute an event of default with respect to any other series of Bonds.

"Event of Default" with respect to the Pledge Agreement means one of the following events:

- (a) the transfer required by the Pledge Agreement shall not be made as required;

- (b) the Corporation shall for any reason be rendered incapable of fulfilling its obligations under the Pledge Agreement;
- (c) default in the performance, or breach, of any covenant or agreement of the Corporation in the Pledge Agreement (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of **60** days after there has been given to the Corporation by the Authority or the Trustee or to the Corporation and the Trustee by the owners of at least **25%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Corporation shall promptly upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch;
- (d) any representation or warranty made by the Corporation in the Pledge Agreement or in any written statement or certificate furnished to the Authority or the Trustee or the purchaser of any Bond in connection with the sale of any Bond or furnished by the Corporation pursuant to the Pledge Agreement proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within **60** days after there has been given to the Corporation by the Authority or the Trustee or to the Corporation and the Trustee by the owners of at least **25%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Corporation shall promptly upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch;
- (e) default in the payment of the principal of, premium, if any, or interest on any Indebtedness when the same becomes due and payable, and any applicable grace period shall have expired, or an event of default as defined in any mortgage, indenture or other instrument under or pursuant to which there was issued or incurred, or by which there is secured, any such Indebtedness; provided, however, that such default shall not constitute an event of default if payment of such Indebtedness has not been accelerated under the terms of payment of such Indebtedness or if within **60** days, or within the time allowed for service of a responsive pleading in any proceeding to enforce payment of the Indebtedness, the Corporation in good faith commences proceedings, or in proceedings against it, to contest the obligation to pay or the existence or payment of such Indebtedness;
- (f) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Corporation, or adjudging the Corporation a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of the Corporation under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of or for the Corporation or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order remains unstayed and in effect for a period of **90** consecutive days;
or

- (g) the commencement by the Corporation of a voluntary case, or the Corporation by it of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the Corporation of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement or relief under the United States Bankruptcy Code or any other applicable federal or state law, or the consent or acquiescence by it to the filing of any such petition or the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Corporation or any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability or its failure to pay its debts generally as they become due, or the taking of corporate action by the Corporation in furtherance of any such action.

Promptly after any officer of the Corporation obtains knowledge of a default under the Pledge Agreement, the Corporation will deliver to the Trustee a written notice specifying the nature and period of existence thereof and the action the Corporation is taking and proposes to take with respect thereto.

"Expense Fund" means the fund by that name created pursuant to the Indenture.

"Government Obligations" means the following:

- (a) 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 by, the United States of America; and
- (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"Indebtedness" means (a) the Bonds, (b) the Additional Indebtedness and (c) all other indebtedness or obligations payable from the Revenues; provided that Indebtedness shall not include any portion of any Indebtedness that is payable from Escrowed Deposits and is deemed to be discharged or defeased in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness.

"Indenture" means the Trust Indenture as originally executed by the Authority and the Trustee, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

"Interim Indebtedness" means Indebtedness having a term not less than one year, and not in excess of five years, incurred or assumed in anticipation of being refinanced or refunded with Long-Term Indebtedness.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

"JCERTA Act" means K.S.A. 19-5001 *et seq.*, as amended from time to time.

"JCERTA" means the Johnson County Education Research Triangle Authority, created by affirmative vote of the voters of Johnson County, Kansas on November 4, 2008 pursuant to the election held on such date pursuant to the provisions of the JCERTA Act.

"JCERTA Retailers' Sales Tax Fund" means the "Johnson County Education Research Triangle Authority Retailers' Sales Tax Fund" created by K.S.A. 19-5003, as amended, and established with the State Treasurer.

"K-State Olathe Innovation Campus" means Kansas State University's Olathe Innovation Campus located in Olathe, Kansas, including all land, leasehold interests, buildings, fixtures, equipment and other property, whether real or personal, located thereon and forming a part thereof that is owned by the Corporation from time to time.

"Long-Term Indebtedness" means (a) Indebtedness having an original stated maturity or term greater than one year, or (b) Indebtedness having an original stated maturity or term equal to or less than one year that is renewable or extendable at the option of the debtor for a period greater than one year from the date of original issuance or incurrence thereof, or with respect to which Commitment Indebtedness has been incurred that would refinance such Indebtedness for a period extending beyond one year from the date of original issuance or incurrence thereof.

"Maximum Annual Debt Service" means, for the Parity Bonds or Parity Indebtedness subject to such calculation, the maximum amount of Debt Service Requirements on such Parity Bonds or Parity Indebtedness as computed for the then current or any succeeding one-year period ending on September 1.

"Maximum Interest Rate" shall mean, with respect to any Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Indenture authorizing such Bonds, that shall be the maximum rate of interest that such Variable Rate Bonds may at any time bear.

"Moody's" means Moody's Investors Service, a Delaware corporation and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, **Moody's** shall be deemed to refer to any other nationally recognized securities rating service designated by the Corporation, with notice to the Authority and the Trustee.

"Net Proceeds," when used with respect to any damage, destruction, condemnation or loss of title with respect to the K-State Olathe Innovation Campus, means the gross proceeds from any insurance (or self-insurance) relating to damage or destruction of the K-State Olathe Innovation Campus, or condemnation award with respect to the K-State Olathe Innovation Campus or realization of title insurance with respect to any deficiency or loss of title to the K-State Olathe Innovation Campus, remaining after the payment of all expenses (including attorneys' fees and any expenses of the Authority or the Trustee) incurred in the collection of such gross proceeds.

"Officer's Certificate" means a written certificate of the Corporation signed by the Corporation Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Corporation with respect to matters set forth therein, and which certificate in each instance, including the scope, form, substance and other aspects thereof, is acceptable to the Trustee.

"Opinion of Bond Counsel" means a written opinion of Gilmore & Bell, P.C., or other legal counsel acceptable to the Authority and the Trustee who is nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

"Opinion of Counsel" means a written opinion of any legal counsel having expertise in the matters covered in such opinion and acceptable to the Corporation and the Trustee and, to the extent the Authority is asked to take action in reliance thereon, the Authority, who may be an employee of or counsel to the Corporation, the Authority or the Trustee.

"Outstanding" means

- (a) when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:
 - (1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
 - (2) Bonds for whose payment or redemption Defeasance Obligations in the necessary amount have been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
 - (3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
 - (4) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Indenture; and
- (b) when used with respect to other Indebtedness, as of the date of determination, all other Indebtedness theretofore issued or incurred by the Corporation, except to the extent the obligation to make payments on the Indebtedness has been discharged in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness.

"Parity Bonds" means, collectively, the Series 2009L Bonds and any Additional Parity Bonds.

"Parity Indebtedness" means any Additional Indebtedness, other than the Parity Bonds, that meets the requirements of the Pledge Agreement, including without limitation Parity Bonds.

"Participants" means those financial Corporations 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 Trustee and any other commercial bank or trust company organized under the laws of any state of the United States of America, or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

"Permitted Investments" means, if and to the extent the same are at the time legal for investment of funds held under the Indenture, the following:

- (a) Government Obligations;

- (b) bonds, notes or other obligations of any state of the United States or any political subdivision of any state, which at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;
- (c) certificates of deposit or time or demand deposits constituting direct obligations of any bank, bank holding company, savings and loan association, trust company or other financial institution organized under the laws of the United States or any state thereof (including the Trustee or any of its affiliates), except that investments may be made only in certificates of deposit or time or demand deposits which are:
 - (1) insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or any other similar United States Government deposit insurance program then in existence; or
 - (2) continuously and fully secured by Government Obligations, which have a market value, exclusive of accrued interest, at all times at least equal to **102%** of the principal amount of such certificates of deposit or time or demand deposits; or
 - (3) issued by a bank, bank holding company, savings and loan association, trust company or other financial institution organized under the laws of the United States or any state thereof (including the Trustee or any of its affiliates) whose outstanding unsecured long-term debt is rated at the time of issuance in either of the two highest rating categories by a nationally recognized rating service;
- (d) repurchase agreements with any bank, bank holding company, savings and loan association, trust company or other financial institution organized under the laws of the United States or any state thereof (including the Trustee or any of its affiliates), that are continuously and fully secured by Government Obligations and which have a market value, exclusive of accrued interest, at all times at least equal to **102%** of the principal amount of such repurchase agreements, provided that each such repurchase agreement conforms to current industry standards as to form and time, is in commercially reasonable form, is for a commercially reasonable period, results in transfer of legal title to identified Government Obligations which are segregated in a custodial or trust account for the benefit of the Trustee, and further provided that Government Obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value thereof or the repurchase price thereof set forth in the applicable repurchase agreement;
- (e) investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, insurance company or other financial institution whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service;
- (f) short term discount obligations of the Federal National Mortgage Association and the Government National Mortgage Association; and
- (g) money market mutual funds (1) that invest in Government Obligations or that are registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and (2) that are rated in either of the two highest categories by a nationally recognized rating service, including those for which

the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise.

"Person" means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"Pledge Agreement" means the Pledge of Revenues Agreement dated as of September 1, 2009, between the Authority and the Corporation, as from time to time amended by Supplemental Pledge Agreements in accordance with the provisions of the Pledge Agreement.

"Prime Rate" means, for any date of determination, the interest rate per annum publicly announced from time to time by the Trustee as its "prime rate."

"Project" means (i) the construction and equipping of a new building at the K-State Olathe Innovation Campus, which will include approximately 103,000 square feet of educational, administrative and research space with a focus on food safety and security and animal health, the costs of which will be paid in whole or in part, or for which the Corporation will be reimbursed in whole or in part, or which will be refinanced in whole or in part, from the proceeds of the sale of the Series 2009L Bonds, and (ii) the construction, renovation and equipping of improvements at the K-State Olathe Innovation Campus, the costs of which are financed, refinanced or reimbursed from the proceeds of the sale of any Additional Bonds.

"Property" means, with respect to the Corporation, any and all rights, titles and interests of the Corporation in and to all land, leasehold interests, buildings, fixtures and equipment comprising the primary operations of the Corporation, including the facilities forming a part of the K-State Olathe Innovation Campus, including the Project, and any and all other property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or thereafter acquired; provided, however, that Property of the Corporation shall not include (a) any assets of "employee pension benefit plans" as defined in the Employee Retirement Income Security Act of 1974, as amended, and (b) all endowment funds and property derived from gifts, grants, research contracts, bequests, donations and contributions made to or with the Corporation which are specifically restricted by the donor, testator or grantor to a particular purpose, and the income and gains derived therefrom.

"Qualified Credit Facility" means with respect to any Additional Bonds or series of Additional Bonds, an insurance policy, surety bond, letter of credit, line of credit or other form of credit enhancement in favor of the owners of such Bonds, issued by a bank, trust company, national banking association, insurance company or other credit enhancer with a credit rating at the time of issuance of such credit facility in one of the two highest rating categories of any Rating Agency (without regard to any refinements of gradation of any rating category by numerical modifier or otherwise), for the purpose of providing a source of funds for the payment of all or a portion of the principal of and interest on such Bonds when due.

"Qualified Liquidity Facility" means with respect to any Additional Bonds or series of Additional Bonds, a letter of credit, line of credit, standby bond purchase agreement, or other liquidity facility or arrangement for liquidity support in favor of the owners of such Bonds, issued by a bank, trust company, national banking association or other liquidity provider with a credit rating at the time of issuance of such liquidity facility in one of the two highest rating categories of any Rating Agency (without regard to any refinements of gradation of any rating category by numerical modifier or otherwise), for the purpose of providing a source of funds for the payment of all or a portion of the purchase price of such Bonds that are tendered for purchase by the owners thereof pursuant to the terms of a Supplemental Indenture.

"Qualified Swap Agreement" means with respect to any Parity Bonds or series of Parity Bonds, an interest rate exchange, hedge or similar agreement (including schedule and credit support annex, if any) entered into by the Authority and a Swap Provider, or the Corporation and a Swap Provider, expressly identified in a certificate of the Authority or the Corporation, as applicable, as having been entered into in order to hedge the interest rate payable on all or any portion of any Parity Bonds or other Outstanding Parity Indebtedness or any Parity Bonds expected to be issued, which agreement:

- (a) may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar); and
- (b) does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

"Rating Agency" means, (a) Moody's (so long as such agency's ratings are in effect with respect to the Bonds), and Standard & Poor's (so long as such agency's ratings are in effect with respect to the Bonds), and their respective successor and assigns, and (b) any other nationally recognized securities rating service selected by the Corporation, and acceptable to the Authority and the Trustee, so long as such agency's ratings are in effect with respect to the Bonds, and their respective successors and assigns.

"Rebate Fund" means the fund by that name created by the Indenture.

"Record Date" means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

"Refunding Indebtedness" means Long-Term Indebtedness issued for the purpose of refunding other Long-Term Indebtedness (including Long-Term Indebtedness commonly referred to as current refunding indebtedness, advance refunding indebtedness or cross-over refunding indebtedness where the proceeds of such Refunding Indebtedness are deposited in an irrevocable escrow or trust account to secure the payment on the applicable payment dates of the interest and principal on such Refunding Indebtedness and/or the Indebtedness being refunded).

"Replacement Bonds" means Bonds issued to the beneficial owners of the Bonds in accordance with the Indenture.

"Required Interest" means, as of any date of calculation, with respect to a series of Parity Bonds or any Parity Indebtedness, the sum of (a) all interest payments with respect to such Series of Parity Bonds or Parity Indebtedness that are due and unpaid as of the date of calculation and (b) the interest component of the Debt Service Requirements with respect to such Series of Parity Bonds or Parity Indebtedness with respect to the period commencing on the interest payment date immediately preceding the date of calculation (or the issuance date of such Series of Parity Bonds or Parity Indebtedness, as applicable) and ending on the interest payment date immediately preceding the date that is six months from the date of calculation.

"Required Principal" means, as of any date of calculation, with respect to a series of Parity Bonds or any Parity Indebtedness, the sum of (a) all principal payments (at maturity or by mandatory redemption) with respect to such series of Parity Bonds or Parity Indebtedness that are due and unpaid as of the date of calculation and (b) the principal component of the Debt Service Requirements with respect to such series of Parity Bonds or Parity Indebtedness with respect to the period commencing on the immediately preceding September 2 and ending on the immediately succeeding September 1. In determining the Required Principal on any Variable Rate Bonds for which a provider of a Qualified Liquidity Facility or Qualified Credit Facility owns any portion of such Variable Rate Bonds on the date of calculation, any accelerated repayment of the principal of such Bonds required pursuant to the terms of the Qualified Liquidity Facility or Qualified Credit

Facility or any documents relating thereto for which the conditions giving rise to such accelerated repayment of principal have occurred shall be treated as principal payments by mandatory redemption with respect to the Bonds.

"Revenue Fund" means the fund by that name created pursuant to the Indenture.

"Revenues" means, collectively, (a) the Corporation Sales Tax Revenues, and investment earnings thereon and (b) other funds available to the Corporation and actually deposited into the Revenue Fund.

"Sales Tax Revenues" means gross receipts from the 2008 Sales Tax and any Additional Sales Tax collected in accordance with the JCERTA Act.

"Securities Depository" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"Series 2009L Bonds" means, collectively, the Series 2009L-1 Bonds and the Series 2009L-2 Bonds.

"Series 2009L-1 Bonds" means the Authority's Sales Tax Revenue Bonds (K-State - Olathe Innovation Campus, Inc. Project), Series 2009L-1, aggregating the principal amount of \$15,225,000, issued by the Authority pursuant to the Indenture.

"Series 2009L-2 Bonds" means the Authority's Taxable Sales Tax Revenue Bonds (K-State - Olathe Innovation Campus, Inc. Project), Series 2009L-2, aggregating the principal amount of \$15,275,000, issued by the Authority pursuant to the Indenture.

"Short-Term Indebtedness" means Indebtedness having an original maturity less than or equal to one year from the date of original incurrence thereof, and not renewable or extendible at the option of the obligor thereon for a term greater than one year beyond the date of original incurrence.

"Standard & Poor's" means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, **Standard & Poor's** shall be deemed to refer to any other nationally recognized securities rating service designated by the Corporation, with notice to the Authority and the Trustee.

"State Treasurer" means the State Treasurer of the State of Kansas or, if the functions and duties of the State Treasurer under K.S.A. 79-3620, K.S.A. 79-3620b and K.S.A. 79-3710d shall be given by law to any other person or entity, such person or entity.

"Subordinate Bonds" means a series of Bonds issued by the Authority pursuant to the Indenture that is subordinated to any Parity Bonds and any Parity Indebtedness and is designated as "Subordinate Bonds" pursuant to the Supplemental Indenture authorizing the issuance of such series of Bonds or any subsequent Supplemental Indenture.

"Subordinated Indebtedness" means Additional Indebtedness that by the terms thereof is specifically junior and subordinate to the Parity Bonds and any Parity Indebtedness with respect to payment of principal and interest thereon.

"Subordinated Indebtedness Fund" means the fund by that name created by the Indenture.

"Supplemental Indenture" means any indenture supplemental or amendatory to the Indenture entered into by the Authority and the Trustee pursuant to the Indenture.

"Supplemental Pledge Agreement" means any agreement supplemental or amendatory to the Pledge Agreement entered into by the Authority and the Corporation pursuant to the Pledge Agreement.

"Swap Provider" shall mean any counterparty with whom the Authority or the Corporation enters into a Qualified Swap Agreement whose senior long term debt obligations, or whose obligations under a Qualified Swap Agreement are guaranteed by a party whose senior long term debt obligations, are rated (at the time of execution of the Qualified Swap Agreement) in one of the top two rating categories by any Rating Agency (without regard to any refinements of gradation of any rating category by numerical modifier or otherwise), and which is obligated to make Swap Provider Payments under a Qualified Swap Agreement.

"Swap Provider Payments" shall mean any payment (including Termination Payments) required to be made by or on behalf of a Swap Provider pursuant to a Qualified Swap Agreement.

"Tax Compliance Agreement" means, collectively, (a) with respect to the Series 2009L-1 Bonds, the Tax Compliance Agreement dated September 1, 2009, among the Authority, the Corporation, and the Trustee, as from time to time amended in accordance with the provisions thereof, and (b) with respect to any other series of Tax-Exempt Bonds, the Tax Compliance Agreement entered into in connection with the issuance thereof.

"Tax-Exempt Bonds" means Bonds the interest on which is intended to be excluded from gross income for federal tax purposes.

"Tax-Exempt Organization" means a nonprofit organization, organized under the laws of the United States of America or any state thereof, that is an organization described in Section 501(c)(3) of the Internal Revenue Code, is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, and is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code, or corresponding provisions of federal income tax laws from time to time in effect.

"Termination Payments" shall mean the amount payable by the Authority, the Corporation or a Swap Provider pursuant to a Qualified Swap Agreement for the early termination of the obligations, in whole or in part, of the parties to that Qualified Swap Agreement.

"Transaction Documents" means the Indenture, the Bonds, the Pledge Agreement, the Bond Purchase Agreement, the Official Statement relating to the Bonds, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, the Pledge Agreement or the Official Statement or contemplated by the Indenture, the Pledge Agreement or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words "Transaction Documents" are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

"Trust Estate" means the Trust Estate described in the Granting Clauses of the Indenture.

"Trustee" means UMB Bank, N.A., Kansas City, Missouri, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Indenture.

"2008 Sales Tax" means the one-eighth of a percent (0.125%) countywide retailers' sales tax approved by the voters of Johnson County on November 4, 2008, and adopted and levied by the Board of Commissioners of Johnson County, effective from and after April 1, 2009, pursuant to Resolution No. 093-08 adopted on November 20, 2008, pursuant to the JCERTA Act, and the related countywide compensating use tax imposed pursuant to K.S.A. 12-198, and any successor taxes thereto.

"Value", as of any particular time of determination, means, (a) with respect to cash the face value thereof, (b) with respect to any investments, other than those in the Debt Service Reserve Fund, the lower of the cost of the investment or the market price of the investment excluding accrued interest on the date of valuation, (c) with respect to any investments in the Debt Service Reserve Fund, the market price of the investment excluding accrued interest on the date of valuation, and (d) with respect to an insurance policy, letter of credit, or surety bond guaranteeing payments into the Debt Service Reserve Fund, the face value thereof.

"Variable Rate Bonds" means Bonds that provide for interest to be payable thereon at a rate per annum that may vary from time to time over the term thereof in accordance with procedures provided in the Supplemental Indenture with respect to such Bonds and which for any future period of time is not susceptible of precise determination.

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be complete, and reference is made to the full text of the Indenture for a complete recital of its terms, as well as a complete recital of the defined terms used therein.

Authorization, Amount and Title of Bonds

The Authority may issue Bonds in one or more series from time to time under the Indenture, but subject to the provisions of the Indenture and any Supplemental Indenture authorizing a series of Bonds. The total principal amount of Bonds, the number of Bonds and series of Bonds that may be issued under the Indenture is not limited, except with respect to the Series 2009L Bonds as provided in the Indenture, and with respect to Additional Bonds as provided in the Indenture and in the Supplemental Indenture providing for the issuance thereof, and except as may be limited by law.

Authorization of Additional Bonds

The issuance of Additional Bonds of a series shall be authorized by a Supplemental Indenture or Supplemental Indentures pursuant to the terms of the Indenture. Additional Parity Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in the Indenture) with the Series 2009L Bonds and any other Parity Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture and in the Pledge Agreement, for any purpose authorized under the Act. Subordinate Bonds may be issued under the Indenture on a subordinate basis as to the payment of principal and interest to the Parity Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture and in the Pledge Agreement, for any purpose authorized under the Act.

Before any Additional Bonds are issued under the provisions of the Indenture, the Authority shall adopt a resolution (1) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (2) authorizing the Authority to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, (3)

authorizing the Authority to enter into a Supplemental Pledge Agreement with the Corporation to provide for a pledge by the Corporation of Revenues at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and to extend the term of the Pledge Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Pledge Agreement, and (4) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Authority, are not prejudicial to the Authority or the owners of the Bonds previously issued.

Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, any such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Series 2009L Bonds and any other Bonds; provided, that the Subordinate Bonds shall be junior and subordinate to the Parity Bonds with respect to the payment of principal and interest as provided in the Indenture; and provided further that the Series 2009L Account of the Debt Service Reserve Fund secures only the Series 2009L Bonds, and any Additional Bonds are not entitled to the benefit and security of the Series 2009L Account of the Debt Service Reserve Fund. Additional Bonds may be secured by a separate account of the Debt Service Reserve Fund or a comparable reserve fund established at the time of issuance of such Additional Bonds as provided in the Supplemental Indenture authorizing such Additional Bonds from the proceeds of the sale of such Additional Bonds or other available moneys.

Such Additional Bonds shall be executed in the manner set forth in the Indenture and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

- (a) A copy, certified by the Secretary or Assistant Secretary of the Authority, of the resolution adopted by the Authority authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture, Supplemental Pledge Agreement and supplements to any other Transaction Documents as may be necessary.
- (b) A copy, certified as true and correct by the Secretary or Assistant Secretary of the Corporation, of the resolutions adopted by the Corporation authorizing the execution and delivery of the Supplemental Pledge Agreement and supplements to any other Transaction Documents and further approving such Supplemental Indenture and the issuance and sale of the Additional Bonds.
- (c) An original executed counterpart of the Supplemental Indenture, executed by the Authority and the Trustee, authorizing the issuance of the Additional Bonds, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such Additional Bonds.
- (d) An original executed counterpart of the Supplemental Pledge Agreement, executed by the Corporation and the Authority.
- (e) An Officer's Certificate (1) stating that no Event of Default under the Indenture has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an Event of Default and (2) stating the purpose or purposes for which such Additional Bonds are being issued and the classification of the Indebtedness under the Pledge Agreement and accompanied by the certificates, reports or opinions demonstrating compliance with the applicable tests set forth in the Pledge Agreement.

- (f) A request and authorization to the Trustee, on behalf of the Authority, executed by an Authority Representative, to authenticate the Additional Bonds and deliver said Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Authority, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.
- (g) An Opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met.
- (h) If a series of Bonds is to be issued as Variable Rate Bonds, the Maximum Interest Rate for such Bonds, and the provisions, if any, as to the calculation or change of interest rates; if the Supplemental Indenture authorizing such series of Bonds authorizes a Qualified Swap Agreement, identification of the Swap Provider and a certificate that such agreement meets the requirements of the definition thereof.
- (i) Such legislative, administrative or regulatory approvals as are required under State law.
- (j) Such other certificates, statements, receipts, opinions and documents required by any of the Transaction Documents or as the Authority, the Trustee or Bond Counsel shall reasonably require for the delivery of the Additional Bonds.

Any Additional Bonds issued pursuant to the Pledge Agreement will constitute Subordinate Bonds, and any Additional Bonds issued pursuant to the Pledge Agreement will constitute Parity Bonds unless designated by the Authority as "Subordinate Bonds" in the Supplemental Indenture authorizing such Additional Bonds.

Except as provided in the Indenture and in the Pledge Agreement, the Authority will not otherwise issue any obligations on a parity with the Parity Bonds or the Subordinate Bonds.

Method and Place of Payment

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") 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 a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Corporation shall notify the Trustee 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 such as will enable the Trustee to comply with the following sentence), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in the Indenture. Following receipt of such funds the Trustee shall fix the 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 and not less than **10** days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage

prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than **10** days prior to such Special Record Date.

Payments Due on Non-Business Days

In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Authority to the owner thereof for the payment of such Bond, shall forthwith terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust, 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 the Indenture or on or with respect to said Bond. If any Bond is not presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Corporation the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Corporation, and the owner thereof shall be entitled to look only to the Corporation for payment, and then only to the extent of the amount so repaid, and the Corporation shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Selection of Bonds to be Redeemed

Bonds may be redeemed only in the principal amount of **\$5,000** (or other authorized denomination of the Bonds of any series specified in the Supplemental Bond Indenture authorizing such series of Bonds) or any integral multiple thereof.

Bonds that are to be redeemed pursuant to the optional redemption provisions shall be selected from the maturity or maturities selected by the Corporation, unless otherwise provided in a Supplemental Indenture with respect to a particular Series of Bonds. If less than all Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, in such equitable manner as the Trustee may determine and which may provide for the selection for redemption of portions of the principal of Bonds equal to **\$5,000** (or other minimum authorized denomination of the Bonds of such series) of the principal of Bonds of a denomination larger than **\$5,000** (or such other minimum authorized denomination).

The Trustee shall promptly notify the Authority and the Corporation in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Creation and Ratification of Funds and Accounts

There are created and ordered to be established in the custody of the Trustee the following special trust funds and accounts with respect to the Bonds, to be designated as follows:

- (a) "Kansas Development Finance Authority–K-State - Olathe Innovation Campus, Inc. Project Fund" (the "Project Fund"), and within such fund, separate accounts with respect to the Series 2009L Bonds and any series or subseries of Additional Bonds.
- (b) "Kansas Development Finance Authority–K-State - Olathe Innovation Campus, Inc. Capitalized Interest Fund" (the "Capitalized Interest Fund"), and within such fund, separate accounts with respect to the Series 2009L Bonds and any series of Additional Bonds for which capitalized interest will be funded with proceeds of such Additional Bonds.
- (c) "Kansas Development Finance Authority–K-State - Olathe Innovation Campus, Inc. Costs of Issuance Fund" (the "Costs of Issuance Fund"), and within such fund, separate accounts with respect to the Series 2009L Bonds and any series of Additional Bonds.
- (d) "Kansas Development Finance Authority–K-State - Olathe Innovation Campus, Inc. Revenue Fund" (the "Revenue Fund").
- (e) "Kansas Development Finance Authority–K-State - Olathe Innovation Campus, Inc. Debt Service Fund" (the "Debt Service Fund"), and within such fund, a Principal Account and an Interest Account.
- (f) "Kansas Development Finance Authority–K-State - Olathe Innovation Campus, Inc. Debt Service Reserve Fund" (the "Debt Service Reserve Fund"), and within such fund, separate accounts with respect to the Series 2009L Bonds and any series of Additional Bonds.
- (g) "Kansas Development Finance Authority–K-State - Olathe Innovation Campus, Inc. Subordinated Indebtedness Fund" (the "Subordinated Indebtedness Fund"), and within such fund, any subaccounts established in a Supplemental Indenture.
- (h) "Kansas Development Finance Authority–K-State - Olathe Innovation Campus, Inc. Expense Fund" (the "Expense Fund").
- (i) "Kansas Development Finance Authority–K-State - Olathe Innovation Campus, Inc. Rebate Fund" (the "Rebate Fund"), and within such fund, separate accounts with respect to the Series 2009L-1 Bonds and any other series or subseries of Tax-Exempt Bonds.

The Trustee is authorized to establish separate accounts or subaccounts within the above-referenced funds or accounts or otherwise segregate moneys within such funds and accounts, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Authority.

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Indenture shall be held by the Trustee in trust and shall be applied only in accordance with the provisions of the Indenture and the Pledge Agreement, and, until used or applied as provided in the Indenture (except for moneys in the Rebate Fund), shall constitute part of the Trust Estate and be subject to the lien, terms and

provisions of the Indenture and shall not be commingled with any other funds of the Authority or the Corporation except as provided under the Indenture for investment purposes.

Project Fund

Moneys deposited in the Project Fund shall be used solely for the purpose of paying Costs of the Project, as provided in the Indenture and in accordance with the plans and specifications therefore, including any alterations in or amendments to said plans and specifications deemed advisable by the Corporation and approved in accordance with the Pledge Agreement.

If an Event of Default specified in the Indenture has occurred and is continuing and the Bonds shall have been declared due and payable pursuant to the Indenture, any balance remaining in the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to the Indenture, shall without further authorization be deposited in the Debt Service Fund by the Trustee with advice to the Corporation and to the Authority of such action.

Costs of Issuance Fund

Moneys in the Costs of Issuance Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the Authority in substantially the form attached to the Indenture and signed by the Authority Representative, in amounts equal to the amount of Costs of Issuance incurred with respect to the applicable series of Bonds as certified in such written requests.

Capitalized Interest Fund

Moneys in each account of the Capitalized Interest Fund shall be transferred to the Interest Account of the Debt Service Fund (if the related Bonds are Parity Bonds) or the Subordinated Indebtedness Fund (if the related Bonds are Subordinate Bonds) and used to pay interest on the related series of Bonds during construction of the portion of the Project financed by such Bonds, to a date not greater than six months subsequent to the completion thereof. Any moneys remaining in an account of the Capitalized Interest Fund six months after completion of the portion of the Project financed by the related series of Bonds as set forth in the Indenture shall be transferred to the Interest Account of the Debt Service Fund or the Subordinated Indebtedness Fund, as applicable.

Revenue Fund

The Trustee shall deposit all Revenues received in the Revenue Fund.

Within one (1) Business Day after each deposit of Revenues into the Revenue Fund, the Trustee shall withdraw from the Revenue Fund and pay to the following payees or credit to the following funds and accounts the amounts set forth below in the following order:

- (1) To the Expense Fund, an amount, if any, required so that the balance in said Fund is equal to the amount necessary to pay ongoing Bond-related fees and expenses such as Authority fees, Trustee fees, dissemination agent fees, remarketing fees, auction fees, rebate analyst fees and similar fees and expenses currently due or estimated by the Authority or the Trustee to be due on or before the immediately succeeding March 1 or September 1, as applicable.
- (2) To the Interest Account of the Debt Service Fund and any similar account established with respect to any Parity Indebtedness, on a parity with the transfer to each other such account,

the amount, if any, required so that the balance in each such account shall be equal to the lesser of (A) the product of (i) one-fourth of the Required Interest with respect to such Parity Bonds or Parity Indebtedness, as applicable, multiplied by (ii) the number of months since the immediately preceding March 1 or September 1, as applicable (for purposes of this calculation, any portion of a month will be considered a full month) and (B) the Required Interest with respect to such Parity Bonds or Parity Indebtedness, as applicable.

- (3) To the Principal Account of the Debt Service Fund and any similar account established with respect to any Parity Indebtedness, on a parity with the transfer to each other such account, the amount, if any, required so that the balance in each such account shall be equal to the lesser of (A) the product of (i) one-eighth of the Required Principal with respect to the Parity Bonds or the Parity Indebtedness, as applicable, multiplied by (ii) the number of months since the immediately preceding September 1 (for purposes of this calculation, any portion of a month will be considered a full month) and (B) the Required Principal with respect to the Parity Bonds or the Parity Indebtedness, as applicable.
- (4) In the event the balance in any account of the Debt Service Reserve Fund relating to Parity Bonds is reduced to an amount less than the related Debt Service Reserve Requirement, to each such account of the Debt Service Reserve Fund, an amount equal to one-twelfth (1/12) of the amount of such deficiency (or, in the event that Revenues are being deposited in the Revenue Fund on a quarterly basis, one-fourth (1/4) of the amount of such deficiency); provided, however, that if the amount remaining in the Revenue Fund after making the above credits, transfers and deposits is insufficient to make the deposits required by this paragraph, such amount shall be deposited into the accounts of the Debt Service Reserve Fund relating to Parity Bonds on a pro rata basis based on the amounts of each such required deposit.
- (5) To the Rebate Fund, all arbitrage rebate due and payable to the United States with respect to any Tax-Exempt Bonds pursuant to the terms of the Tax Compliance Agreement.
- (6) To the Subordinated Indebtedness Fund and any accounts of the Debt Service Fund relating to Subordinate Bonds, such amounts in such priority as shall be required by the resolutions, indentures or other instruments, including any Supplemental Indentures, authorizing any Subordinate Bonds or Subordinated Indebtedness.
- (7) To the applicable Swap Provider, all amounts necessary to pay any amounts due upon the commencement or termination of a Qualified Swap Agreement, including Termination Payments, and to pay other fees, expenses or indemnification obligations under any Qualified Swap Agreement when due.
- (8) To the Corporation, to be used for any other lawful purpose in accordance with the JCERTA Act, the remaining balance, if any, of moneys in the Revenue Fund after making the above credits, transfers and deposits.

Debt Service Fund

The Trustee shall deposit and credit to the applicable account of the Debt Service Fund, as and when received, as follows:

- (a) Any amount required to be transferred from the Revenue Fund pursuant to the Indenture.

- (b) Any amount required to be transferred from the Project Fund upon completion of the portion of the Project to be financed with a series of Bonds pursuant to the Indenture or pursuant to the applicable provisions of a Supplemental Indenture, any amounts required to be transferred from the Costs of Issuance Fund pursuant to the Indenture, any amount required to be transferred from the Debt Service Reserve Fund pursuant to the Indenture and any amount required to be transferred from the Capitalized Interest Fund pursuant to the Indenture.
- (c) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to the Indenture.
- (d) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Parity Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture.
- (e) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or the Pledge Agreement or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

The moneys in the Debt Service Fund shall be held in trust and, except as otherwise provided in the Indenture, shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Parity Bonds as the same become due and payable (or, if applicable, to reimburse the provider of a Qualified Credit Facility for such payments). Except as otherwise provided in the Indenture, moneys in the Interest Account of the Debt Service Fund shall be expended solely to pay interest on the Parity Bonds as the same becomes due (or, if applicable, to reimburse the provider of a Qualified Credit Facility for such payments). Except as otherwise provided in the Indenture, moneys in the Principal Account of the Debt Service Fund shall be expended solely as follows: (a) to pay principal of the Parity Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof (or, if applicable, to reimburse the provider of a Qualified Credit Facility for such payments); and (b) to pay principal of and redemption premium, if any, on the Parity Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity (or, if applicable, to reimburse the provider of a Qualified Credit Facility for such payments).

The Trustee is authorized and directed to withdraw sufficient funds from the appropriate accounts of the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Parity Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Authority given pursuant to written direction of the Corporation, shall use excess moneys in the Debt Service Fund to redeem all or part of the Parity Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Corporation, in accordance with the provisions of the Indenture, so long as the Corporation is not in default with respect to any payments under the Pledge Agreement and to the extent said moneys are in excess of the amount required for payment of Parity Bonds theretofore matured or called for redemption. The Corporation may cause such excess money in the Debt Service Fund or such part thereof or other moneys of the Corporation, as the Corporation may direct, to be applied by the Trustee, pursuant to appropriate written instructions of the Corporation, on a reasonable efforts basis to the extent

practical for the purchase of Parity Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Parity Bonds (or after provision has been made for the payment thereof as provided in the Indenture), moneys in the Debt Service Fund shall be applied as follows: (a) if any Parity Indebtedness remains outstanding, such moneys shall be transferred to the debt service account established with respect to such Parity Indebtedness and applied to pay the principal of and redemption premium, if any, and interest on the Parity Indebtedness as the same become due and payable; (b) if no Parity Indebtedness remains outstanding but any Subordinate Bonds or Subordinated Indebtedness remains outstanding, such moneys shall be transferred to the Subordinated Indebtedness Fund and applied to pay the principal of and redemption premium, if any, and interest on the Subordinate Bonds and Subordinate Indebtedness as the same become due and payable and (c) if no Parity Indebtedness, Subordinate Bonds or Subordinated Indebtedness remain outstanding, such moneys shall be applied to pay the fees, charges and expenses of the Trustee, any Paying Agents and the Authority and any other amounts required to be paid under the Indenture and the Pledge Agreement, and all amounts remaining in the Debt Service Fund following such payments shall be paid to the Corporation.

Debt Service Reserve Fund

The Trustee shall deposit and credit to the Debt Service Reserve Fund, as and when received, as follows:

- (a) The initial deposit required by the Indenture in an amount equal to the Debt Service Reserve Requirement for the Series 2009L Bonds.
- (b) Any amount required to be transferred from the Revenue Fund pursuant to the Indenture to make up a deficiency in the Debt Service Reserve Fund.
- (c) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Reserve Fund pursuant to the Indenture.
- (d) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Reserve Fund, as specified in such Supplemental Indenture.
- (e) All other moneys received by the Trustee under and pursuant to any of the provisions of the Pledge Agreement or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Reserve Fund.

Unless otherwise specified by the Authority in connection with the issuance of Additional Bonds, the Trustee shall establish one account within the Debt Service Reserve Fund for all series or subseries of Bonds issued on the same day. Except as otherwise provided in the Indenture, moneys in an account of the Debt Service Reserve Fund shall be disbursed and expended by the Trustee solely for the payment of the principal of and redemption premium, if any, and interest on the related series of Bonds if sufficient moneys therefor are not available *first*, in the Debt Service Fund (if the Bonds are Parity Bonds) or the Subordinated Indebtedness Fund (if the Bonds are Subordinate Bonds) and *second*, in the related account of the Capitalized Interest Fund. In the event the balance of moneys in the Debt Service Fund or the Subordinated Indebtedness Fund, as applicable, and the related account of the Capitalized Interest Fund is insufficient to pay principal of or interest on a series of Bonds when due and payable, moneys in the related account of the Debt Service Reserve Fund

shall be transferred into the Debt Service Fund or the Subordinated Indebtedness Fund, as applicable, in an amount sufficient to make up such deficiency; provided, that if the Debt Service Reserve Fund secures multiple series or subseries of Bonds issued on the same day and the balance of moneys in the Debt Service Fund or the Subordinated Indebtedness Fund is insufficient to fund such deficiency, then the deficiency with respect to such series or subseries of Bonds shall be funded on a pro rata basis. The Trustee may use moneys in the Debt Service Reserve Fund for such purpose whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in an account of the Debt Service Reserve Fund shall also be used to pay the last Bonds of the related series becoming due unless such Bonds and all interest thereon be otherwise paid, and thereafter any remaining balance in an account of the Debt Service Reserve Fund shall be paid to the Corporation.

The Trustee shall determine the Value of cash and Permitted Investments in the Debt Service Reserve Fund each September 1 and at the time of any withdrawal from the Debt Service Reserve Fund and at such other times as the Trustee deems appropriate. If on any such valuation date, the Value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, or at any time any amount is withdrawn from the Debt Service Reserve Fund for the purposes described above, the Trustee shall immediately notify the Authority and the Corporation of such deficiency. If at any time of valuation, the Value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Requirement, the Trustee shall transfer the amount of such excess to the Debt Service Fund.

The Debt Service Reserve Requirement may be satisfied by deposits in cash, Permitted Investments, or an insurance policy, letter of credit or surety bond issued by a financial entity qualified pursuant to the Indenture, guaranteeing payments into the Debt Service Reserve Fund in the amount of the Debt Service Reserve Requirement in accordance with the requirements of the Indenture.

In lieu of the required deposits into the Debt Service Reserve Fund, the Corporation may cause to be deposited in the Debt Service Reserve Fund a surety bond, an insurance policy, a letter of credit or other credit facility, with a term of no less than five years, payable to the Trustee that in each case shall be in an amount equal to the difference between the Debt Service Reserve Requirement and the sums, if any, then on deposit to the credit of the Debt Service Reserve Fund. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by a Rating Agency. The letter of credit issuer shall be a bank or trust company and any other facility issuer shall be a company or other legal entity that is rated not lower than the second highest rating category by a Rating Agency, and the letter of credit or other credit facility itself shall be rated in the highest category of either such Rating Agency. Should the rating of the insurer, letter of credit or other credit facility issuer, as applicable, or the letter of credit itself fall below the required level, a replacement or a fully funded Debt Service Reserve Fund must be in place within 12 months of such downgrading. Six months prior to the expiration of such insurance policy, letter of credit or other credit facility, a commitment for delivery of a replacement therefor prior to such expiration date must have been received or the Debt Service Reserve Fund must be fully funded not later than the expiration date of such policy, letter of credit or credit facility.

Subordinated Indebtedness Fund

The Trustee shall apply amounts in the Subordinated Indebtedness Fund at the times, in the amounts and to the purposes specified with respect thereto in the respective resolutions, indentures or other instruments, including any Supplemental Indenture, relating to such Fund and the Subordinated Indebtedness payable therefrom or secured thereby.

Expense Fund

The Trustee shall apply amounts in the Expense Fund at the times and in the amounts necessary to pay all ongoing Bond-related fees and expenses such as Authority fees, Trustee fees, dissemination agent fees, remarketing fees, auction fees, rebate analyst fees and similar fees and expenses when due.

Rebate Fund

There shall be deposited in the Rebate Fund any amounts required to be transferred thereto from the Revenue Fund pursuant to the Indenture and any other amounts required to be deposited in the Rebate Fund pursuant to the Indenture or the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and neither the Corporation, the Authority nor the owner of any Bonds shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement.

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States. Neither the Trustee nor the Authority shall have any obligation to pay any amounts required to be rebated pursuant to the Indenture and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under the Indenture as provided in the Indenture or from other moneys provided to it by the Corporation. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Tax-Exempt Bonds and payment and satisfaction of any rebatable arbitrage and payment of all fees, charges and expenses of the Trustee and the Authority, shall be withdrawn and paid to the Corporation.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of the Indenture and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Tax-Exempt Bonds until all rebatable arbitrage shall have been paid.

Records and Reports of Trustee

The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of the Indenture as are reasonably requested by the Authority. The Trustee shall furnish to the Authority and the Corporation, quarterly not later than the tenth Business Day after the end of each calendar quarter, a report on the status of each of the funds and accounts established under the Indenture which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding calendar quarter, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding calendar quarter. The Trustee shall render an annual accounting for each fiscal year ending June 30 to the Authority, the Corporation, and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by the Indenture as of the beginning and close of such accounting period.

Moneys to be Held in Trust

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of the Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of the

Indenture and the Pledge Agreement, and, until used or applied as provided in the Indenture, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms and provisions of the Indenture and shall not be commingled with any other funds of the Authority or the Corporation except as provided under the Indenture for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received under the Indenture except for accounting for income from Permitted Investments.

Investment of Moneys

Moneys held in each of the funds and accounts under the Indenture shall be invested and reinvested by the Trustee, pursuant to written directions of the Authority Representative, in accordance with the provisions of the Indenture and the Tax Compliance Agreement in Permitted Investments that mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. The Trustee may conclusively rely upon such instructions as to both the suitability and legality of the directed investments. In the absence of such written direction, the Trustee shall invest moneys in Permitted Investments of the type described in clause (i) of the definition thereof. The Trustee may make any investments permitted by the provisions of the Indenture through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to the Indenture) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account; provided that interest earned on moneys on deposit in an account of the Debt Service Reserve Fund shall be transferred to the Debt Service Fund (if the related Bonds are Parity Bonds) or the Subordinated Indebtedness Fund (if the related Bonds are Subordinate Bonds) if amounts on deposit in the Debt Service Reserve Fund are equal to the Debt Service Reserve Requirement, and interest earned on moneys on deposit in the Project Fund shall be transferred to the Debt Service Fund (if the related Bonds are Parity Bonds) or the Subordinated Indebtedness Fund (if the related Bonds are Subordinate Bonds). The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

Limited Obligations

The Bonds and the interest thereon shall be special, limited obligations of the Authority payable solely and only from, and are secured by a transfer, pledge and assignment by the Authority of and a grant of a security interest in, the Trust Estate, in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Kansas or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Kansas or of any political subdivision thereof, but shall be payable solely from the Trust Estate. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Kansas or any political subdivision thereof to levy any form of taxation therefor or, except as otherwise provided in the JCERTA Act, to make any appropriation for their payment. The State of Kansas shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or

otherwise, upon the State of Kansas or any charge upon its general credit or against its taxing power. The Authority has no taxing power.

Inspection of Books

The Authority covenants and agrees that all books and documents in its possession relating to the Bonds, the Indenture and the Pledge Agreement, and the transactions relating thereto shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds, the Indenture and the Pledge Agreement, and the transactions relating thereto, including financial statements of the Corporation, shall be open to inspection by the Authority during business hours upon reasonable notice.

Enforcement of Rights

The Authority agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under the Indenture in its name or in the name of the Authority may enforce all rights of the Authority and the Trustee and all obligations of the Corporation under and pursuant to the Pledge Agreement and any other Transaction Documents for and on behalf of the bondowners, whether or not the Authority is in default under the Indenture.

Amendments to the Pledge Agreement

The Pledge Agreement may be supplemented or amended by Supplemental Pledge Agreements executed by the Authority and the Corporation as provided in the Pledge Agreement; provided that subsequent to the issuance of any Bonds and prior to their payment in full (or provision thereof having been made in accordance with the provisions of the Indenture), the Pledge Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Trustee.

Tax Covenants

The Authority (to the extent within its power or direction) shall not use or permit the use of any proceeds of Tax-Exempt Bonds or any other funds of the Authority, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would adversely affect the exclusion of interest on any Tax-Exempt Bond from gross income for federal income tax purposes.

The Authority agrees that so long as any of the Series 2009L Bonds remain Outstanding, it will comply with the provisions of the Tax Compliance Agreement applicable to the Authority.

The Trustee agrees to comply with the provisions of the Tax Compliance Agreement, and may rely upon the Tax Compliance Agreement and any Opinion of Bond Counsel which sets forth such requirements, to comply with any statute, regulation or ruling that may apply to it as Trustee under the Indenture and relating to reporting requirements or other requirements necessary to preserve the exclusion from federal gross income of the interest on the Tax-Exempt Bonds. The Trustee from time to time, in its sole discretion, may cause a firm of attorneys, consultants or independent accountants or an investment banking firm to supply the Trustee, on behalf of the Authority, with such information as the Trustee, on behalf of the Authority, may request in order to determine in a manner reasonably satisfactory to the Trustee, on behalf of the Authority, all matters relating to (a) the actuarial yields on the Tax-Exempt Bonds as the same may relate to any data or conclusions necessary to verify that the Tax-Exempt Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, and (b) compliance with rebate requirements of Section 148(f) of the Internal

Revenue Code. Payment for fees, charges, costs and expenses incurred in connection with supplying the foregoing information shall be paid by the Corporation.

Notwithstanding any provision of the Indenture, if the Corporation provides to the Trustee and the Authority an Opinion of Bond Counsel to the effect that any action required under the Indenture is no longer required, or to the effect that some further action is required, to maintain the exclusion of interest on the Bonds from federal gross income, the Trustee and the Authority may conclusively rely on such opinion in complying with the provisions of the Indenture, and the covenants under the Indenture shall be deemed to be modified to that extent.

The above covenants shall remain in full force and effect notwithstanding the defeasance of the Tax-Exempt Bonds pursuant to the Indenture or any other provision of the Indenture, until the final maturity date of all Tax-Exempt Bonds Outstanding and payment thereof.

Acceleration of Maturity; Rescission and Annulment

If an Event of Default occurs and is continuing, the Trustee may, and if requested in writing by the owners of not less than **25%** in principal amount of the Outstanding Bonds of the affected series shall, by written notice to the Authority and the Corporation, declare the principal of the affected series of Bonds and the interest accrued thereon to the date of acceleration to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

Notwithstanding the foregoing or any other provision of the Indenture to the contrary, there shall be no acceleration of any Subordinate Bonds as long as any series of Parity Bonds remains Outstanding.

At any time after a declaration of acceleration has been made with respect to a series of Bonds, but before any judgment or decree for payment of money due on any such series of Bonds has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Outstanding Bonds of the affected series may, by written notice to the Authority, the Corporation and the Trustee, rescind and annul such declaration and its consequences if:

- (a) there is deposited with the Trustee a sum sufficient to pay:
 - (1) all overdue installments of interest on all Bonds of the affected series;
 - (2) the principal of (and premium, if any, on) any Bonds of the affected series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in such Bonds; and
 - (3) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (b) all events of default, other than the non-payment of the principal of such series of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee

(a) Upon the occurrence and continuance of any Event of Default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (i) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the affected series of Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Authority as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (ii) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.
- (iii) *Suits to Protect the Trust Estate.* The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Authority or the Corporation is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.
- (iv) *Enforcement Without Possession of Bonds.* All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.
- (v) *Restoration of Positions.* If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Authority, the Corporation, the Trustee and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under

the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

(b) If requested in writing to do so by the owners of not less than **25%** in principal amount of Outstanding Bonds of the affected series and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.

(c) Notwithstanding anything to the contrary contained in the Indenture, the owners of Subordinate Bonds, by their acceptance thereof, the Trustee and the Authority expressly agree to and acknowledge that, so long as any Parity Bonds are Outstanding, neither the Trustee on behalf of the owners of Subordinate Bonds or otherwise, nor any owner of Subordinate Bonds, shall have the right to or will (i) institute against, or join any other person in instituting against, the Authority or the Corporation any bankruptcy, reorganization, arrangement, insolvency, receivership or liquidation proceedings or other collection or enforcement proceeding under any law or pursuant to the terms of the Indenture, a Supplemental Indenture or any Transaction Documents, or (ii) challenge any liens and security interests securing the Parity Bonds.

Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Authority or any other obligor upon the Bonds or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Authority for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

- (a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the bondowners allowed in such judicial proceeding, and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is authorized by each bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under the Indenture.

Nothing contained in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any owner thereof, or to authorize the Trustee to vote in respect of the claim of any bondowner in any such proceeding.

Limitation on Suits by Bondowners

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

- (a) such owner has previously given written notice to the Trustee of a continuing Event of Default;
- (b) the owners of not less than **25%** in principal amount of the Outstanding Bonds of the affected series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;
- (c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for **60** days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such **60**-day period by the owners of a majority in principal amount of the Outstanding Bonds of the affected series;

such notification, request and offer of indemnity are declared in every case, at the option of the Trustee, to be conditions precedent to the appointment of a receiver, or for any other remedy under the Indenture, it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Outstanding Bonds (except to the extent the Subordinate Bonds are subordinate to the Parity Bonds as provided in the Indenture).

Notwithstanding the foregoing or any other provision in the Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners

The owners of a majority in principal amount of the Outstanding Bonds of the affected series shall have the right, during the continuance of an Event of Default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

- (a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the affected series of Bonds and the foreclosure of the Indenture, or otherwise; and

- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture;

provided that, with respect to direction pursuant to either clause (a) or (b) above:

- (1) such direction shall not be in conflict with any rule of law or the Indenture,
- (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,
- (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction, and
- (4) the Trustee shall have the right to decline to follow any such direction if the Trustee shall in good faith determine that the proceedings so directed would involve the Trustee in personal liability.

Application of Moneys Collected

Any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the affected Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- (a) **First:** To the payment of all undeducted amounts due the Trustee under the Indenture;
- (b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Parity Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Parity Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and
- (c) **Third:** To the payment of the whole amount then due and unpaid upon the Outstanding Subordinate Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Subordinate Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

- (d) **Fourth:** To the payment of the remainder, if any, to the Corporation or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative

No right or remedy conferred upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or thereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver

No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Waiver of Past Defaults

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Outstanding Bonds of the affected series may, by written notice delivered to the Trustee and the Authority, on behalf of the owners of all such Bonds waive any past default under the Indenture and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond, or
- (b) in respect of a covenant or provision of the Indenture which under the Indenture cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon. No default involving nonpayment of the fees, costs, charges or expenses of the Trustee shall be waived without the consent of the Trustee.

Acceptance of Trusts; Certain Duties and Responsibilities

The Trustee accepts and agrees to execute the trusts imposed upon it by the Indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an Event of Default,
 - (1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and
 - (2) in the absence of bad faith, negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.
- (b) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.
- (c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, **except** that:
 - (1) this paragraph shall not be construed to limit the effect of paragraph (a) above or the following Section;
 - (2) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;
 - (3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture; and
 - (4) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
- (d) Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or conveying insights and duties or affording protection to

the Trustee, whether in its capacity as Trustee, Paying Agent, bond registrar or any other capacity, shall be subject to the provisions of the Indenture.

Certain Rights of Trustee

Except as otherwise provided in the Indenture:

- (a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.
- (b) The Trustee shall be entitled to rely upon an Officer's Certificate or a certificate of the Authority Representative as to the sufficiency of any request or direction of the Corporation or the Authority respectively mentioned in the Indenture, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been adopted by the governing board of the Corporation or the Authority has been duly adopted, and is in full force and effect.
- (c) Whenever in the administration of the Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action under the Indenture, the Trustee (unless other evidence be specifically prescribed in the Indenture) may, in the absence of bad faith on its part, rely upon an Officer's Certificate or a certificate of the Authority Representative as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in the Indenture, the Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may, at its discretion, secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.
- (d) The Trustee may consult with counsel (who may be counsel to the Authority, the Corporation or the Trustee), and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee under the Indenture in good faith and in reliance thereon.
- (e) Notwithstanding anything in the Indenture to the contrary, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture whether at the request or direction of any of the bondowners pursuant to the Indenture or otherwise, unless such bondowners or other party shall have offered to the Trustee reasonable security or indemnity against the fees, advances, costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct) which might be incurred by it in compliance with such request or direction; provided that the Trustee may not require indemnity as a condition to declaring the principal of and interest on the Bonds to be due and payable under the Indenture, or to making .
- (f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be

entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

- (g) The Trustee assumes no responsibility for the correctness of the recitals contained in the Indenture and in the Bonds, except the certificate of authentication on the Bonds. The Trustee shall not be responsible for the recording or rerecording, filing or refiling of the Indenture, or any security agreement in connection therewith, or for insuring the Project or for collecting any insurance moneys. The Trustee makes no representations to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or by the Indenture, or as to the validity or sufficiency of the Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Authority or the Corporation of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the Authority or the Corporation under any provision of the Indenture.
- (h) The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Authority or the Corporation with the same rights it would have if it were not Trustee.
- (i) All money received by the Trustee shall, until used or applied or invested as provided in the Indenture, be held in trust for the purposes for which they were received. Money held by the Trustee in trust under the Indenture need not be segregated from other funds except to the extent required by law or by the Indenture. The Trustee shall be under no liability for interest on any money received by it under the Indenture except for accounting for income on Permitted Investments. The Trustee shall not be responsible for any loss suffered on any investment made in accordance with the Indenture.
- (j) The Trustee may execute any of the trusts or powers under the Indenture or perform any duties under the Indenture either directly or by or through agents, receivers or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed with due care by it under the Indenture. The Trustee may in all cases pay such reasonable compensation to such agents, receivers or attorneys as may be reasonably employed in connection with the trusts of the Indenture.
- (k) Notwithstanding anything elsewhere in the Indenture contained, before taking any action under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action.
- (l) The Trustee may elect not to proceed in accordance with the directions of the Bondowners or otherwise without incurring any liability to the bondowners or otherwise if in the opinion of the Trustee such direction may result in environmental liability to the Trustee, in its individual capacity for which the Trustee has not received indemnity pursuant to the Indenture from the bondowners, and the Trustee may rely upon an Opinion of Counsel addressed to the Authority and the Trustee in determining whether any action directed by the bondowners or otherwise may result in such liability.
- (m) The Trustee may inform the bondowners of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event no fiduciary duty exists, which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines

that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not received indemnity pursuant to the Indenture.

- (n) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or its willful misconduct.
- (o) The Trustee shall not be required to give any bond or security in respect of the execution of the said trusts and powers or otherwise in respect to the premises.
- (p) Any action taken by the Trustee taken pursuant to the Indenture upon the request or authority of any person who, at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefore or upon transfer in place thereof.
- (q) The Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals or other information or corporate action or evidence thereof, in addition to that by the terms of the Indenture required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Authority to the authentication or any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.
- (r) Notwithstanding any other provision of the Indenture to the contrary, any provision intended to provide authority to act, right to payment of fees or expenses, protection, immunity and indemnification to the Trustee shall be interpreted to include any action of the Trustee, whether it is deemed to be in its capacity as Trustee, bond registrar or paying agent.

Notice of Defaults

The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the Authority to cause to be made any of the payments to the Trustee required to be made by the Indenture, unless the Trustee shall be specifically notified in writing of such default by the Authority, the Corporation, or the owners of at least **10%** in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within **30** days after the Trustee has received notice of any default or the occurrence of any default under the Indenture of which the Trustee is deemed to have notice, the Trustee shall give written notice of such default by first class mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default as defined in the Indenture.

Compensation and Reimbursement

The Trustee shall be entitled to payment or reimbursement

- (a) from time to time for reasonable compensation for all services rendered by it under the Indenture (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);
- (b) except as otherwise expressly provided in the Indenture, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence, willful misconduct or bad faith; and
- (c) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any action, suit, demand, judgment, claim or liability in connection with the exercise or performance of any of its powers or duties under the Indenture.

All such payments and reimbursements shall be made by the Corporation with interest at the rate of interest per annum equal to the Prime Rate.

The Trustee shall promptly notify the Corporation in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against the Corporation, setting forth the particulars of such claim or action, and the Corporation will assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses. The Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the Corporation unless such employment has been specifically authorized by the Corporation, or the Corporation fails, in the judgment of the Trustee, to employ competent counsel, or such counsel fails to actively defend such action and protect the interests of the Trustee or the bondowners.

Pursuant to the provisions of the Pledge Agreement, the Corporation has agreed to pay to the Trustee all reasonable fees, charges, advances and expenses of the Trustee, and the Trustee agrees to look only to the Corporation for the payment of all reasonable fees, charges, advances and expenses of the Trustee and any Paying Agent as provided in the Pledge Agreement. The Trustee agrees that the Authority shall have no liability for any fees, charges and expenses of the Trustee.

As security for the payment of such compensation, expenses, reimbursements and indemnity under the Indenture, the Trustee shall be secured under the Indenture by a first lien prior to the Bonds, and shall have the right to use and apply any trust moneys held by it under the Indenture.

Notwithstanding any other provision of the Indenture to the contrary, in each instance in which the Indenture shall provide for compensation, reimbursement, or indemnification to the Trustee, such provision shall be deemed to provide for, whether or not expressly so stated, the payment of all related fees, costs, charges, advances and expenses of the Trustee (including, without limitation attorneys' fees and expenses), unless the context shall clearly indicate otherwise.

Corporate Trustee Required; Eligibility

There shall at all times be a Trustee under the Indenture which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, and having a combined capital and surplus of at least \$75,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this paragraph, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, it shall resign immediately in the manner and with the effect specified in the Indenture.

Resignation and Removal of Trustee

- (a) The Trustee may resign at any time by giving written notice thereof to the Authority, the Corporation and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within **30** days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.
- (b) If the Trustee has or shall acquire any conflicting interest (within the meaning of the Trust Indenture Act of 1939, as amended), it shall, within **90** days after ascertaining that it has a conflicting interest, or within **30** days after receiving written notice from the Authority or the Corporation (so long as the Corporation is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in paragraph (a) above.
- (c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Authority and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Corporation is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Pledge Agreement, by the Corporation. The Authority, the Corporation or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.
- (d) If at any time:
 - (1) the Trustee shall fail to comply with paragraph (b) above after written request therefor by the Authority or by any bondowner, or
 - (2) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Authority or by any such bondowner, or
 - (3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Authority may remove the Trustee, or (B) the Corporation or any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

- (e) The Trustee shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.
- (f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Authority, with the written consent of the Corporation (which consent shall not be unreasonably withheld) (so long as no Event of Default has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an Event of Default has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Authority and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Authority or the bondowners. If, within **30** days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner provided in the Indenture, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner provided in the Indenture, any bondowner or the resigning or removed Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of the Indenture shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Acceptance of Appointment by Successor

Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the Authority and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the Authority or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts expressed in the Indenture all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture, subject nevertheless to its lien, if any, provided for in the Indenture. Upon request of any such

successor Trustee, the Authority shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Indenture.

Merger, Consolidation and Succession to Business

Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation or association shall be otherwise qualified and eligible under the Indenture, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties to the Indenture. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Co-Trustees and Separate Trustees

At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies granted in the Indenture to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the owners of at least **25%** in principal amount of the Bonds Outstanding, the Authority shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, protection, immunity, right or power deemed necessary or desirable, subject to the other provisions of the Indenture. If the Authority does not join in such appointment within **15** days after the receipt by it of a request so to do, or in case an Event of Default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the Authority be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Authority.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

- (a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations under the Indenture in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee under the Indenture, shall be exercised solely, by the Trustee.

- (b) The rights, powers, duties and obligations conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.
- (c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Authority evidenced by a resolution, may accept the resignation of or remove any co-trustee or separate trustee appointed under the Indenture, and, in case an Event of Default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Authority. Upon the written request of the Trustee, the Authority shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in the Indenture.
- (d) No co-trustee or separate trustee under the Indenture shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee under the Indenture.
- (e) Any request, demand, authorization, direction, notice, consent, waiver or other act of bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Paying Agents

The Trustee is designated by the Indenture and agrees to act as principal Paying Agent for and in respect to the Bonds. The Authority may, in its discretion, cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds under the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds of any series, or at the principal corporate trust office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided under the Indenture and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed by the Authority in connection with the appointment of any successor Trustee.

Advances by Trustee

If the Corporation shall fail to make any payment or perform any of its covenants in the Pledge Agreement, the Trustee may, at any time and from time to time, use and apply any moneys held by it under the Indenture, or make advances, to effect payment or performance of any such covenant on behalf of the Corporation. All moneys so used or advanced by the Trustee, together with interest at the Prime Rate, shall be repaid by the Corporation upon demand and such advances shall be secured under the Indenture prior to the Bonds. For the repayment of all such advances the Trustee shall have the right to use and apply any moneys at any time held by it under the Indenture but no such use of moneys or advance shall relieve the Corporation from any default under the Indenture.

Supplemental Indentures without Consent of Bondowners

Without the consent of the owners of any Bonds, the Authority and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to more precisely identify the facilities financed or refinanced with proceeds of the Bonds, or to substitute or add additional property thereto as permitted by the Pledge Agreement, or to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as set forth in the Indenture, additional conditions, limitations and restrictions thereafter to be observed;
- (c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in the Indenture;
- (d) to modify or eliminate any of the terms of the Indenture; provided, however, that: (1) such Supplemental Indenture shall expressly provide that any such modifications or eliminations shall become effective only when there is no Bond Outstanding of any series issued prior to the execution of such Supplemental Indenture, and (2) the Trustee may, in its discretion, decline to enter into any such Supplemental Indenture which, in its opinion, may not afford adequate protection to the Trustee when the same becomes operative;
- (e) to evidence the appointment of a separate Trustee or the succession of a new Trustee under the Indenture;
- (f) to add to the covenants of the Authority or to the rights, powers and remedies of the Trustee for the benefit of the owners of all of the Bonds or to surrender any right or power conferred in the Indenture upon the Authority;
- (f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture or to make any other change, with respect to matters or questions arising under the Indenture, provided such action shall not materially adversely affect the rights of the owners of the Bonds under the Indenture (in making such determination, the Trustee may rely conclusively upon an Opinion of Counsel);
- (g) to authorize a Qualified Credit Facility, Qualified Liquidity Facility or Qualified Swap Agreement with respect to any Series of Bonds permitted under the Indenture; or
- (h) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute thereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures with Consent of Bondowners

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Authority and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby,

- (a) change the stated maturity of the principal of, or any mandatory sinking fund payment with respect to, or any installment of interest on, any Bond, or change any optional redemption date thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date);
- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences;
- (c) modify the obligation of the Authority to make payment on or provide funds for the payment of any Bond;
- (d) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or
- (e) modify any of the provisions relating to Supplemental Indentures, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or
- (f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject to the Indenture or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith, and in making such determination may rely conclusively upon an Opinion of Counsel.

It shall not be necessary for the required percentage of owners of Bonds under the Indenture to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

Effect of Supplemental Indentures

Upon the execution of any Supplemental Indenture under the Indenture, the Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of the Indenture for all purposes; and every owner of Bonds theretofore or thereafter authenticated and delivered under the Indenture shall be bound thereby.

Corporation's Consent to Supplemental Indentures

So long as the Corporation is not in default under the Pledge Agreement, a Supplemental Indenture under the Indenture which affects any rights of the Corporation will not become effective unless and until the Corporation consents in writing to the execution and delivery of such Supplemental Indenture; provided that receipt by the Trustee of a Supplemental Pledge Agreement executed by the Corporation in connection with the issuance of Additional Bonds shall be deemed to be the consent of the Corporation to the execution of the related Supplemental Indenture.

Payment, Discharge and Defeasance of Bonds

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Authority shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other paying agent or escrow agent meeting the same eligibility requirements of the Trustee under the Indenture, moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with Defeasance Obligations pursuant to paragraph (c) above, subject to receipt by the Trustee of (1) if the deposit of moneys and Government Obligations with the Trustee is more than **180** days prior to the scheduled full payment of the Bonds, a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, addressed to and satisfactory to the Trustee and the Authority, to the effect that such moneys and Government Obligations are sufficient for the payment in full of the principal of and redemption premium, if any, and interest on such Bonds on the scheduled maturity or redemption dates, and (2) an Opinion of Bond Counsel addressed and delivered to the Trustee and the Authority in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture and to the effect that so providing for the payment of any Bonds will not adversely affect

the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture.

The foregoing notwithstanding, the liability of the Authority in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to the Indenture shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Satisfaction and Discharge of Indenture

The Indenture and the lien, rights and interests created by the Indenture shall cease, determine and become null and void (except as to any surviving rights under the Indenture) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;
- (b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;
- (c) the Trustee receives an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) addressed to the Trustee and the Authority to the effect that so providing for the payment of any Bonds will not adversely affect the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and
- (d) the Trustee receives an Opinion of Bond Counsel addressed and delivered to the Trustee and the Authority to the effect that all conditions precedent in the Indenture to the satisfaction and discharge of the Bonds and the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Authority a termination statement and such instruments of satisfaction and discharge of the Indenture as may be reasonably requested and shall pay, assign, transfer and deliver to the Authority, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as provided in the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge

Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee under the Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided in the Indenture. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest

on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided in the Indenture, shall then be paid to the Corporation without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Corporation for payment thereof and all liability of the Trustee or any Paying Agent or the Authority with respect to such moneys shall thereupon cease.

SUMMARY OF THE PLEDGE AGREEMENT

The following is a summary of certain provisions of the Pledge Agreement. This summary does not purport to be complete, and reference is made to the full text of the Pledge Agreement for a complete recital of its terms, as well as a complete recital of the defined terms used therein.

Pledge of Revenues

The Corporation pledges and assigns the Revenues and not any other fund or source, to the Authority, as payment of the Debt Service Requirements on the Bonds and certain fees, expenses and deposits of the Authority relating to the Bonds as described in the Pledge Agreement and the Indenture, including, but not limited to, the obligation of the Authority to maintain the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Requirement, specifically including the obligation of the Authority to provide reimbursement for any advances under any surety bond issued for such Debt Service Reserve Fund. The pledge of the Revenues with respect to the Series 2009L Bonds shall be on a parity with the lien with respect to the Trust Estate with any Additional Parity Bonds issued under the Bond Resolution. By this pledge the Corporation acknowledges that the Authority intends to pledge its rights under the Pledge Agreement to the owners of the Bonds.

Collection and Distribution of Sales Tax Revenues

Pursuant to the JCERTA Act:

(i) the Department of Revenue of the State of Kansas is required to administer, enforce and collect the 2008 Sales Tax and any Additional Sales Tax within and outside the boundaries of Johnson County, Kansas at the same time and in the same manner provided for the collection of the state retailers' sales tax and local retailers' sales tax;

(ii) the State of Kansas Director of Taxation is required to cause all Sales Tax Revenues to be remitted to the State Treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto;

(iii) the State Treasurer is required to deposit all Sales Tax Revenues so received to the credit of the JCERTA Retailer's Sales Tax Fund established with the State Treasurer in accordance with the JCERTA Act;

(iv) all Sales Tax Revenues collected and credited to the JCERTA Retailers' Sales Tax Fund are required to be remitted by the State Treasurer at least quarterly to the Treasurer of Johnson County, Kansas, on instruction from the State of Kansas Director of Taxation;

(v) all Sales Tax Revenues received by the Treasurer of Johnson County, Kansas pursuant to the JCERTA Act are required to be appropriated by Johnson County, Kansas to JCERTA; and

(vi) all Sales Tax Revenues received by JCERTA are required to be remitted by JCERTA in equal shares to designated officials for the Edwards campus of the University of Kansas, the K-State Olathe Innovation Campus, and the University of Kansas Medical Center's Johnson County locations; provided, however, that JCERTA may retain up to two percent (2%) of the Sales Tax Revenues collected in any fiscal year as reimbursement for administrative expenses incurred by JCERTA or its board of directors.

The Corporation represents and warrants that it is the "designated official" for the K-State Olathe Innovation Campus, within the meaning of the JCERTA Act.

Revenue Fund

The Corporation covenants that all Revenues shall be deposited as received to the credit of the Revenue Fund. All moneys in the Revenue Fund shall be held in Trust by the Trustee and shall be expended and used only in the manner and in the order specified in the Indenture, and pending such application, shall be subject to a prior lien and charge in favor of the owners of the Bonds and for the further security of such owners until paid out or withdrawn as provided in the Indenture.

The Corporation represents, warrants and covenants that it has directed JCERTA to remit all Corporation Sales Tax Revenues directly to the Trustee, for deposit in the Revenue Fund, and that such direction shall remain in full force and effect so long as any Bonds are Outstanding. In the event that, notwithstanding such direction, JCERTA remits any Corporation Sales Tax Revenues to the Corporation, the Corporation shall immediately remit such Corporation Sales Tax Revenues to the Trustee, for deposit in the Revenue Fund.

Assignment of Authority's Rights

Under the Indenture, the Authority has pledged, assigned, transferred in trust and granted a security interest to the Trustee in all of the Authority's rights, title and interest under the Pledge Agreement accruing to or vested in the Authority (except for the Authority's rights to payment of its fees and expenses and the Authority's right to indemnification in certain circumstances and as otherwise expressly set forth in the Pledge Agreement) as security for the Bonds, and such rights, title and interest may be exercised, protected and enforced for or on behalf of the owners of the Bonds in conformity with the Pledge Agreement and the Indenture. The Trustee is given the right to enforce, as assignee of the Authority, the performance of the obligations of the Corporation under the Pledge Agreement, and the Corporation consents to the same and agrees that the Trustee may enforce such rights as provided in the Pledge Agreement and in the Indenture. The parties to the Pledge Agreement recognize that the Trustee is a third party creditor-beneficiary of the Pledge Agreement.

Use of Bond Proceeds

The proceeds of the Bonds shall be deposited with the Trustee and shall be administered, disbursed and applied for the purposes and in the manner as provided in the Indenture and in the Pledge Agreement.

Application of Moneys in the Project Fund; Completion of the Project

Moneys in the Project Fund shall be used by the Corporation for the sole purpose of paying the Costs of the Project in accordance with the provisions of the Act.

The Corporation shall cause the Project to be diligently and continuously pursued and to be completed with reasonable dispatch and to provide (from its own funds if required) all moneys necessary to complete the Project substantially in accordance with the plans and specifications for the Project. The Corporation shall comply with all of the provisions and shall perform all obligations of the Corporation set forth in the Indenture with respect to the completion of the Project.

If the proceeds derived from the sale of the Bonds issued for such purpose are not sufficient to pay in full the Costs of the Project, the Corporation shall pay so much of the cost thereof as may be in excess of the proceeds of the Bonds and any investment income thereon available therefor. The Corporation agrees that if, after exhaustion of the proceeds of the Bonds and investment income thereon, the Corporation should pay any portion of the Costs of the Project pursuant to the provisions of the Pledge Agreement, it shall not be entitled to any reimbursement therefor from the Authority or the Trustee nor shall it be entitled to any abatement, diminution or postponement of its payments under the Pledge Agreement.

In addition, the Corporation agrees to pay the costs of issuing the Bonds that are not being paid with the proceeds of the sale of the Bonds either by paying any or all of such costs directly or by depositing the same with the Trustee. Any moneys so deposited with the Trustee shall be disbursed by the Trustee in accordance with written instructions from the Authority.

The completion of the Project shall be evidenced to the Trustee by an Officer's Certificate in the form set forth in the Indenture, delivered to the Trustee within **90** days of the date of completion of the Project pursuant to the Indenture.

Changes or Amendments to the Project

The Corporation may make, authorize or permit such changes or amendments in the Project as it may reasonably determine to be necessary or desirable to accomplish the purposes of the Corporation; provided, however, that no such change or amendment shall be made to the Project that would cause a material change in the cost, scope, nature, or function of the Project, unless the Corporation shall file with the Trustee:

- (a) an Officer's Certificate to the effect that (1) the Project will, after such change or amendment, continue to constitute "educational facilities" within the meaning of the Act, (2) such change or amendment will not result in any property of the Corporation being used for any purpose prohibited by the Pledge Agreement or otherwise result in the Corporation failing to comply with any provisions of the Pledge Agreement, or materially adversely affect the Revenues, or violate or conflict with the terms of any applicable approvals of the State; and
- (b) either (1) an Opinion of Bond Counsel addressed to the Trustee and the Authority to the effect that (A) such change or amendment will not adversely affect the exclusion of the interest on the Series 2009L-1 Bonds from gross income for purposes of federal income taxation, and (B) such change or amendment will not cause the average maturity of the Series 2009L-1 Bonds to exceed **120%** of the average reasonably expected economic life of the facilities financed or refinanced with proceeds of the Series 2009L-1 Bonds, or (2) an Officer's Certificate to the effect that the Corporation expects to be able to shorten the average maturity of the Series 2009L-1 Bonds to not exceed **120%** of the average reasonably expected economic life of the facilities financed or refinanced with proceeds of the Series 2009L-1 Bonds, as recalculated in accordance with the provisions of the Internal Revenue Code, through the deposit to the Debt Service Fund as described in the Pledge Agreement.

If any change or amendment to the Project would cause a material change in the cost, scope, nature or function of the Project as described in subsection (a) of this Section, the Corporation at the completion of the Project shall recalculate the average reasonably expected economic life of the portion of the Project financed or refinanced with proceeds of the Series 2009L-1 Bonds, as so changed or amended. If any such recalculation demonstrates that the average maturity of the Series 2009L-1 Bonds exceeds **120%** of the average reasonably expected economic life of the facilities financed or refinanced with proceeds of such Bonds, the Corporation shall take whatever action is sufficient, based on the Opinion of Bond Counsel addressed to the Trustee and the Authority, to maintain the exclusion of interest on the Series 2009L-1 Bonds from gross income for federal income tax purposes.

Enforcement of Contracts and Surety Bonds

In the event of a material default of any contractor or subcontractor under any Construction Contract or any other contract made in connection with the Project, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the Corporation will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the Corporation against the contractor or subcontractor in default and against any surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the Corporation of any amounts theretofore paid by the Corporation and not previously reimbursed to the Corporation for correcting or remedying of the default which gave rise to the proceedings against the contractor, subcontractor or surety, shall be paid into the Project Fund if received before the Completion Date, and otherwise shall be deposited in the applicable Interest Account of the Debt Service Fund and applied as provided in the Indenture.

Corporate Existence and Tax-Exempt Status

Except as otherwise expressly provided in the Pledge Agreement, the Corporation shall (1) preserve and keep in full force and effect its corporate or other separate legal existence, (2) remain qualified to do business and conduct its affairs in each jurisdiction where ownership of its Property or the conduct of its business or affairs requires such qualification, and (3) maintain its status as a Tax-Exempt Organization.

Maintenance and Use of K-State Olathe Innovation Campus

The Corporation shall cause the K-State Olathe Innovation Campus to be maintained, preserved and kept in good repair and working order and condition and in as safe condition as its operations will permit and will make all repairs, renewals, replacements and improvements thereof necessary for the efficient and advantageous conduct of its business and operations and shall, during the term of the Bonds, operate the facilities financed by the Bonds, as educational facilities within the meaning of the Act. Nothing in this Section shall obligate the Corporation to preserve, repair, renew or replace any portion of the K-State Olathe Innovation Campus no longer used or no longer useful in the conduct of its business or prevent the Corporation from discontinuing the operation of any portion of the K-State Olathe Innovation Campus or from removing or demolishing any building or buildings, if in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its governing board) such discontinuance is desirable in the conduct of its business and not disadvantageous in any material respect to the owners of the Bonds. The Corporation may make additions, alterations and changes to its K-State Olathe Innovation Campus so long as such additions, alterations and changes are made in compliance with the provisions of the Pledge Agreement and will not result in a violation of the provisions of the Pledge Agreement, and the Corporation may dispose of any portion of the K-State Olathe Innovation Campus as permitted by the Pledge Agreement.

Subject to the provisions of the Pledge Agreement, the Corporation shall have the right to use the K-State Olathe Innovation Campus for any purpose allowed by law and contemplated by the Act. Except as provided in the Pledge Agreement, the Authority reserves no power or authority with respect to the operation of the K-State Olathe Innovation Campus by the Corporation and activities incident thereto, it being the intention of the parties to the Pledge Agreement that so long as the Corporation shall duly and faithfully observe and perform all of the terms, covenants, provisions and agreements of the Pledge Agreement, the Corporation shall manage, administer and govern the K-State Olathe Innovation Campus in its activities and affairs on a continuing day-to-day basis.

Compliance With Laws and Regulations

The Corporation shall conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States of America and the several states thereof and to observe and conform to all valid orders, regulations or requirements of any governmental authority applicable to the conduct of its business and operations and the ownership of its Property; provided, however, that nothing contained in the Pledge Agreement shall require the Corporation to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof shall be contested by the Corporation in good faith by appropriate proceedings and such contest shall not materially impair the generation of Revenues or the ability of the Corporation to meet its obligations under the Pledge Agreement.

Payment of Taxes and Other Charges

The Corporation shall pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Corporation or the K-State Olathe Innovation Campus or any part thereof; provided, however, that the Corporation shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and such contest shall not materially impair the ability of the Corporation to meet its obligations under the Pledge Agreement.

Liens and Encumbrances

The Corporation covenants that it will not create or incur or permit to be created or incurred or to exist any lien, security interest, charge or encumbrance upon the Revenues as pledged under the Pledge Agreement and the Indenture except the pledge, lien and charge for the security of the Bonds and Additional Indebtedness, and shall promptly discharge or terminate all such other liens, security interests, charges and encumbrances on the Revenues.

No Impairments

The Corporation covenants that no contract or contracts will be entered into or any action taken by the Corporation that would materially adversely affect the Revenues or by which the rights of the Authority under the Pledge Agreement or the rights of the owners under the Indenture of the Bonds might be impaired or diminished. The Corporation covenants that none of the Revenues will be used for any purpose other than as provided in the Pledge Agreement and the Indenture, and no contract or contracts will be entered into or any action taken by it which shall be inconsistent with the provisions of the Pledge Agreement.

Licenses and Permits

The Corporation shall procure and maintain all licenses and permits necessary or desirable in the operation of its business, programs and facilities; provided, however, that the Corporation shall not be required to procure or maintain in effect any permit or license that the governing board of the Corporation shall have determined in good faith, is not in the best interests of the Corporation and is no longer desirable in the conduct of its business and the lack of which will not materially impair the ability of the Corporation to pay or perform its obligations under the Pledge Agreement.

Insurance

The Corporation shall maintain or cause to be maintained insurance with respect to the K-State Olathe Innovation Campus and its operations, covering such risks that are of an insurable nature and of the character customarily insured against by organizations operating similar properties and engaged in similar operations (including but not limited to property and casualty, worker's compensation, general liability and employee dishonesty) and in such amounts as, in its judgment, are adequate to protect the Corporation and the K-State Olathe Innovation Campus and its operations. All such insurance shall be maintained with responsible insurance carriers. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least **10** days after written notice of cancellation to the Corporation and each other insured, additional insured, loss payee and mortgage payee named therein.

Damage, Destruction and Condemnation

In the event of damage to or destruction of the K-State Olathe Innovation Campus resulting from fire or other casualty, or in the event the K-State Olathe Innovation Campus is condemned or taken for any public or quasi-public use or title thereto is found to be deficient, the Net Proceeds of any insurance relating to such damage or destruction, the Net Proceeds of such condemnation or taking or the Net Proceeds of any realization on title insurance shall be paid directly to the Corporation, and the Corporation agrees to promptly notify the Authority and the Trustee of such event. The Corporation agrees that the Corporation shall use all or part of such Net Proceeds to replace, repair, reconstruct or restore the K-State Olathe Innovation Campus. The Corporation shall proceed forthwith to replace, repair, reconstruct or restore the affected portion of the K-State Olathe Innovation Campus to substantially the same condition or utility value as existed prior to the event affecting the K-State Olathe Innovation Campus and will apply the Net Proceeds received by the Corporation to the payment or reimbursement of the costs of such replacement, repair, reconstruction or restoration. The Corporation shall complete the replacement, repair, reconstruction or restoration of the K-State Olathe Innovation Campus, whether or not such Net Proceeds received by the Corporation for such purposes are sufficient to pay for the same.

Indemnity

The Corporation shall pay and indemnify and save the Authority and the Trustee and their respective members, directors, officers, employees and agents harmless from and against all loss, liability, damage or expense arising out of the issuance of the Bonds and the execution of the Pledge Agreement and the other Transaction Documents, including, but not limited to, claims for loss or damage to any property or injury to or death of any person, asserted by or on behalf of any person, firm, corporation or governmental authority arising out of or in any way connected with any Property of the Corporation, or the conditions, occupancy, use, possession, conduct or management of, or any work done in or about such Property. The Corporation shall also pay and indemnify and save the Authority and the Trustee and their respective members, directors, officers, employees and agents harmless of, from and against, all costs, reasonable counsel fees, expenses and

liabilities incurred by them or by the Corporation in any action or proceeding brought by reason of any such claim, demand, expense, penalty or fine. If any action or proceeding is brought against the Authority or the Trustee or their respective members, directors, officers, employees or agents by reason of any such claim or demand, the Corporation, upon notice from the Authority or the Trustee, covenants to resist and defend such action or proceeding on demand of the Authority or the Trustee or their respective members, directors, officers, employees or agents. Notwithstanding the foregoing, neither the Authority nor the Trustee nor their respective members, directors, officers, employees and agents shall be indemnified against liability for damage arising out of bodily injury to persons or damage to property caused by its own respective negligent, willful and malicious acts or omissions or negligent, willful and malicious acts or omissions. The Corporation shall also pay and indemnify the Authority and the Trustee from and against, all costs, expenses and charges, including reasonable counsel fees, incurred after default of the Corporation in enforcing any covenant or agreement of the Corporation contained in the Pledge Agreement, the Indenture or any other Transaction Document.

Sale, Lease or Other Disposition of the K-State Olathe Innovation Campus

Subject to the provisions of the Pledge Agreement and the Tax Compliance Agreement, the Corporation shall not in any fiscal year, sell, lease or otherwise transfer or dispose of any portion of the K-State Olathe Innovation Campus in an amount which aggregates in excess of **10%** of the total value of the K-State Olathe Innovation Campus (calculated on the basis of the Book Value or, if the Corporation so elects, on the basis of Current Value), except for transfers as follows:

- (a) The Corporation may transfer a portion of the K-State Olathe Innovation Campus to any Person in the ordinary course of business.
- (b) The Corporation may transfer a portion of the K-State Olathe Innovation Campus to any Person for fair and adequate consideration on terms no less favorable to the Corporation than would be obtained in a comparable arm's-length transaction, so long as the proceeds of such transfer are used to acquire additional facilities at the K-State Olathe Innovation Campus or otherwise applied to further the research and education programs in animal health and food safety and security at the K-State Olathe Innovation Campus.
- (c) The Corporation may transfer a portion of the K-State Olathe Innovation Campus to any Person, if in the reasonable judgment of the Corporation, such property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete or worn out, or otherwise unsuitable, unprofitable, undesirable or unnecessary for the operation of the K-State Olathe Innovation Campus.
- (d) The Corporation may transfer any or all of the K-State Olathe Innovation Campus as part of a consolidation, merger, conveyance or transfer permitted by the Pledge Agreement.
- (e) The Corporation may transfer a portion of the K-State Olathe Innovation Campus to Kansas State University.

Consolidation, Merger, Conveyance or Transfer of Property

The Corporation shall not consolidate with or merge into any other Person or convey or transfer its Property substantially as an entirety to any Person, unless the following conditions are met:

- (a) such merger, consolidation, conveyance or transfer is on such terms as shall fully preserve the lien and security of the Indenture and the Pledge Agreement and the rights and powers of the Trustee and the owners of the Bonds under the Indenture and the Pledge Agreement;
- (b) the Person formed by such consolidation or into which the Corporation is merged or the Person which acquires by conveyance or transfer the Corporation's Property substantially as an entirety is a corporation or other legal entity organized and existing under the laws of the United States of America or any state thereof, is authorized to conduct business in the State of Kansas, is a Tax-Exempt Organization, and shall execute and deliver to the Trustee a written instrument in form satisfactory to the Trustee, containing an assumption by such successor of the performance and observance of every covenant and condition of the Pledge Agreement to be performed or observed by the Corporation;
- (c) the Trustee receives an Officer's Certificate stating that, immediately after giving effect to such transaction, (1) no event of default or condition which with the giving of notice or the passage of time, or both, would constitute an event of default under the Pledge Agreement shall have occurred and be continuing, and (2) the successor or transferee shall possess such permits, licenses and accreditations to operate the K-State Olathe Innovation Campus as may be required if it is to operate the K-State Olathe Innovation Campus;
- (d) the Trustee and the Authority receive an Opinion of Counsel to the effect that (1) such consolidation, merger, conveyance or transfer complies with the Pledge Agreement and all conditions precedent in the Pledge Agreement provided for relating to such transaction have been complied with; (2) such transaction will not adversely affect the status of the successor or transferee as a Tax-Exempt Organization; (3) the successor or transferee is entitled to receive the Revenues under the JCERTA Act, and (4) the Pledge Agreement is binding on the successor, as if such Person had originally signed the Pledge Agreement;
- (e) the Trustee and the Authority receive an Opinion of Bond Counsel to the effect that, under then existing law the consummation of such consolidation, merger, conveyance, or transfer would not adversely affect the exclusion of interest payable on the Tax-Exempt Bonds from gross income under the Internal Revenue Code.

Upon any consolidation or merger or any conveyance or transfer of the Corporation's Property substantially as an entirety in accordance with the Pledge Agreement, the successor corporation or other entity formed by such consolidation or into which the Corporation is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under the Pledge Agreement and the Indenture with the same effect as if such successor corporation or other entity had been named as the Corporation in the Pledge Agreement.

Environmental Matters

The Corporation shall comply in all material respects with all Environmental Laws that are applicable to the K-State Olathe Innovation Campus. The Corporation shall promptly and diligently take or cause to be taken all actions necessary to cure any noncompliance with any Environmental Law relating to the K-State

Olathe Innovation Campus and shall be solely responsible for any violation by it, its employees or agents of any Environmental Laws relating to the K-State Olathe Innovation Campus, and the Corporation further agrees that it will take all necessary action to clean-up, eliminate or contain any environmental contamination including contamination caused by any previous owner or use of the K-State Olathe Innovation Campus and will pay in full all costs and expenses associated with such action. The Corporation shall indemnify the Authority and the Trustee against, shall hold the Authority and Trustee harmless from, and shall reimburse the Authority and the Trustee for, any and all claims, demands, judgments, penalties, fines, liabilities, costs, damages and expenses, including court costs and attorneys' fees directly or indirectly incurred by the Authority or the Trustee (prior to trial, at trial and on appeal) in any action against or involving the Authority and the Trustee, resulting from any breach of the foregoing covenants, whether or not the Corporation is responsible therefor, it being the intent of the Corporation, the Authority and the Trustee that the Authority and the Trustee shall have no liability or responsibility for damage or injury to human health, the environment or natural resources caused by, for abatement and/or clean-up of, or otherwise with respect to, hazardous substances. The foregoing covenants contained in the Pledge Agreement and the representations and warranties of the Corporation contained in the Pledge Agreement shall be deemed continuing covenants, representations and warranties for the benefit of the Authority and the Trustee, any successors and assigns of the Authority and the Trustee, and shall survive the satisfaction or release of the Pledge Agreement, the Indenture or any other instrument. Any amounts covered by the foregoing indemnification shall bear interest from the date incurred at the Prime Rate or, if less, the maximum rate permitted by law, and shall be payable on demand.

Tax Covenants

The Corporation covenants and agrees that it will not take any action or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds and will take whatever action, or refrain from whatever action, necessary to comply with the requirements of the Internal Revenue Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds, and the Corporation shall comply with the Tax Compliance Agreement (defined in the Indenture) and will pay or provide for payment to the United States Government or the Trustee, all rebate payments required under Section 148(f) of the Internal Revenue Code and the Tax Compliance Agreement, to the extent such amounts are not available to the Trustee in the Rebate Fund held under the Indenture. This covenant shall survive payment in full or defeasance of the Tax-Exempt Bonds.

Continuing Disclosure

The Corporation shall comply with all of the continuing disclosure obligations set forth in the Continuing Disclosure Agreement, and any successor continuing disclosure agreement. The Corporation acknowledges that it has undertaken all responsibility for compliance with continuing disclosure requirements with respect to S.E.C. Rule 15c2-12, and that the Authority shall have no liability to the owners of the Bonds or any other person with respect to such requirements. Notwithstanding any other provision of the Pledge Agreement, failure of the Corporation to comply with the Continuing Disclosure Agreement shall not be considered an event of default under the Pledge Agreement; however, the dissemination agent thereunder may (and, at the request of any Participating Underwriter or the owners of at least **25%** aggregate principal amount in Outstanding Bonds, shall) or any bondowner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Corporation to comply with its obligations under the Pledge Agreement.

Notice to Trustee of Certain Events

If, at any time during the term of the Pledge Agreement, the Corporation changes its state of incorporation, changes its form of organization, changes its name, or takes any other action which could affect the proper location for filing of Uniform Commercial Code financing statements or continuation statements, or which could render existing filings seriously misleading or invalid, the Corporation shall immediately provide written notice of such change to the Authority and the Trustee and thereafter promptly deliver to the Authority or the Trustee such additional information or documentation regarding such change as the Authority or the Trustee respectively may reasonably request for the purpose of amendment and/or refile, at the expense of the Corporation, as may be reasonably determined to be necessary by the Authority or the Trustee and their respective attorneys.

Additional Bonds

The Authority from time to time may, in its sole discretion, at the written request of the Corporation, authorize the issuance of Additional Bonds for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Authority and the Corporation; (2) the Authority and the Corporation shall have entered into a Supplemental Pledge Agreement to acknowledge that the provisions of the Pledge Agreement are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the Pledge Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Pledge Agreement; and (3) the Authority and the Corporation shall have otherwise complied with the provisions of the Pledge Agreement and the Indenture with respect to the issuance of such Additional Bonds.

Additional Indebtedness

The Corporation may issue or incur Additional Indebtedness for any proper corporate purpose if prior to the issuance and delivery of any Additional Indebtedness, and as a condition precedent thereto, the following documents and showings shall be executed and delivered to the Trustee:

- (a) A loan agreement or other debt instrument, executed by the Corporation and the lender, specifying, among other things, the principal amount, rate of interest, maturity, terms of optional prepayment, if any, and form of any Additional Indebtedness.
- (b) An Officer's Certificate (1) stating that no Event of Default under the Indenture has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Indebtedness is being issued and the classification of the Indebtedness under the Pledge Agreement and accompanied by the certificates, reports or opinions demonstrating compliance with the applicable tests set forth in the Pledge Agreement.
- (c) Such other certificates, title insurance policies, endorsements or reports, financing statements, financial statements and opinions as the Trustee may reasonably request.

Any Additional Indebtedness issued pursuant to the Pledge Agreement will constitute Subordinated Indebtedness, and any Additional Indebtedness issued pursuant to the Pledge Agreement will constitute Parity Indebtedness unless such Additional Indebtedness is designated by the Corporation as Subordinated Indebtedness.

Parity Indebtedness shall have a security interest in the Revenues standing on a parity with the security interest granted to the Authority by the Pledge Agreement, provided that any security interest in any or all of the Revenues granted to secure such Parity Indebtedness provides that all amounts realized from such security interest shall be paid to the Trustee for deposit in the Revenue Fund for disposition in accordance with the Indenture. The owners of such Parity Indebtedness shall not have a security interest in or other rights to or be entitled to share on a parity with the owners of the Parity Bonds in the Debt Service Fund or the Debt Service Reserve Fund. Such Parity Indebtedness may be further secured in any manner not inconsistent with the provisions and intent of the Indenture or the Pledge Agreement. Any Parity Indebtedness that provides for the payment of interest on a semi-annual basis shall have interest payment dates on March 1 and September 1. Scheduled principal payments on any Parity Indebtedness shall occur on September 1.

In the event that the Corporation shall propose to secure any such Parity Indebtedness by a pledge, lien, mortgage or other security interest as described above, the Authority, the Trustee and the Corporation shall take, or shall cause to be taken, such actions (including entering into a Supplemental Pledge Agreement or Supplemental Indenture) and execute, deliver, file and record such instruments of security as their respective counsel agree to be necessary or appropriate to grant to and/or otherwise secure for the owner or owners of the Parity Indebtedness, equivalent to that of the Trustee, and the Corporation shall as a condition of securing such Parity Indebtedness execute, deliver, file and record, and cause to be executed, delivered, filed and recorded by such owner or owners, such documents as counsel for the Trustee and the Corporation agree to be necessary or appropriate to grant to and/or otherwise secure for the Trustee a pledge of and a security interest in any security granted to the owner or owners of the Parity Indebtedness and not theretofore granted to the Trustee equivalent to the interest granted to such owner or owners of such Parity Indebtedness, to the end that all such outstanding secured Parity Indebtedness and all outstanding Parity Bonds shall be of equal rank and be entitled to share *pari passu* in such security.

Any default under any instrument or agreement providing for repayment of any Parity Indebtedness secured on a parity with the Parity Bonds as provided in the Pledge Agreement shall be a default under the Pledge Agreement and there shall be included in any instrument or agreement providing for repayment of such Parity Indebtedness a provision that any default under the Pledge Agreement shall be a default under such instrument or agreement. Any action which cures a default under any such instrument or agreement shall also cure such default under the Pledge Agreement. Unless otherwise agreed to by the Trustee, the Trustee shall act as trustee under any instrument securing any such Parity Indebtedness. Any instrument or agreement providing for repayment of such Parity Indebtedness shall include a provision that, prior to exercising any remedies upon a default by the Corporation under such instrument or agreement, the Trustee (or the owners thereof, if the Trustee otherwise consents) shall consider the interests of the owners of the Parity Indebtedness and the Bonds and shall proceed such that the interests of such owner or owners of the Parity Indebtedness and the bondowners shall be equally protected.

Permitted Indebtedness

The Corporation shall not incur any Indebtedness, other than the following Indebtedness:

- (a) *Long-Term Indebtedness.* The Corporation may incur Long-Term Indebtedness if prior to incurrance thereof or, if such Long-Term Indebtedness was incurred in accordance with the Pledge Agreement and the Corporation desires to have such Indebtedness reclassified as having been issued under this paragraph, prior to such reclassification, there is delivered to the Trustee the following:

- (1)
 - (A) an Officer's Certificate demonstrating that the aggregate Revenues deposited in the Revenue Fund during any 12 consecutive months occurring during the 24 month period ending on the date of such Officer's Certificate are equal to or greater than **135%** of Maximum Annual Debt Service for all Parity Bonds and Parity Indebtedness for the then current or any succeeding fiscal year, after giving effect to the incurrence of such Long-Term Indebtedness; or
 - (B) in the event that collection of an Additional Sales Tax commenced during the 18-month period ending on the date of such Officer's Certificate, an Officer's Certificate demonstrating that the aggregate Revenues deposited in the Revenue Fund during any 12 consecutive months occurring during the 24-month period ending on the date of such Officer's Certificate, after giving effect to revenues from the Additional Sales Tax that would have been deposited in the Revenue Fund during such period if such Additional Sales Tax had been in effect at all times during such period, are equal to or greater than **140%** of Maximum Annual Debt Service for all Parity Bonds and Parity Indebtedness for the then current or any succeeding fiscal year, after giving effect to the incurrence of such Long-Term Indebtedness; and
 - (2) In the event such Long-Term Indebtedness is issued as Variable Rate Bonds or Additional Indebtedness bearing interest at a variable rate and an accelerated repayment of the principal of such Indebtedness is required in the event of a failure to remarket such Long-Term Indebtedness or a similar market or credit failure in connection therewith by the Supplemental Indenture or other document pursuant to which such Long-Term Indebtedness is authorized and issued, or would be required by a related Qualified Liquidity Facility or Qualified Credit Facility in the event that the provider of such facility became the owner of such Indebtedness following such event, an Officer's Certificate demonstrating that the aggregate Revenues deposited in the Revenue Fund during any 12 consecutive months occurring during the 24 month period ending on the date of such Officer's Certificate are equal to or greater than **112.5%** of Maximum Annual Debt Service for all Parity Bonds and Parity Indebtedness for the then current or any succeeding fiscal year, after giving effect to the incurrence of such Long-Term Indebtedness and taking into account the accelerated repayment of principal contemplated by such documents.
- (b) *Commitment Indebtedness.* The Corporation may incur Commitment Indebtedness without limit, if the Indebtedness supported by such Commitment Indebtedness was incurred in accordance with one of the provisions of the Pledge Agreement.
- (c) *Completion Indebtedness.* The Corporation may incur Completion Indebtedness in a principal amount not in excess of **10%** of the principal amount of the original Long-Term Indebtedness incurred for such facilities, if prior to the incurrence thereof there is delivered to the Trustee an Officer's Certificate stating: (1) that at the time the original Long-Term Indebtedness for the facilities to be completed was incurred, the Corporation had reason to believe that the proceeds of such Indebtedness together with other moneys then expected to be available would provide sufficient moneys for the completion of such facilities; (2) the amount estimated to be needed to so complete the facilities; and (3) that the proceeds of such Completion Indebtedness to be applied to the completion of the facilities, together with a reasonable estimate of investment income to be earned on such proceeds and available to pay

such costs, the amount of moneys, if any, committed to such completion from available cash or marketable securities and reasonably estimated earnings thereon, enumerated bank loans (including letters or lines of credit) and any other moneys reasonably expected to be available, will be in an amount not less than the estimated amount needed to complete the facilities set forth in such Officer's Certificate.

- (d) *Refunding Indebtedness.* The Corporation may incur Refunding Indebtedness for the purpose of refunding (whether in advance of maturity or otherwise) any Outstanding Long-Term Indebtedness, if the Corporation determines that such refunding is in the best interest of the Corporation and that, taking into account the issuance of the proposed Refunding Indebtedness and the application of the proceeds thereof and any other funds available to be applied to such refunding, the annual Debt Service Requirements of such Refunding Indebtedness does not exceed the annual Debt Service Requirements of the Outstanding Long-Term Indebtedness being refunded in any year.
- (e) *Short-Term Indebtedness.* The Corporation may incur Short-Term Indebtedness if, immediately after the incurrence of such Short-Term Indebtedness, the total principal amount of Outstanding Short-Term Indebtedness does not exceed **15%** of the aggregate Revenues deposited in the Revenue Fund during the 12-month period ending on the date such Short-Term Indebtedness is incurred. Short-Term Indebtedness may also be incurred if such Short-Term Indebtedness could be incurred under paragraph (a) above when it was assumed that such Short-Term Indebtedness is Long-Term Indebtedness.
- (f) *Interim Indebtedness.* The Corporation may incur Interim Indebtedness if (1) there is delivered to the Authority a written statement of a Consultant to the effect that it is such Consultant's opinion that it is reasonable to assume that the Corporation will be able to refinance such Interim Indebtedness prior to its maturity date in compliance with the provisions of the Pledge Agreement and (2) the conditions described in paragraph (a) above are met with respect to such Interim Indebtedness when it is assumed that such Interim Indebtedness is Long-Term Indebtedness maturing over **25** years (or such shorter period as such Consultant indicates is reasonable to assume in such statement) from the date of issuance of the Interim Indebtedness, bears interest on the unpaid principal balance at the rate equal to the rate set forth in the **25**-year Bond Buyer Revenue Bond Index most recently published in *The Bond Buyer* (or if *The Bond Buyer* or such index is no longer published, any other published similar index as is determined by the Authority in its sole discretion to be appropriate) plus **50** basis points, and is payable on a level debt service basis over a **25**-year period (or such shorter period as such Consultant indicates is reasonable to assume in such statement).
- (g) *Subordinated Indebtedness.* The Corporation may incur Subordinated Indebtedness without limit as to principal amount, provided such Indebtedness is evidenced by an instrument containing provisions for the subordination of such Indebtedness (to which appropriate reference shall be made in the instrument evidencing such Indebtedness) to the Parity Bonds and any Parity Indebtedness with respect to payment out of the Trust Estate, so that if at any time the Corporation shall be in default in paying either interest on or principal of the Parity Bonds and any Parity Indebtedness or if the Corporation shall be in default in making any payments required to be made under the provisions of the Pledge Agreement, the Corporation shall make no payments of either principal of or interest on said Subordinated Indebtedness until said default or defaults be cured.

Indebtedness may be classified and incurred under any of the above-referenced subsections with respect to which the tests set forth in such subsections are met. The Corporation may elect to have Indebtedness that was classified and issued pursuant to one provision of the Pledge Agreement, reclassified as having been incurred under another provision of the Pledge Agreement, by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

The Corporation shall, prior to the incurrence of any Indebtedness by the Corporation, deliver to the Trustee an Officer's Certificate which identifies the Indebtedness to be incurred, identifies the subsection of this Section pursuant to which such Indebtedness was incurred, demonstrates compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness.

Calculation of Debt Service Requirements

For purposes of the various calculations under the Pledge Agreement, the amount of Long-Term Indebtedness of the Corporation, the amortization schedule of such Indebtedness and the Debt Service Requirements with respect to such Indebtedness shall be calculated in accordance with the actual amortization schedule for such Indebtedness, except as follows:

- (a) *Balloon Indebtedness.* The Debt Service Requirements on Balloon Indebtedness may be deemed to be payable as follows:
 - (1) If the Corporation has incurred and there is in effect at the time any such Indebtedness is incurred Commitment Indebtedness to provide refinancing sufficient to pay the principal amount of any such Balloon Indebtedness becoming due in each fiscal year in which 25% or more of the original principal amount of such Balloon Indebtedness comes due, such Indebtedness may be deemed to be payable in accordance with the terms of such Commitment Indebtedness; or
 - (2) If the Corporation delivers an Officer's Certificate to the Trustee that establishes an amortization schedule for any such Indebtedness, which provides for payments of principal and interest for each fiscal year that are sufficient to make any actual payments required to be made in such fiscal year by the terms of such Indebtedness; and the Corporation agrees in such Officer's Certificate that the Corporation will deposit for each fiscal year with a bank or trust company (pursuant to an agreement between the Corporation and such bank or trust company, which agreement shall be satisfactory in form and substance to the Trustee) the amount of principal shown on such amortization schedule net of any amount of principal actually paid on such Indebtedness during such fiscal year (other than from amounts on deposit with such bank or trust company), which deposit shall be made prior to any such required actual payment during such fiscal year if the amounts so on deposit are intended to be the source of such actual payments, then such Indebtedness may be deemed to be payable in accordance with the terms of such amortization schedule and agreement; or

- (3) Such Indebtedness, in a principal amount not in excess of **15%** of the outstanding Indebtedness, may be deemed to be Long-Term Indebtedness payable on a level annual debt service basis over **25** years (or such other period as set forth and deemed reasonable in a written report of a Consultant) from the date of issuance or incurrence of such Indebtedness, bearing interest on the unpaid principal balance at the rate equal to the rate set forth in the **25**-year Bond Buyer Revenue Bond Index most recently published in *The Bond Buyer* (or if *The Bond Buyer* or such index is no longer published, any other published similar index as is determined by the Authority in its sole discretion to be appropriate) plus **50** basis points.
- (b) *Capital Appreciation Indebtedness.* The principal amount of Indebtedness that constitutes "capital appreciation indebtedness" (defined below) shall be deemed to be the "accreted value" (defined below) thereof as of the relevant date. "Capital appreciation indebtedness" means any Long-Term Indebtedness for which interest is payable only at the maturity of such Indebtedness, upon the redemption of such Indebtedness before maturity, or upon the conversion of such Indebtedness to Indebtedness with interest payable periodically in installments prior to maturity or prior to redemption before maturity. "Accreted value" means with respect to any capital appreciation indebtedness (a) as of any "valuation date" (defined below), the amount set forth in the Supplemental Pledge Agreement authorizing such Indebtedness or in the related Supplemental Indenture (or other document authorizing such Indebtedness) as the value of such Indebtedness on such valuation date and (b) as of any date other than a valuation date the sum of (i) the accreted value on the next preceding valuation date and (ii) the product of (A) a fraction, the numerator of which is the number of days having elapsed from the preceding valuation date and the denominator of which is the number of days from such preceding valuation date to the next succeeding valuation date and (B) the difference between the accreted values for such valuation dates. "Valuation date" means with respect to any capital appreciation indebtedness the date or dates set forth in the Supplemental Pledge Agreement relating to such Indebtedness or the related Supplemental Indenture (or other document authorizing such Indebtedness) on which specific accreted values are assigned to the capital appreciation indebtedness.
- (c) *Capital Leases.* The principal amount of Indebtedness in the form of a "capital lease" (defined below) shall be deemed to be the amount, as of the date of determination, at which the aggregate "net rentals" (defined below) due and to become due under such capital lease would be reflected as a liability on the balance sheet of the lessee, and the Debt Service Requirements on a capital lease for the period of time for which calculated shall be deemed to be the aggregate amount of net rentals to be payable under such capital lease during such period. "Capital lease" means any lease of real or personal property that is capitalized on the balance sheet of the lessee under generally accepted accounting principles. "Net rentals" means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the Property other than upon termination of the lease for a default thereunder) payable under such lease excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Net rentals for any future period under any so-called "percentage lease" shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; provided that the amount estimated to be payable

under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

- (d) *Commitment Indebtedness.* No debt service shall be deemed payable with respect to Commitment Indebtedness until such time as the obligation to make payments under the commitment actually rises (and only to the extent of advances actually made under such Commitment Indebtedness) except as provided in the Pledge Agreement. From and after such funding, the amount of such debt service shall be calculated in accordance with the actual amount required to be repaid on such Commitment Indebtedness and the actual interest rate and amortization schedule applicable thereto. No Indebtedness shall be deemed to arise when any funding occurs under any such commitment if such funding is immediately repaid and such commitment is reinstated in accordance with its terms, or when any such commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as existed prior to such renewal.
- (e) *Long-Term Indebtedness Supported By Commitment Indebtedness.* The Debt Service Requirements on Long-Term Indebtedness with respect to which the Corporation has incurred Commitment Indebtedness that would refinance such Indebtedness for a period extending beyond its original maturity date, may be deemed to be payable in accordance with the terms of such Commitment Indebtedness.
- (f) *Variable Rate Indebtedness; Qualified Swap Agreements.* In determining Debt Service Requirements on Variable Rate Bonds or Additional Indebtedness bearing interest at a variable rate, the rate of interest on such Indebtedness for any period prior to the date of calculation or for which the interest rate has been determined shall be the actual interest rate payable during such period, and the rate of interest on such Indebtedness for any period for which the actual interest rate cannot be determined shall be the Assumed Variable Interest Rate; *provided*, however, if the Authority or the Corporation enters into a Qualified Swap Agreement with a Swap Provider requiring the Authority or the Corporation to pay a fixed interest rate on a notional amount, and has determined that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for a particular maturity of Bonds or other Indebtedness in a principal amount equal to the notional amount of the Qualified Swap Agreement, then during the term of such Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement, the interest rate on such Bonds or other Indebtedness shall be determined as if such Bonds or other Indebtedness bore interest at the interest rate payable by the Authority or the Corporation under such Qualified Swap Agreement plus **25** basis points.

Acceleration of Maturity of Additional Indebtedness; Rescission and Annulment

If an event of default under the Pledge Agreement occurs and is continuing, the Trustee, as assignee of the Authority, may, and if requested by the Authority or the owners of not less than **25%** in principal amount of the Bonds Outstanding shall, by written notice to the Corporation and the Authority, declare the principal of any Additional Indebtedness and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on the Additional Indebtedness has been obtained, the Trustee may, by written notice to the Corporation, rescind and annul such declaration and its consequences if:

- (a) the Corporation has provided for the payment of:
 - (1) all overdue installments of interest on the Additional Indebtedness;
 - (2) the principal of (and premium, if any, on) the Additional Indebtedness that has become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefore;
 - (3) all sums paid or advanced by the Trustee under the Pledge Agreement and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel plus interest on any advances at the Prime Rate; and
- (b) all events of default, other than the non-payment of the principal installments of the Additional Indebtedness that have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Pledge Agreement.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee

Upon the occurrence and continuance of any event of default under the Pledge Agreement, unless the same is waived as provided in the Pledge Agreement, the Trustee, as assignee of the Authority, shall have the following rights and remedies, in addition to any other rights and remedies provided under the Pledge Agreement or by law:

- (a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to realize on or foreclose any of its interest or liens under the Pledge Agreement, to enforce and compel the performance of the duties and obligations of the Corporation as set forth in the Pledge Agreement or any Additional Indebtedness and to enforce or preserve any other rights or interests of the Trustee under the Pledge Agreement existing at law or in equity.
- (b) *Exercise of Remedies at Direction of Bondowners.* If requested in writing to do so by the owners of not less than **25%** in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Pledge Agreement as the Trustee shall deem most expedient in the interests of the bondowners.
- (c) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee under the Pledge Agreement, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Property subject to the lien and security interest of the Pledge Agreement pending such proceedings, with such powers as the court making such appointment shall confer.

- (d) *Restoration of Positions.* If the Trustee has instituted any proceeding to enforce any right or remedy under the Pledge Agreement by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, then and in every case the Authority, the Corporation, the Trustee and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Pledge Agreement, and thereafter all rights and remedies of the Trustee shall continue as though no such proceeding had been instituted.

Application of Moneys Collected

Any moneys collected by the Trustee pursuant to the Pledge Agreement (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied as provided in the Indenture.

Rights and Remedies Cumulative

No right or remedy in the Pledge Agreement conferred upon or reserved to the Trustee is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Pledge Agreement or now or thereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Pledge Agreement, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver

No delay or omission of the Trustee to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by the Pledge Agreement or by law to the Trustee or to the Bondowners may be exercised from time to time and as often as may be deemed expedient by the Trustee.

Waiver of Past Defaults

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Pledge Agreement, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Corporation, on behalf of the owners of all the Bonds waive any past default under the Pledge Agreement and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond, or
- (b) in respect of a covenant or provision of the Pledge Agreement which under the Pledge Agreement cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of the Pledge Agreement; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Advances by Trustee

If the Corporation fails to make any payment or perform any of its covenants in the Pledge Agreement, the Trustee may, but shall in no case be required, at any time and from time to time, use and apply any moneys held by it under the Indenture, or make advances, to effect payment or performance of any such covenant on behalf of the Corporation. All moneys so used or advanced by the Trustee, together with interest at the Prime Rate, shall be repaid by the Corporation upon demand and such advances shall be secured under the Indenture prior to the Bonds. For the repayment of all such advances the Trustee shall have the right to use and apply any moneys at any time held by it under the Indenture but no such use of moneys or advance shall relieve the Corporation from any default under the Pledge Agreement.

Supplemental Pledge Agreements without Consent of Bondowners

Without the consent of the owners of any Bonds, the Authority and the Corporation may from time to time enter into one or more Supplemental Pledge Agreements, for any of the following purposes:

- (a) to correct or amplify the description of any property of the Corporation at any time subject to the Pledge Agreement, or to subject to the Pledge Agreement additional property or to more precisely identify any project financed or refinanced out of the proceeds of any Bonds, or to substitute or add additional property thereto;
- (b) to authorize the issuance of any Additional Bonds and provide for a pledge by the Corporation of Revenues in connection therewith and to make such other provisions as provided in the Pledge Agreement;
- (c) to modify or eliminate any of the terms of the Pledge Agreement; provided, however, that
 - (1) such Supplemental Pledge Agreement shall expressly provide that any such modifications or eliminations shall become effective only when there is no Bond Outstanding of any series created prior to the execution of such Supplemental Pledge Agreement; and
 - (2) the Trustee may, in its discretion, decline to approve any such Supplemental Pledge Agreement which, in its opinion, may not afford adequate protection to the Trustee when the same becomes operative;
- (d) to evidence the succession of another corporation to the Corporation and the assumption by any such successor of the covenants of the Corporation contained in the Pledge Agreement;
- (e) to add to the covenants of the Corporation or to the rights, powers and remedies of the Trustee for the benefit of the owners of all or any series of Bonds or to surrender any right or power in the Pledge Agreement conferred upon the Corporation; or
- (f) to cure any ambiguity, to correct or supplement any provision in the Pledge Agreement which may be inconsistent with any other provision in the Pledge Agreement or to make any other changes, with respect to matters or questions arising under the Pledge Agreement, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination, the Trustee may rely conclusively upon an Opinion of Counsel).

Supplemental Pledge Agreements with Consent of Bondowners

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Pledge Agreement, the Authority and the Corporation may enter into Supplemental Pledge Agreements, in form satisfactory to the Trustee, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pledge Agreement or of modifying in any manner the rights of the Trustee and the owners of the Bonds under the Pledge Agreement; provided, however, that no such Supplemental Pledge Agreement shall, without the consent of the owner of each Outstanding Bond affected thereby,

- (a) limit the pledge and assignment of the Revenues set forth in the Pledge Agreement or modify the requirement in the Pledge Agreement that all Revenues be deposited in the Revenue Fund;
- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Pledge Agreement, or the consent of whose owners is required for any waiver provided for in the Pledge Agreement of compliance with certain provisions of the Pledge Agreement or certain defaults under the Pledge Agreement and their consequences;
- (c) modify any of the provisions of the Pledge Agreement, except to increase any percentage provided thereby or to provide that certain other provisions of the Pledge Agreement cannot be modified or waived without the consent of the owner of each Bond affected thereby; or
- (d) permit the creation of any lien ranking prior to or on a parity with the lien of the Pledge Agreement with respect to any of the pledged property or terminate the lien of the Pledge Agreement on any property at any time subject to the Pledge Agreement or deprive the owner of any Bond of the security afforded by the lien of the Pledge Agreement.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Pledge Agreement and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Pledge Agreement. The Trustee shall not be liable for any such determination made in good faith, and in making such determination may rely conclusively upon an Opinion of Counsel.

It shall not be necessary for the required percentage of owners of Bonds under the Pledge Agreement to approve the particular form of any proposed Supplemental Pledge Agreement, but it shall be sufficient if such act shall approve the substance thereof.

Effect of Supplemental Pledge Agreements

Upon the execution of any Supplemental Pledge Agreement under the Pledge Agreement, the Pledge Agreement shall be modified in accordance therewith and such Supplemental Pledge Agreement shall form a part of the Pledge Agreement for all purposes; and the Corporation, the Authority, the Trustee and every owner of Bonds theretofore or thereafter authenticated and delivered under the Indenture shall be bound thereby.

Reference in Bonds to Supplemental Pledge Agreements

Bonds authenticated and delivered after the execution of any Supplemental Pledge Agreement pursuant to the Pledge Agreement may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Pledge Agreement. If the Authority shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Authority, to any such Supplemental Pledge Agreement may be prepared and executed by the Authority and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

Term of Pledge Agreement

The Pledge Agreement shall be effective concurrently with the initial issuance and delivery of the Series 2009L Bonds and shall continue in force and effect until the principal of, redemption premium, if any, and interest on all of the Bonds have been fully paid (or provision for their payment shall have been made in accordance with the Indenture) together with all sums to which the Authority and the Trustee are entitled from the Corporation under the Pledge Agreement; provided, however, the provisions of the Pledge Agreement related to indemnification of the Authority and the Trustee shall remain in full force and effect.

Covenants under Transaction Documents

The Corporation shall deliver to the Trustee, in such quantities as may be reasonably requested by the Trustee, all reports, opinions and other documents required by the Indenture to be submitted to the Trustee at the times required by the Pledge Agreement and the Indenture and all other Transaction Documents and shall perform or cause to be performed all covenants and agreements required on the part of the Corporation contained in the Pledge Agreement and the Indenture and any other Transaction Documents. The Pledge Agreement, all supplements to the Pledge Agreement and all other Transaction Documents shall be delivered to and held by the Trustee.

SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The following is a summary of certain provisions of the Continuing Disclosure Agreement. This summary does not purport to be complete, and reference is made to the full text of the Continuing Disclosure Agreement for a complete recital of its terms, as well as a complete recital of the defined terms used therein.

Definitions

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in the Continuing Disclosure Agreement unless otherwise defined in the Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Corporation pursuant to, and as described in the Continuing Disclosure Agreement.

“*Authority*” means the Kansas Development Finance Authority, and its successors and assigns or any body, agency or instrumentality of the State of Kansas succeeding to or charged with the powers, duties and functions of the Authority.

“*Beneficial Owner*” means any Registered Owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds

(including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Business Day*” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Trustee or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“*Dissemination Agent*” means UMB Bank, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Corporation.

“*EMMA*” means the Electronic Municipal Market Access system for municipal securities disclosures, which can be accessed at www.emma.msrb.org.

“*Fiscal Year*” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the Corporation as the Fiscal Year of the K-State - Olathe Innovation Campus, Inc. for financial reporting purposes.

“*Corporation*” means K-State - Olathe Innovation Campus, Inc., a Kansas nonprofit corporation, and its successors and assigns.

“*Material Events*” means any of the events listed in the Continuing Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“*Participating Underwriter*” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports

- (a) The Corporation shall, or shall cause the Dissemination Agent to, not later than **180** days after the end of the Corporation’s Fiscal Year, commencing with the year ending June 30, 2010, provide to the MSRB, through EMMA, the following financial information and operating data (the “*Annual Report*”):
 - (1) The audited financial statements of the Corporation for the prior Fiscal Year. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to the Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.
 - (2) Updates as of the end of the Fiscal Year of certain financial information and sales tax data contained in the final Official Statement under the caption “**HISTORICAL**”

AND PROJECTED CORPORATION SALES TAX REVENUES,” in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Corporation is an “*obligated person*” (as defined by the Rule), which have been provided to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the Continuing Disclosure Agreement; *provided*, that the audited financial statements of the Corporation may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Corporation’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under the Continuing Disclosure Agreement.

- (b) Not later than the date specified in (a) above for providing the Annual Report to the MSRB, the Corporation shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in (a) above, or (2) provide written notice to the Dissemination Agent that the Corporation has provided the Annual Report to the MSRB.
- (c) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the Corporation that it has provided an Annual Report to the MSRB by the date required in (a) above, the Dissemination Agent shall send a notice to the MSRB in substantially the form required by the Continuing Disclosure Agreement.
- (d) The Dissemination Agent shall, (1) notify the Corporation each year, not later than 30 days prior to the date for providing the Annual Report to the MSRB, of the date on which its Annual Report must be provided to the Dissemination Agent or the MSRB, and (2) unless the Corporation has provided the Annual Report to the MSRB, promptly following receipt of the Annual Report and instructions required in (a) above, provide the Annual Report to the MSRB and file a report with the Corporation, the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to the Continuing Disclosure Agreement, stating the date it was provided.
- (e) In addition to the foregoing requirements of the Section, the Corporation agrees to provide copies of the most recent Annual Report to any requesting bondowner or prospective bondowner, but only after the same have been delivered to the MSRB.

Reporting of Material Events

- (a) Pursuant to the provisions of the Continuing Disclosure Agreement, the Corporation shall give, or cause to be given, to the Dissemination Agent notice of the occurrence of any of the following events with respect to the Bonds, if material (“*Material Events*”):
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
 - (7) modifications to rights of bondowners;
 - (8) optional, contingent or unscheduled bond calls;
 - (9) defeasances;
 - (10) release, substitution or sale of property securing repayment of the Bonds; or
 - (11) rating changes.
- (b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the Corporation or his or her designee or such other person as the Corporation shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Corporation promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to (d) below. If in response to a request under this paragraph, the Corporation determines that such event would not be material under applicable federal securities laws, the Corporation shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence.
- (c) Whenever the Corporation obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent, the Corporation shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to (d) below.
- (d) If the Dissemination Agent receives written instructions from the Corporation to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, with a copy to the Corporation. Notwithstanding the foregoing, notice of Material Events described in paragraphs (a)(8) and (9) of the Continuing Disclosure Agreement need not be given under this paragraph any earlier than the notice (if any) of the underlying event is given to the Registered Owners of affected Bonds pursuant to the Indenture.

Termination of Reporting Obligation

The Corporation's obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Corporation's obligations under the Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with the Continuing Disclosure Agreement in the same manner as if it were the Corporation, and the Corporation shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Corporation shall give notice of such termination or substitution in the same manner as for a Material Event.

Dissemination Agent; Other Designated Agents

The Corporation may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the Corporation. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Corporation pursuant to the Continuing Disclosure Agreement. The initial Dissemination Agent is UMB Bank, N.A.

The Corporation may, from time to time, appoint or designate one or more agents (each, a “*designated agent*”) to submit Annual Reports, Material Event notices, and other notices or reports with the MSRB. The Corporation hereby appoints the Dissemination Agent as designated agent of the Corporation solely for the purpose of submitting Corporation-approved Annual Reports, Material Event notices, and other notices or reports to the MSRB. The Corporation may revoke this designation at any time upon written notice to the designated agent, and may designate one or more additional designated agents for purposes of this paragraph from time to time by written designation to the newly appointed designated agent.

Amendment; Waiver

Notwithstanding any other provision of the Continuing Disclosure Agreement, the Corporation and the Dissemination Agent may amend the Continuing Disclosure Agreement and any provision of the Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Corporation and the Dissemination Agent with its written opinion that the undertaking of the Corporation contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Agreement.

Additional Information

Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by the Continuing Disclosure Agreement. If the Corporation chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by the Continuing Disclosure Agreement, the Corporation shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report, as the case may be, or notice of occurrence of a Material Event.

Default

If there is a failure of the Corporation or the Dissemination Agent to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Registered Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Corporation or the Dissemination Agent, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an event of default under the Indenture or the Pledge Agreement, and the sole remedy under the Continuing Disclosure Agreement if there is any failure of the Corporation or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties and Liabilities of Dissemination Agent

The Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the Corporation agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to

the Dissemination Agent's negligence or willful misconduct. The obligations of the Corporation under this paragraph shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Corporation shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of the Continuing Disclosure Agreement.

Beneficiaries

The Continuing Disclosure Agreement shall inure solely to the benefit of the Authority, the Corporation, the Trustee, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2009L Bonds. The Series 2009L 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 Security certificate will be issued for each series of the Series 2009L Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchases of Series 2009L Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009L Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Series 2009L Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2009L Bonds, except in the event that use of the book-entry system for the Series 2009L Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009L 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 Series 2009L Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009L Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009L 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.

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 Series 2009L Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2009L Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2009L Bonds may wish to ascertain that the nominee holding the Series 2009L 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2009L 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2009L Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2009L Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2009L 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 Authority or Paying Agent, on payable 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, the Paying Agent, or Authority, 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 Authority 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.

DTC may discontinue providing its services as depository with respect to the Series 2009L Bonds at any time by giving reasonable notice to Authority or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

THE INFORMATION IN THIS APPENDIX CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. NEITHER THE AUTHORITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2009L BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.