

RESOLUTION NO. 06-058

A RESOLUTION APPROVING THE DELIVERY OF CERTIFICATES OF PARTICIPATION IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,600,000 TO PAY THE COST OF CONSTRUCTING IMPROVEMENTS TO, AND FURTHER EQUIPPING, AN EXISTING MENTAL HEALTH CARE FACILITY IN FRANKLIN COUNTY, KANSAS, AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE DELIVERY OF SUCH CERTIFICATES (FRANKLIN COUNTY MENTAL HEALTH CLINIC, INC.)

WHEREAS, the Board of County Commissioners of Franklin County, Kansas (the "County"), finds and determines it is in the best interest of the County to authorize the issuance of Certificates of Participation in an amount not to exceed \$1,600,000 (the "Certificates") to pay the cost of constructing an addition to, and improving and further equipping, a mental health facility (the "Project") located at 2537 Eisenhower Road (the "Property") within the County which Property is owned by the Franklin County Mental Health Clinic, Inc. ("FCMHC");

WHEREAS, in connection with the issuance of the Certificates, FCMHC will:

(a) lease the Property to Security Bank of Kansas City, Kansas City, Kansas (the "Trustee"), in consideration for the Trustee's agreement to enter into the documents necessary to issue the Certificates; and

(b) sublease the Property from the County (after the County has acquired a leasehold interest in the Property from the Trustee pursuant to the hereinafter described Lease) in consideration for (i) rental payments from FCMHC that are sufficient to pay the principal of and interest on the Certificates and any other rent payments due under the Lease, (ii) a mortgage on the Property in favor of the Trustee for the benefit of the Certificate owners, and (iii) the agreement by FCMHC to transfer title to the Property to the County if FCMHC defaults under the hereinafter described Sublease;

WHEREAS, it is necessary for the Board of County Commissioners of the County to enter into the following documents (the "Certificate Documents") in connection with the issuance of the Certificates:

(a) a Trust Indenture (the "Indenture") with the Trustee pursuant to which the Trustee will execute and deliver the Certificates and provide for the acquisition and construction of the Project;

(b) an annual appropriation Lease Purchase Agreement (the "Lease") whereby the Trustee leases the Property to the County in consideration for rent sufficient to pay the principal of and interest on the Certificates and any other rent due under the Lease provided such rent is not received by the Trustee from FCMHC under the Sublease;

(c) a Sublease Agreement (the "Sublease") as previously described;

(d) an Assignment of Sublease to the Trustee whereby the County agrees to assign its right to receive rent under the Sublease to the Trustee; and

(e) a Certificate Purchase Agreement with D.A. Davidson & Co. (the "Underwriter")

whereby the County agrees to sell the Certificates to the Underwriter and the Underwriter agrees to purchase the Certificates upon the terms set forth therein; and

WHEREAS, the County's obligation to pay rent under the Lease shall be from year to year only, shall constitute currently budgeted expenditures of County, as set forth in the final budget for each year approved by the Board of County Commissioners, and shall not constitute a general obligation or other indebtedness of the County in any ensuing fiscal year beyond the current fiscal year;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF FRANKLIN COUNTY, KANSAS, AS FOLLOWS:

Section 1. Approval of Delivery of the Certificates. The County hereby approves the delivery of the Certificates for the purposes set forth in the preamble to this Resolution. The Certificates shall be issued and secured pursuant to the Indenture and shall be dated, become due, bear interest and shall have the further price and terms as shown on Exhibit A to this Resolution. The Certificates shall be in such denominations, shall be in such forms, shall be subject to prepayment prior to the stated payment dates thereof, shall have such other terms and provisions, and shall be executed and delivered in such manner subject to such provisions, covenants and agreements, as are set forth in the Indenture.

Section 2. Limited Obligations. The Certificates and the interest thereon shall be limited obligations of the County, payable solely out of the applicable rents, revenues and receipts received by the Trustee from the County pursuant to the Lease. Neither the Lease nor the Certificates shall constitute a debt or liability of the County, the state of Kansas or of any political subdivision thereof, and neither the Lease nor the Certificates shall constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction.

Section 3. Authorization of Documents. The County is hereby authorized to enter into the Certificate Documents, in substantially the forms presented and reviewed at this meeting (copies of which documents shall be filed in the records of the County), with such changes therein as shall be approved by the officers of the County executing such documents, such officers' signatures thereon being conclusive evidence of their approval thereof.

Section 4. Execution of Documents. The officers of the County, including the Chairman and County Clerk, shall be, and they hereby are, authorized and directed to execute and deliver, on behalf of the County, the Certificate Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 5. Preliminary Official Statements and Official Statement. The Preliminary Official Statement used in connection with the sale of the Certificates is hereby ratified and approved, and the final Official Statement is hereby authorized and approved by supplementing, amending and completing the related Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Chairman is hereby authorized to execute the Official Statement as so supplemented, amended and completed and the County Clerk is authorized to attest such execution.

Section 6. Continuing Disclosure. The County covenants and agrees to provide continuing

disclosure as set forth in the Continuing Disclosure Letter attached to the Preliminary Official Statement.

Section 7. Bank Qualified Designation. The County hereby designates the Certificates as “qualified tax-exempt obligations” as such term is defined in Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”). In addition, the County hereby represents that:

(a) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) which will be issued by the County during the calendar year that the Certificates are issued does not exceed \$10,000,000; and

(b) the aggregate principal amount of obligations designated by the County to be “qualified tax-exempt obligations” during the calendar year that the Certificates are issued, including the Certificates, does not exceed \$10,000,000.

Section 8. Federal Tax Covenant. The County covenants and agrees that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Certificates under Section 103 of the Code. The County covenants and agrees that it will use the proceeds of the Certificates as soon as practicable and with all reasonable dispatch for the purpose for which the Certificates are issued as hereinbefore set forth, and that it will not directly or indirectly permit the use of any proceeds of the Certificates or any other funds of the County, or take or omit any action that would cause the Certificates to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. To that end, the County will comply with all requirements of Section 148 of the Code to the extent applicable to the Certificates.

Section 9. Further Authority. The officers, employees and representatives of the County, including, but not limited to, the Chairman, County Clerk, and Kutak Rock LLP, the County’s Bond Counsel, are authorized and directed to execute all documents and take such action as they may deem necessary or advisable in order to carry out and perform the purposes of this Resolution, and to carry out, comply with and perform the duties of the County with respect to the Certificate Documents.

Section 10. Effective Date. This Resolution shall be in full force and effect from and after its adoption by the Board of County Commissioners.

ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF FRANKLIN COUNTY, KANSAS,
ON SEPTEMBER 6, 2006.

Chairman /s/ John E. Taylor

Commissioner /s/ Donald E. Waymire

Commissioner /s/ Donald R. Stottlemire

Commissioner /s/ Roy C. Dunn

(Seal) Commissioner /s/ Donald C. Hay

ATTEST:
 /s/ Shari Perry
 Shari Perry, County Clerk

EXHIBIT A

\$1,600,000
FRANKLIN COUNTY, KANSAS
Certificates of Participation
(FranklinCounty Mental Health Clinic, Inc.)

Dated Date: September 1, 2006

Paym e n t	Prin cipal Am ount Date	Int erest R ate
09/ 0 1 2 0 1 1	\$375,000	4. 25%
09/ 0 1 2 0 1 6	475,000	4. 50%

09/	750,000	4.
0		
1		75%
2		
0		
2		
1		

Purchase Price for the Certificates: Par amount of the Certificates \$1,600,000 less an underwriter's discount of \$30,400, plus accrued interest from the dated date to the date of closing.

Optional Redemption: The Certificates maturing on September 1, 2014, and thereafter shall be subject to optional prepayment on September 1, 2013, or any date thereafter, as a whole or in part (selection of Certificates to be designed by the Trustee in such equitable manner as it may determine), at a Prepayment Price equal to 100% of the Principal Component of Base Rentals represented thereby plus the Interest Component of Base Rentals accrued thereon to the Prepayment Date, without premium.

Mandatory Redemption. The Certificates maturing on September 1, 2011, September 1, 2016, and September 1, 2021 (the "Term Certificates") shall be subject to mandatory redemption and prepayment pursuant to the mandatory redemption requirements hereinafter set forth (selection of Certificates to be designed by the Trustee in such equitable manner as it may determine), at a Prepayment Price equal to 100% of the Principal Component of Base Rentals represented thereby plus the Interest Component of Base Rentals accrued thereon to the Prepayment Date, without premium. The Base Rentals which are to be deposited into the Certificate Payment Fund shall be sufficient to redeem, and the County shall redeem on March 1 and September 1 in each year, the following principal amounts of such Term Certificates:

The Certificates maturing on September 1, 2011:

Date	Principal Amount
03/01/2007	\$30,000
09/01/2007	\$35,000
03/01/2008	\$35,000

09/01/2008	\$35,000
03/01/2009	\$40,000
09/01/2009	\$40,000
03/01/2010	\$40,000
09/01/2010	\$40,000
03/01/2011	\$40,000
09/01/2011	\$40,000+

The Certificates maturing on September 1, 2016:

Date		Principal Amount
03/01/2012	\$45,000	
09/01/2012	\$45,000	
03/01/2013	\$45,000	
09/01/2013	\$45,000	
03/01/2014	\$45,000	
09/01/2014	\$50,000	
03/01/2015	\$50,000	
09/01/2015	\$50,000	
03/01/2016	\$50,000	
09/01/2016	\$50,000+	

The Certificates maturing on September 1, 2021:

Date	Principal Amount
03/01/2017	\$55,000
09/01/2017	\$55,000
03/01/2018	\$55,000
09/01/2018	\$60,000
03/01/2019	\$60,000
09/01/2019	\$60,000
03/01/2020	\$60,000
09/01/2020	\$65,000
03/01/2021	\$65,000
09/01/2021	\$215,000+

+ Final Maturity