

(Published in *The Miami County Republic*, July 30, 2008)

ORDINANCE NO. 2972

AN ORDINANCE OF THE CITY OF PAOLA, KANSAS, AUTHORIZING THE EXECUTION AND DELIVERY OF AND CONSENTING TO A FIRST AMENDMENT OF A TRUST INDENTURE BY AND BETWEEN THE CITY OF PAOLA, KANSAS, AS ISSUER, AND TEAMBANK, N.A., A NATIONAL BANKING ASSOCIATION, PAOLA, KANSAS, AS TRUSTEE.

WHEREAS, the City of Paola, Kansas (the “Issuer”) has previously authorized and issued its industrial revenue bonds designated “City of Paola, Kansas, Taxable Industrial Revenue Bonds, Series A, 2006 (Spring Star Development, L.L.C.)” in the aggregate principal amount of \$1,410,000 (the “Bonds”) pursuant to a certain Trust Indenture, dated as of March 1, 2006 (the “Indenture”), by and between the Issuer and TeamBank, N.A., a national banking association organized and existing under the laws of the United States with its office located in Paola, Kansas, as Trustee (the “Trustee”), for the purpose of purchasing, acquiring, constructing, furnishing and equipping a hotel located in the corporate limits of the Issuer (the “Project”); and

WHEREAS, the Issuer has acquired title to all of the Project and is leasing the Project to Spring Star Development, L.L.C., a Kansas limited liability company duly qualified to do business in the State of Kansas (the “Tenant”), pursuant to the Lease Agreement, dated as of March 1, 2006 (the “Lease”), between the Issuer and Tenant; and

WHEREAS, the Issuer, Tenant and 100% of the Owners of the Bonds desire and have consented to amend the Indenture to reduce the rate of interest on the Bonds and issue replacement bonds according to the terms provided in a First Amendment to Trust Indenture, dated as of July 1, 2008 (the “First Amendment”), by and between the Issuer and Trustee; and

WHEREAS, all acts and things necessary (including compliance with Sections 1102 and 1103 of the Indenture) have been done and performed and the First Amendment has in all respects been duly authorized.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF PAOLA, KANSAS, AS FOLLOWS:

Section 1. Definition of Terms. All terms and phrases not defined here shall have the meanings given in the Indenture as modified by the First Amendment.

Section 2. Authorization of First Amendment to Trust Indenture. The Issuer is authorized to execute and deliver the First Amendment, under which the interest rate on the Bonds shall be modified effective July 1, 2008 upon the terms and conditions set forth in the First Amendment, as presented and now before the governing body of the Issuer.

Section 3. Execution of the First Amendment. The Mayor or President of the Council of the City of Paola, Kansas is authorized and directed to execute and deliver the First Amendment for and on behalf of and as the act and deed of the Issuer in substantially the form presented today with such minor corrections or amendments as the Mayor or President of the Council shall approve, which approval shall be evidenced by her execution thereof, and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the purposes and intent of this Ordinance. The City Clerk or any Deputy City Clerk of the City of Paola, Kansas is authorized and directed to attest the execution of the First Amendment on behalf of the Issuer and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 4. Further Authority. The Mayor or President of the Council of the Issuer is authorized and directed to execute any replacement Bond certificates necessitated by the First Amendment and to deliver the same to the Trustee for authorization for and on behalf of the Issuer. The City Clerk or Deputy City Clerk is hereby authorized and directed to attest the execution of such Bonds. In addition, the Issuer shall, and its officers, agents and employees are hereby authorized and directed to, take such action and execute such other documents, certificates and instruments as may be necessary or desirable to carry out the provisions of this Ordinance and perform the duties of the Issuer with respect to the First Amendment, to give effect to the transaction contemplated by this Ordinance and the First Amendment.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its adoption by the governing body of the Issuer, and publication once in the official newspaper of the Issuer.

PASSED AND APPROVED by the Governing Body of the City of Paola, Kansas this 22nd day of July, 2008.

CITY OF PAOLA, KANSAS

[seal]

By _____
Artie Stuteville, Mayor

ATTEST:

By _____
Daniel G. Droste, City Clerk