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**FIRST AMENDMENT TO THE
LOAN AGREEMENT**

By and Between

**THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS**

AND

**ELLIS COUNTY, KANSAS
KWPCRF PROJECT NO. C20 1647 01**

**ORIGINAL LOAN AGREEMENT
EFFECTIVE AS OF SEPTEMBER 30, 2003**

**AMENDMENT NO. 1
EFFECTIVE AS OF JULY 5, 2006**

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**First Amendment to
the Loan Agreement by and between the
Kansas Department of Health and Environment
Acting on Behalf of the State of Kansas
and Ellis County, Kansas
Effective As of July 5, 2006**

WHEREAS, Ellis County, Kansas (the Municipality) has entered into a Loan Agreement with the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, effective as of September 30, 2003 (the "Loan Agreement"); and

WHEREAS, said Loan Agreement was entered into for the benefit of the Municipality, KWPCRF Project No. C20 1647 01; and

WHEREAS, the Municipality and KDHE hereby determines that it is necessary to amend certain exhibits to the Loan Agreement, and

WHEREAS, this First Amendment to the Loan Agreement is entered into and effective as of February 28, 2006;

THEREFORE, the Loan Agreement is amended as follows:

SECTION 1. Article II, Loan Terms, Section 2.01, Amount of Loan and Exhibit B of the LOAN AGREEMENT BY AND BETWEEN THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT AND ELLIS COUNTY, KANSAS are hereby amended to read as set forth on the pages attached hereto.

SECTION 2. Except as herein specifically set out, the Loan Agreement is confirmed and ratified.

IN WITNESS WHEREOF, KDHE and the Municipality have caused this First Amendment to the Loan Agreement for the Municipality to be executed, sealed and delivered, effective as of July 5, 2006.



The KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By *[Signature]*
Director

"KDHE"

Date: _____

ELLIS COUNTY, KANSAS

By *[Signature]*
Title: *Chairman*



By *Alberta Klaus*
Title: *Ellis County Clerk*

The "Municipality"

Date: *7-17-2006*

THE COUNTY OF ...

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ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds, KDHE will loan an amount not to exceed ~~One Hundred Thousand Dollars [\$100,000]~~ Fifty Nine Thousand Fifty-Six Dollars and Two Cents [\$59,056.02] to the Municipality to pay the costs of the Project described in Exhibit A hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (Exhibit B hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in addition to the amount of the Loan. An amendment to Exhibit B must be accomplished by an Amendment to the Loan Agreement executed by all parties.

EXHIBIT B
LOAN REPAYMENT SCHEDULE
(See Page 6)

DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE

Dedicated Source of Revenue.

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

The Municipality and KDHE have agreed that interest becoming due semiannually on the Loan during the construction period for the Project may be capitalized and repaid as a part of the Loan. In this regard, KDHE shall give the Municipality written notice of each semiannual installment of interest becoming due during the construction period. At its option, the Municipality may elect to pay such amounts, and if so elected, must pay such amounts within 30 days of receipt of the notice of their becoming due. If the Municipality does not elect to pay such amounts within 30 days of receipt of such notice, the amount then due and owing as semiannual interest on the Loan shall be capitalized and added to the principal amount of the Loan and shall bear interest at the rate of interest set forth in Section 2.02 hereof.