

RESOLUTION NO. 02092022

A RESOLUTION AUTHORIZING THE CITY OF CHAPMAN, KANSAS, TO SELL, ISSUE AND DELIVER ITS GENERAL OBLIGATION BOND, SERIES 2022, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,368,000.00, THE PROCEEDS FROM WHICH WILL BE USED TO PAY THE COSTS OF CITY SEWER SYSTEM IMPROVEMENTS; PRESCRIBING THE FORM AND DETAILS OF SAID BOND; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BOND AS THEY BECOME DUE; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH., ALL PURSUANT TO *K.S.A. §§10-101 et seq., & 10-620 et seq., K.S.A. §12-631a*, AND ARTICLE 1 OF CHAPTER 10 OF THE KANSAS STATUTES ANNOTATED, ALL AS AMENDED AND SUPPLEMENTED.

Whereas, the City of Chapman, Kansas (the “City”) operates a sewer system (the “System”) and pursuant to *K.S.A. §12-631a*, heretofore passed and approved Ordinance No. 455 authorizing improvements to the System (the “Improvements”); and

Whereas, the Improvements are ready for permanent financing with a \$3,368,000 loan made available therefore from the United States Department of Agriculture, Rural Development (the “USDA”), and a Community Development Block Grant in the amount of \$527,601; and

Whereas, the City Council deems it prudent and necessary to issue City of Chapman, Kansas, General Obligation Bond, Series 2022 in the aggregate principal amount of \$3,368,000 (the “Bond”) to permanently finance a portion of the Improvements; and

Whereas, pursuant to *K.S.A. §§10-103(b) & 10-106*, the City may sell the Bond to the USDA on a negotiated basis with a 40 year term; and

Whereas, the Council deems it prudent to sell the Bond to the USDA in conformity with the USDA Letter of Conditions dated July 8, 2020 and Closing Letter of March 12, 2021.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHAPMAN, KANSAS, AS FOLLOWS:

**ARTICLE I
DEFINITIONS**

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms as used in this Resolution shall have the following meanings:

“Act” means the Constitution and statutes of the State of Kansas including *K.S.A. §10-101 et seq., K.S.A. §10-620 et seq., K.S.A. §12-631a*, the City ordinances authorizing the Improvements and this resolution, respectively, and amendments and supplements thereto

“Audited Financial Statements” means the City's annual financial statements, prepared in accordance with the Kansas law, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

“Authorized Costs” means (i) the amount of expenditures for the Improvements which have been duly authorized to be paid by the City, less (1) the amount of any notes or Bond of the City which are currently outstanding and available to pay such Authorized Costs and (2) any Authorized Costs which have been previously paid by the City or by any eligible source of funds unless such amounts are entitled to be reimbursed under State and federal law and (ii) cost related to the issuance of the Bond.

“Bond and Interest Fund” means the Bond and Interest Fund of the City for its general obligation bonds, including any general obligation refunding bond.

“Bond Counsel” means Robert J. Perry, Esq., or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

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

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

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

“Bond” or “2022 Bond” means the Series 2022 Bond, defined, authorized and issued by the City pursuant to this Resolution and the Ordinance of the City authorizing this Resolution.

“Business Day” means a day other than a Saturday, Sunday or holiday on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“City” means the City of Chapman, Kansas.

“City Clerk” means the duly appointed and/or elected City Clerk or, in the City Clerk’s absence, the duly appointed Deputy City Clerk or Acting City Clerk.

“Code” means the Internal Revenue Code of 1986, as amended.

“Costs of Issuance” means all costs of issuing the Bond, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, underwriting fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code and with the continuing disclosure requirements with respect to the Bond, all expenses incurred in connection with receiving ratings on the Bond.

“Dated Date” means the date the Bond is exchanged for its payment.

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

“Escrowed Securities” means noncallable direct obligations of, or obligations guaranteed by, the United States of America, or other noncallable investments permitted by *KSA §10-131* or *KSA §12-1675* or other applicable law.

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

“Funds and Accounts” means funds and accounts created or referred to in **Section 501** hereof.

“Improvements” means the improvements specified in the preamble to this Resolution.

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Bond which shall be the dates reflected on the Maturity Exhibit attached hereto and incorporated herein.

“Issue Date” means the date the Series 2022 Bond is delivered to the Original Purchaser in exchange for payment therefore.

“Letter of Conditions” means the July 8, 2020 USDA letter which sets forth the conditions under which USDA will purchase the Bond.

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

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

“2022 Principal and Interest Account” means the Principal and Interest Account for the City of Chapman, Kansas, General Obligation Bond, Series 2022, created herein within the City’s Bond and Interest Fund.

“Original Purchaser” or “Purchaser” means the United States of America Department of Agriculture, Rural Development (USDA) 4300 Goodfellow Blvd., Bldg. 104, St. Louis, MO 63120-01703.

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

- (a) Bond theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bond deemed to be paid in accordance with the provisions of **Section 701** hereof; and
- (c) Bond in exchange for or in lieu of which other Bond have been authenticated and delivered hereunder.

“Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

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

“Permitted Investments” means those investments authorized by *K.S.A. §10-131*, or *K.S.A. §12-1675* as amended and supplemented, and such other provisions of Kansas law as may, from time to time, govern the investment of proceeds of the Bond.

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

“Purchase Price” means the amount paid for the Bond by the Purchaser, plus accrued interest, if any, to the date of delivery.

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

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

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

“Replacement Bond” means Bond issued to the beneficial owners of the Bond in accordance with **Section 208** hereof.

“Resolution” means City Ordinance No. 470 and this resolution relating to the issuance sale and delivery of the Bond to the Original Purchaser.

“State” means the state of Kansas.

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

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

“United States Government Obligations” means Bond, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation).

ARTICLE II AUTHORIZATION AND DETAILS OF THE BOND

Section 201. Authorization of Improvements and Financing. The Improvements are complete and ready for permanent financing from Bond proceeds and all other legally available and unencumbered funds.

Section 202. Authorization of the Bond. There shall be issued and hereby is authorized and directed to be issued the General Obligation Bond, Series 2022, of the City in the principal amount of \$3,368,000.00 the proceeds therefrom will be used for the purpose of paying the Authorized Costs and the Costs of Issuance associated with the Bond.

Section 203. Description of the Bond. The Series 2022 Bond shall consist of one fully registered bond in the denomination of \$3,368,000.00, and shall be numbered in such manner as the Bond Registrar shall determine. The Bond shall be dated as of the Dated Date, and the Bond shall be

paid in accordance with the Principal Reduction and Payment Exhibit attached hereto and incorporated herein by reference.

The Bond shall bear interest at 1.500% per annum (computed on the basis of a 365 day year) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid, payable on the Interest Payment Dates in the manner set forth in **Section 205** hereof.

Each of the Bond, as originally issued or issued upon transfer, exchange or substitution, shall be typed or printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto and incorporated herein or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bond, 2 Kan. Reg. 921(1983), in accordance with the Kansas Bond Registration Law, *KSA §10-620 et seq.*

Section 204. Designation of Paying Agent and Bond Registrar. The Treasurer of the State of Kansas, Topeka, Kansas, is hereby designated as the Paying Agent for the payment of principal of and interest on the Bond and Bond Registrar with respect to the registration, transfer and exchange of Bond. The Mayor and City Clerk of the City are hereby authorized and empowered to execute on behalf of the City an agreement with the Bond Registrar and Paying Agent for the Bond.

The City will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent or Bond Registrar by (1) filing with the Paying Agent or Bond Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Bond Registrar and appointing a successor, and (2) causing notice of appointment of the successor Paying Agent and Bond Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Bond Registrar.

Every Paying Agent or Bond Registrar appointed hereunder shall at all times meet the requirements of *K.A. §§10-501 et seq.* and *KSA §10-620 et seq.*, respectively.

Section 205. Method and Place of Payment of the Bond. The principal of or Redemption Price and interest on the Bond shall be payable in any coin or currency which, on the respective dates of payment thereof; is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof; by check or draft upon presentation and surrender of such Bond at the principal corporate trust office of the Paying Agent. As long as the USDA is the Owner of the Bond payments of principal or the Redemption Price shall be by preauthorized debit or similar banking means or such other manner as is specified by the USDA from time to time as long as it is the Owner of the Bond.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or (b) as long as the USDA is the Owner of the Bond payments shall be by preauthorized debit or similar electronic banking means or such other manner as is specified by the USDA from time to time or (c) in the case of an interest payment to any non-USDA Owner of \$600,000 or more in aggregate principal amount of Bond, by electronic transfer to such Owner upon written notice given to the Bond Registrar and signed by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the

continental United States), ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent 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 Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, by first class mail, 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. Any Defaulted Interest to be paid to the USDA on the Special Record Date shall be paid by preauthorized debit or similar electronic banking means or such other manner as is specified by the USDA from time to time.

Section 206. Registration, Transfer and Exchange of Bond. The City covenants that, as long as any of the Bond remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bond may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal corporate trust office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bond in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bond presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bond is exercised, the Bond Registrar shall authenticate and deliver the Bond in accordance with the provisions of this Resolution. The City shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bond provided for by this Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bond. In the event any Owner fails to provide correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bond.

The City and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Section 303** hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 205** hereof.

The City and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute Owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Owner or upon the Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by the Owners of 10% or more in principal amount of the Bond then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Bond Registrar.

Section 207. Execution, Registration, Authentication and Delivery of Bond. Each of the Bonds, including any Bond issued in exchange or as substitutions for the Bond initially delivered, shall be executed for and on behalf of the City by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the City Clerk and the seal of the City shall be affixed thereto or imprinted thereon. The Mayor and City Clerk are hereby authorized and directed to prepare and execute the Bond in the manner herein specified, and to cause the Bond to be registered in the office of the City Clerk, which registration shall be evidenced by the manual or facsimile signature of the City Clerk with the seal of the City affixed thereto or imprinted thereon. The Bond shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bond ceases to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Series 2022 Bond shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as *Exhibit A* hereof; all of which shall be executed by the Bond Registrar or an authorized representative of the Bond Registrar, but it shall not be necessary that the same representative of the Bond Registrar authorized to sign the certificate of authentication on all of the Bond that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. Upon authentication, the Bond Registrar shall deliver the Bond to the Purchaser upon instructions of the City or its representative.

Section 208. Mutilated, Lost, Stolen or Destroyed Bond. If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the City and the Bond Registrar such security or indemnity as may be required by the Bond Registrar, then, in the absence of notice to

the City or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the City shall execute and the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Bond Registrar, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the City may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bond.

Section 209. Cancellation and Destruction of Bond Upon Payment. All Bond that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be canceled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bond so canceled and destroyed and shall file an executed counterpart of such certificate with the City.

Section 210. Sale of the Bond. The sale of the Bond to the Purchaser is hereby authorized and confirmed and the Mayor's signature, or, if the Mayor was absent, the signature of the President of the City Council, is authorized on any bond purchase agreement to be delivered to the Purchaser. Delivery of the Bond shall be made to the Purchaser as soon as practicable after the passage of this Resolution, upon payment of the Purchase Price.

ARTICLE III REDEMPTION OF BOND

Section 301. Redemption by City. (a) *Optional Redemption of the Bond.* At the option of the City, may redeem all or a portion of the Bond, at any time, at par. In accordance with the terms and provisions of the Letter of Conditions any optional redemption shall, after payment of interest, be applied to the installments last to become due and shall not affect the City's obligation to pay that portion of the Bond not redeemed.

(b) *Mandatory Redemption of the Bond.* The Bond shall be subject to mandatory redemption, in whole or in part at any time after the Issue Date, should it be determined by the Purchaser or the City, that the City is able to refinance the Bond, in whole or in part, from a private sector lender, whether it be a private placement or public offering of municipal securities, the terms and provisions of which are as reasonable as the terms and provisions herein.

Section 302. Selection of Bond to be Redeemed. Bond shall be redeemed in the principal amount determined by the City, subject to the Letter of Conditions. When less than all of the Bond of the same maturity are to be redeemed and paid prior to their Stated Maturity, the Bond to be redeemed shall be in a principal amount as determined by the City.

Section 303. Notice and Effect of Call for Redemption. In the event the City desires to call the Bond for redemption prior to maturity, written notice of such intent shall be provided to the

Bond Registrar in accordance with *K.S.A. §10-129*, as amended, not less than 45 days prior to the Redemption Date. The Bond Registrar shall call Bond for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Bond Registrar at least 30 days prior to the Redemption Date of written instructions of the City specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bond to be called for redemption. If the Bond are refunded more than 90 days in advance of such Redemption Date, any escrow agreement entered into by the City in connection with such refunding shall provide that such written instructions to the Paying Agent shall be given by the escrow agent on behalf of the City not more than 90 days prior to the Redemption Date. The Paying Agent may in its discretion waive such notice period so long as the requirements for notices to the Owners set forth in this **Section 303** are met.

Unless waived by any Owner of Bond to be redeemed, the Bond Registrar shall give written notice of the redemption of said Bond on a specified date, the same being described by maturity, said notice to be mailed by United States first class mail addressed to the Owners of said Bond to be redeemed and to the Original Purchasers of the Bond, each of said notices to be mailed not less than 30 days prior to the date fixed for redemption. The City and Bond Registrar shall also give such additional notice as may be required by Kansas law or regulations of the Securities and Exchange Commission in effect as of the date of such notice.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Bond of a Stated Maturity are to be redeemed, the identification (and, in the case of partial redemption of any Bond, the respective principal amounts) of the Bond to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Bond are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent.

With respect to any notice given pursuant to this **Section 303**, the failure of any Owner to receive notice given as heretofore provided or any defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bond or portions of Bond that are to be redeemed on such Redemption Date.

Official notice of redemption having been given as aforesaid, the Bond or portions of Bond to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bond or portion of Bond shall cease to bear interest. Upon surrender of such Bond for redemption in accordance with such notice, the Redemption Price of such Bond shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bond of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bond that have been surrendered for

redemption shall be canceled and destroyed by the Paying Agent as provided herein and shall not be reissued.

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

ARTICLE IV SECURITY FOR AND PAYMENT OF BOND

Section 401. Security for the Bond. The Bond shall be a general obligation of the City payable from rates, fees and charges collected in connection with the City's operation of the System, all legally available and unencumbered funds, including ad valorem property taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bond as the same become due.

Section 402. Levy and Collection of Annual Tax and/or Assessments. The City shall annually make provision for the payment of principal of, premium, if any, and interest on the Bond as the same become due by levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the City in the manner provided by law to the extent legally available and unencumbered funds are not otherwise available.

The taxes and/or assessments referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the City are levied and collected. The proceeds derived from said taxes and/or assessments shall be deposited in the 2022 Principal and Interest Account, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of and interest on the Bond as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Bond Registrar and Paying Agent.

If at any time said taxes and/or assessments are not collected in time to pay the principal of or interest on the Bond when due, the City Clerk is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes and/or assessments are collected.

ARTICLE V ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF MONEYS

Section 501. Establishment of Funds and Accounts. Simultaneously with the issuance of the Bond, there shall be created within the treasury of the City the following funds and accounts:

- (a) the "Bond Proceeds Improvement Account for the City of Chapman, Kansas, sewer system Improvements" (the "2022 Bond Proceeds Improvement Account");
- (b) the "CDBG Grant Proceeds Improvement Account for the City of Chapman, Kansas sewer system Improvements", (the "2022 CDBG Grant Proceeds Improvement Account");
- (c) the "Principal and Interest Account for the City of Chapman, Kansas, General Obligation Bond, Series 2022" (the "2022 Principal and Interest Account"); and

- (d) the “City Sewer System Short Lived Asset Reserve Fund” (the “City Sewer System Short Lived Asset Reserve Fund”).

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

Section 502. Disposition of Bond Proceeds. The proceeds of the Bond, upon issuance and delivery thereof, shall be deposited as follows:

- (a) In the 2022 Principal and Interest Account, a sum equal to the accrued interest and any premium, if any, paid on the Series 2022 Bond.
- (b) In the 2022 Bond Proceeds Improvement Account, the proceeds of the Series 2022 Bond.
- (c) In the 2022 CDBG Grant Proceeds Improvement Account the proceeds received by the City from the CDBG.

Section 503. Withdrawals from the 2022 Improvement Account; Substitute Improvements.

(a) The City Clerk shall make withdrawals from the 2022 Improvement Accounts (i.e. accounts created by Section 501(a)&(b) above) solely for the purpose of paying Authorized Costs of the Improvements including payment of any outstanding temporary notes, capitalized interest or portions thereof, issued to finance on an interim basis the Authorized Costs of the Improvements and paying all Costs of Issuance. Any temporary improvement notes issued to temporarily finance certain costs of the Improvements pending the issuance of the Bond are hereby called for redemption and payment on the dates set forth in the notices of redemption with respect to such temporary notes. Such withdrawals shall be made only on due authorization by the City Council, which withdrawal is deemed given concurrently with any such redemption notice.

Section 504. Surplus in the Improvement Account. All Bond proceeds derived from the Purchaser's loan remaining in the Series 2022 Bond Proceeds Improvement Account after the completion of the Improvements, as determined by the City Council, shall be transferred immediately to the Series 2022 Principal and Interest Account and applied to the next installment of debt service on the Series 2022 Bond, and if it exceeds such debt service requirements to prepay principal portions of the Bond as permitted by the Letter of Conditions. Grant proceeds deposited under Section 502(c) shall not be used for debt service on the 2022 Bond.

Section 505. Application of Moneys in 2022 Principal and Interest Account.

(a) All amounts paid and credited to the 2022 Principal and Interest Account shall be expended and used by the City for the sole purpose of paying the principal or Redemption Price of and interest on the Bond as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The City Clerk is authorized and directed to withdraw from the 2022 Principal and Interest Account sums sufficient to pay both principal or Redemption Price of and interest on the Bond and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in such manner and at such times as are agreed to by the City and the Paying Agent. If through the lapse of time or otherwise, the Owners of Bond are no longer entitled to enforce payment of the Bond or the interest thereon, the Paying Agent shall return said funds to the City. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Resolution

and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bond entitled to payment from such moneys.

Any moneys or investments remaining in the 2022 Principal and Interest Account after the retirement of the indebtedness for which the Bond were issued shall be transferred and paid into the Bond and Interest Fund of the City. At no time shall the City transfer to the Principal and Interest Account any grant funds received by the City from the USDA.

Section 506. The 2022 City Sewer System Short Lived Asset Reserve Fund. The City shall deposit into the 2022 City Sewer System Short Lived Asset Reserve Fund no less than \$1,300.00 annually from System revenues or from property tax receipts. Short Lived Asset Reserve Funds will be spent only for replacement of short lived assets.

Section 507. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in a bank or banks or federal or state chartered savings and loan association(s) or other institutions as permitted by the laws of the State, which are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the financial institutions holding such deposits as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the City so that there shall be no commingling of such funds with any other funds of the City.

Moneys held in the Funds and Accounts may be invested by the City in Permitted Investments or in other investments allowed by Kansas law in such amounts and maturing at such times as shall reasonably provide for moneys to be available when required in said accounts or funds; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund or account was created. All interest on any Permitted Investment held in any fund or account shall accrue to and become a part of such fund or account. In determining the amount held in any fund or account under the provisions of the Resolution, Permitted Investments shall be valued at their principal par value or at their then redemption value, whichever is lower.

Section 508. Nonpresentment of Bond. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within six years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the City the funds, without liability for interest thereon, theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE VI DEFAULT AND REMEDIES

Section 601. Remedies. The provisions of the Resolution, including the covenants and agreements herein contained, shall constitute a contract between the City and the Owners of the Bond. If an event of default occurs and shall be continuing and Owner or Owners of not less than 50% in

principal amount of the Bond at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bond similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Resolution or by the Constitution and laws of the State;

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

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

Section 602. Limitation on Rights of Owners. The covenants and agreements of the City contained herein and in the Bond shall be for the equal benefit, protection, and security of the Owners of any or all of the Bond, all of which Bond shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bond, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bond.

Section 603. Remedies Cumulative. No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Bond by this Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the City and the Owners of the Bond shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken

ARTICLE VII TAX COVENANTS

Section 701. General Covenants.

(a) That the City covenants and agrees that no part of the proceeds of the Bond or any investment thereof shall be used at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Bond, would have caused any of the Bond to be, or become, "arbitrage Bond" within the meaning of the Internal Revenue Code of 1986, as amended, and the regulations of the Treasury Department thereunder proposed or in effect (the "Code") at the time of such use applicable to obligations issued on the date of issuance of the Bond.

(b). The City covenants that it is a governmental unit with general taxing powers; that the Bond are not private activity Bond as defined in Section 141 of the Code; that ninety-five percent (95%) or more of the net proceeds (as defined in the Code) of the Bond are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City), and that the aggregate face amount of the all tax-exempt obligations (other than private activity Bond as defined in Section 141 of the Code) issued by the City, including all subordinate entities of the City, during the calendar year 2022 will not exceed \$5,000,000.00 and that the City reasonably expects to comply with and hereby covenants to comply with the Tax Certificate and the provisions of the exception to rebate requirements based upon the City's reasonable expectations that proceeds derived from the Bond that will be spent within six months to permanently finance the Improvements for public purposes.

(c) That the Bond is hereby designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

Section 702. Survival of Covenants. The covenants contained in this Article shall remain in full force and effect notwithstanding the defeasance of the Bond pursuant to Article VII hereof or any other provision of this Resolution until the final maturity date of all Bond Outstanding.

Section 703. Tax Compliance Policy. The City shall comply with the Tax Compliance Policy and Procedures set out in such document.

ARTICLE VIII MISCELLANEOUS PROVISIONS

Section 801. Amendments. The rights and duties of the City and the Owners, and the terms and provisions of the Bond as are set forth this Resolution, may be amended or modified at any time in any respect by resolution of the City and the written consent of the Owners of not less than a majority in principal amount of the Bond then Outstanding is also obtained. Such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the City is required to pay as principal of or interest on any Bond;
- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bond required for the written consent to any modification or alteration of the provisions of this Resolution.

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

Without notice to or the consent of any Owners, the City may amend or supplement this Resolution for any one or more of the following purposes: (i) curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not adverse to the payment of all interest and principal due to the Owners; (ii) conferring upon the Owners any

additional rights, remedies, powers or authority that may be granted to or conferred; (iii) conforming the Resolution to the Code or future applicable federal law or regulations concerning tax-exempt obligations; or (iv) to more precisely identify the Improvements.

Every amendment or modification of the provisions of the Bond or of this Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the City Council of the City amending or supplementing the provisions of this Resolution and shall be deemed to be a part of this Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of this Resolution shall always be kept on file in the office of the City Clerk, and shall be made available for inspection by any Owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental resolution or of this Resolution will be sent by the City Clerk to any such Owner or prospective Owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the City Clerk a copy of the resolution of the City hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Owners of the Bond then Outstanding. It shall not be necessary to note on any of the Outstanding Bond any reference to such amendment or modification.

The City shall furnish to the Paying Agent a copy of any amendment to the Bond or this Resolution which affects the duties or obligations of the Paying Agent under this Resolution.

Section 802. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bond, if made in the following manner, shall be sufficient for any of the purposes of this Resolution, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

1. The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof; or by affidavit of any witness to such execution.
2. The fact of ownership of Bond, the amount or amounts, numbers and other identification of Bond, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite principal amount of Bond Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Resolution, Bond owned by the City shall be disregarded and deemed not to be Outstanding under this Resolution, except that, in determining whether the Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bond which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bond so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Owners the pledgee's right so to act with respect to such Bond and that the pledgee is not the City.

Section 803. Further Authority. The officers and officials of the City, including the Mayor, Council President should the Mayor be unavailable for any reason whatsoever, and City Clerk, are

hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 804. Severability. If any section or other part of this Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Resolution.

Section 805. Governing Law. This Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 806. Effective Date. This Resolution shall take effect and be in full force from and after its passage by the City Council of the City.

Section 807. Annual Audit. The City shall cause its book and records to be audited in conformity with all requirements of USDA RUS Staff Instruction 1780-4 in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400, and the latest generally accepted government auditing standards as developed by the Comptroller General of the United States, as may be modified by the applicable Kansas statutory accounting requirements for Kansas municipalities. Copies of each annual audit shall be delivered to the Purchaser when the same is available to the City, but in no event no later than 150 days following the period covered by each respective audit.

Section 808. Insurance. (a). A fidelity surety bond shall be obtained for each City official and employee who is in a position to receive or disburse any funds of the City, including but not limited to bond proceeds, grant proceeds, tax receipts, or revenues from fees, rates and charges. This surety bond shall be in an amount no less than the outstanding amount of the principal of and interest on the Bond issued herein for each Fiscal Year such Bond are outstanding.

(b) The City shall, at its sole cost and expense, obtain and shall maintain throughout each Fiscal Year, a policy or policies of insurance to keep the City's property constantly insured against loss or damage in an amount equal to the estimated full value thereof (subject to a reasonable loss deductible clause). The insurance required pursuant to this Section 808(b) shall be maintained at the City's sole cost and expense, and shall be maintained with a generally recognized responsible insurance company or companies authorized to do business in the state of Kansas as may be selected by the City. Copies of the insurance policies required hereunder, or originals or certificates thereof, each bearing notations evidencing payment of the premiums or other evidence of such payment, shall be delivered by the City to the Purchaser on annual basis. All such policies of insurance pursuant to this Section, and all renewals thereof, shall name the City as the insured and, shall contain a provision that such insurance may not be canceled without at least 30 days' advance written notice to the City and Purchaser.

(c) The City shall, at its sole cost and expense, maintain or cause to be maintained at all times general accident and public liability insurance or other financial security (whether by self-insurance, risk management reserve fund or otherwise, at the City's sole discretion) which shall provide protection in coverage and amounts sufficient to insure the City against all costs, expenses, claims and liabilities arising from any accident, injury or damage to a person or property resulting from the acts or omissions of the City officials or employees when acting within the scope of their duties as a City official or employee; provided, however, that the exposure, events and liabilities of the City shall not exceed nor exceed beyond, and are hereby expressly limited to, the provisions of the Kansas Tort Claims Act, *K.S.A. §75-6101, et seq.*, as amended, and all immunities and defenses provided in such Act are expressly

reserved by the City and not hereby waived. Any policies of said insurance shall contain a provision that such insurance may not be canceled by the City thereof without at least thirty (30) days advance written notice to the City and the Purchaser.

(d) The City agrees to continuously maintain or cause to be maintained Worker's Compensation coverage required by the laws of the State of Kansas.

The City may satisfy any of the insurance requirements set forth in this Section 808 through pooled insurance, self insurance or by using blanket policies of insurance, provided that the City complies with each and all of the requirements and specifications respecting insurance coverage.

ARTICLE IX SYSTEM AND USDA LOAN COVENANTS

Section 901. System Covenants. As long as the Owner of the Bond is the United States of America the City covenants as follows:

(a) **Restrictions on Easements and Improvements.** The City will not create or suffer to be created or to exist any easement, right of way, restriction, covenant, condition, license or other right which adversely affects or might affect the City's title to the System or the use of the same or any part thereof. The City will not sell, lease or otherwise dispose of any portion of the System, including the Improvements, to any nongovernmental person or entity without the prior written consent of the Purchaser.

(b) **Restrictions on Liens.** The City will not: (i) create or incur or suffer to be created or incurred or to exist any lien, encumbrance, hypothecation, mortgage, deed of trust, pledge, charge, restriction or other security interest of any kind upon any of portion of the System, or upon the income or profits therefrom; (ii) transfer any portion of the System or the income or profits therefrom; (iii) suffer to exist for a period of more than thirty (30) days after the same shall have been incurred any indebtedness or claim or demand against it that if unpaid might by operation of law or upon bankruptcy or insolvency, or otherwise, be given a lien type status to any portion of the System or the income therefrom; or (v) sell, assign, pledge or otherwise transfer any accounts, contract rights, chattel paper or instruments, with or without recourse.

(c) **All users must pay.** The City will establish and maintain such usage rates, fees and charges as it deems prudent and necessary to ensure all expenses associated with the operations of the System, including all replacements, extensions, improvements or enlargements thereto thereafter constructed or acquired by the City, are fully and timely met. The City shall maintain and operate the System in a prudent and businesslike manner. All income from and expenses of the System shall be kept in such a manner as to permit ease of inspection and ascertainment of income and expenses thereof.

There must be no less than 532 residential and 45 non-residential users of the System upon completion of the Improvements' construction. Each and every type of user of the System, i.e., residential or nonresidential, shall be required to obtain a meter to monitor and account for water usage, and each shall pay a usage fee for the water used based on such rates, fees and charges. Notwithstanding the forgoing, if the user is the City itself arising from its purpose of providing public services the City need not charge itself a user fee.

Section 902. Refinancing. In compliance with 7 USC §1983(3), the City agrees that as long as the Original Purchaser of the Bond owns all or a portion of the Bond, the City upon request

by the Original Purchaser, will, if it appears to the Original Purchaser that the City is able and may lawfully obtain a loan for refinancing purposes from responsible cooperative or private sources on reasonable terms and at reasonable rates for loans for similar purposes, refinance and pay the principal of and interest on the Bond.

Section 903. Compliance with Loan Resolution. Prior to or concurrently with the delivery of the Bond, the City shall execute and deliver a Loan Resolution in compliance with the United States Department of Agriculture, Rural Development RUS Bulletin 1780-27, Loan Resolution (Public Bodies)” (the “RUS 1780-27 Loan Resolution”). As long as the Original Purchaser of the Bond owns all or a portion of the Bond, this Resolution and the RUS 1780-27 Loan Resolution shall be construed in harmony, however, should a conflict exist in such construction the RUS 1780-27 Loan Resolution shall prevail.

Section 904. Defeasance Prohibited. The Bond and the underlying obligations as expressed in this Resolution are not subject to being defeased as long as the Original Purchaser is the Owner of the Bond.

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ADOPTED by the governing body on February 9, 2022.

CITY OF CHAPMAN, KANSAS


Howard Battishill, Mayor

ATTEST:


Bill Flanery, City Clerk
(SEAL)

**CITY OF CHAPMAN, KANSAS GENERAL OBLIGATION BOND, SERIES 2022
PRINCIPAL REDUCTION AND PAYMENT EXHIBIT
COMMENCING MARCH 3, 2023 AND CONTINUING EACH MARCH 3 THEREAFTER**

EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
CITY OF CHAPMAN, KANSAS
HELD ON FEBRUARY 9, 2022

The governing body of City of Chapman, Kansas (the "City"), met in session at the usual meeting place in the City, with the Mayor and following council members present and participating:

COUNCIL MEMBERS: Tim Jury, Rick Johnson, Christy Loy,
Mary Monasmith

Absent: Jim Bell

A Resolution was presented entitled:

RESOLUTION NO. 02092022

A RESOLUTION AUTHORIZING THE CITY OF CHAPMAN, KANSAS, TO: SELL, ISSUE AND DELIVER ITS GENERAL OBLIGATION BOND, SERIES 2022, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,368,000.00, THE PROCEEDS FROM WHICH WILL BE USED TO PAY THE COSTS OF CITY SEWER SYSTEM IMPROVEMENTS; PRESCRIBING THE FORM AND DETAILS OF SAID BOND; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BOND AS THEY BECOME DUE; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH., ALL PURSUANT TO *K.S.A. §§10-101 et seq., & 10-620 et seq., K.S.A. §12-631a*, AND ARTICLE 1 OF CHAPTER 10 OF THE KANSAS STATUTES ANNOTATED, ALL AS AMENDED AND SUPPLEMENTED.

Council Member Tim Jury moved that the Resolution be adopted. The motion was seconded by Council Member Rick Johnson. The Resolution was read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the governing body, the vote being as follows:

Aye: 4

Nay: 0

(Other Proceedings)

On motion made and seconded the meeting was adjourned.

(SEAL)

Bill Hanery
City Clerk