

RESOLUTION NO. 02232017

A RESOLUTION AUTHORIZING THE CITY OF CHAPMAN, KANSAS, TO SELL, ISSUE AND DELIVER ITS GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2017A, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,090,000.00, THE PROCEEDS FROM WHICH WILL BE USED TO PREPAY AND REDEEM CERTAIN BONDS PREVIOUSLY ISSUED BY THE CITY AND TO PERMANENTLY FINANCE CERTAIN IMPROVEMENTS; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH, ALL PURSUANT TO, *K.S.A. §§10-101 et seq., K.S.A. §10-427 et seq., K.S.A. §§10-620 et seq., K.S.A. §§10-1201 et seq., K.S.A. §12-685 et seq., K.S.A. §12-1736 et seq.*, ALL AS AMENDED AND SUPPLEMENTED.

Whereas, the City Council (the "Council") of the City of Chapman, Kansas (the "City") has, pursuant to *K.S.A. §12-685 et seq.* and *K.S.A. §12-1736 et seq.*, authorized the construction and installation of certain street and golf course improvements (the "Improvements") which are now and ready for permanent financing; and

Whereas, the City has heretofore issued and delivered its Electric Utility Revenue Bonds, Series 2006-A, and its General Obligation Bonds, Series 2006A and Series 2007A, all of which are subject to prepayment and redemption (collectively and "Refunded Bonds"); and

Whereas, the Council passed and approved City Resolution No. 07132016 on July 13, 2016 expressing the intent of the Council to issue the City's general obligation refunding bonds and use the proceeds therefrom to prepay and redeem the City's Electric Utility Revenue Bonds, Series 2006-A, and Resolution No. 07132016 was published July 21 and July 28, 2016 and no protest has been filed objecting to the City issuing general obligation refunding bonds to prepay and redeem the Electric Utility Revenue Bonds, Series 2006-A; and

Whereas, the Council has heretofore engaged Ameritas Investment Corp., as "Underwriter" to assess the public markets and sell the City's general obligation bonds to effectuate an interest cost reduction on all or a portion of the Refunded Bonds and permanently finance the Improvements.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF 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. §10-427 et seq., K.S.A. §§10-620 et seq., K.S.A. §§10-1201 et seq., K.S.A. §12-685 et seq., K.S.A. §12-1736 et seq.*, all as amended and supplemented.

"Annual Financial Information" means the financial information or operating data with respect to the City, provided at least annually, and shall include, at a minimum, the Dickinson County, Kansas Clerk's tax levy sheet.

"Audited Financial Statements" means the City's annual financial statements, prepared in accordance with the GAAP for governmental units as prescribed by GASB, 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 the amount of proceeds necessary to pay the costs of the Improvements, and prepay and redeem the Refund Bonds and the Cost of Issuance.

“Bond and Interest Fund” means the Bond and Interest Fund of the City for its general obligation bonds.

“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 any Bond is payable.

“Bond Register” means the books for the registration, transfer and exchange of Bonds 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.

“Bonds” and **“Series 2017A Bonds”** means the \$2,090,000, aggregate principal amount City of Chapman, Kansas General Obligation Refunding and Improvement Bonds, Series 2017A, defined, authorized and issued by the City pursuant to City Ordinance No. _____ and 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.

“Cede & Co.” means Cede & Co., as nominee name of The Depository Trust Company, New York, New York.

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

“Costs of Issuance” means all costs of issuing the Bonds, 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 Bonds, and all expenses incurred in connection with receiving ratings on the Bonds.

“City” means 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.

“Dated Date” means the March 22, 2017.

“Escrow Trustee” means Security Bank of Kansas City, Kansas City, Kansas.

“Escrow Trust Agreement” means that Escrow Trust Agreement dated as of March 22, 2017 by and between the City and the Escrow Trustee which will effectuate the redemption of the 2007A Bonds, permanent financing of the Improvement costs and payment of the Costs of Issuance.

“Final Official Statement” means the final official statement prepared by the City or its representatives in connection with the sale of the Bonds and delivered to the Purchaser within seven business days after the sale of the Bonds in accordance with the SEC Rule. The Final Official Statement includes the information in the Preliminary Official Statement and as supplemented or amended.

“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.

“GAAP” means generally accepted accounting principles.

“GASB” means Governmental Accounting Standards Board or its successors or assigns.

“Improvements” means the acquisition of the Improvements authorized by City Ordinances No. 947, No. 960, No. 961 and N0. 964.

“Interest Payment Date(s)” means an installment payment of interest on the Series 2017A Bonds Bond which shall be April 1 and October 1 of each year, commencing October 1, 2017.

“Material Event” means any of the following events with respect to the Bonds, if material:

- (a) principal or interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of security holders, if material;
- (h) Bond calls, if material and tender offers (other than mandatory sinking fund redemptions or redemptions as maturity);
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the securities, if material;
- (k) rating changes;
- (l) appointment of successor trustee or additional trustee or change in name of trustee, if material;
- (m) insolvency, bankruptcy or similar event taken by the City; and
- (n) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

“Material Event Notice” means written or electronic notice of a Material Event.

“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 mayor of the City and in his absence the Council member designated to act as Mayor.

“NRMSIR” means the Municipal Securities Rule Making Board’s Electronic Municipal Market Access website portal www.emma.msrb.org and the nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the SEC Rule.

“2017A Bond and Principal and Interest Account” means the Principal and Interest Account for City of Chapman, Kansas, General Obligation Refunding and Improvement Bonds, Series 2017A, created herein within the City’s Bond and Interest Fund.

“Original Purchaser” or **“Purchaser”** means the Ameritas Investment Corp.

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

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

“Participants” means those financial institutions for which 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 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*, as amended and supplemented, and such other provisions of Kansas law as may, from time to time, govern the investment of proceeds of the Bonds.

“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.

“Preliminary Official Statement” means the Preliminary Official Statement which was prepared by the City in connection with the sale of the Bonds and distributed to potential purchasers of the Bonds before the Final Official Statement, as described in the SEC Rule, was made available.

“Purchase Price” means the purchase price paid for the Bonds as is stated in the Final Official Statement under the section captioned “Underwriting”.

“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” means (i) April 3, 2017 for the Electric Utility Revenue Bonds, Series 2006-A and for the City’s General Obligation Bonds, Series 2006A and (ii) October 1, 2017 for the City’s General Obligation Bonds, Series 2007..

“Refunded Bonds” means the City Electric Utility Revenue Bonds, Series 2006-A and the City’s General Obligation Bonds, Series 2006 and Series 2007 maturing October 1, 2017 and thereafter being called for early redemption and payment.

“Replacement Bonds” means Bonds issued to the beneficial owners of the Bonds in accordance with **Section 212** hereof.

“Resolution” means City Ordinance No. _____ and this Resolution relating to the Bonds.

“SEC Report Date” means July 1 of each year, beginning July 1, 2018.

“SEC Rule” means the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time (17 CFR part 240, §240, 15c2-12).

“SID” means a state information depository as operated or designated by the State as such for the purposes referred to in the SEC Rule. There is no SID as of the date of this Resolution.

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

“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 any 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.

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

“United States Government Obligations” means 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 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.

ARTICLE II
AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of Prepayment of the Refunded Bond and Improvement Costs.

The Refunded Bonds shall be prepaid and redeemed in accordance with **Section 502(b) & (c)**. The Improvements shall be permanently financed with that portion of the Bonds allocated therefore in **Section 502(d)** hereof.

Section 202. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued City of Chapman, Kansas General Obligation Refunding and Improvement Bonds, Series 2017A in the principal amount of \$2,090,000.00.

Section 203. Description of the Bonds. The Series 2017A Bonds shall consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturities (subject to redemption and payment prior to their Stated Maturities as provided in Article III hereof), and shall bear interest as the rates per annum all as is set forth in the Maturity Exhibit attached hereto and incorporated herein by reference.

The Bonds shall bear interest at the specified rates (computed on the basis of a 360-day year of twelve 30-day months) 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 204** hereof.

Each of the Bonds, 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 Bonds, in accordance with the Kansas Bond Registration Law, *K.S.A. §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 Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. 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 Bonds.

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.S.A. §10-501 et seq.* and *K.S.A. §10-620 et seq.*, respectively.

Section 205. Method and Place of Payment of the Bonds. The principal of or Redemption Price and interest on the Bonds 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 office of the Paying Agent.

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) in the case of an interest payment to any Owner of \$500,000 or more in aggregate principal amount of Bonds, 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.

Section 206. Registration, Transfer and Exchange of Bonds. The City covenants that, as long as any of the Bonds 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.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds 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.

Bonds 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 Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds 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 Bonds 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 Bonds. In the event any Owner fails to provide a 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 Bonds.

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 Bonds 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 Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds 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 Bonds in the manner herein specified, and to cause the Bonds 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 Bonds 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 Bonds ceases to be such officer before the delivery of such Bonds, 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 2017A Bonds shall have endorsed thereon a certificate of authentication; all of which shall be manually 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 sign the certificate of authentication on all of the Bonds 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 Bonds to the Purchaser upon instructions of the City or its representative.

Section 208. Mutilated, Lost, Stolen or Destroyed Bonds. 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 Bonds.

Section 209. Cancellation and Destruction of Bonds Upon Payment. All Bonds 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 Bonds so canceled and destroyed and shall file an executed counterpart of such certificate with the City.

Section 210. Preliminary and Final Official Statement. The Preliminary Official Statement and Final Official Statement are hereby ratified and approved. The Mayor's execution of the Final Official Statement as so supplemented, amended and completed, and the use and public distribution of the Final Official Statement by the Purchasers in connection with the reoffering of the Bonds is hereby ratified and approved. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

Section 211. Sale of the Bonds. The sale of the Bonds to the Purchaser and the execution of the Bond Purchase Agreement is hereby ratified and confirmed. Delivery of the Bonds shall be made to the Purchaser as soon as practicable after the passage of this Resolution, upon payment of the Purchase Price.

Section 212. Book-Entry Bonds; Securities Depository.

(a) The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds as provided in subsection (b) hereof. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of; premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the beneficial owners as described in subsection (b).

(b) (1) If the City determines (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, or (2) if the Bond Registrar receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as

to accrued interest and previous calls for redemption; provided, that in the case of a determination under (1)(A) or (1)(B) of this subsection (b), the City, with the consent of the Bond Registrar, may select a successor securities depository in accordance with Section 211(c) hereof to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the City, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository in accordance with Section 211(c) hereof; then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the beneficial owners of the Bonds and shall not be responsible for any investigation to determine the beneficial owners. The cost of printing, registration, authentication and delivery of Replacement Bonds shall be paid for by the City.

(c) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Bond Registrar and the City receive written evidence with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

ARTICLE III REDEMPTION OF BONDS

Section 301. Redemption by City.

Optional Redemption. The 2017A Bonds which mature October 1, 2026 and thereafter are subject to optional prepayment and redemption on October 1, 2025 and thereafter, in whole or in part, at any time, at par.

Mandatory Redemption. The 2017A Term Bond is subject to mandatory redemption, at par, on October 1 the years and in the principal amounts as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2028	\$70,000
2029	\$70,000
2030	\$75,000
2031	\$75,000

Section 302. Selection of Bonds to be Redeemed. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Bonds of the same maturity are to be redeemed and paid prior to their Stated Maturity, the Bonds to be redeemed shall be selected by the Bond Registrar in \$5,000 units of principal amount in such equitable manner as the Bond Registrar may determine.

In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Owner thereof; for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. In the event of a call of the Bonds 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; provided, however, that no such written notice shall be required for the mandatory redemption of Term Bonds, if any, and Term Bonds shall be called by the Bond Registrar for redemption and notice of redemption shall be given by the Bond Registrar without any further action by the City. The Bond Registrar shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Bond Registrar at least 45 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 Bonds to be called for redemption. If the Bonds 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 Bonds to be redeemed, the Bond Registrar shall give written notice of the redemption of said Bonds 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 Bonds to be redeemed and to the Original Purchasers of the Bonds, 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.

For so long as the Securities Depository is affecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

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 Bonds of a Stated Maturity are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds 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 Bonds 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 Bonds or portions of Bonds that are to be redeemed on such Redemption Date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds 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 Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds 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 Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds 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 BONDS

Section 401. Security for the Bonds. The Bonds shall be general obligations of the City payable from general tax levies or special assessments levied upon the property benefited by the construction of certain improvements, and in part from lawfully available funds of the City, and, if not so paid, then from 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 Bonds 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 Bonds 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.

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 2017 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 Bonds 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 Bonds when due, the Treasurer 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 Bonds, there shall be created within the treasury of the City the following funds and accounts:

(a) the "Principal and Interest Account for City of Chapman, Kansas, General Obligation Refunding and Improvement Bonds, Series 2017A and " (the "2017A Principal and Interest Account"); and

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

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

(a) In the 2017A Principal and Interest Account, a sum equal to the accrued interest, if any, paid on the Series 2017A Bonds in such amounts as stated in the Closing Memorandum delivered at the time of issuance of the Bonds ("Closing Memorandum").

(b). \$710,179.44 will be irrevocably deposited with the State Treasurer, acting as Paying Agent for the City's Electric Utility Revenue Bonds, Series 2006-A and the City's General Obligations, Series 2006A being prepaid and redeemed on April 3, 2017.

(c). \$458,161.08 will be irrevocably deposited with the Escrow Trustee, for payment and redemption of the City's General Obligations, Series 2007A being paid, prepaid and redeemed on October 1, 2017.

(d). \$850,677.00 of Bond proceeds will be deposited with the Escrow Trustee to be invested and spent in accordance with the Escrow Trust Agreement to retire the City's Temporary Note, Series 2016 and thereby permanently finance the Improvements.

(e). \$39,632.56 of Bond proceeds will be deposited with the Escrow Trustee to be invested and spent in accordance with the Escrow Trust Agreement to pay the Costs of Issuance and contingency matters, other than the Underwriter's discount of \$31,350.00 which will be netted out of Bond proceeds at closing.

Section 503. Application of Moneys in 2017A Principal and Interest Account.

All amounts paid and credited to the 2017A 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

Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the 2017 Principal and Interest Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds 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 Bonds are no longer entitled to enforce payment of the Bonds 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 Bonds entitled to payment from such moneys.

Any moneys or investments remaining in the 2017A Principal and Interest Account after the retirement of the indebtedness for which the Bonds were issued shall be transferred and paid into the Bond and Interest Fund of the City.

Section 504. 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 (except amounts required to be deposited in the 2017 Rebate Fund in accordance with the Arbitrage Certificate) 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 505. Non-presentment of Bonds. 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 Bonds. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds 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 Bonds.

Section 602. Limitation on Rights of Owners. The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds 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 Bonds, 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 Bonds.

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 Bonds 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 Bonds 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 DEFEASANCE

Section 701. Defeasance. When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Resolution and the pledge of the City's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments

thereon shall be deemed to have been paid and discharged within the meaning of this Resolution if there has been deposited with the Paying Agent, or a commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity, (1) the City has elected to redeem such Bonds, and (2) either notice of such redemption has been given, or the City has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with **Section 303** of this Resolution. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or such commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or such bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Resolution.

ARTICLE VIII TAX COVENANTS

Section 801. General Covenants. (a) The City covenants and agrees that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2017A Bonds and (2) it will not use or permit the use of any proceeds of 2017A Bonds or any other funds of the City, will not take or permit any other 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 2017A Bonds. The City will, in addition, adopt such other resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the 2017A Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The City covenants and agrees that (1) it will use the proceeds of the 2017A Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the 2017A Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the 2017A Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the 2017A Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(c) The City covenants and agrees that it will not use any portion of the proceeds of the 2017A Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner that would cause any Bond to be a "private activity bond" within the meaning of Section 141 of the Code.

(d) The 2017A Bonds are not designated as a "qualified obligation:" within the meaning of Section 265(b)(3) of the Code.

(e) The City expects to spend the 2017A Bond proceeds as follows: (i) on the Issue Date \$458,982.56 will purchase certain government obligations and cash in the amount of \$710,179.00 will all be irrevocably respectively deposited with the Escrow Trustee and the State Treasurer and pledged to pay

interest, principal and prepay and redeem the Refunded Bonds on the first available call date applicable to each issue; (ii) \$850,677.00 will be irrevocably deposited with the Escrow Trustee to be held as cash or invested for a period of time less than 30 days to retire the City's Temporary Note, Series 2016 on or before April 1, 2017; and (iii) the remainder will be spent for Costs of Issuance within 60 days of the Issue Date.

Section 802. Tax and SEC Compliance Policy and Procedure. The City hereby adopts a revised Tax and Securities Policy and Procedures set forth in the document presented to the City this date. Such policy and procedures for compliance may be amended as recommended by Bond Counsel.

Section 803. Survival of Covenants. The covenants contained in this Article shall remain in full force and effect notwithstanding the defeasance of the 2017A Bonds pursuant to Article VII hereof or any other provision of this Resolution until the final payment of all 2017A Bonds Outstanding.

ARTICLE IX CONTINUING DISCLOSURE REQUIREMENTS

Section 901. Continuing Disclosure. (a) This Section constitutes the written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of the SEC Rule.

(b) The City, as an "obligated person" within the meaning of the SEC Rule, undertakes to provide the following information as provided in this Section:

- (1) Annual Financial Information;
- (2) Audited Financial Statements;
- (3) Material Event Notices.

(c) (1) The City shall while any Bonds are Outstanding provide the Annual Financial Information, on or before the SEC Report Date, to each then existing NRMSIR and the SID, if any. The City may adjust the SEC Report Date if the City changes its fiscal year by providing written notice of the change of fiscal year and the new SEC Report Date to each then existing NRMSIR and the SID, if any; provided that the new SEC Report Date shall be six months after the end of the new fiscal year and provided further that the period between the final SEC Report Date relating to the former fiscal year and the initial SEC Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the City provides to each then existing NRMSIR and the SID, if any, the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement with the meaning of the Rule, available from the MSRB.

(2) If not provided as part of the Annual Financial Information, the City shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to each then existing NRMSIR and the SID, if any.

(3) If a Material Event occurs while any Bonds are Outstanding, the City shall provide a Material Event Notice in a timely manner to the MSRB and the SID, if any. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(4) The City shall provide in a timely manner to the MSRB and to the SID, if any, notice of any failure by the City while any Bonds are Outstanding to provide to each then existing NRMSIR and the SID, if any, Annual Financial Information on or before the SEC Report Date.

(d) Any failure by the City to perform in accordance with this Section shall not constitute an "event of default" under this Resolution, and the rights and remedies provided by **Article V** upon the

occurrence of an event of default shall not apply to any such failure.

The continuing obligation hereunder of the City to provide Annual Financial Information, Audited Financial Statements and Material Event Notices with respect to each series of Bonds shall terminate immediately once such series of Bonds are no longer Outstanding. This Section, or any provision hereof; shall be null and void in the event that the City delivers to each then existing NRMSIR, and the SID, if any, an opinion of Bond Counsel to the effect that those portions of the SEC Rule which require this Section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. This Section may be amended without the consent of the holders of the Bonds, but only upon the delivery by the City to the SID, if any, of the proposed amendment, the reasons for the amendment and the impact of such amendment on the type of Audited Financial Information and Audited Financial Statements required to be provided under this Section.

ARTICLE X ESCROW TRUSTEE

Section 1001. Designation of Escrow Trustee. That the City hereby designates Security Bank of Kansas City, Kansas City, Kansas, a bank, having full trust powers and being a member of the Federal Deposit Insurance Corporation as the escrow trustee (the "Escrow Trustee").

Section 1002. Authorization of Escrow Trust Agreement. That the Mayor and the Clerk are hereby authorized and directed to execute the Escrow Trust Agreement dated as of March 22, 2017, (the "Escrow Trust Agreement") by and between the City and the Escrow Trustee. The form of the Escrow Trust Agreement is hereby approved and said document is hereby incorporated in this Resolution as though fully set forth herein. The Mayor or Vice Mayor is hereby authorized to execute the Escrow Trust Agreement with any changes, insertions and omissions as in the sole opinion of the Mayor, upon the advice of counsel, are necessary and desirable, and the Clerk is hereby authorized and directed to attest the Mayor's signature, such execution and attestation being conclusive as to the approval, correctness and completeness of said Escrow Trust Agreement.

Section 1003. Investment. That the Escrow Trustee shall spend the funds on deposit in the Escrow Fund in the manner specified by the Escrow Trust Agreement and secure any cash balance in said Escrow Fund as required by law.

Section 1004. Sufficient Funds. That if for any reason, at any time, the funds on hand in the Escrow Fund shall be insufficient to meet the payments required as the same shall become due and payable, the City shall forthwith deposit in the Escrow Fund such additional funds as may be required to fully meet the amount due and payable.

ARTICLE XI MISCELLANEOUS PROVISIONS

Section 1101. Amendments. The rights and duties of the City and the Owners, and the terms and provisions of the Bonds or of this Resolution, may be amended or modified at any time in any respect by resolution of the City with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, 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

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Resolution, Bonds 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 Bonds which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds 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 Bonds and that the pledgee is not the City.

Section 1103. Further Authority. The officers and officials of the City, including the Mayor, City Clerk and Treasurer, 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.

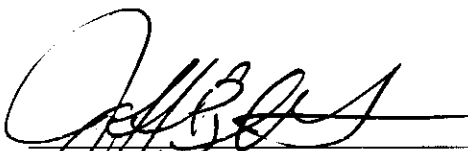
Section 1104. Severability. If any section or other part of this Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Resolution.

Section 1105. Governing Law. This Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1106. Effective Date. This Resolution shall take effect and be in full force from and after its passage by the City Council of the City.

ADOPTED by the governing body February __, 2017.


CITY OF CHAPMAN, KANSAS



Jeff Blax, Mayor

(SEAL)

ATTEST:



Erin Tilton, City Clerk

on any Bond;

- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Resolution.

Any provision of the Bonds or of this Resolution may, however, be amended or modified by resolution duly adopted by the City at any time in any legal respect with the written consent of the Owners of all of the Bonds 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 materially adverse to the interests of the Owners; (ii) conferring upon the Owners any additional rights, remedies, powers or authority that may be granted to or conferred upon the Owners; or (iii) conforming the Resolution to the Code or future applicable federal law or regulations concerning tax-exempt obligations.

Every amendment or modification of the provisions of the Bonds 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 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 the 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 Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

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

Section 1102. 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 Bonds, 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:

(a) 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.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

**MATURITY EXHIBIT
CITY OF CHAPMAN, KANSAS
\$2,090,000
GENERAL OBLIGATION REFUNDING
AND IMPROVEMENT BONDS
SERIES 2017A**

2017A SERIAL BONDS

Due: October 1		
MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE
2017	\$130,000	1.100%
2018	\$210,000	1.300%
2019	\$205,000	1.450%
2020	\$205,000	1.650%
2021	\$210,000	1.800%
2022	\$215,000	2.000%
2023	\$120,000	2.250%
2024	\$125,000	2.500%
2025	\$125,000	2.700%
2026	\$135,000	2.850%
2027	\$120,000	3.000%

2017A TERM BOND

Due: October 1		
MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE
2031	\$290,000	3.550%

EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
CITY OF CHAPMAN, KANSAS
HELD ON FEBRUARY 23, 2017

The governing body of City of Chapman, Kansas (the "City"), met in adjourned special session at the usual meeting place in the City, at 5:30 p.m., with the following members present and participating:

Howard Battisill, Lee Wdf, Mayor Jeff Blixt,

Jim Mumison and Tim Juley

Absent: Luan Sparks

A Resolution was presented entitled:

RESOLUTION NO. 02232017

A RESOLUTION AUTHORIZING THE CITY OF CHAPMAN, KANSAS, TO SELL, ISSUE AND DELIVER ITS GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2017A, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,090,000.00, THE PROCEEDS FROM WHICH WILL BE USED TO PREPAY AND REDEEM CERTAIN BONDS PREVIOUSLY ISSUED BY THE CITY AND TO PERMANENTLY FINANCE CERTAIN IMPROVEMENTS; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH, ALL PURSUANT TO, K.S.A. §§10-101 et seq., K.S.A. §10-427 et seq., K.S.A. §§10-620 et seq., K.S.A. §§10-1201 et seq., K.S.A. §12-685 et seq., K.S.A. §12-1736 et seq., ALL AS AMENDED AND SUPPLEMENTED.

Commissioner Juley moved that the Resolution be adopted. The motion was seconded by Commissioner Wdf. 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)

Elio Jutoo
City Clerk