

RESOLUTION NO. 04212021

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHAPMAN, DICKINSON COUNTY, KANSAS AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF THE CITY'S DRAW DOWN TEMPORARY NOTE, SERIES 2021, IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,400,000.00 AND THE EXECUTION AND DELIVERY OF SUCH CERTIFICATES AND DOCUMENTS RELATED THERETO, ALL UNDER THE AUTHORITY OF *K.S.A. §10-123, K.S.A. §12-631a* AND ALL AMENDMENTS AND SUPPLEMENTS THERETO.

WHEREAS, the City Council of the City of Chapman, Dickinson County, Kansas, (the "City") has in accordance with the requirements of *K.S.A. §12-631a*, (the "Act") heretofore authorized certain sanitary sewer improvements (the "Improvements") at a total estimated cost of \$3,968,000.00 (the "Improvement Costs"); and

WHEREAS, pursuant to Act, the Improvement Costs are payable either in whole or in part with the proceeds of general obligation bonds of the City; and

WHEREAS, *K.S.A. §10-123* provides that the City may issue temporary notes for financing of the Improvement Costs; and

WHEREAS, the City deems it prudent to issue its Draw Down Temporary Note, Series 2021 in the principal amount not to exceed \$2,400,000.00 (the "Note") to provide interim financing for a portion of the Improvement Costs.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHAPMAN, DICKINSON COUNTY, KANSAS: That for the purpose of providing funds to pay a portion of the Improvement Costs and costs related to the issuance of the Note not otherwise payable from legally available and unencumbered funds of the City, the governing body of the City be and it is hereby authorized to issue its Draw Down Temporary Note, Series 2021 in the aggregate principal amount not to exceed Two Million Four Hundred Thousand and 00/100 Dollars (\$2,400,000.00), (the "Note"), said Note being dated as of its delivery date, bearing interest upon each draw at the rate of one and a half percent (1.500%) per annum (based upon a 360 day 12 month year), maturing on September 1, 2023. Interest shall be paid quarterly commencing July 1, 2021 or upon a redemption. The Note shall be redeemable and cancelable in whole or in part, at par, on the earliest of the Note's maturity or the Improvements being permanently financed with a loan from USDA upon the City giving the purchaser thereof not less than ten (10) days' notice (no further interest shall accrue on the principal amount of the Note paid at maturity or redeemed and paid subsequent to the date of such payment of principal), all as is set forth in the Note.

BE IT FURTHER RESOLVED: Each draw on the Note shall be no less than \$95,000.00, unless the draw is the last draw on the Note, and each draw shall be authorized by a resolution of the Council setting the forth the principal amount to be drawn and copy of said resolution (sample attached hereto) shall be presented to the Purchaser (hereinafter defined) for payment of that draw.

BE IT FURTHER RESOLVED: That the Note shall be signed by the manual or facsimile signature of the Mayor of the City and attested by of the Clerk of the City and registered in the offices of the Clerk of the City and the Treasurer of the State of Kansas in the City of Topeka, Kansas. The Astra Bank of Chapman, Chapman, Kansas shall act as the "Note Registrar" and "Note Paying Agent".

BE IT FURTHER RESOLVED: (a) That the City covenants and agrees that no part of the proceeds of the Note or earnings thereon shall be used, at any time, directly or indirectly in a manner which if such use had been reasonably anticipated on the date of the issuance of the Note would cause the Note to be or become an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the Regulations of the Treasury Department thereunder (the "Code") proposed or in effect at the time of such use applicable to obligations issued on the date of issuance of the Note and the City has heretofore adopted a Tax Exempt Policy and Procedure to ensure compliance with the Code which is applicable to the Note; and

(b) That in accordance with Section 265(b)(3) of the Code the Note is designated as a "qualified tax exempt obligation"; and

(c) That in accordance with Section 148(f)(4)(D) of the Code, the City covenants that it is a governmental unit with general taxing powers, the power of eminent domain and police powers; that the Note is a 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 Note 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 bonds as defined in Section 141 of the Code) issued by the City, including all subordinate entities of the City, during the calendar year 2021 will not exceed \$5,000,000.00.

BE IT FURTHER RESOLVED: The acquisition of the Improvements and the payment of the Improvement Costs with the Note proceeds are necessary in connection with the City's providing water services to the general public.

BE IT FURTHER RESOLVED: That in compliance with *K.S.A. §10-123*, the Note issued hereunder is a general obligation of the City for which it's full, faith and credit are pledged.

BE IT FURTHER RESOLVED: That if any portion or provision of this Resolution of the City, or the Note shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such portion or provisions shall not affect any of the remaining provisions of this Resolution, or the Note, but this Resolution and said Note shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

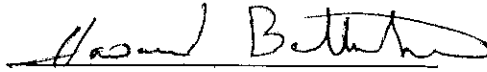
BE IT FURTHER RESOLVED: That the Note shall be issued and sold to the Astra Bank of Chapman, Chapman, Kansas, the "Purchaser" thereof in accordance with the terms and conditions of this Resolution.

BE IT FURTHER RESOLVED: That all previous actions heretofore taken by the officers and representatives of the City relating to the acquisition of the Improvements and the issuance of the Note contemplated by this Resolution are hereby ratified and approved in all respects. The Mayor of the City and the City Clerk and any other proper officials of the City be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated herein.

BE IT FURTHER RESOLVED: That this Resolution shall take effect and be in force from and after its passage and approval.

PASSED and approved April 14, 2021.

CITY OF CHAPMAN, KANSAS



Howard Battishill, Mayor

ATTEST:



Brittany Phillips, City Clerk
(SEAL)

EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
CITY OF CHAPMAN, KANSAS
HELD ON April 14, 2021

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

Mayor Howard Battishill, Christy Lay, Tim Jury,
Mary Monasmith, and Jim Bell.

Absent: Rick Johnson

A Resolution was presented entitled:

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Council Member Tim Jury moved that the Resolution be adopted. The motion was seconded by Council Member Jim Bell. 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) Brittany Phillips
Brittany Phillips, City Clerk