

**RESOLUTION NO. 2023-06**

**OF**

**THE CITY OF HIGHLAND, KANSAS**

**ADOPTED**

**OCTOBER 11, 2023**

**\$1,262,000  
GENERAL OBLIGATION BONDS  
SERIES 2023-A**

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**TABLE OF CONTENTS**

**ARTICLE I DEFINITIONS**

**Section 101.** Definitions of Words and Terms..... 1

**ARTICLE II AUTHORIZATION AND DETAILS OF THE BONDS**

**Section 201.** Authorization of the Bonds..... 7  
**Section 202.** Description of the Bonds..... 8  
**Section 203.** Designation of Paying Agent and Bond Registrar..... 8  
**Section 204.** Method and Place of Payment of the Bonds..... 8  
**Section 205.** Loan Resolution..... 9  
**Section 206.** Payments Due on Saturdays, Sundays and Holidays..... 10  
**Section 207.** Registration, Transfer and Exchange of Bonds..... 10  
**Section 208.** Execution, Registration, Authentication and Delivery of Bonds..... 11  
**Section 209.** Mutilated, Lost, Stolen or Destroyed Bonds..... 11  
**Section 210.** Cancellation and Destruction of Bonds Upon Payment..... 12  
**Section 211.** Nonpresentment of Bonds..... 12

**ARTICLE III REDEMPTION OF BONDS**

**Section 301.** Redemption by Issuer..... 12  
**Section 302.** Selection of Bonds to be Redeemed..... 12  
**Section 303.** Notice and Effect of Call for Redemption..... 13

**ARTICLE IV SECURITY FOR BONDS**

**Section 401.** Security for the Bonds..... 15  
**Section 402.** Levy and Collection of Annual Tax; Transfer to Debt Service Account..... 15

**ARTICLE V ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS**

**Section 501.** Creation of Funds and Accounts..... 15  
**Section 502.** Deposit of Bond Proceeds and Other Moneys..... 16  
**Section 503.** Application of Moneys in the Improvement Fund..... 16  
**Section 504.** Application of Moneys in Debt Service Account..... 16  
**Section 505.** Deposits and Investment of Moneys..... 17  
**Section 506.** Application of Moneys in the Costs of Issuance Account..... 17

**ARTICLE VI DEFAULT AND REMEDIES**

**Section 601.** Remedies..... 17  
**Section 602.** Limitation on Rights of Owners..... 18  
**Section 603.** Remedies Cumulative..... 18

**ARTICLE VII DEFEASANCE**

**Section 701.** Defeasance..... 18

**ARTICLE VIII TAX COVENANTS**

**Section 801.** General Covenants .....19  
**Section 802.** Survival of Covenants .....19

**ARTICLE IX MISCELLANEOUS PROVISIONS**

**Section 901.** Insurance; Fidelity Bond Coverage .....19  
**Section 902.** Annual Audit .....20  
**Section 903.** USDA Deemed to be Owner .....20  
**Section 904.** Sale, Disposition or Use of the Improvements .....20  
**Section 905.** Amendments.....20  
**Section 906.** Notices, Consents and Other Instruments by Owners .....21  
**Section 907.** Notices.....22  
**Section 908.** Electronic Transactions .....22  
**Section 909.** Further Authority.....22  
**Section 910.** Severability.....22  
**Section 911.** Governing Law.....22  
**Section 912.** Effective Date.....22

*EXHIBIT A* -FORM OF BONDS .....A-1

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RESOLUTION NO. [2023]-06

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION BONDS, SERIES 2023-A, OF THE CITY OF HIGHLAND, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. [594] OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

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WHEREAS, the Issuer has heretofore passed the Ordinance authorizing the issuance of the Bonds; and

WHEREAS, the Ordinance authorized the governing body of the Issuer to adopt a resolution prescribing certain details and conditions and to make certain covenants with respect to the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HIGHLAND, 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 Bond Resolution shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

"Act" means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A.65-163d through 65-163u, K.S.A. 12-101 *et seq.*, Article 12, Section 5 of the Kansas Constitution, all as amended and supplemented from time to time.

"Amortization Schedule" means the schedule that set forth the principal and interest payments on the Bonds, and which is attached hereto as *Schedule I* which shall also be printed on each Bond.

"Authorized Denomination" means \$.01 or any integral multiples thereof or any amount of principal stated to be paid pursuant to the Amortization Schedule.

"Bond and Interest Fund" means the Bond and Interest Fund of the Issuer for its general obligation bonds.

"Bond Counsel" means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.



**"Bond Payment Date"** means each anniversary of the Dated Date of the Bond, commencing on the anniversary of the Dated Date in 2024.

**"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 State Treasurer, Topeka, Kansas, and any successors and assigns.

**"Bond Resolution"** means this resolution relating to the Bonds.

**"Bonds"** means the General Obligation Bonds, Series 2023-A, authorized and issued by the Issuer pursuant to the Ordinance and this Bond Resolution.

**"Business Day"** means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and 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 Highland, Kansas.

**"Clerk"** means the duly appointed and/or elected Clerk or, in the Clerk's absence, the duly appointed Deputy Clerk or Acting Clerk of the Issuer.

**"Code"** means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder by the United States Department of the Treasury.

**"Consulting Engineer"** means an independent engineer or engineering firm, or architect or architectural firm, having a favorable reputation for skill and experience in the construction, financing and operation of public facilities, at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Consulting Engineer by this Bond Resolution.

**"Costs of Issuance"** means all costs of issuing the Bonds, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

**"Costs of Issuance Account"** means the Costs of Issuance Account for General Obligation Bonds, Series 2023-A created pursuant to *Section 501* hereof.

**"Dated Date"** means October 26, 2023.

**"Debt Service Account"** means the Debt Service Account for General Obligation Bonds, Series 2023-A (within the Bond and Interest Fund) created pursuant to *Section 501* hereof.

**"Debt Service Requirements"** means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

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

**"Defeasance Obligations"** means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in the highest rating category by Moody's (presently "Aaa") or Standard & Poor's (presently "AAA").

**"Derivative"** means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

**"Event of Default"** means each of the following occurrences or events:

(a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise; or

(b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Resolution on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

**"Federal Grant"** means funds received from the United States of America, acting through Rural Utilities Services ("RUS"), a division of the USDA, pursuant to a letter of conditions dated September 22, 2021, and an approval letter dated October 4, 2021.

**"Federal Tax Certificate"** means the Issuer's Federal Tax Certificate dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

**"Financeable Costs"** means the amount of expenditure for an Improvement which has been duly authorized by action of the Governing Body to be financed by general obligation bonds, less: (a) the amount of any temporary notes or general obligation bonds of the Issuer which are currently Outstanding and available to pay such Financeable Costs; and (b) any amount of Financeable Costs which has been previously paid by the Issuer or by any eligible source of funds unless such amounts are entitled to be reimbursed to the Issuer under State or federal law.

**"Fiscal Year"** means the twelve month period ending on December 31.

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

**"Governing Body"** means the City Council of the Issuer.

**"Improvement Fund"** means the Improvement Fund for General Obligation Bonds, Series 2023-A, created pursuant to *Section 501* hereof.

**"Improvements"** means the improvements referred to in the preamble to the Ordinance.

**"Issue Date"** means the date when the Issuer delivers the Bonds to the Purchaser in exchange for the Purchase Price.

**"Issuer"** means the City and any successors or assigns.

**"KDHE"** means the Kansas Department of Health and Environment.

**"KDHE Loan"** means the Loan Agreement by and between the Issuer and the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, KPWSLF Project No. 3062.

**"KDHE Loan Paying Agent"** means KDHE for the purposes of paying the KDHE Loan.

**"Loan Resolution"** means the Loan Resolution (Form RUS Bulletin 1780-27) of the Issuer.

**"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 call for redemption or otherwise.

**"Mayor"** means the duly elected and acting Mayor, or in the Mayor's absence, the duly appointed and/or elected Vice Mayor or Acting Mayor of the Issuer.

**"Moody's"** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or

liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

**"Notice Address"** means with respect to the following entities:

(a) To the Issuer at:

220 West Main St., P.O. Box 387  
Highland, Kansas 66035  
Fax: (785) 444-2489

(b) To the Paying Agent at:

State Treasurer of the State of Kansas  
Landon Office Building  
900 Southwest Jackson, Suite 201  
Topeka, Kansas 66612-1235  
Fax: (785) 296-6976

(c) To the Purchaser:

United States of America  
Department of Agriculture  
211 N. Broadway  
St. Louis, Missouri 63120

or such other address as is furnished in writing to the other parties referenced herein.

**"Notice Representative"** means:

- (a) With respect to the Issuer, the Clerk.
- (b) With respect to the Bond Registrar and Paying Agent, the Director of Fiscal Services.
- (c) With respect to the Purchaser, any director or manager of the Finance Office.

**"Ordinance"** means Ordinance No. [ ] of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

**"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 *Article VII* 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.

**"Paying Agent"** means the State Treasurer, and any successors and assigns appointed in accordance with *Section 203* hereof.

**"Permitted Investments"** shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

**"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 100% of the principal amount of the Bonds.

**"Purchaser"** means USDA, or if and to the extent any rights, privileges or duties of USDA hereunder are assigned by USDA pursuant to an assignment of the Loan Resolution, the assignee of USDA.

**"RD/USDA"** means Rural Development, United States Department of Agriculture.

**"Record Dates"** means the fifteenth day (whether or not a Business Day) next preceding such Bond Payment Date.

**"Redemption Date"** means, 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 Bond Resolution.

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

**“Refunded Obligations”** means the KDHE Loan.

**“Refunded Obligations Paying Agent”** means KDHE.

**“Refunded Obligations Redemption Date”** means November 15, 2023.

**“SEC Rule”** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

**"Special Record Date"** means the date fixed by the Paying Agent pursuant to *Section 204* hereof for the payment of Defaulted Interest.

**“Standard & Poor's”** means Standard & Poor’s Ratings Services, a division of McGraw Hill Financial Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

**"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 Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable as set forth in the Amortization Schedule.

**"Treasurer"** means the duly appointed and/or elected Treasurer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

**"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 (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

**"USDA"** means the United States of America, acting through the United States Department of Agriculture.

## ARTICLE II

### AUTHORIZATION AND DETAILS OF THE BONDS

**Section 201. Authorization of the Bonds.** The Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$1,262,000, for the purpose of

providing funds to: (a) retire the KDHE Loan on the Refunded Obligations Redemption Date, and thereby finance costs of the Improvements; and (b) pay costs of issuance of the Bonds.

**Section 202. Description of the Bonds.** The Bonds shall consist of fully registered bonds in an Authorized Denomination, 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. The Bonds shall bear interest at the rate of 1.375% per annum (computed on the basis of a 365-day year) from the later of the Dated Date or the most recent Bond Payment Date on which interest has been paid in the manner set forth in *Section 204* hereof.

At the option of the Purchaser, the Bonds may be issued as a single certificate in the denomination of \$1,262,000, or the Outstanding declining principal balance thereof. The principal on such Bond shall be payable on the dates and in the amounts set forth on the Amortization Schedule, provided that the entire remaining principal payments shall become due and payable on the Bond Payment Date in 2063. Interest on such Bonds shall be payable on the Bond Payment Date. If issued as other than as a single certificate with an Amortization Schedule, the Stated Maturities and principal amounts of the Bonds shall be on the dates and in the amounts as set forth in the Amortization Schedule.

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

**Section 203. Designation of Paying Agent and Bond Registrar.** The State Treasurer, 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 of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Bonds.

The Issuer will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Bond Registrar, and shall appoint a successor Paying Agent at the request of USDA, by (a) 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 (b) 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 acceptable to USDA has been appointed and has accepted the duties of Paying Agent or Bond Registrar. Each successor Paying Agent shall be approved in writing by USDA before the appointment of such successor Paying Agent shall become effective.

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 204. 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, upon presentation and surrender of such Bond at the principal office of the Paying Agent. Notwithstanding the foregoing, if the a single certificate with an Amortization Schedule is issued, principal will be paid in the same manner as interest is paid and presentation and surrender of the Bond to the Paying Agent shall not be necessary until the final payment of the entire obligation evidenced by such Bond.

The interest payable on each Bond on any Bond 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 at such other address as is furnished to the Paying Agent in writing by such Owner 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 by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank 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 Issuer 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 Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor 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.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and at least annually shall forward a copy or summary of such records to the Issuer.

As long as the USDA is the Owner of the Bond, payments of principal or the Redemption Price shall be preauthorized debit or similar banking means or such other manner as is specified by the USDA from time to time.

**Section 205. Loan Resolution.** So long as USDA is the Owner of any of the Bonds, the Issuer shall be subject to the separate Loan Resolution executed and entered into by it at closing of the issuance of the Bonds in accordance with the Loan Resolution. The provisions of the Loan Resolution and the provisions of this Bond Resolution are to be construed wherever possible so that they will not be in conflict. In the event such a construction is not possible, the provisions of the Loan Resolution shall prevail.



**Section 206. Payments Due on Saturdays, Sundays and Holidays.** In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

**Section 207. Registration, Transfer and Exchange of Bonds.** The Issuer 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. An Owner shall only have the authority to transfer and exchange Bonds in an aggregate principal amount of \$100,000 or more unless such transfer and exchange is made through a primary offering (as defined in the SEC Rule). Upon surrender of any Bond at the principal 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 Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds provided for by this Bond 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 Code § 3406, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

The Issuer 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 *Article III* 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 Issuer 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 *Article II* hereof.

The Issuer 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 Issuer 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 (or a designated representative thereof) 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 208. 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 Issuer by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Clerk and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Mayor and 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 Clerk, which registration shall be evidenced by the manual or facsimile signature of the Clerk with the seal of the Issuer 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 Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Bond Registrar for authentication.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as *EXHIBIT A* hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee 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 Bond 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 Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

**Section 209. 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 Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, 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 Issuer, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Paying Agent 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 Issuer, and shall be entitled to all the benefits of this Bond Resolution equally and ratably with all other Outstanding Bonds.

**Section 210. 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 cancelled 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 cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

**Section 211. Nonpresentment 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 Issuer 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 Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay, without liability for interest thereon, to the Issuer the funds 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 Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

### ARTICLE III

#### REDEMPTION OF BONDS

**Section 301. Redemption by Issuer.**

**Optional Redemption.** At the option of the Issuer, the Bonds (including installments of principal set forth on the Amortization Schedule) may be called for redemption and payment prior to the Stated Maturity as a whole or in part (selection of principal installments and amounts to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

**Mandatory Redemption.** The Issuer acknowledges the provisions of 7 U.S.C. 1983(3) and right of USDA to require the redemption of the entire unpaid principal amount of the Bonds in accordance therewith.

**Section 302. Selection of Bonds to be Redeemed.**

(a) In the event the Issuer desires to call 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. 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 Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in *Section 303* are met.

(b) Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine. Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in a minimum Authorized Denomination of principal amount in such equitable manner as the Bond Registrar may determine.

(c) In the case of a partial redemption of Bonds, the Owner of a single certificate with Amortization Schedule need not submit such certificate for re-registration. In the case of a partial redemption of any other Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each a minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of the denomination of a minimum Authorized Denomination. If it is determined that one or more, but not all, of a minimum Authorized Denomination of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such a minimum Authorized Denomination, 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 a minimum Authorized Denomination 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 minimum Authorized Denomination of face value called for redemption (and to that extent only).

**Section 303. Notice and Effect of Call for Redemption.** In the event the Issuer desires to call 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. 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 Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption.

Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and the Purchaser. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

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 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.

The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer 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 Issuer 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 cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

In addition to the foregoing notice, further notice may be given by the Issuer or the Bond Registrar on behalf of the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed:

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the identification numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least one day before the mailing of notice to Owners by first class, registered or certified mail or overnight delivery, as determined by the Bond Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Each check or other transfer of funds issued for the payment of the Redemption Price of Bonds being redeemed shall bear or have enclosed the identification number of the Bonds being redeemed with the proceeds of such check or other transfer.

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

## ARTICLE IV

### SECURITY FOR BONDS

**Section 401. Security for the Bonds.** The Bonds shall be general obligations of the Issuer payable as to both principal and interest from ad valorem 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 Issuer. The full faith, credit and resources of the Issuer 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; Transfer to Debt Service Account.** The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes 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 Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be transferred to the Debt Service Account 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 Paying Agent.

If at any time said taxes 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 Issuer and to reimburse said general funds for money so expended when said taxes are collected.

## ARTICLE V

### ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF BOND PROCEEDS

**Section 501. Creation of Funds and Accounts.** Simultaneously with the issuance of the Bonds, there shall be created within the Treasury of the Issuer the following funds and accounts:

- (a) Improvement Fund for General Obligation Bonds, Series 2023-A;
- (b) Debt Service Account for General Obligation Bonds, Series 2023-A (within the Bond and Interest Fund); and
- (c) Costs of Issuance Account for General Obligation Bonds, Series 2023-A.

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

**Section 502. Deposit of Bond Proceeds and Other Moneys.** The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as follows:

(a) All accrued interest received from the sale of the Bonds shall be deposited in the Debt Service Account.

(b) The sum of \$15,000.00 shall be deposited in the Costs of Issuance Account.

(c) The remaining balance of the proceeds derived from the sale of the Bonds (\$1,247,000.00) shall be deposited in the Improvement Fund.

(d) In addition to proceeds of the Bonds, the Issuer will use proceeds of the Federal Grant in an amount of \$534,000, a Community Development Block Grant in the amount of \$600,000, and KDHE Loan Forgiveness in the amount of \$600,000 to pay the costs of the Improvements and to prepay the KDHE Loan.

**Section 503. Application of Moneys in the Improvement Fund.** Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying a portion of the costs of the Improvements, in accordance with the plans and specifications therefor prepared by the Consulting Engineer heretofore approved by the governing body of the Issuer and on file in the office of the Clerk, including any alterations in or amendments to said plans and specifications deemed advisable and approved by the governing body of the Issuer; and (b) prepaying the KDHE Loan on the Refunded Obligations Redemption Date.

Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Issuer's Clerk (or designate) stating that such payment is being made for a purpose within the scope of this Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Issuer's Clerk (or designate) stating that such payment is being made for a purpose within the scope of this Bond Resolution. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

Upon completion of the Improvements and the payment of the KDHE Loan, any surplus remaining in the Improvement Fund: (a) consisting of proceeds of the Federal Grant shall be returned to the grantor thereof; (b) consisting of proceeds of the Community Development Block Grant shall be returned to the grantor thereof; and (c) consisting of proceeds of the Bonds shall be deposited in the Debt Service Account.

**Section 504. Application of Moneys in Debt Service Account.** All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer 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 Debt Service 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 a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Bond Registrar and Paying Agent will become due. 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 Issuer. 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 Bond 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 Debt Service Account after the retirement of the Bonds shall be transferred and paid into the Bond and Interest Fund.

**Section 505. Deposits and Investment of Moneys.** Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the Issuer; or (b) if no such entity has a main or branch office located in the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositories shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured 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 Issuer so that there shall be no commingling with any other funds of the Issuer.

Moneys held in any Fund or Account may be invested in accordance with this Bond Resolution and the Federal Tax Certificate in Permitted Investments; 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 was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account.

**Section 506. Application of Moneys in the Costs of Issuance Account.** Moneys in the Costs of Issuance Account shall be used by the Issue to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than 30 days prior to one year after the date of issuance of the Bonds, shall be transferred to the Debt Service Account.

## ARTICLE VI

### DEFAULT AND REMEDIES

**Section 601. Remedies.** The provisions of the Bond Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer 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 Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond 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 Issuer, 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 Issuer 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 Bond 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 Bond 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 Issuer 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, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer'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, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other 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 or Redemption Price 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. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer 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 302(a)* of this Bond Resolution. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, 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 other 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 Bond Resolution.

Notwithstanding anything in this Bond Resolution to the contrary, so long as any of the Bonds are owned or insured by USDA, the Issuer will not issue any additional bonds or other obligations for the purpose of providing funds to refund all or a part of the Bonds unless either: (a) all of the Bonds are paid, retired and cancelled concurrently with the issuance of such refunding bonds or obligations or at the next occurring Stated Maturity; or (b) written consent to the issuance of such refunding bonds or obligations is given by USDA.

## ARTICLE VIII

### TAX COVENANTS

**Section 801. General Covenants.** The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Mayor and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other ordinances or 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 Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

**Section 802. Survival of Covenants.** The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to *Article VII* hereof or any other provision of this Bond Resolution until such time as is set forth in the Federal Tax Certificate.

## ARTICLE IX

### MISCELLANEOUS PROVISIONS

**Section 901. Insurance; Fidelity Bond Coverage.** The Issuer will carry and maintain such reasonable amount of all-risk insurance on all properties constituting the Improvements insofar as they are of an insurable nature as would be carried by a municipality with similar property and performing similar functions; and in the event of loss or damage, the Issuer will use the proceeds of such insurance to

reconstruct or replace the damaged or destroyed property, or if such reconstruction or replacement be unnecessary, then such proceeds shall be used in redeeming or paying off Outstanding Bonds. The Issuer also will carry general liability insurance in amounts not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Kansas tort claims act or other similar future law (currently \$500,000 per occurrence).

So long as the Bonds are owned or insured by USDA, all officers and employees of the Issuer handling the Funds and Accounts shall be bonded in each Fiscal Year in an amount not less than the total Debt Service Requirements on the Outstanding Bonds, until the final maturity date of the Outstanding Bonds or such other amount as is agreed to by USDA.

As long as any of the Bonds owned or insured by USDA remain Outstanding, the Issuer will annually submit a report of its insurance and fidelity bond coverage to USDA for review and approval.

**Section 902. Annual Audit.** Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of its Funds and Accounts for the preceding Fiscal Year by an Independent Accountant. As long as any of the Bonds owned or insured by USDA remain Outstanding, such audit to be performed in accordance with RUS Staff Instruction 1780-4 and in accordance with 2 C.F.R. Part 200, as adopted by USDA through 2 C.F.R. Part 400.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk and a duplicate copy of the audit shall be mailed to USDA. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner.

As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Bond Resolution, the Issuer shall promptly cure such deficiency.

**Section 903. USDA Deemed to be Owner** So long as any of the Bonds are owned or insured by USDA remain Outstanding, USDA shall be deemed to be an Owner of such Bond.

**Section 904. Sale, Disposition or Use of the Improvements** So long as any of the Bonds are owned or insured by USDA remain Outstanding, the Issuer will not sell, lease or otherwise dispose of the Improvements to any nongovernmental person or entity without the prior written consent of USDA.

**Section 905. Amendments.** The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer 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 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 Issuer 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 Bonds required for the written consent to any modification or alteration of the provisions of this Bond Resolution.

Any provision of the Bonds or of this Bond Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the Issuer 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 Issuer may amend or supplement this Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to conform this Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Bonds or of this Bond Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the governing body of the Issuer amending or supplementing the provisions of this Bond Resolution and shall be deemed to be a part of this Bond Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of this Bond Resolution shall always be kept on file in the office of the 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 Bond 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 Bond Resolution will be sent by the 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 Clerk a copy of the resolution of the Issuer 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 Issuer shall furnish to the Paying Agent a copy of any amendment to the Bonds or this Bond Resolution which affects the duties or obligations of the Paying Agent under this Bond Resolution.

**Section 906. 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 Bond Resolution, and shall be conclusive in favor of the Issuer 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.

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 Bond Resolution, Bonds owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Bond 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 Issuer.

**Section 907. Notices.** Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

**Section 908. Electronic Transactions.** The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

**Section 909. Further Authority.** The officers and officials of the Issuer, including the Mayor and 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 Bond 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.

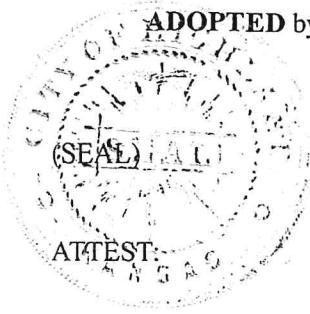
**Section 910. Severability.** If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

**Section 911. Governing Law.** This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

**Section 912. Effective Date.** This Bond Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

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**ADOPTED** by the governing body of the Issuer on October 11, 2023.



Charles V. Betts  
Mayor

Jeanne Kain  
Clerk

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Bond Resolution of the Issuer adopted by the governing body on October 11, 2023 as the same appears of record in my office.

DATED: October 11, 2023.

Jeanne Kain  
Clerk

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**SCHEDULE I**

**AMORTIZATION SCHEDULE**

<b>Bond</b>	<b>Amortization</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual</b>	<b>Declining</b>
<b>Payment</b>	<b>Payment</b>	<b>Payment</b>	<b>Payment</b>	<b>Payment</b>	<b>Principal</b>
<b>Date</b>	<b>Number</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Balance</b>
					\$1,262,000.00
10/26/2024	1	\$23,877.50	\$17,352.50	\$41,230.00	1,238,122.50
10/26/2025	2	24,205.82	17,024.18	41,230.00	1,213,916.68
10/26/2023	3	24,538.65	16,691.35	41,230.00	1,189,378.03
10/26/2027	4	24,876.05	16,353.95	41,230.00	1,164,501.98
10/26/2028	5	25,218.10	16,011.90	41,230.00	1,139,283.88
10/26/2029	6	25,564.85	15,665.15	41,230.00	1,113,719.03
10/26/2030	7	25,916.36	15,313.64	41,230.00	1,087,802.67
10/26/2031	8	26,272.71	14,957.29	41,230.00	1,061,529.96
10/26/2032	9	26,633.96	14,596.04	41,230.00	1,034,896.00
10/26/2033	10	27,000.18	14,229.82	41,230.00	1,007,895.82
10/26/2034	11	27,371.43	13,858.57	41,230.00	980,524.39
10/26/2035	12	27,747.79	13,482.21	41,230.00	952,776.60
10/26/2036	13	28,129.32	13,100.68	41,230.00	924,647.28
10/26/2037	14	28,516.10	12,713.90	41,230.00	896,131.18
10/26/2038	15	28,908.20	12,321.80	41,230.00	867,222.98
10/26/2039	16	29,305.68	11,924.32	41,230.00	837,917.30
10/26/2040	17	29,708.64	11,521.36	41,230.00	808,208.66
10/26/2041	18	30,117.13	11,112.87	41,230.00	778,091.53
10/26/2042	19	30,531.24	10,698.76	41,230.00	747,560.29
10/26/2043	20	30,951.05	10,278.95	41,230.00	716,609.24
10/26/2044	21	31,376.62	9,853.38	41,230.00	685,232.62
10/26/2045	22	31,808.05	9,421.95	41,230.00	653,424.57
10/26/2046	23	32,245.41	8,984.59	41,230.00	621,179.16
10/26/2047	24	32,688.79	8,541.21	41,230.00	588,490.37
10/26/2048	25	33,138.26	8,091.74	41,230.00	555,352.11
10/26/2049	26	33,593.91	7,636.09	41,230.00	521,758.20
10/26/2050	27	34,055.82	7,174.18	41,230.00	487,702.38
10/26/2051	28	34,524.09	6,705.91	41,230.00	453,178.29
10/26/2052	29	34,998.80	6,231.20	41,230.00	418,179.49
10/26/2053	30	35,480.03	5,749.97	41,230.00	382,699.46
10/26/2054	31	35,967.88	5,262.12	41,230.00	346,731.58
10/26/2055	32	36,462.44	4,767.56	41,230.00	310,269.14
10/26/2056	33	36,963.80	4,266.20	41,230.00	273,305.34
10/26/2057	34	37,472.05	3,757.95	41,230.00	235,833.29
10/26/2058	35	37,987.29	3,242.71	41,230.00	197,846.00
10/26/2059	36	38,509.62	2,720.38	41,230.00	159,336.38
10/26/2060	37	39,039.12	2,190.88	41,230.00	120,297.26
10/26/2061	38	39,575.91	1,654.09	41,230.00	80,721.35
10/26/2062	39	40,120.08	1,109.92	41,230.00	40,601.27
10/26/2063	40	40,601.27	558.27	41,159.54	0.00

**EXHIBIT A  
(FORM OF BONDS)**

**REGISTERED  
NUMBER R-\_\_**

**REGISTERED  
\$**

**UNITED STATES OF AMERICA  
STATE OF KANSAS  
COUNTY OF DONIPHAN  
CITY OF HIGHLAND  
GENERAL OBLIGATION BOND  
SERIES 2023-A**

**Interest  
Rate:**

**Maturity  
Date:**

**Dated  
Date: October 26, 2023**

**CUSIP:**

**REGISTERED OWNER:** United States of America  
Department of Agriculture  
211 N. Broadway  
St. Louis, Missouri 63120  
Tax I.D. No. 43-1757115

**PRINCIPAL AMOUNT:**

**KNOW ALL PERSONS BY THESE PRESENTS:** That the City of Highland, Kansas, in the County of Doniphan, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Stated Maturities set forth on the Amortization Schedule printed hereon, unless called for redemption prior to the Maturity Date shown above, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 365-day year), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable annually on the anniversary of the Dated Date of each year (the "Bond Payment Date"), commencing on the anniversary of the Dated Date in 2024, until the entire Principal Amount has been paid in full.

**Method and Place of Payment.** The installments of principal and interest payable on this Bond shall be paid on any Bond Payment Date by the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar") to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s), which shall be the 15th day (whether or not a business day) next preceding each Bond Payment Date. Such principal of and/or interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner 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 by such Registered Owner, not less than 15 days prior to



the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The final payment of principal of this Bond, whether at the Maturity Date set forth above or upon earlier redemption shall be made upon presentation and surrender of this Bond at the principal office of the Paying Agent. The principal or redemption price of and interest on this Bond shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution. 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.

**Definitions.** Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Bond Resolution

**ADDITIONAL PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.**

**Authentication.** This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Bond Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

**IT IS HEREBY DECLARED AND CERTIFIED** that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of bonds, does not exceed any constitutional or statutory limitation.

**IN WITNESS WHEREOF,** the Issuer has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk, and its seal to be affixed hereto or imprinted hereon.

**CITY OF HIGHLAND, KANSAS**

(Facsimile Seal)

By: \_\_\_\_\_ (facsimile) \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_ (facsimile) \_\_\_\_\_  
Clerk

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**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of a series of General Obligation Bonds, Series 2023-A, of the City of Highland, Kansas, described in the within-mentioned Bond Resolution.

Registration Date \_\_\_\_\_

Office of the State Treasurer, Topeka, Kansas,  
as Bond Registrar and Paying Agent

By \_\_\_\_\_

Registration Number \_\_\_\_\_

---

**(FORM OF REVERSE SIDE OF BOND)  
ADDITIONAL PROVISIONS**

**Authorization of Bonds.** This Bond is one of an authorized series of Bonds of the Issuer designated “General Obligation Bonds, Series 2023-A,” aggregating the principal amount of \$1,262,000 (the “Bonds”) issued for the purposes set forth in the Ordinance of the Issuer authorizing the issuance of the Bonds and the Resolution of the Issuer prescribing the form and details of the Bonds (collectively, the “Bond Resolution”). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 65-163d *et seq.*, K.S.A. 12-101 *et seq.*, and Article 12, Section 5 of the Kansas Constitution all as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

**General Obligations.** The Bonds constitute general obligations of the Issuer payable as to both principal and interest from ad valorem 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 Issuer. The full faith, credit and resources of the Issuer are hereby pledged for the payment of the principal of and interest on this Bond and the issue of which it is a part as the same respectively become due.

**Redemption Prior to Maturity.** The Bonds are subject to redemption prior to maturity, as set forth in the bond resolution.

**Transfer and Exchange.** This Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Bond, together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. A Registered Owner shall only have the authority to transfer and exchange Bonds in an aggregate principal amount of \$100,000 or more unless such transfer and exchange is made through a primary offering (as defined in the SEC Rule). The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Bonds and the cost of a reasonable supply of bond blanks. The Issuer and the Paying

Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issued in fully registered form in Authorized Denominations.

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**LEGAL OPINION**

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Bonds:

**GILMORE & BELL, P.C.**

Attorneys at Law  
100 N. Main Suite 800  
Wichita, Kansas 67202

(PRINTED LEGAL OPINION)

**BOND ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to

\_\_\_\_\_  
(Name and Address)

\_\_\_\_\_  
(Social Security or Taxpayer Identification No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$\_\_\_\_\_, standing in the name of the undersigned on the books of the Bond Registrar. The undersigned do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ as agent to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated \_\_\_\_\_

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or  
Taxpayer Identification No.

\_\_\_\_\_  
Signature (Sign here exactly as name(s)  
appear on the face of Certificate)

Signature guarantee:

By \_\_\_\_\_



**SCHEDULE I**

**AMORTIZATION SCHEDULE**

<b>Bond Payment Date</b>	<b>Amortization Payment Number</b>	<b>Principal Payment Amount</b>	<b>Interest Payment Amount</b>	<b>Annual Payment Amount</b>	<b>Declining Principal Balance</b>
					\$1,262,000.00
10/26/2024	1	\$23,877.50	\$17,352.50	\$41,230.00	1,238,122.50
10/26/2025	2	24,205.82	17,024.18	41,230.00	1,213,916.68
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10/26/2059	36	38,509.62	2,720.38	41,230.00	159,336.38
10/26/2060	37	39,039.12	2,190.88	41,230.00	120,297.26
10/26/2061	38	39,575.91	1,654.09	41,230.00	80,721.35
10/26/2062	39	40,120.08	1,109.92	41,230.00	40,601.27
10/26/2063	40	40,601.27	558.27	41,159.54	0.00

