

RESOLUTION NO. 2021-01

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION BONDS, SERIES 2021, IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF \$97,000, OF THE CITY OF LIEBENTHAL, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 2021-01 OF THE CITY; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the governing body of the City of Liebenthal, Kansas (the "City") has adopted Ordinance No. 2021-01 (the "Bond Ordinance") authorizing the issuance of the City's General Obligation Bonds, Series 2021 (the "Bonds"); and

WHEREAS, the Bond Ordinance authorized the governing body of the City 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 LIEBENTHAL, KANSAS:

SECTION 1. Authority for Bonds; Security.

(A) The Bonds are authorized and directed to be issued by the Bond Ordinance in the principal amount of and for the purposes described in the Bond Ordinance. In all matters relating to the issuance, registration and delivery of the Bonds, the City will comply with the provisions, requirements and restrictions of K.S.A. 10-101 to 10-125, inclusive, as supplemented and amended (the "Bond Act").

(B) The full faith, credit and resources of the City are pledged to secure the payment of the principal of and the interest on the Bonds as the same severally becomes due and payable. The governing body of the City covenants that it shall annually make provision for the payment of the principal of and the interest on the Bonds as and when the same becomes due and payable by levying and collecting the necessary ad valorem taxes upon all of the taxable tangible property located within the territorial limits of the City, in such amounts as are necessary to provide for such annual payment. When received, the proceeds derived from the aforesaid taxes shall be deposited into the Series 2021 Principal and Interest Account hereinafter created by this Resolution; provided, that if at any time the amount in the Series 2021 Principal and Interest Account shall be insufficient to make the payments of the principal of and the interest on the Bonds when required because of an untimely collection and/or receipt of said taxes, the City Clerk is authorized to transfer from the City's general funds to the Series 2021 Principal and Interest Account hereinafter created, the amount required for such payments and to then reimburse the City's general funds for such expended amounts immediately upon the collection and receipt of said taxes.

SECTION 2. Details of Bonds; Amortization Schedule; Payment of Principal and Interest. The Bonds shall be issued as one single fully registered, certificated bond, without coupons, in the original denomination of \$97,000, or may thereafter be issued in any denomination which is equal to the then outstanding principal amount of the Bonds. The Bonds shall be designated "City of Liebenthal, Kansas, General Obligation Bonds, Series 2021", and shall be dated as of the date the Bonds are delivered (the "Dated Date"), and the principal of the Bonds shall mature in annual installments in the years and in the amounts set forth on the Amortization Schedule attached to this Resolution as **Schedule I** (the "Principal Payment Dates"). Interest shall accrue on the Bonds at the rate of 1.125% per annum (the "Rate of Interest") on the outstanding principal of the Bonds (calculated on the basis of a 365-day calendar year). Interest on the Bonds shall be payable in annual installments commencing July 20, 2022 (the "Interest Payment Dates") and continuing until the principal amount of the Bonds is fully paid or provision made for such payment.

The Amortization Schedule as shown on **Schedule I** is incorporated in this Resolution by this reference as though fully set forth here and is authorized and directed to be printed on the Bonds.

The principal of and interest on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Paying Agent mailed to the owner of the Bonds (the "Owner") at its address shown on the books of the Bond Registrar (the "Registration Books") as of the fifteenth (15<sup>th</sup>) day of the month prior to a payment date (the "Record Date"), notwithstanding the foregoing, so long as USDA is owner of the Bonds, all payments of principal and interest on the Bonds payable on any Payment Date (hereinafter defined) shall be made by pre-authorized debit or similar banking means, or such other manner as from time to time specified by the USDA. Upon the full and final payment of all the outstanding principal of the Bonds and all interest thereon, whether at final maturity or on earlier redemption as provided by this Resolution, the Owner shall be required to surrender the Bond to the Paying Agent for cancellation as required by law.

In any case where a Principal Payment Date or an Interest Payment Date (collectively a "Payment Date") occurs on a date which is, a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State of Kansas and on which the Paying Agent is scheduled in the normal course of its operations to not be open to the public for conduct of its operations, then the payment of such principal or interest need not be made on such Payment Date, but may be made on the next succeeding business day with the same force and effect as if made on the applicable Payment Date, and no interest shall accrue for the period after such scheduled Payment Date.

### SECTION 3. Redemption of Bonds.

(A) Optional Redemption. At the option of the City, the Bonds are subject to redemption, in whole or in part, on any date selected by the City (the "Redemption Date"), at a redemption price equal to 100% of the principal of the Bonds so redeemed plus all accrued and unpaid interest on such Principal Amount so redeemed to the Redemption Date.

(B) Redemption Upon Graduation. The City hereby acknowledges the provisions of 7 U.S.C. 1983(3) and the right and ability of the United States Government, during the time it is the Owner of the Bonds, to require redemption of the Bonds according to such provisions.

The City shall give notice of any call for redemption and payment of the Bond, pursuant to the provisions of subparagraph (a) above, to the Paying Agent at least 45 days prior to the Redemption Date; and the Paying Agent shall then give notice in writing of such call for redemption and payment to the Owner of the Bonds by United States first class mail mailed not less than 30 days before to the Redemption Date.

On or prior to the Redemption Date, the City shall deposit with the Fiscal Agent sufficient funds to pay the outstanding principal amount of the Bonds or portion thereof called for redemption and payment together with all unpaid and accrued interest thereon to the Redemption Date. Upon the deposit of said moneys, and the giving of notice in the form and manner specified in this Resolution, the principal of the Bonds called for redemption shall cease to bear interest from and after the Redemption Date. Any unredeemed principal of the Bonds shall continue to bear interest as provided herein.

SECTION 4. Designation of Paying Agent and Bond Registrar. Pursuant to K.S.A. 10-620 *et seq.*, the governing body has elected to have the provisions of the Kansas Bond Registration Law apply to the Bonds and pursuant thereto, has designated and appointed the Treasurer of the State of Kansas, Topeka, Kansas, as the Bond Registrar and Paying Agent for the bonds (the "Paying Agent" or "Bond Registrar"). The terms, conditions and provisions under which the State Treasurer will perform its duties as Bond Registrar and Paying Agent for the Bonds are set forth in an "Agreement Between Issuer and Agent", dated as of July 20, 2021 (the "Issuer/Agent Agreement") and authorized by the Bond Ordinance.

SECTION 5. Ownership; Transfers and Exchanges; Mutilated, Lost, Stolen or Destroyed Bonds. Pursuant to the Issuer/Agent Agreement, the Bond Registrar shall maintain books for the recording of the initial registration and any subsequent transfers of the ownership

of the Bonds (the "Registration Books"), and the person(s) in whose name any Bond is registered as shown on the Registration Books shall be deemed and regarded as the absolute Owner thereof for all purposes. Payment of, or on account of, the principal of and the interest on any such Bond shall be made only to or upon the order of the Owner or his duly authorized agent. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

The provisions, terms, conditions and requirements for the transfer and exchange of the Bonds, and for the replacement of a mutilated, lost stolen or destroyed Bond are fully set forth in the Issuer/Agent Agreement. Replacement bonds delivered upon any transfer or exchange made in compliance with the provisions, terms, conditions and requirements set forth in the Issuer/Agent Agreement shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, shall be secured by the pledges made in this Resolution and the Bond Ordinance and shall be entitled to all of the security and benefits hereof to the same extent as the bonds surrendered.

**SECTION 6. Execution and Authentication.** The Bonds shall be executed for and on behalf of the City by the manual or facsimile signature of its Mayor, attested by the manual or facsimile signature of its City Clerk, and shall have affixed or an imprinted thereon a facsimile of the City's official seal. The Bonds shall be registered in the Office of the City Clerk, which registration shall be evidenced by the manual or facsimile signature of the City Clerk on a Certificate of Registration which shall be printed on the reverse of the bonds, attested by a facsimile of the City's official seal imprinted opposite said signature. The Bonds shall be registered by the State Treasurer in the municipal bond register in his or her office, which registration shall be evidenced by his or her manual or facsimile signature on a Certificate of State Treasurer which shall be printed on the reverse of the Bonds, and which shall be attested by a facsimile of his or her official seal imprinted opposite his or her signature. In case any officer of the City or of the State whose signature shall appear on the Bonds shall cease to be such officer before the actual delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until such delivery.

No bond shall be valid or obligatory for any purpose unless and until the Certificate of Authentication thereon shall have been duly executed by the Bond Registrar, and such duly executed Certificate on any Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. The Bond Registrar's Certificate of Authentication on any Bond shall be deemed to have been duly executed by it when manually signed by an authorized officer or signatory thereof; and it shall not be necessary that the same officer or signatory of the Bond Registrar manually sign such Certificate on all Bonds issued under this Resolution.

**SECTION 7. Payment of Costs.** The City shall pay out of the proceeds of the Bonds all costs incurred in connection with the issuance, transfer, exchange, registration, redemption and payment of the bonds except (a) the reasonable fees and expenses of replacing a Bond or Bonds which have been mutilated, stolen, lost or destroyed, or (b) any tax or other governmental charge imposed in relation to the transfer, exchange, registration, redemption or payment of the Bonds.

**SECTION 8. Form of Bonds.** The Bonds issued under this Resolution shall be evidenced by a printed certificate in the form required by Section 2 of this Resolution and the laws of the State of Kansas, and shall contain recitals as required by the Constitution and Laws of the State of Kansas, including a recital that the Bonds are issued in the manner prescribed by the Bond Act, and pursuant to the authority of the Sewer Act (as defined in the Bond Ordinance), for the purpose of paying the costs of acquiring the Project (as defined in the Bond Ordinance) in the City and the Amortization Schedule shall be printed thereon. The text of the approving legal opinion of Bond Counsel shall also be printed in the Bond, together with a certification of the City Clerk relating thereto, which certification shall be signed by the manual or facsimile signature of the City Clerk.

The governing body hereby authorizes, orders and directs Triplett Woolf Garretson, LLC, the City's Bond Counsel, to prepare the form and text of the certificates for the Bonds, and to cause the same to be printed as the definitive bond certificates for the Bonds.

SECTION 9. Creation and Ratification of Accounts. Simultaneously with the issuance and delivery of the Bonds, there shall be created within the Treasury of the City, the following accounts for the Bonds:

- (A) General Obligation Bonds, Series 2021 Principal and Interest Account (the "Series 2021 Principal and Interest Account"); and
- (B) General Obligation Bonds, Series 2021 Project Fund (the "Project Fund").

SECTION 10. Sale and Delivery of Bonds; Disposition of Proceeds. The Mayor and City Clerk are authorized and directed to prepare and execute the Bonds in the form and manner specified in this resolution, including a reasonable inventory quantity of bond certificates for transfer, exchange and replacement in accordance with the provisions hereof; and when executed the Bonds shall be registered in the Office of the City Clerk and in the Office of the State Treasurer, as required by law and as hereinbefore provided. The Bonds having been sold as provided by law, they shall be delivered to United States of America, Department of Agriculture, Rural Development, 4300 Goodfellow Blvd., Bldg 104, St. Louis, Missouri 63120-1703 (the "Original Purchaser"), upon receipt by the City of the full purchase price therefor, being par, premium, if any, and accrued interest from the Dated Date to the date of issuance and delivery.

The proceeds from the sale of the Bonds shall be deposited into the Treasury of the City for the credit of and shall be applied, together with other monies of the City, as follows:

- (A) The amount of the proceeds representing accrued interest on the Bonds, if any, and the amount of the proceeds representing premium paid on the Bonds, if any, shall be credited (none is anticipated) to and deposited in the Series 2021 Principal and Interest Account; and any said accrued interest will be used toward the payment of the first maturing interest on the Bonds, and any said premium will be used toward the payment of the first maturing principal on the Bonds; and
- (B) \$97,000 shall be deposited in the Project Fund along with other funds available to pay costs of the Project.

SECTION 11. Application of Money in Accounts.

*Principal and Interest Account.* The Series 2021 Principal and Interest Account shall be administered and maintained for the purpose of depositing moneys from the issuance, sale and delivery of the Bonds which represent accrued interest and premium, if any, and for the deposit of ad valorem taxes levied to make payments of the principal of and interest on the Bonds or amounts transferred from the general funds of the City to pay principal of and interest on the Bonds on any Payment Date, and for no other purpose. All amounts paid and credited to the Series 2021 Principal and Interest Account shall be expended by the City solely for the purpose of paying the principal of, premium, if any, and interest on the Bonds and to pay the usual and customary fees of the Paying Agent. The Series 2021 Principal and Interest Account may be created as a subaccount of the City's Bond and Interest Fund.

*Project Fund.* The Project Fund shall be administered and maintained for the purpose of depositing moneys received in connection with the issuance, sale and delivery of the Bonds for the purpose of paying the costs associated with purchasing, acquiring, constructing and installing the Project, as well as any applicable costs of issuance associated with the issuance of the Bonds. Amounts in the Project Fund not so applied shall be transferred to the Series 2021 Principal and Interest Account and applied to the payment of principal of and/or interest on the Bonds.

SECTION 12. Resolution Constitutes Contract; Remedies of Owners. The provisions of this Resolution, and all of its covenants and agreements, shall constitute a contract between the City and the Owners, and the Owners of not less than Ten Percent (10%) of the Bonds at the time Outstanding shall have the right, for the equal benefit and protection of all Owners similarly situated:

- (A) By mandamus or other suit, action or proceeding at law or in equity to enforce his or their rights against the City and its officers, agents and employees, and to require and compel the City and its officers, agents and employees to perform all duties

and obligations required by the provisions of this Resolution or by the Constitution and laws of the State of Kansas;

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

(C) By suit, action or other proceeding in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners.

SECTION 13. Limitation on Actions by Owners; Remedies Cumulative; Delay or Omission Not Waiver. No one or more of the Owners secured hereby shall have any right in any manner whatsoever 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 of the Owners. Nothing in this Resolution or in the Bonds shall affect or impair the obligations of the City to pay at the date of maturity thereof or on any prepayment date established therefor, the principal of and the interest on the Bonds to the respective Owners thereof or affect or impair the right of action of any Owners to enforce payment of the Bonds held by them, or to reduce to judgment their claim against the City for the payment of the principal amount of and the interest on the Bonds without reference to or consent of any other Owners. No remedy herein conferred upon the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute, and may be exercised without regard to any other remedy however given. No delay or omission of any Owners to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such default or be construed as an acquiescence therein, and every right, power and remedy given by this Resolution to the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient. In case any proceeding taken by any Owners on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Owners, then in every such case the City and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as though no such proceedings had been taken.

SECTION 14. Amendments. The City may, without the consent of the Owners, amend or supplement the provisions of this Resolution (i) to cure any ambiguity herein or to correct or supplement any provision herein which may be inconsistent with any other provision herein or to correct errors, provided such action shall not materially adversely affect the interest of the Owners, or (ii) to grant or confer upon the Owners any additional rights, remedies, powers or security, or (iii) to more precisely identify the Project, or (iv) to conform this Resolution to the Code (as hereinafter defined) or future applicable Federal laws concerning tax-exempt obligations. The rights and duties of the City and the Owners and the terms and provisions of this Resolution may be modified or altered in any respect by an ordinance of the City with the consent of the Owners of not less than One Hundred Percent (100%) in principal amount of the bonds then outstanding and, so long as the Bond is held or insured by the Original Purchaser, such consent to be evidenced by an instrument or instruments executed by the Owners and the Original Purchaser and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk; provided that, the following modifications or alternations shall require the written consent of One Hundred Percent (100%) of the Owners of the then outstanding Bonds:

(A) Extending the maturity of any payment of principal or interest due upon the Bonds, or

(B) Effecting a reduction in the amount which the City is required to pay by way of principal or interest on the Bonds, or

(C) Permitting a preference or priority of any Bond or Bonds over any other Bond or Bonds, or

(D) Reducing the percentage of the principal amount of the then outstanding Bonds for which the written consent of the Owners is required for any modification or alteration of the provisions of this Resolution.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the City Clerk a copy of the ordinance of the City authorizing said modifications, as hereinabove provided for, duly certified and published, as well as proof of consent to such modification by the Owners of not less than the percentage of the principal amount of the bonds then outstanding as hereinabove required therefor. It shall not be necessary to note on any of the outstanding Bonds any reference to such amendment or modification.

SECTION 15. Defeasance. When the principal of and the interest on the Bonds shall have been paid and discharged, then the requirements contained herein and all other rights granted by this Resolution shall cease and terminate. The Bonds shall be deemed to have been paid and discharged within the meaning of this Resolution if there shall have been deposited with the Paying Agent or with a bank located in the State of Kansas and having full trust powers, at or prior to the maturity or date of redemption, as the case may be, of the Bonds, in trust for and irrevocably appropriated thereto, moneys and/or Government Securities consisting of direct obligations of, or obligations payment of the principal of and interest on which are guaranteed by, the United States of America, which together with the interest to be earned on such Government Securities, will be sufficient for the payment of the principal amount of and the interest on the Bonds, to the date of maturity or redemption, as the case may be, or if default in such payment shall have accrued on such date, then to the date of the tender of such payments; provided that, if such payment and discharge is to be made on a redemption date that notice of such redemption has been duly and properly given as provided by this Resolution and that all of the other terms and provisions of this Resolution relative to the call for and the redemption and payment of the Bonds shall have been complied with. Any moneys which at any time shall be deposited with the Paying Agent or such Kansas bank by or on behalf of the City, for the purpose of paying and discharging any of the Bonds or interest thereon, shall be and are hereby assigned, transferred and set over to the Paying Agent or such Kansas bank 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 moneys so deposited with the Paying Agent or such Kansas bank shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Resolution. The provisions of this Section are subject to the following proviso:

As long the Bonds or any portion thereof are owned or insured by the Original Purchaser, no provisions for the payment of the Bonds shall be made in accord with this Section unless either (i) all of the Bonds then outstanding shall be paid or provision made for their payment concurrently with the deposit of funds to pay the Bonds as required in this Section or any remaining balance of the Bonds shall be paid at the first Interest Payment Date or Principal Payment Date following the deposits described in this Section with respect to the Bonds, or (ii) consent to a partial defeasance of the Bonds is obtained from the Original Purchaser of the Bonds.

SECTION 16. Particular Covenants of the City: The Project.

(A) No Sale or Lease. As long as the Bonds or any part thereof are outstanding the City shall not sell, lease or otherwise dispose of the Project or any material part thereof. The City may, however, dispose of any property comprising a non-integral portion of the Project that has become obsolete, non-productive or otherwise unusable to the advantage of the Project.

(B) Insurance. The City covenants and agrees to carry and maintain a reasonable amount of property and liability insurance upon the Project insofar as they are of an insurable nature, the amount of such insurance being such amount as would normally be carried by a municipal corporation engaged in a similar type of business; provided that, the amounts of such insurance to be carried may be specified by the Original Purchaser as long as the Bonds are held or insured by the Original Purchaser. In the event of loss or damage to the Project, the City will, with all reasonable dispatch, use the net proceeds of any such insurance to repair or replace the property damaged or destroyed, or, if such repair or replacement is unnecessary or impossible, then in acquiring supplemental Project or to redeem or purchase in the open market any outstanding indebtedness of the Project.

(C) Refinancing. As long as the Bonds are owned or insured by the Original Purchaser, the City agrees to refinance, in whole or in part, any Bonds currently outstanding, upon the request of the Original Purchaser, if at any time it should appear to the Original Purchaser that the City is able to and the City is, in the opinion of its Bond Counsel, authorized by law to so refinance by obtaining a loan for such purpose from a responsible cooperative or private sources at reasonable rates and terms.

(D) USDA Loan Resolution. To the extent permitted by law and as long as the Original Purchaser is the owner of the Bonds, the Bonds shall be subject to the terms of Form RUS Bulletin 1780-27 and the City's USDA Loan Resolution adopted on August 10, 2020 which is attached to this Resolution as **Exhibit A**.

(E) Audits. To the extent required by law, as long as the Original Purchaser is the Owner or insurer of the Bonds, the City shall cause audits of the City to be made at such times and in such manner as the Original Purchaser shall require as described in RUS Staff Instruction 1780-4 and in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFA Part 400.

(F) Inspection of Project. As long as the Original Purchaser is the Owner or insurer of the Bonds, the Original Purchaser shall have the right at all reasonable times to inspect the Project and all of the books, records, accounts and data relating thereto, and the City shall furnish the Original Purchaser with all information concerning the Project and the operations thereof which may reasonably be requested.

SECTION 17. Surrender and Cancellation of Bonds. Whenever any outstanding Bond shall be delivered to the Bond Registrar after payment of the principal amount of and the interest represented thereof or for replacement pursuant to this Resolution, such Bond shall be canceled and destroyed by the Bond Registrar and counterparts of a Certificate of Destruction describing such Bonds so destroyed and evidencing such destruction shall be furnished by the Bond Registrar to the City.

SECTION 18. Tax Covenants. The governing body of the City covenants and agrees that so long as any of the Bonds remain outstanding and unpaid, no use will be made of the proceeds thereof which, if such use had been reasonably expected on the date of issuance and delivery, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 103(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"); and that it will comply with all applicable requirements of Section 148 of the Code and the Rules and Regulations of the United States Treasury Department thereunder for so long as any of the Bonds remain outstanding and unpaid. The governing body further covenants to take all such action in its power as may be required from time to time in order to assure the continued tax-exempt status of the interest on the Bonds, and to comply with all provisions of the Code, as the same be amended, and any applicable Rules and Regulations of the United States Treasury Department thereunder.

SECTION 19. Designation as Qualified Tax-Exempt Obligations. The governing body of the City has designated the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code in the Bond Ordinance.

SECTION 20. Other Documents. The Mayor and City Clerk are hereby empowered, authorized and directed to prepare and execute any and all supporting documents and certificates required in the issuance of the Bonds, including final certificates required to be included in the official Transcript of Proceedings relating to the authorization and issuance of the Bonds, all without further action by the governing body.

SECTION 21. Further Authority. The City shall, and the officers, agents and employees thereof, are authorized and directed to, take such actions, expend such moneys and execute such other documents, certificates and instruments as may be necessary or desirable in order to carry out and comply with the provisions of this Resolution and to give effect to the transactions contemplated hereby.

SECTION 22. Severability. If any provision of this Resolution shall be held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or

provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever.

SECTION 23. Effective Date. This Resolution shall be in force and take effect from and after its adoption and approval.

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ADOPTED AND APPROVED by the governing body of the City of Liebenthal, Kansas  
on the 28<sup>th</sup> day of June, 2021.

CITY OF LIEBENTHAL, KANSAS



By Thomas W. McElroy  
Thomas W. McElroy, Mayor

By Beverly A. Stark  
Beverly A. Stark, City Clerk

SCHEDULE I

AMORTIZATION SCHEDULE

Date	Payment Amount	Interest Payment	Principal Payment	Outstanding Debt
7/20/2021				\$97,000.00
7/20/2022	\$3,026.00	\$1,091.25	\$1,934.75	\$95,065.25
7/20/2023	\$3,026.00	\$1,069.48	\$1,956.52	\$93,108.73
7/20/2024	\$3,026.00	\$1,050.34	\$1,975.66	\$91,133.07
7/20/2025	\$3,026.00	\$1,025.25	\$2,000.75	\$89,132.32
7/20/2026	\$3,026.00	\$1,002.74	\$2,023.26	\$87,109.06
7/20/2027	\$3,026.00	\$979.98	\$2,046.02	\$85,063.04
7/20/2028	\$3,026.00	\$959.58	\$2,066.42	\$82,996.62
7/20/2029	\$3,026.00	\$933.71	\$2,092.29	\$80,904.33
7/20/2030	\$3,026.00	\$910.17	\$2,115.83	\$78,788.50
7/20/2031	\$3,026.00	\$886.37	\$2,139.63	\$76,648.87
7/20/2032	\$3,026.00	\$864.66	\$2,161.34	\$74,487.53
7/20/2033	\$3,026.00	\$837.98	\$2,188.02	\$72,299.51
7/20/2034	\$3,026.00	\$813.37	\$2,212.63	\$70,086.88
7/20/2035	\$3,026.00	\$788.48	\$2,237.52	\$67,849.36
7/20/2036	\$3,026.00	\$765.40	\$2,260.60	\$65,588.76
7/20/2037	\$3,026.00	\$737.87	\$2,288.13	\$63,300.63
7/20/2038	\$3,026.00	\$712.13	\$2,313.87	\$60,986.76
7/20/2039	\$3,026.00	\$686.10	\$2,339.90	\$58,646.86
7/20/2040	\$3,026.00	\$661.58	\$2,364.42	\$56,282.44
7/20/2041	\$3,026.00	\$633.18	\$2,392.82	\$53,889.62
7/20/2042	\$3,026.00	\$606.26	\$2,419.74	\$51,469.88
7/20/2043	\$3,026.00	\$579.04	\$2,446.96	\$49,022.92
7/20/2044	\$3,026.00	\$553.02	\$2,472.98	\$46,549.94
7/20/2045	\$3,026.00	\$523.69	\$2,502.31	\$44,047.63
7/20/2046	\$3,026.00	\$495.54	\$2,530.46	\$41,517.17
7/20/2047	\$3,026.00	\$467.07	\$2,558.93	\$38,958.24
7/20/2048	\$3,026.00	\$439.48	\$2,586.52	\$36,371.72
7/20/2049	\$3,026.00	\$409.18	\$2,616.82	\$33,754.90
7/20/2050	\$3,026.00	\$379.74	\$2,646.26	\$31,108.64
7/20/2051	\$3,026.00	\$349.97	\$2,676.03	\$28,432.61
7/20/2052	\$3,026.00	\$320.74	\$2,705.26	\$25,727.35
7/20/2053	\$3,026.00	\$289.43	\$2,736.57	\$22,990.78
7/20/2054	\$3,026.00	\$258.65	\$2,767.35	\$20,223.43
7/20/2055	\$3,026.00	\$227.51	\$2,798.49	\$17,424.94
7/20/2056	\$3,026.00	\$196.57	\$2,829.43	\$14,595.51
7/20/2057	\$3,026.00	\$164.20	\$2,861.80	\$11,733.71

7/20/2058	\$3,026.00	\$132.00	\$2,894.00	\$8,839.71
7/20/2059	\$3,026.00	\$99.45	\$2,926.55	\$5,913.16
7/20/2060	\$3,026.00	\$66.71	\$2,959.29	\$2,953.87
7/20/2061	\$2,987.10	\$33.23	\$2,953.87	\$0.00
			\$97,000.00	

EXHIBIT A  
USDA LOAN RESOLUTION

TWG REF: 784193  
Bond Resolution

Exhibit A

(Published in *The Rush County News* on July 8, 2021)

ORDINANCE NO. 2021-01

AN ORDINANCE OF THE CITY OF LIEBENTHAL, KANSAS, AUTHORIZING THE ISSUANCE OF THE CITY'S GENERAL OBLIGATION BONDS, SERIES 2021, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$97,000, FOR THE PURPOSE OF FINANCING THE COSTS OF SEWER IMPROVEMENTS IN THE CITY; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

WHEREAS, the governing body of the City of Liebenthal, Kansas (the "City"), pursuant to Ordinance No. 2020-02, has previously (i) determined it to be necessary to make improvements and repairs to the lagoons, control structures and valves and install a new lift station for the City's sewer system (the "Project"), and (ii) declared its intention to issue general obligation bonds of the City in order to pay a portion of the costs thereof, pursuant to K.S.A. 12-617 to 12-618 (the "Sewer Act"); and

WHEREAS, the governing body of the City has authorized the payment of the costs of the Project in part from (i) proceeds of general obligation bonds of the City, which general obligation bonds will evidence the obligation of the City to repay Federal Aid from the United States of America acting through Rural Development United States Department of Agriculture, its successor and assigns (the "Federal Agency") in amount not to exceed \$97,000, (ii) the proceeds of a Community Development Block Grant in the amount of \$220,850, and (iii) a grant made through Rural Development United States Department of Agriculture, in the amount of \$124,000; and

WHEREAS, the governing body determines it necessary and appropriate to authorize and provide for the issuance of such general obligation bonds for the purpose of providing the necessary funds for the purposes described; and to specify the terms, details, form and conditions of the general obligation bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF LIEBENTHAL, KANSAS:

SECTION 1. Authorization of the Bonds. General Obligation Bonds, Series 2021, of the City in the total principal amount of Ninety-Seven Thousand Dollars (\$97,000) (the "Bonds") are authorized to be issued for the purpose of providing funds to pay a portion of the costs of acquiring, constructing and installing the Project described above. The Bonds shall be issued pursuant to the Sewer Act (as described above) in the manner and in conformance with K.S.A. 10-101 *et seq.* (the "Bond Act").

The City shall sell and the United States of America acting through Rural Development, United States Department of Agriculture, its successor and assigns, shall purchase the Bonds for a price equal to the principal amount of the Bonds, plus accrued interest from the dated date of the Bonds to the date the Bonds are issued, if any. The Bonds shall evidence the City's obligation to repay the Federal Aid to the Federal Agency.

SECTION 2. Security for the Bonds. The Bonds are general obligations of the City. The full faith, credit and resources of the City are pledged to secure the payment of the principal of and the interest on the Bonds as the same severally become due and payable. The governing body of the City covenants that it shall annually make provision for the payment of the principal of and the interest on the Bonds as and when the same become due and payable by levying and collecting the necessary ad valorem taxes upon all of the taxable tangible property located within the territorial limits of the City, in such amounts as are necessary to provide for such annual payment.

SECTION 3. Terms, Details and Conditions of the Bonds. The Bonds shall be dated and bear interest, shall mature and be payable at such times, shall be in such forms, shall be

subject to redemption and payment prior to maturity thereof, and shall be issued and delivered in the manner prescribed and subject to the provisions, covenants and agreements set forth in a resolution hereinafter adopted by the governing body of the City (the "Resolution").

SECTION 4. Designation of Paying Agent and Bond Registrar; Issuer/Agent Agreement. Pursuant to K.S.A. 10-620 *et seq.*, the governing body elects to have the provisions of the Kansas Bond Registration Law apply to the Bonds and designates and appoints the Treasurer of the State of Kansas, Topeka, Kansas, as the Bond Registrar and Paying Agent for the bonds (the "Paying Agent"). The terms, conditions and provisions under which the Paying Agent will perform its duties are set forth in an Agreement between Issuer and Agent, dated as of July 20, 2021 (the "Issuer/Agent Agreement"). The form and text of the Issuer/Agent Agreement are approved and accepted by the governing body, and all of the covenants, duties and responsibilities therein to be performed by and on behalf of the City are hereby declared to be the covenants, duties and responsibilities of the City as though fully set forth at this place. The Mayor and City Clerk are authorized to execute and deliver the Issuer/Agent Agreement for and on behalf of the City. The Issuer/Agent Agreement is incorporated in and made a part of this Ordinance as though fully set forth at this place; provided however, the inclusion of the Issuer/Agent Agreement in the publication of this Ordinance shall not be required.

SECTION 5. Levy and Collection of Annual Tax. The governing body of the City shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the City in the manner provided by law.

The taxes above referred to 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 general ad valorem taxes of the City are levied and collected, shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent. The proceeds derived from said taxes shall be deposited in the Series 2021 Principal and Interest Account as defined in the Resolution.

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

SECTION 6. Tax Covenants. The governing body of the City covenants that so long as any of the Bonds remain outstanding and unpaid, no use will be made of the proceeds thereof which, if such use had been reasonably expected on the date of issuance and delivery, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 103(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"); and that it will comply with all applicable requirements of Section 148 of the Code and the Rules and Regulations of the United States Treasury Department thereunder for so long as any of the Bonds remain outstanding and unpaid. The governing body further covenants to take all such action in its power as may be required from time to time in order to ensure the continued tax-exempt status of the interest on the Bonds, and to comply with all provisions of the Code, as the same be amended, and any applicable Rules and Regulations of the United States Treasury Department thereunder.

SECTION 7. Designation as Qualified Tax-Exempt Obligations. The governing body of the City designates the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

SECTION 8. Further Authority. The City and its officers, agents and employees are authorized and directed to, take such actions, expend such moneys and execute such other documents, certificates and instruments as may be necessary or desirable in order to carry out and comply with this Ordinance and to give effect to the transactions contemplated hereby, including final certificates required to be included in the official Transcript of Proceedings relating to the authorization and issuance of the Bonds, all without further action by the governing body.

SECTION 9. Severability. If any provision of this Ordinance shall be held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or

jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever.

SECTION 10. Governing Law. This Ordinance and the Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

SECTION 11. Effective Date. This Ordinance shall be in force and take effect from and after its adoption and approval and its publication one time in the City's official newspaper.

ADOPTED AND APPROVED by the governing body of the City of Liebenthal, Kansas  
on the 28<sup>th</sup> day of June, 2021.

CITY OF LIEBENTHAL, KANSAS



By Thomas W. McElroy  
Thomas W. McElroy, Mayor

By Beverly A. Stark  
Beverly A. Stark, City Clerk