

RESOLUTION R-2017-10

A RESOLUTION AUTHORIZING THE FINANCING OF A KUBOTA KX040 E AND DECLARING AN EMERGENCY

WHEREAS, on March 28, 2017 the Village Council passed Resolution 2017-9 Authorizing the Lease and Subsequent Purchase of a Kubota KX040 excavator be leased through Baystone Financial Group: and

WHEREAS, the Exhibit attached to Resolution 2017-9 was a proposal for financing of the purchase; and

WHEREAS, the actual Government Obligation Contract has not been received from the lender, who is now determined to be KS State Bank; and

WHEREAS, the Government Obligation Contract contains terms which were not disclosed at the time the Council passed Resolution 2017-9, and the Council wants to now acknowledge and approve all the terms of the financing.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Village of Windham, Portage County, State of Ohio, two thirds (2/3) or more of the members thereto concurring that:

SECTION 1: Council finds that in compliance with Ohio Revised Code 731.141 the acquisition of the Kubota KX040 excavator is for a principal amount of \$49,689.00 and as a result competitive bidding is not required.

SECTION 2: Council finds that the purchase and financing set forth in the attached Exhibit A are in the best interests of the Village of Windham.

SECTION 3: Council approves the Government Obligation Contract in substantial conformity with Exhibit "A" attached hereto and incorporated herein by reference and authorizes the Mayor and the Fiscal Officer to execute on behalf of the Village financing for a term of three years on terms in substantial compliance those set forth in attached Exhibit "A".

SECTION 4: It is hereby found and determined that all formal actions of this Council concerning and relating to the passage of this Resolution were accepted in an open meeting of this Council, and that deliberations of this Council and any of its committees that resulted in such formal actions were in meeting open to the public, in compliance with Section 121.22 of the Ohio Revised Code.

SECTION 5: The Village Council finds that this Resolution is declared to be an emergency measure, effective immediately upon its passage in order to promote the health, safety and general welfare of the Village and for the further reasons that an

excavator is needed to maintain the water supply to the citizens of the Village of Windham.

PASSED IN COUNCIL on first reading this 25th day of April, 2017.

Vote of Council: Ayes: 5
 Nays: 0

ATTEST:

APPROVED:

Cheree Taylor, Fiscal Officer

Deborah Blewitt, Mayor

APPROVED AS TO FORM:

Thomas Reitz, Solicitor

GOVERNMENT OBLIGATION CONTRACT

Obligor

Village of Windham, Ohio
9621 East Center Street
Windham, Ohio 44288

Obligee

KS StateBank
1010 Westloop; P.O. Box 69
Manhattan, Kansas 66505-0069

Dated as of April 10, 2017

This Government Obligation Contract dated as of the date listed above is between Obligee and Obligor listed directly above. Obligee desires to finance the purchase of the Equipment described in Exhibit A to Obligor and Obligor desires to have Obligee finance the purchase of the Equipment subject to the terms and conditions of this Contract which are set forth below.

I. Definitions

Section 1.01 Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

- "Additional Schedule" refers to the proper execution of additional schedules to Exhibit A and Exhibit B, as well as other exhibits or documents that may be required by the Obligee all of which relate to the financing of additional Equipment.
- "Budget Year" means the Obligor's fiscal year.
- "Commencement Date" is the date when Obligor's obligation to pay Contract Payments begins.
- "Contract" means this Government Obligation Contract and all Exhibits attached hereto, all addenda, modifications, schedules, refinancings, guarantees and all documents relied upon by Obligee prior to execution of this Contract.
- "Contract Payments" means the payments Obligor is required to make under this Contract as set forth on Exhibit B.
- "Contract Term" means the Original Term and all Renewal Terms.
- "Exhibit" includes the Exhibits attached hereto, and any "Additional Schedule", whether now existing or subsequently created.
- "Equipment" means all of the items of Equipment listed on Exhibit A and any Additional Schedule, whether now existing or subsequently created, and all replacements, restorations, modifications and improvements.
- "Government" as used in the title hereof means a State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended ("Code"), or a constituted authority or district authorized to issue obligations on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b), or a qualified volunteer fire company within the meaning of section 150(e)(1) of the Code.
- "Obligee" means the entity originally listed above as Obligee or any of its assignees.
- "Obligor" means the entity listed above as Obligor and which is financing the Equipment through Obligee under the provisions of this Contract.
- "Original Term" means the period from the Commencement Date until the end of the Budget Year of Obligor.
- "Renewal Term" means the annual term which begins at the end of the Original Term and which is simultaneous with Obligor's Budget Year and each succeeding Budget Year for the number of Budget Years necessary to comprise the Contract Term.
- "State" means the state in which Obligor is located.

II. Obligor Warranties

Section 2.01 Obligor represents, warrants and covenants as follows for the benefit of Obligee or its assignees:

- (a) Obligor is an "issuer of tax exempt obligations" because Obligor is the State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended, (the "Code") or because Obligor is a constituted authority or district authorized to issue obligations on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b), or a qualified volunteer fire company within the meaning of section 150(e)(1) of the Code.
- (b) Obligor has complied with any requirement for a referendum and/or competitive bidding.
- (c) Obligor has complied with all statutory laws and regulations that may be applicable to the execution of this Contract; Obligor, and its officer executing this Contract, are authorized under the Constitution and laws of the State to enter into this Contract and have used and followed all proper procedures of its governing body in executing and delivering this Contract. The officer of Obligor executing this Contract has the authority to execute and deliver this Contract. This Contract constitutes a legal, valid, binding and enforceable obligation of the Obligor in accordance with its terms.
- (d) Obligor shall use the Equipment only for essential, traditional government purposes.
- (e) Should the IRS disallow the tax-exempt status of the interest portion of the Contract Payments as a result of the failure of the Obligor to use the Equipment for governmental purposes, or should the Obligor cease to be an issuer of tax exempt obligations, or should the obligation of Obligor created under this Contract cease to be a tax exempt obligation for any reason, then Obligor shall be required to pay additional sums to the Obligee or its assignees so as to bring the after tax yield on this Contract to the same level as the Obligee or its assignees would attain if the transaction continued to be tax-exempt.
- (f) In the event that the Internal Revenue Code of 1986, as currently amended (the "Code"), should be further amended or replaced: (i) to reduce corporate and/or individual income tax rates or (ii) to reduce or eliminate the extent to which the interest portion of the Contract Payments is excludable from gross income, then, at the written request of Obligee or its assigns, Obligor shall pay to Obligee or its assigns with each Contract Payment payable after the effective date of such amendment or replacement such additional amount as necessary to bring the after tax yield on each such Contract Payment to the same effective rate that Obligee or its assigns would have received had there occurred no such amendment to or replacement of the Code. Notwithstanding any other provision of this Agreement, Obligor shall have the right to exercise its option to purchase the Equipment pursuant to Section 3.04 hereof on the effective date of any such amendment or replacement.
- (g) Obligor has never non-appropriated funds under a contract similar to this Contract.
- (h) Obligor will submit to the Secretary of the Treasury an information reporting statement as required by the Code.
- (i) Upon request by Obligee, Obligor will provide Obligee with current financial statements, reports, budgets or other relevant fiscal information.
- (j) Obligor shall retain the Equipment free of any hazardous substances as defined in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et. seq. as amended and supplemented.
- (k) Obligor hereby warrants the General Fund of the Obligor is the primary source of funds or a backup source of funds from which the Contract Payments will be made.
- (l) Obligor presently intends to continue this Contract for the Original Term and all Renewal Terms as set forth on Exhibit B hereto. The official of Obligor responsible for budget preparation will include in the budget request for each Budget Year the Contract Payments to become due in such Budget Year, and will use all reasonable and lawful means available to secure the appropriation of money for such Budget Year sufficient to pay the Contract Payments coming due therein. Obligor reasonably believes that moneys can and will lawfully be appropriated and made available for this purpose.
- (m) Obligor has selected both the Equipment and the vendor(s) from whom the Equipment is to be purchased upon its own judgment and without reliance on any manufacturer, merchant, vendor or distributor, or agent thereof, of such equipment to the public.
- (n) Obligor owns free and clear of any liens any additional collateral pledged, subject only to the lien described herein; Obligor has not and will not, during the Contract Term, create, permit, incur or assume any levies, liens or encumbrances of any kind with respect to the Equipment and any additional collateral except those created by this Contract.

Section 2.02 Escrow Agreement. In the event both Obligee and Obligor mutually agree to utilize an Escrow Account, then immediately following the execution and delivery of this Contract, Obligee and Obligor agree to execute and deliver and to cause Escrow Agent to execute and deliver the Escrow Agreement. This Contract shall take effect only upon execution and delivery of the Escrow Agreement by the parties thereto. Obligee shall deposit or cause to be deposited with the Escrow Agent for credit to the Equipment Acquisition Fund the sum of N/A, which shall be held, invested and disbursed in accordance with the Escrow Agreement.

III. Acquisition of Equipment, Contract Payments and the Purchase Option Price

Section 3.01 Acquisition and Acceptance. Obligor shall be solely responsible for the ordering of the Equipment and for the delivery and installation of the Equipment. Execution of the Certificate of Acceptance or, alternatively, Payment Request and Equipment Acceptance Form, by a duly authorized representative of Obligor, shall constitute acceptance of the Equipment on behalf of the Obligor.

Section 3.02 Contract Payments. Obligor shall pay Contract Payments exclusively to Obligees or its assignees in lawful, legally available money of the United States of America. The Contract Payments shall be sent to the location specified by the Obligees or its assignees. The Contract Payments shall constitute a current expense of the Obligor and shall not constitute an indebtedness of the Obligor. The Contract Payments, payable without notice or demand, are due as set forth on Exhibit B. Obligees shall have the option to charge interest at the highest lawful rate on any Contract Payment received later than the due date for the number of days that the Contract Payment(s) were late, plus any additional accrual on the outstanding balance for the number of days that the Contract Payment(s) were late. Obligees shall also have the option, on monthly payments only, to charge a late fee of up to 10% of the monthly Contract Payment that is past due. Furthermore, Obligor agrees to pay any fees associated with the use of a payment system other than check, wire transfer, or ACH. Once all amounts due Obligees hereunder have been received, Obligees will release any and all of its rights, title and interest in the Equipment.

SECTION 3.03 CONTRACT PAYMENTS UNCONDITIONAL. Except as provided under Section 4.01, THE OBLIGATIONS OF OBLIGOR TO MAKE CONTRACT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS CONTAINED IN THIS CONTRACT SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF, OR SUBJECT TO DEFENSE OR COUNTERCLAIM.

Section 3.04 Purchase Option Price. Upon thirty (30) days written notice, Obligor shall have the option to pay, in addition to the Contract Payment, the corresponding Purchase Option Price which is listed on the same line on Exhibit B. This option is only available to the Obligor on the Contract Payment date and no partial prepayments are allowed. If Obligor chooses this option and pays the Purchase Option Price to Obligees then Obligees will transfer any and all of its rights, title and interest in the Equipment to Obligor.

Section 3.05 Contract Term. The Contract Term shall be the Original Term and all Renewal Terms until all the Contract Payments are paid as set forth on Exhibit B except as provided under Section 4.01 and Section 9.01 below. If, after the end of the budgeting process which occurs at the end of the Original Term or any Renewal Term, Obligor has not non-appropriated as provided for in this Contract then the Contract Term shall be extended into the next Renewal Term and the Obligor shall be obligated to make all the Contract Payments that come due during such Renewal Term.

Section 3.06 Disclaimer of Warranties. OBLIGEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT. OBLIGEE IS NOT A MANUFACTURER, SELLER, VENDOR OR DISTRIBUTOR, OR AGENT THEREOF, OF SUCH EQUIPMENT, NOR IS OBLIGEE A MERCHANT OR IN THE BUSINESS OF DISTRIBUTING SUCH EQUIPMENT TO THE PUBLIC. OBLIGEE SHALL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE ARISING OUT OF THE INSTALLATION, OPERATION, POSSESSION, STORAGE OR USE OF THE EQUIPMENT BY OBLIGOR.

IV. Non-Appropriation

Section 4.01 Non-Appropriation. If insufficient funds are available in Obligor's budget for the next Budget Year to make the Contract Payments for the next Renewal Term and the funds to make such Contract Payments are otherwise unavailable by any lawful means whatsoever, then Obligor may non-appropriate the funds to pay the Contract Payments for the next Renewal Term. Such non-appropriation shall be evidenced by the passage of an ordinance or resolution by the governing body of Obligor specifically prohibiting Obligor from performing its obligations under this Contract and from using any moneys to pay the Contract Payments due under this Contract for a designated Budget Year and all subsequent Budget Years. If Obligor non-appropriates, then all obligations of the Obligor under this Contract regarding Contract Payments for all remaining Renewal Terms shall be terminated at the end of the then current Original Term or Renewal Term without penalty or liability to the Obligor of any kind provided that if Obligor has not delivered possession of the Equipment to Obligees as provided herein and conveyed to Obligees or released its interest in the Equipment by the end of the last Budget Year for which Contract Payments were paid, the termination shall nevertheless be effective but Obligor shall be responsible for the payment of damages in an amount equal to the amount of the Contract Payments thereafter coming due under Exhibit B which are attributable to the number of days after such Budget Year during which Obligor fails to take such actions and for any other loss suffered by Obligees as a result of Obligor's failure to take such actions as required. Obligor shall immediately notify the Obligees as soon as the decision to non-appropriate is made. If such non-appropriation occurs, then Obligor shall deliver the Equipment to Obligees as provided below in Section 9.04. Obligor shall be liable for all damage to the Equipment other than normal wear and tear. If Obligor fails to deliver the Equipment to Obligees, then Obligees may enter the premises where the Equipment is located and take possession of the Equipment and charge Obligor for costs incurred. If Obligor non-appropriates under this section, then Obligor shall not purchase, lease or rent Equipment performing same or similar functions to those performed by the Equipment for a period of 360 days unless otherwise prohibited by public policy considerations.

V. Insurance, Damage, Insufficiency of Proceeds

Section 5.01 Insurance. Obligor shall maintain both property insurance and liability insurance at its own expense with respect to the Equipment. Obligor shall be solely responsible for selecting the insurer(s) and for making all premium payments and ensuring that all policies are continuously kept in effect during the period when Obligor is required to make Contract Payments. Obligor shall provide Obligees with a Certificate of Insurance which lists the Obligees and/or assigns as a loss payee and an additional insured on the policies with respect to the Equipment.

- (a) Obligor shall insure the Equipment against any loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Obligees in an amount at least equal to the then applicable Purchase Option Price of the Equipment. Alternatively, Obligor may insure the Equipment under a blanket insurance policy or policies.
- (b) The liability insurance shall insure Obligees from liability and property damage in any form and amount satisfactory to Obligees.
- (c) Obligor may self-insure against the casualty risks and liability risks described above. If Obligor chooses this option, Obligor must furnish Obligees with a certificate and/or other documents which evidences such coverage.
- (d) All insurance policies issued or affected by this Section shall be so written or endorsed such that the Obligees and its assignees are named additional insureds and loss payees and that all losses are payable to Obligor and Obligees or its assignees as their interests may appear. Each policy issued or affected by this Section shall contain a provision that the insurance company shall not cancel or materially modify the policy without first giving thirty (30) days advance notice to Obligees or its assignees. Obligor shall furnish to Obligees certificates evidencing such coverage throughout the Contract Term.

Section 5.02 Damage to or Destruction of Equipment. Obligor assumes the risk of loss or damage to the Equipment. If the Equipment or any portion thereof is lost, stolen, damaged, or destroyed by fire or other casualty, Obligor will immediately report all such losses to all possible insurers and take the proper procedures to obtain all insurance proceeds. At the option of Obligees, Obligor shall either (1) apply the Net Proceeds to replace, repair or restore the Equipment or (2) apply the Net Proceeds to the applicable Purchase Option Price. For purposes of this Section and Section 5.03, the term Net Proceeds shall mean the amount of insurance proceeds collected from all applicable insurance policies after deducting all expenses incurred in the collection thereof.

Section 5.03 Insufficiency of Net Proceeds. If there are no Net Proceeds for whatever reason or if the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement of the Equipment, then Obligor shall, at the option of Obligees, either (1) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds or (2) apply the Net Proceeds to the Purchase Option Price and pay the deficiency, if any, to the Obligees.

Section 5.04 Obligor Negligence. Obligor assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Equipment and for injury to or death of any person or damage to any property whether such injury or damage be with respect to agents or employees of Obligor or of third parties, and whether such property damage be to Obligor's property or the property of others (including, without limitation, liabilities for loss or damage related to the release or threatened release of hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act or similar or successor law or any State or local equivalent now existing or hereinafter enacted which in any manner arise out of or are incident to any possession, use, operation, condition or storage of any Equipment by Obligor), which is proximately caused by the negligent conduct of Obligor, its officers, employees and agents.

Section 5.05 Reimbursement. Obligor hereby assumes responsibility for and agrees to reimburse Obligees for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Obligees that in any way relate to or arise out of a claim, suit or proceeding, based in whole or in part upon the negligent conduct of Obligor, its officers, employees and agents, or arose out of installation, operation, possession, storage or use of any item of the Equipment, to the maximum extent permitted by law.

VI. Title and Security Interest

Section 6.01 Title. Title to the Equipment shall vest in Obligor when Obligor acquires and accepts the Equipment. Title to the Equipment will automatically transfer to the Obligees in the event Obligor non-appropriates under Section 4.01 or in the event Obligor defaults under Section 9.01. In such event, Obligor shall execute and deliver to Obligees such documents as Obligees may request to evidence the passage of legal title to the Equipment to Obligees.

Section 6.02 Security Interest. To secure the payment of all Obligor's obligations under this Contract, as well as all other obligations, debts and liabilities, plus interest thereon, whether now existing or subsequently created, Obligor hereby grants to Obligees a security interest under the Uniform Commercial Code constituting a first lien on the Equipment described more fully on Exhibit A. Furthermore, Obligor agrees that any other collateral security any other obligation(s) to Obligees, whether offered prior to or subsequent hereto, also secures this obligation. The security interest established by this section includes not only all additions, attachments, repairs and replacements to the Equipment but also all proceeds therefrom. Obligor authorizes Obligees to prepare and record any Financing Statement required under the Uniform Commercial Code to perfect the security interest created hereunder. Obligor agrees that any Equipment listed on Exhibit A is and will remain personal property and will not be considered a fixture even if attached to real property.

VII. Assignment

Section 7.01 Assignment by Obligees. All of Obligees' rights, title and/or interest in and to this Contract may be assigned and reassigned in whole by Obligees at any time without the consent of Obligor. No such assignment shall be effective as against Obligor until the assignor shall have filed with Obligor written notice of assignment identifying the assignee. Obligor shall pay all Contract Payments due hereunder relating to such Equipment to or at the direction of Obligees or the assignee named in the notice of assignment. Obligor shall keep a complete and accurate record of all such assignments. Obligees will not assign or sell fractionalized interests in the Contract without the knowledge and express written approval or authorization of Obligor.

Section 7.02 Assignment by Obligor. None of Obligor's right, title and interest under this Contract and in the Equipment may be assigned by Obligor unless Obligee approves of such assignment in writing before such assignment occurs and only after Obligor first obtains an opinion from nationally recognized counsel stating that such assignment will not jeopardize the tax-exempt status of the obligation.

VIII. Maintenance of Equipment

Section 8.01 Equipment. Obligor shall keep the Equipment in good repair and working order, and as required by manufacturer's and warranty specifications. If Equipment consists of copiers, Obligor is required to enter into a copier maintenance/service agreement. Obligee shall have no obligation to inspect, test, service, maintain, repair or make improvements or additions to the Equipment under any circumstances. Obligor will be liable for all damage to the Equipment, other than normal wear and tear, caused by Obligor, its employees or its agents. Obligor shall pay for and obtain all permits, licenses and taxes related to the ownership, installation, operation, possession, storage or use of the Equipment. If the Equipment includes any titled vehicle(s), then Obligor is responsible for obtaining such title(s) from the State and also for ensuring that Obligee is listed as First Lienholder on all of the title(s). Obligor shall not use the Equipment to haul, convey or transport hazardous waste as defined in the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et. seq. Obligor agrees that Obligee or its Assignee may execute any additional documents including financing statements, affidavits, notices, and similar instruments, for and on behalf of Obligor which Obligee deems necessary or appropriate to protect Obligee's interest in the Equipment and in this Contract. Obligor shall allow Obligee to examine and inspect the Equipment at all reasonable times.

IX. Default

Section 9.01 Events of Default defined. The following events shall constitute an "Event of Default" under this Contract:

- (a) Failure by Obligor to pay any Contract Payment listed on Exhibit B for fifteen (15) days after such payment is due according to the Payment Date listed on Exhibit B.
- (b) Failure to pay any other payment required to be paid under this Contract at the time specified herein and a continuation of said failure for a period of fifteen (15) days after written notice by Obligee that such payment must be made. If Obligor continues to fail to pay any payment after such period, then Obligee may, but will not be obligated to, make such payments and charge Obligor for all costs incurred plus interest at the highest lawful rate.
- (c) Failure by Obligor to observe and perform any warranty, covenant, condition, promise or duty under this Contract for a period of thirty (30) days after written notice specifying such failure is given to Obligor by Obligee, unless Obligee agrees in writing to an extension of time. Obligee will not unreasonably withhold its consent to an extension of time if corrective action is instituted by Obligor. Subsection (c) does not apply to Contract Payments and other payments discussed above.
- (d) Any statement, material omission, representation or warranty made by Obligor in or pursuant to this Contract which proves to be false, incorrect or misleading on the date when made regardless of Obligor's intent and which materially adversely affects the rights or security of Obligee under this Contract.
- (e) Any provision of this Contract which ceases to be valid for whatever reason and the loss of such provision would materially adversely affect the rights or security of Obligee.
- (f) Except as provided in Section 4.01 above, Obligor admits in writing its inability to pay its obligations.
- (g) Obligor defaults on one or more of its other obligations.
- (h) Obligor becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies for or consents to the appointment of a receiver, trustee, conservator, custodian, or liquidator of Obligor, or all or substantially all of its assets, or a petition for relief is filed by Obligor under federal bankruptcy, insolvency or similar laws, or is filed against Obligor and is not dismissed within thirty (30) days thereafter.

Section 9.02 Remedies on Default. Whenever any Event of Default exists, Obligee shall have the right to take one or any combination of the following remedial steps:

- (a) With or without terminating this Contract, Obligee may declare all Contract Payments and other amounts payable by Obligor hereunder to the end of the then current Budget Year to be immediately due and payable.
- (b) With or without terminating this Contract, Obligee may require Obligor at Obligor's expense to redeliver any or all of the Equipment and any additional collateral to Obligee as provided below in Section 9.04. Such delivery shall take place within fifteen (15) days after the Event of Default occurs. If Obligor fails to deliver the Equipment and any additional collateral, Obligee may enter the premises where the Equipment and any additional collateral is located and take possession of the Equipment and any additional collateral and charge Obligor for costs incurred. Notwithstanding that Obligee has taken possession of the Equipment and any additional collateral, Obligor shall still be obligated to pay the remaining Contract Payments due up until the end of the then current Original Term or Renewal Term. Obligor will be liable for any damage to the Equipment and any additional collateral caused by Obligor or its employees or agents.
- (c) Obligee may take whatever action at law or in equity that may appear necessary or desirable to enforce its rights. Obligor shall be responsible to Obligee for all costs incurred by Obligee in the enforcement of its rights under this Contract including, but not limited to, reasonable attorney fees.

Section 9.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to Obligee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Contract now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof.

Section 9.04 Return of Equipment and Storage.

- (a) Surrender: The Obligor shall, at its own expense, surrender the Equipment, any additional collateral and all required documentation to evidence transfer of title from Obligor to the Obligee in the event of a default or a non-appropriation by delivering the Equipment and any additional collateral to the Obligee to a location accessible by common carrier and designated by Obligee. In the case that any of the Equipment and any additional collateral consists of software, Obligor shall destroy all intangible items constituting such software and shall deliver to Obligee all tangible items constituting such software. At Obligee's request, Obligor shall also certify in a form acceptable to Obligee that Obligor has complied with the above software return provisions and that they will immediately cease using the software and that they shall permit Obligee and/or the vendor of the software to inspect Obligor's locations to verify compliance with the terms hereto.
- (b) Delivery: The Equipment and any additional collateral shall be delivered to the location designated by the Obligee by a common carrier unless the Obligee agrees in writing that a common carrier is not needed. When the Equipment and any additional collateral is delivered into the custody of a common carrier, the Obligor shall arrange for the shipping of the item and its insurance in transit in accordance with the Obligee's instructions and at the Obligor's sole expense. Obligor at its expense shall completely sever and disconnect the Equipment and any additional collateral or its component parts from the Obligor's property all without liability to the Obligee. Obligor shall pack or crate the Equipment and any additional collateral and all of the component parts of the Equipment and any additional collateral carefully and in accordance with any recommendations of the manufacturer. The Obligor shall deliver to the Obligee the plans, specifications, operation manuals or other warranties and documents furnished by the manufacturer or vendor on the Equipment and any additional collateral and such other documents in the Obligor's possession relating to the maintenance and methods of operation of such Equipment and any additional collateral.
- (c) Condition: When the Equipment is surrendered to the Obligee it shall be in the condition and repair required to be maintained under this Contract. It will also meet all legal regulatory conditions necessary for the Obligee to sell or lease it to a third party and be free of all liens. If Obligee reasonably determines that the Equipment or an item of the Equipment, once it is returned, is not in the condition required hereby, Obligee may cause the repair, service, upgrade, modification or overhaul of the Equipment or an item of the Equipment to achieve such condition and upon demand, Obligor shall promptly reimburse Obligee for all amounts reasonably expended in connection with the foregoing.
- (d) Storage: Upon written request by the Obligee, the Obligor shall provide free storage for the Equipment and any additional collateral for a period not to exceed 60 days after the expiration of the Contract Term before returning it to the Obligee. The Obligor shall arrange for the insurance described to continue in full force and effect with respect to such item during its storage period and the Obligee shall reimburse the Obligor on demand for the incremental premium cost of providing such insurance.

X. Miscellaneous

Section 10.01 Notices. All notices shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at their respective places of business as first set forth herein or as the parties shall designate hereafter in writing.

Section 10.02 Binding Effect. Obligor acknowledges this Contract is not binding upon the Obligee or its assignees unless the Conditions to Funding listed on the Documentation Instructions have been met to Obligee's satisfaction, and Obligee has executed the Contract. Thereafter, this Contract shall inure to the benefit of and shall be binding upon Obligee and Obligor and their respective successors and assigns.

Section 10.03 Severability. In the event any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.04 Amendments, Addenda, Changes or Modifications. This Contract may be amended, added to, changed or modified by written agreement duly executed by Obligee and Obligor. Furthermore, Obligee reserves the right to directly charge or amortize into the remaining balance due from Obligor, a reasonable fee, to be determined at that time, as compensation to Obligee for the additional administrative expense resulting from such amendment, addenda, change or modification requested by Obligor.

Section 10.05 Execution in Counterparts. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.06 Captions. The captions or headings in this Contract do not define, limit or describe the scope or intent of any provisions or sections of this Contract.

Section 10.07 Master Contract. This Contract can be utilized as a Master Contract. This means that the Obligee and the Obligor may agree to the financing of additional Equipment under this Contract at some point in the future by executing one or more Additional Schedules to Exhibit A and Exhibit B, as well as other exhibits or documents that may be required by Obligee. Additional Schedules will be consecutively numbered on each of the exhibits which make up the Additional Schedule and all the terms and conditions of the Contract shall govern each Additional Schedule.

Section 10.08 Entire Writing. This Contract constitutes the entire writing between Obligee and Obligor. No waiver, consent, modification or change of terms of this Contract shall bind either party unless in writing and signed by both parties, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements, representations, conditions, or warranties, express or implied, which are not specified herein regarding this Contract, the Equipment or any additional collateral, financed hereunder. Any terms and conditions of any purchase order or other documents submitted by Obligor in connection with this Contract which are in addition to or inconsistent with the terms and conditions of this Contract will not be binding on Obligee and will not apply to this Contract.

Section 10.09 Designation as Qualified Tax-Exempt Obligation. Pursuant to Section 265(b)(3)(B)(i) of the Internal Revenue Code of 1986 as amended (the "Code"), the Obligor hereby specifically designates the Contract as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. In compliance with Section 265(b)(3)(D) of the Code, the Obligor hereby represents that the Obligor will not designate more than \$10,000,000 of obligations issued by the Obligor in the calendar year during which the Contract is executed and delivered as such "qualified tax-exempt obligations". In compliance with the requirements of Section 265(b)(3)(C) of the Code, the Obligor hereby represents that the Obligor (including all subordinate entities of the Obligor within the meaning of Section 265(b)(3)(E) of the Code) reasonably anticipates not to issue in the calendar year during which the Contract is executed and delivered, obligations bearing interest exempt from federal income taxation under Section 103 of the Code (other than "private activity bonds" as defined in Section 141 of the Code) in an amount greater than \$10,000,000.

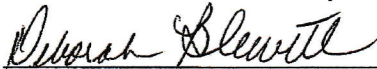
Section 10.10 Acceptance of Equipment Certification. By signing and attesting directly below, Obligor hereby certifies that the Equipment described directly below in Exhibit A has been delivered and installed in accordance with Obligor's specifications. Obligor further certifies that they have conducted such inspection and/or testing of the Equipment as it deems necessary and hereby acknowledges that it accepts the Equipment for all intended purposes.

Section 10.11 Resolution and Authorization. By signing and attesting directly below, Obligor hereby warrants and certifies that the Governing Body of the Obligor at either a special or regular meeting or through some other approved method of authorization has determined that this Contract is in the best interests of the Obligor and the Governing Body did at such meeting or through some other approval method approve the entering into of the Contract by the Obligor and specifically designated and authorized the individual(s) who have signed directly below to execute this Contract on Obligor's behalf along with any related documents (including any Escrow Agreement) necessary to the consummation of the transaction contemplated by the Contract.

Obligee and Obligor have caused this Contract to be executed in their names by their duly authorized representatives listed below.

Village of Windham, Ohio

KS StateBank



Signature

DEBORAH BLEWITT - MAYOR

Printed Name and Title

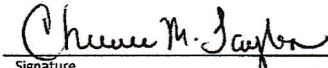
Signature

Marsha Jarvis, Senior Vice President

Printed Name and Title

Village of Windham, Ohio

Attested By Authorized Individual:



Signature

CHARLES M. TAYLOR - FISCAL OFFICER

Printed Name and Title

EXHIBIT B
PAYMENT SCHEDULE

RE: Government Obligation Contract dated as of April 10, 2017, between KS StateBank (Obligee) and Village of Windham, Ohio (Obligor)

Date of First Payment: May 10, 2017
 Original Balance: \$49,689.00
 Total Number of Payments: Sixty (60)
 Number of Payments Per Year: Twelve (12)

Pmt No.	Due Date	Contract Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
1	10-May-17	\$911.07	\$158.18	\$752.89	\$49,412.21
2	10-Jun-17	\$911.07	\$155.78	\$755.29	\$48,641.96
3	10-Jul-17	\$911.07	\$153.38	\$757.69	\$47,869.52
4	10-Aug-17	\$911.07	\$150.97	\$760.10	\$47,094.88
5	10-Sep-17	\$911.07	\$148.55	\$762.52	\$46,318.03
6	10-Oct-17	\$911.07	\$146.12	\$764.95	\$45,538.97
7	10-Nov-17	\$911.07	\$143.69	\$767.38	\$44,757.69
8	10-Dec-17	\$911.07	\$141.24	\$769.83	\$43,974.18
9	10-Jan-18	\$911.07	\$138.79	\$772.28	\$43,188.44
10	10-Feb-18	\$911.07	\$136.33	\$774.74	\$42,400.46
11	10-Mar-18	\$911.07	\$133.87	\$777.20	\$41,610.23
12	10-Apr-18	\$911.07	\$131.39	\$779.68	\$40,817.75
13	10-May-18	\$911.07	\$128.91	\$782.16	\$40,023.01
14	10-Jun-18	\$911.07	\$126.42	\$784.65	\$39,226.01
15	10-Jul-18	\$911.07	\$123.92	\$787.15	\$38,426.73
16	10-Aug-18	\$911.07	\$121.42	\$789.65	\$37,625.18
17	10-Sep-18	\$911.07	\$118.90	\$792.17	\$36,821.34
18	10-Oct-18	\$911.07	\$116.38	\$794.69	\$36,015.21
19	10-Nov-18	\$911.07	\$113.85	\$797.22	\$35,206.78
20	10-Dec-18	\$911.07	\$111.31	\$799.76	\$34,396.05
21	10-Jan-19	\$911.07	\$108.77	\$802.30	\$33,583.01
22	10-Feb-19	\$911.07	\$106.21	\$804.86	\$32,767.65
23	10-Mar-19	\$911.07	\$103.65	\$807.42	\$31,949.97
24	10-Apr-19	\$911.07	\$101.08	\$809.99	\$31,129.96
25	10-May-19	\$911.07	\$98.50	\$812.57	\$30,307.61
26	10-Jun-19	\$911.07	\$95.92	\$815.15	\$29,482.92
27	10-Jul-19	\$911.07	\$93.32	\$817.75	\$28,655.88
28	10-Aug-19	\$911.07	\$90.72	\$820.35	\$27,826.48
29	10-Sep-19	\$911.07	\$88.11	\$822.96	\$26,994.72
30	10-Oct-19	\$911.07	\$85.49	\$825.58	\$26,160.58
31	10-Nov-19	\$911.07	\$82.86	\$828.21	\$25,324.07
32	10-Dec-19	\$911.07	\$80.22	\$830.85	\$24,485.17
33	10-Jan-20	\$911.07	\$77.58	\$833.49	\$23,643.88
34	10-Feb-20	\$911.07	\$74.92	\$836.15	\$22,800.20
35	10-Mar-20	\$911.07	\$72.26	\$838.81	\$21,954.11
36	10-Apr-20	\$911.07	\$69.59	\$841.48	\$21,105.61

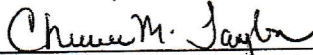
EXHIBIT B - CONTINUED

PAYMENT SCHEDULE

RE: Government Obligation Contract dated as of April 10, 2017, between KS StateBank (Obligee) and Village of Windham, Ohio (Obligor)

Pmt No.	Due Date	Contract Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
37	10-May-20	\$911.07	\$66.91	\$844.16	\$20,254.69
38	10-Jun-20	\$911.07	\$64.23	\$846.84	\$19,401.35
39	10-Jul-20	\$911.07	\$61.53	\$849.54	\$18,545.57
40	10-Aug-20	\$911.07	\$58.82	\$852.25	\$17,687.35
41	10-Sep-20	\$911.07	\$56.11	\$854.96	\$16,826.69
42	10-Oct-20	\$911.07	\$53.39	\$857.68	\$15,963.58
43	10-Nov-20	\$911.07	\$50.66	\$860.41	\$15,098.01
44	10-Dec-20	\$911.07	\$47.92	\$863.15	\$14,229.97
45	10-Jan-21	\$911.07	\$45.17	\$865.90	\$13,359.46
46	10-Feb-21	\$911.07	\$42.42	\$868.65	\$12,486.46
47	10-Mar-21	\$911.07	\$39.65	\$871.42	\$11,610.98
48	10-Apr-21	\$911.07	\$36.88	\$874.19	\$10,733.00
49	10-May-21	\$911.07	\$34.09	\$876.98	\$9,852.52
50	10-Jun-21	\$911.07	\$31.30	\$879.77	\$8,969.53
51	10-Jul-21	\$911.07	\$28.50	\$882.57	\$8,084.02
52	10-Aug-21	\$911.07	\$25.69	\$885.38	\$7,195.99
53	10-Sep-21	\$911.07	\$22.87	\$888.20	\$6,305.43
54	10-Oct-21	\$911.07	\$20.05	\$891.02	\$5,412.33
55	10-Nov-21	\$911.07	\$17.21	\$893.86	\$4,516.69
56	10-Dec-21	\$911.07	\$14.36	\$896.71	\$3,618.49
57	10-Jan-22	\$911.07	\$11.51	\$899.56	\$2,717.73
58	10-Feb-22	\$911.07	\$8.65	\$902.42	\$1,814.41
59	10-Mar-22	\$911.07	\$5.77	\$905.30	\$908.51
60	10-Apr-22	\$911.07	\$2.91	\$908.16	\$0.00

Village of Windham, Ohio



Signature

CHARLES M. TAYLOR - FISCAL OFFICER

Printed Name and Title

*Assumes all Contract Payments due to date are paid

Please list the Source of Funds (Fund Item in Budget) for the Contract Payments that come due under Exhibit B of this Contract.

Source of Funds : Water, Sewer and Street Fund

EXHIBIT A
DESCRIPTION OF EQUIPMENT

RE: Government Obligation Contract dated as of April 10, 2017, between KS StateBank (Obligee) and Village of Windham, Ohio (Obligor)

Below is a detailed description of all the items of Equipment including quantity, model number and serial number where applicable:

One (1) Kubota Model KX040 Excavator

Physical Address of Equipment after Delivery : 9061 NORTH MAIN STREET; WINDHAM, OH 44288

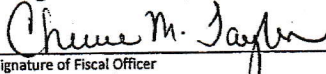
EXHIBIT C

FISCAL OFFICER'S CERTIFICATE

RE: Government Obligation Contract dated as of April 10, 2017, between KS StateBank (Obligee) and Village of Windham, Ohio (Obligor)

1. The undersigned as the fiscal officer of Village of Windham, Ohio, the "Obligor," hereby certifies that the money required for the payment of the obligations of the Obligor under Exhibit B to Government Obligation Contract, dated April 10, 2017 have been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of the appropriate fund, free from any previous encumbrances. This Certificate is given in compliance with O.R.C. § 5705.41.
2. Furthermore, the undersigned as the fiscal officer hereby certifies that it specifically authorizes and approves of Obligee, or its assignee, selling or assigning fractionalized interests in the Contract referenced above, pursuant to O.R.C. 9.94.

Village of Windham, Ohio



Signature of Fiscal Officer

Cheree Taylor, Fiscal Officer

Printed Name and Title

INSURANCE REQUIREMENTS

Pursuant to Article V of the Government Obligation Contract, you have agreed to provide us evidence of insurance covering the Equipment.

A Certificate of Insurance listing the information stated below should be sent to us no later than the date on which the equipment is delivered.

Insured: Village of Windham, Ohio 9621 East Center Street Windham, Ohio 44288	Certificate Holder: KS StateBank 1010 Westloop, P.O. Box 69 Manhattan, Kansas 66505-0069
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1. **Equipment Description**
 - ◆ One (1) Kubota Model KX040 Excavator
 - ◆ Please include all applicable VIN's, serial numbers, etc.
2. **Deductible**
 - ◆ The deductible amounts on the insurance policy should not exceed \$2,000.00.
3. **Physical Damage**
 - ◆ All risk coverage to guarantee proceeds of at least \$49,689.00.
4. **Liability**
 - ◆ Minimum Combined Single Limit of \$1,000,000.00 on bodily injury and property damage.
5. **Additional Insured and Loss Payee**
 - ◆ KS StateBank AOIA (and/or Its Assigns) MUST be listed as additional insured and loss payee.

Please forward certificate as soon as possible to: Fax: (785) 587-4016
or
Email: jpiper@ksstate.bank

Please complete the information below and return this form along with the Contract.

Village of Windham, Ohio

Insurance Company: PEP - ELLERHORST INSURANCE AGENCY LLC

Agent's Name: MARK RUSSELL

Telephone #: (330) 527-4321

Fax #: (330) 527-5014

Address: 10864 NORTH STREET; P.O. Box 330

City, State Zip: GARRETSVILLE, OH 44231

Email: www.ellerhorst.com

REQUIRED

*By completing this form, Obligor is authorizing Obligee to withdraw said payment amount on said date.

DEBIT AUTHORIZATION

I hereby authorize KS StateBank Government Finance Department to initiate debit entries, and, if necessary, to reinstate returned entries up to two additional times, to the account indicated below at the financial institution named below and to debit the same to such account for:

Contract Number 3351371	Payment Amount \$911.07	Frequency of Payments Monthly
Beginning _____ Month Year	Day of Month 5th	

I acknowledge that the origination of ACH transactions to this account must comply with the provisions of U.S. law.

Financial Institution Name CORTLAND BANK		Branch WINDHAM	
Address 8950 MAPLE GROVE RD.	City WINDHAM	State OH	Zip 44288
Routing Number 041209307		Account Number 02221288	

Type of Account Checking Savings

This authority is to remain in full force and effect until KS StateBank has received written notification from any authorized signer of the account of its termination in such time and manner as to afford KS StateBank a reasonable opportunity to act on it.

Obligor Name on Contract Village of Windham, Ohio	
Signature <i>Cherise M. Taylor</i>	Printed Name and Title CHERISE M. TAYLOR - FISCAL OFFICER
Tax ID Number 34-6003098	Date 4/26/17

PLEASE ATTACH COPY OF A VOIDED CHECK TO THIS FORM!

USA Patriot Act
USA Patriot Act requires identity verification for all new accounts. This means that we may require information from you to allow us to make a proper identification.

INVOICE

DATE SENT: 04-04-2017

BILL TO:
VILLAGE OF WINDHAM, OHIO
ATTN: ACCOUNTS PAYABLE
9621 EAST CENTER STREET
WINDHAM, OHIO 44288

REMIT TO:
KS STATEBANK
GOVERNMENT FINANCE DEPARTMENT
PO BOX 69
MANHATTAN, KS 66505-0069
FOR INQUIRIES: (877) 587-4054

ACCOUNT NUMBER	PAYMENT DATE	PAYMENT DUE DATE	TOTAL AMOUNT DUE
3351371	05-10-2017	05-10-2017	\$911.07

DESCRIPTION	AMOUNT
GOVERNMENT OBLIGATION CONTRACT DATED AS OF APRIL 10, 2017	PAYMENT AMOUNT: \$911.07
ONE (1) KUBOTA MODEL KX040 EXCAVATOR	
<i>Additional interest will be assessed on any payment received after the due date.</i>	
	\$911.07
	TOTAL DUE

8038 REVIEW FORM

The 8038 form attached hereto is an important part of the documentation package and must be properly filled out and submitted to the Department of the Treasury in order for you to receive the lower tax-exempt rate. Unless you instruct us otherwise, we have engaged a Paid Preparer to assist in the filling out of this form. The Paid Preparer has filled out the relevant portions of this form based on the current understanding of what is required by the Department of the Treasury. The responses on this 8038 form are based on the dates and amounts which you have requested (structure of the transaction) and which are on the Payment Schedule.

1. Please review our responses for accuracy. If anything is inaccurate, please contact our office so that we can make proper revisions.
2. If the information provided to you on this form is accurate, please sign where indicated and return with the document package.
3. If there are any changes to the structure of the transaction that occur prior to funding which require a change to the 8038 form, we will make such changes and provide notification to you.
4. We will return to you a copy of the 8038 form that was mailed to the Department of the Treasury.

For additional guidance on this 8038 form, you can refer to the Documentation Instructions located on the following government website: <http://www.irs.gov/app/picklist/list/formsInstructions.html>, or contact your local IRS office.

**Information Return for Small Tax-Exempt
Governmental Bond Issues, Leases, and Installment Sales**

Department of the Treasury
Internal Revenue Service

▶ Under Internal Revenue Code section 149(e)
Caution: If the issue price is \$100,000 or more, use Form 8038-G.

Part I Reporting Authority		Check box if Amended Return ▶ <input type="checkbox"/>
1 Issuer's name Village of Windham, Ohio		2 Issuer's employer identification number (EIN) 34 6003098
3 Number and street (or P.O. box if mail is not delivered to street address) 9621 East Center Street		Room/suite
4 City, town, or post office, state, and ZIP code Windham, Ohio 44288		5 Report number (For IRS Use Only) [] [] []
6 Name and title of officer or other employee. Issuer or designated contact person whom the IRS may call for more information Ms. Cheree Taylor, Fiscal Officer		7 Telephone number of officer or legal representative (330) 326-2622

Part II Description of Obligations Check one: a single issue <input checked="" type="checkbox"/> or a consolidated return <input type="checkbox"/>	
8a Issue price of obligation(s) (see instructions)	8a 49,689 00
b Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions) ▶ 04/10/2017	
9 Amount of the reported obligation(s) on line 8a that is:	
a For leases for vehicles	9a
b For leases for office equipment	9b
c For leases for real property	9c
d For leases for other (see instructions)	9d 49,689 00
e For bank loans for vehicles	9e
f For bank loans for office equipment	9f
g For bank loans for real property	9g
h For bank loans for other (see instructions)	9h
i Used to refund prior issue(s)	9i
j Representing a loan from the proceeds of another tax-exempt obligation (for example, bond bank)	9j
k Other	9k
10 If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box ▶ <input checked="" type="checkbox"/>	
11 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions) ▶ <input type="checkbox"/>	
12 Vendor's or bank's name: KS StateBank	
13 Vendor's or bank's employer identification number: 48 0760380	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature and Consent ▶ Cheree M. Taylor 4/26/17 ▶ Type or print name and title

Paid Preparer Use Only	Print/Type preparer's name H. Evan Howe	Preparer's signature <i>H. Evan Howe</i>	Date 04/04/2017	Check <input type="checkbox"/> if self-employed	PTIN P01438994
	Firm's Name ▶ Baystone Financial LLC	Firm's EIN ▶ 48-1223987			
	Firm's Address ▶ 12980 Metcalf, Suite 310, Overland Park, KS 66213	Phone no. (800) 752-3562			

<p>General Instructions</p> <p>Section references are to the Internal Revenue Code unless otherwise noted.</p> <p>What's New</p> <p>The IRS has created a page on IRS.gov for information about the Form 8038 series and its instructions, at www.irs.gov/form8038. Information about any future developments affecting the Form 8038 series (such as legislation enacted after we release it) will be posted on that page.</p> <p>Purpose of Form</p> <p>Form 8038-GC is used by the issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.</p>	<p>Who Must File</p> <p>Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.</p> <p>Issuers of a tax-exempt governmental obligation with an issue price of \$100,000 or more must file Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.</p> <p>Filing a separate return for a single issue. Issuers have the option to file a separate Form 8038-GC for any tax-exempt governmental obligation with an issue price of less than \$100,000.</p> <p>An issuer of a tax-exempt bond used to finance construction expenditures must file a separate Form 8038-GC for each issue to give notice to the IRS that an election was made to</p>	<p>pay a penalty in lieu of arbitrage rebate (see the line 11 instructions).</p> <p>Filing a consolidated return for multiple issues. For all tax-exempt governmental obligations with issue prices of less than \$100,000 that are not reported on a separate Form 8038-GC, an issuer must file a consolidated information return including all such issues issued within the calendar year.</p> <p>Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC. However, if the issue is a construction issue, a separate Form 8038-GC must be filed to give the IRS notice of the election to pay a penalty in lieu of arbitrage rebate.</p>
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