

# GOVERNMENT OBLIGATION CONTRACT

## Obligor:

Gallatin County School District  
75 Boardwalk  
Warsaw, Kentucky 40195

## Obligee:

Kansas State Bank of Manhattan  
1010 Westloop, P.O.Box 69  
Manhattan, Kansas 66505-0069

**Dated as of April 18, 2012**

This Government Obligation Contract dated as of the date listed above is between Obligor and Obligor listed directly above. Obligor desires to finance the purchase of the Equipment described in Exhibit "A" to Obligor and Obligor desires to finance the purchase of the Equipment from Obligor 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:

"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, all Exhibits, and all documents relied upon by Obligor 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. "Equipment" means all of the items of Equipment listed on Exhibit "A" 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 of 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. "Obligor" means the entity originally listed above as Obligor or any of its assignees. "Obligor" means the entity listed above as Obligor and which is financing the Equipment from Obligor 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. "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 Obligor 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"). Obligor is authorized under the Constitution and laws of the State to enter into this Contract, and has used such authority to properly execute and deliver this Contract. Obligor has followed all proper procedures of its governing body in executing 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. (b) Obligor shall use the Equipment only for essential, traditional government purposes. (c) Obligor has never non-appropriated funds under a Contract similar to this Contract. (d) 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. (e) Upon request by Obligor, Obligor will provide Obligor with current financial statements. (f) Obligor hereby warrants that the General Fund of the Obligor is the primary source of funds or a backup source of funds from which the Contract Payments can be made.

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

Section 3.01. Acquisition. Obligor shall be solely responsible for the ordering of the Equipment and for the delivery and installation of the Equipment.

Section 3.02. Contract Payments. Obligor shall pay Contract Payments exclusively to Obligor or its assignees in lawful, legally available money of the United States of America. The Contract Payments shall constitute a current expense of the Obligor and shall not constitute an indebtedness of the Obligor.

The Contract Payments are due as set forth on Exhibit B. Obligor 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. Obligor 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. The Contract Payments will be payable without notice or demand. Furthermore, Obligor agrees to pay any additional fees/costs incurred by Obligor relating to Obligor's requirement that a certain payment mechanism be utilized.

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 DEFENSE. 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 Obligor then Obligor will transfer any and all of its rights, title and interest in the Equipment to Obligor. Section 3.05. Contract Term. The Contract Term of the Contract 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. OBLIGOR 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. OBLIGOR 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 shall have the option to non-appropriate the funds to pay the Contract Payments for the next Renewal Term. Lack of a sufficient 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 chooses this option, 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 Obligor as provided herein and conveyed to Obligor 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 Obligor as a result of Obligor's failure to take such actions as required. Obligor shall immediately notify the Obligor as soon as the decision to non-appropriate is made. If such non-

appropriation occurs, then Obligor shall deliver the Equipment to Obligee 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 Obligee, then Obligee 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 casualty 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. Obligor shall provide Obligee with a Certificate of Insurance which lists the Obligee 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 Obligee in an amount at least equal to the then applicable Purchase Option Price of the Equipment. (b) The liability insurance shall insure Obligee from liability and property damage in any form and amount satisfactory to Obligee. (c) Obligor may self-insure against the casualty risks and liability risks described above. If Obligor chooses this option, Obligor must furnish Obligee 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 Obligee and its assignees are named additional insureds and loss payees and that all losses are payable to Obligor and Obligee or its assignees as their interests may appear. Obligor shall furnish to Obligee 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. At the option of Obligee, 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 Obligee, 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 Obligee. **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. Obligor hereby assumes responsibility for and agrees to reimburse Obligee for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) incurred by or asserted against Obligee that 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, 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 Obligee in the event Obligor non-appropriates under Section 4.01 or in the event Obligor defaults under Section 9.01. In either of such events, Obligor shall execute and deliver to Obligee such documents as Obligee may request to evidence the passage of legal title to the Equipment to Obligee. **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, whether now existing or subsequently created, Obligor hereby grants to Obligee 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 and all Equipment listed on any other Exhibit A, whether prior to or subsequent hereto, secures all obligations, debts and liabilities of every kind and character, plus interest thereon, whether now existing or hereafter arising. Obligor agrees that any Equipment listed on Exhibit "A" will remain personal property and will not become a fixture even if attached to real property. The security interest established by this section includes not only additions, attachments, repairs and replacements, to the Equipment but also all proceeds therefrom. Obligor authorizes Obligee to prepare and record any Financing Statement required under the Uniform Commercial Code to perfect the security interest created hereunder.

#### **VII. Assignment**

**Section 7.01. Assignment by Obligee.** All of Obligee's rights, title and/or interest in and to this Contract may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees by Obligee 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 Obligee or the assignee named in the notice of assignment.

#### **VIII. Maintenance of Equipment**

**Section 8.01.** Obligor shall keep the Equipment in good repair and working order. Obligor shall also maintain the Equipment during the Contract Term in accordance with all manufacturers's and warranty specifications. 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 necessary for the 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 during the term of this Contract create, incur or assume any levies, liens or encumbrances of any kind with respect to the Equipment except those created by this Contract. 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. The Equipment is and shall at all times be and remain personal property. 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) Obligor admits in writing its inability to pay its obligations. Obligor defaults on one or more of its other obligations. Obligor applies or consents to the appointment of a receiver to manage its affairs or makes a general assignment for the benefit of creditors. **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 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, Obligee may enter the premises where the Equipment is located and take possession of the Equipment and charge Obligor for cost incurred. Notwithstanding that Obligee has taken possession of the Equipment, 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 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 to the Obligee in the event of a default or a non-appropriation by delivering the Equipment to the Obligee to a location accessible by common carrier and designated by Obligee. In the case that any of the Equipment 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 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 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 or its component parts from the Obligor's property all without liability to the Obligee. Obligor shall pack or crate the Equipment and all of the component parts of the Equipment 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 such other documents in the Obligor's possession relating to the maintenance and methods of operation of such Equipment. (c) Condition: Except as otherwise agreed by the parties, 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. Except as otherwise agreed by the parties, 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 or any item of the Equipment for a period not to exceed 60 days after the expiration of its 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 Contract duly executed by Obligee and Obligor. Furthermore, Obligee reserves the right to charge Obligor a fee, to be determined at that time, as compensation to Obligee for the additional administrative expense resulting from such amendment, addenda, change or modification. 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. 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, Contracts, representations, conditions, or warranties, express or implied, which are not specified herein regarding this Contractor the Equipment 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 10.08. 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.

**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.

**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 Contract) necessary to the consummation of the transaction contemplated by the Contract.

**GALLATIN COUNTY SCHOOL DISTRICT**

**KANSAS STATE BANK OF MANHATTAN**

By: \_\_\_\_\_

By: \_\_\_\_\_

Typed Name and Title: \_\_\_\_\_

Typed Name and Title: \_\_\_\_\_

Attested By: \_\_\_\_\_

Typed Name and Title: \_\_\_\_\_

## EXHIBIT A – DESCRIPTION OF EQUIPMENT

**RE: Government Obligation Contract dated as of April 18, 2012, between Kansas State Bank of Manhattan (Obligee) and Gallatin County School District (Obligor)**

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

CompassLearning Software

Physical Address of Equipment after Delivery: \_\_\_\_\_

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## EXHIBIT B –PAYMENT SCHEDULE

|                              |               |
|------------------------------|---------------|
| Date of First Payment:       | July 25, 2012 |
| Total Number of Payments:    | Three (3)     |
| Number of Payments Per Year: | One (1)       |

| Pmt No. | Due Date  | Total Payment | Service Payment | Contract Payment | Applied to Interest | Applied to Principal | *Purchase Option Price |
|---------|-----------|---------------|-----------------|------------------|---------------------|----------------------|------------------------|
| 1       | 25-Jul-12 | \$33,333.00   | \$0.00          | \$33,333.00      | \$1,073.29          | \$32,259.71          | \$42,965.00            |
| 2       | 25-Jul-13 | \$33,333.00   | \$11,000.00     | \$22,333.00      | \$2,826.13          | \$19,506.87          | \$21,761.12            |
| 3       | 25-Jul-14 | \$33,333.00   | \$11,000.00     | \$22,333.00      | \$1,460.84          | \$20,872.16          | \$0.00                 |

## Gallatin County School District

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed Name and Title

*\*Assumes all Contract Payments due to date are paid*

# 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:**

Gallatin County School District  
75 Boardwalk  
Warsaw, Kentucky 40195

**Certificate Holder:**

Kansas State Bank of Manhattan  
1010 Westloop, P.O. Box 69  
Manhattan, KS 66505-0069

- ✓ **LIABILITY:** *Minimum Combined Single Limit of \$1,000,000.00 combined single-limit on bodily injury and property damage.*
- ✓ **PHYSICAL DAMAGE:** *All risk coverage to guarantee proceeds of at least \$99,999.00.*
- ✓ **Kansas State Bank and/or Its Assigns MUST be listed as additional insured and loss payee.**
- ✓ *The deductible amounts on the insurance policy should not exceed (to be determined upon credit approval.)*
- ✓ **Equipment Description:** CompassLearning Software. *Please include all applicable VIN's, serial numbers, etc.*

**PLEASE FAX THE CERTIFICATE TO US AS SOON AS POSSIBLE AT (785) 587-4016, AND MAIL THE ORIGINAL TO THE ADDRESS LISTED ABOVE.**

**PLEASE COMPLETE THE INFORMATION BELOW AND RETURN THIS FORM ALONG WITH THE CONTRACT.**

*Gallatin County School District*

Insurance Company:\_\_\_\_\_

Agent's Name:\_\_\_\_\_

Telephone #:\_\_\_\_\_

Fax #:\_\_\_\_\_

Address, City, State & Zip:\_\_\_\_\_

Form **8038-GC**

(Rev. January 2012)

Department of the Treasury  
Internal Revenue Service**Information Return for Small Tax-Exempt  
Governmental Bond Issues, Leases, and Installment Sales**▶ **Under Internal Revenue Code section 149(e)**

OMB No. 1545-0720

**Caution:** If the issue price of the issue is \$100,000 or more, use Form 8038-G.

|   |  |  |  |
|---|--|--|--|
| <b>Part I Reporting Authority</b>   |  | Check box if <b>Amended Return</b> <input type="checkbox"/>  |  |
| 1 Issuer's name<br><u>Gallatin County School District</u>   |  | 2 Issuer's employer identification number (EIN)  |  |
| 3 Number and street (or P.O. box if mail is not delivered to street address)<br><u>75 Boardwalk</u>                             |  | Room/suite   |  |
| 4 City, town, or post office, state, and ZIP code<br><u>Warsaw, KY 40195</u>  |  | 5 Report number (For IRS Use Only)<br><div style="border: 1px solid black; width: 100px; height: 20px;"></div> |  |
| 6 Name and title of officer or other employee of issuer or designated contact person whom the IRS may call for more information |  | 7 Telephone number of officer or legal representative  |  |

|  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
|--|---|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|
| <b>Part II Description of Obligations</b> Check one: a single issue <input type="checkbox"/> or a consolidated return <input type="checkbox"/>   |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>8a</b> Issue price of obligation(s) (see instructions) . . . . .<br><b>b</b> Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions) ▶ _____<br><b>9</b> Amount of the reported obligation(s) on line 8a that is:<br><b>a</b> For leases for vehicles . . . . .<br><b>b</b> For leases for office equipment . . . . .<br><b>c</b> For leases for real property . . . . .<br><b>d</b> For leases for other (see instructions) . . . . .<br><b>e</b> For bank loans for vehicles . . . . .<br><b>f</b> For bank loans for office equipment . . . . .<br><b>g</b> For bank loans for real property . . . . .<br><b>h</b> For bank loans for other (see instructions) . . . . .<br><b>i</b> Used to refund prior issue(s) . . . . .<br><b>j</b> Representing a loan from the proceeds of another tax-exempt obligation (for example, bond bank) . . . . .<br><b>k</b> Other . . . . .<br><b>10</b> If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box . . . . . <input type="checkbox"/><br><b>11</b> If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions) . . . . . <input type="checkbox"/><br><b>12</b> Vendor's or bank's name: <u>Kansas State Bank of Manhattan</u><br><b>13</b> Vendor's or bank's employer identification number: <u>4 8 0 7 6 0 3 8 0</u> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"><b>8a</b></td><td style="width: 20px;"></td><td style="width: 20px;"></td></tr> <tr><td style="height: 20px;"><b>9a</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9b</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9c</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9d</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9e</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9f</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9g</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9h</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9i</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9j</b></td><td></td><td></td></tr> <tr><td style="height: 20px;"><b>9k</b></td><td></td><td></td></tr> </table> | <b>8a</b> |  |  | <b>9a</b> |  |  | <b>9b</b> |  |  | <b>9c</b> |  |  | <b>9d</b> |  |  | <b>9e</b> |  |  | <b>9f</b> |  |  | <b>9g</b> |  |  | <b>9h</b> |  |  | <b>9i</b> |  |  | <b>9j</b> |  |  | <b>9k</b> |  |  |
| <b>8a</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9a</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9b</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9c</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9d</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9e</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9f</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9g</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9h</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9i</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9j</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |
| <b>9k</b>  |   |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |           |  |  |

|                               |  |                      |   |   |      |
|-------------------------------|--|----------------------|---|---|------|
| <b>Signature and Consent</b>  | 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(s) that I have authorized above. |                      |   |   |      |
|                               | <div style="border-bottom: 1px solid black; width: 90%; margin-bottom: 5px;"></div> <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Signature of issuer's authorized representative</span> <span>Date</span> </div>   |                      | <div style="border-bottom: 1px solid black; width: 90%; margin-bottom: 5px;"></div> <div style="font-size: small;">Type or print name and title</div> |   |      |
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name   | Preparer's signature | Date  | Check <input type="checkbox"/> if self-employed | PTIN |
|                               | Firm's name ▶  |                      |   | Firm's EIN ▶                                    |      |
|                               | Firm's address ▶   |                      |   | Phone no.                                       |      |

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**What's New**

The IRS has created a page on IRS.gov for information about the Form 8038 series and its instructions, at [www.irs.gov/form8038](http://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.

**Purpose of Form**

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.

**Who Must File**

Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.

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.

**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.

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

pay a penalty in lieu of arbitrage rebate (see the line 11 instructions).

**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.

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.