

SUMMARY OF ORDINANCE NO. 03

The City of Olive Hill, Kentucky (the "City"), at a meeting held on March 20, 2018, adopted the following ordinance:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OLIVE HILL, KENTUCKY APPROVING A LEASE WITH COMMERCIAL BANK OF GRAYSON FOR THE FINANCING OF PUBLIC PROJECTS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$260,500; PROVIDING FOR THE PAYMENT AND SECURITY OF THE LEASE; CREATING A SINKING FUND; AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE; AND MAKING CERTAIN DESIGNATIONS REGARDING SUCH LEASE.

It is hereby certified that the foregoing ordinance provides for approval of a lease (the "Lease") between the City of Olive Hill, Kentucky (the "Lessee") and Commercial Bank of Grayson, as lessor, in the aggregate principal amount of \$260,500, for the purpose of finance acquisition, construction, installation, improvement, replacement, and equipping of gas lines in the City (the "Project"). The ordinance further provides a general obligation pledge to assess and levy sufficient taxes to comply with the obligations to make lease payments, establishes and maintains a sinking fund for the deposit and application of tax revenues, and contains additional sections relating to designation as a qualified tax-exempt obligation, expectations regarding the Lease, incorporating the preambles to the Lease, severability, inconsistent actions, open meetings laws, and effective date. As required by KRS 83A.060, the following Section 2 of the Ordinance is set forth in its entirety:

"Section 2. General Obligation Pledge. Pursuant to the Constitution of the Commonwealth and Chapter 66 of the Kentucky Revised Statutes, as amended (the "General Obligation Statutes"), the obligation of the City created by the Lease shall be a full general obligation of the City and, for the prompt payment of the Lease Payments, the full faith, credit and revenue of the City are hereby pledged for the prompt payment thereof. During the period the Lease is outstanding, there shall be and there hereby is levied on all the taxable property in the City, in addition to all other taxes, but within applicable limitations, a direct tax annually in an amount sufficient to pay the Lease Payments when and as due, it being hereby found and determined that current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof; provided, however, that in each year to the extent that the other taxes of the City are available for the payment of the Lease Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the City shall be reduced by the amount of such other taxes so available and appropriated.

A complete copy of the ordinance may be reviewed at the office of the City Clerk,
City of Olive Hill, Kentucky.


City of Olive Hill, Kentucky

By: /s/ Angela Owens

City Clerk

CERTIFICATION

The undersigned, an attorney licensed to practice law in the Commonwealth of Kentucky, hereby certifies that the foregoing is a true and accurate summary of an Ordinance that has been prepared by an attorney licensed to practice law in the Commonwealth of Kentucky.



Licensed Kentucky Attorney

ORDINANCE NO. 03

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OLIVE HILL, KENTUCKY APPROVING A LEASE WITH COMMERCIAL BANK OF GRAYSON FOR THE FINANCING OF PUBLIC PROJECTS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$260,500; PROVIDING FOR THE PAYMENT AND SECURITY OF THE LEASE; CREATING A SINKING FUND; AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE; AND MAKING CERTAIN DESIGNATIONS REGARDING SUCH LEASE.

WHEREAS, the City of Olive Hill, Kentucky (the "Lessee"), a municipal corporation and political subdivision of the Commonwealth of Kentucky (the "Commonwealth"), has heretofore determined, and does hereby confirm that it is in the best interests of the Lessee to finance the acquisition, construction, installation, improvement, replacement, and equipping of gas lines in the Lessee (collectively, the "Project"); and

WHEREAS, the Lessee desires to finance the Project through a Lease Agreement (the "Lease") in the aggregate principal amount of \$260,500 with Commercial Bank of Grayson (the "Lessor") pursuant to Section 65.940 et. seq. of the Kentucky Revised Statutes (the "Act").

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OLIVE HILL, KENTUCKY, AS FOLLOWS:

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease") and all Collateral Documents, as defined in the Lease, each in substantially the form presented to this City Council (the "Governing Body"). It is hereby found and determined that the Project identified in the Lease is public property to be used for public purposes. It is further determined that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease and all representations, certifications and other matters contained in the Closing Memorandum with respect to the Lease, or as may be required by Dinsmore & Shohl LLP, as Bond Counsel, prior to delivery of the Lease, are hereby approved, ratified and confirmed. The Mayor and City Clerk of the Lessee are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transaction contemplated by the Lease.

Section 2. General Obligation Pledge. Pursuant to the Constitution of the Commonwealth and Chapter 66 of the Kentucky Revised Statutes, as amended (the "General Obligation Statutes"), the obligation of the Lessee created by the Lease shall be a full general obligation of the Lessee and, for the prompt payment of the Lease Payments, the full faith, credit and revenue of the Lessee are hereby pledged for the prompt payment thereof. During the period the Lease is outstanding, there shall be and there hereby is levied on all the taxable property in the Lessee, in addition to all other taxes, but within applicable limitations, a direct tax annually in an amount sufficient to pay the Lease Payments when and as due, it being hereby found and determined that current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by

the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof; provided, however, that in each year to the extent that the other taxes of the Lessee are available for the payment of the Lease Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the Lessee shall be reduced by the amount of such other taxes so available and appropriated.

Section 3. Sinking Fund. There is hereby established, or it is acknowledged that there has heretofore been established, a sinking fund (the "Sinking Fund") with the Lessee in accordance with the requirements of the Act, which is hereby ordered to be continued and maintained as long as the Lease shall remain outstanding. The funds derived from said tax levy hereby required or other lawfully available funds shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of the interest on and principal of all bonds issued under KRS Chapter 66 and Tax-Supported Leases, as defined in KRS Chapter 66, including the Lease herein authorized, when and as the same fall due.

Section 4. Expectation Regarding the Lease. The Lessee, by the adoption of this Ordinance, certifies that it does not reasonably anticipate that less than 95% of the proceeds of the Lease will be used for "local government activities" of the Lessee or that the aggregate face amount of all tax-exempt bonds issued by the Lessee (including all subordinate entities of the Lessee) during the calendar year ending December 31, 2018 will exceed \$5,000,000.

Section 5. Designation of the Lease as Qualified Tax-Exempt Obligation. Pursuant to Section 265(b)(3)(B)(ii) of the Internal Revenue Code of 1986 (the "Code"), the Lessee hereby specifically designates the Lease 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 Lessee hereby represents that the Lessee (including all "subordinate entities" of the Lessee within the meaning of Section 265(b)(3)(E) of the Code) reasonably anticipates that it will not designate in calendar year 2018, "qualified tax-exempt obligations" in an amount greater than \$10,000,000.

Section 6. Severability. If any Section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such Section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 7. Open Meetings Laws. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Ordinance were taken in an open meeting of this Governing Body, and that all deliberations of this Governing Body and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 8. Conflicts. All ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed and the provisions of this Ordinance shall prevail and be given effect.

Section 9. Effective Date. This Ordinance shall take effect from and after its passage and publication of the Summary, as provided by law.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the Governing Body, held on March 20, 2018, after first reading held on March 13, 2018, signed by the Mayor of the Lessee, attested by the City Clerk, ordered published in summary form filed and indexed as provided by law

By: 
Mayor

ATTEST:
By: 
City Clerk