

2019 SERIES A BOND ANTICIPATION NOTE ORDINANCE

AN ORDINANCE OF THE CITY OF GEORGETOWN, KENTUCKY AUTHORIZING THE ISSUANCE OF A WATER AND SEWER REVENUE BOND ANTICIPATION NOTE, 2019 SERIES A IN A PRINCIPAL AMOUNT NOT TO EXCEED \$6,000,000 TO PROVIDE INTERIM FINANCING IN ANTICIPATION OF THE ISSUANCE OF ONE OR MORE SERIES OF WATER AND SEWER REVENUE BONDS; APPROVING THE FORM OF THE NOTE; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE NOTE; PROVIDING FOR THE PAYMENT AND SECURITY OF THE NOTE; ESTABLISHING A NOTE REDEMPTION FUND, COSTS OF ISSUANCE ACCOUNT, AND CONSTRUCTION ACCOUNT; AWARDED THE SALE OF THE NOTE TO KENTUCKY BANK, PARIS, KENTUCKY; AND REPEALING INCONSISTENT ORDINANCES

RECITALS

WHEREAS, on December 10, 2018, the City Council of the City of Georgetown, Kentucky, a municipality and political subdivision of the Commonwealth of Kentucky (the "City"), adopted an ordinance (the "General Bond Ordinance") governing the issuances of water and sewer revenue bonds to finance and refinance the costs of improvements to the City's municipal water and sanitary sewer system (the "System"); and

WHEREAS, Sections 58.150 and 56.513 of the Kentucky Revised Statutes and the General Bond Ordinance permit the City to issue bond anticipation notes in anticipation of the future issuance of one or more series of water and sewer revenue bonds for the purpose of financing, on an interim basis, the costs of improvements to the System, provided that the repayment of such bond anticipation bonds is secured by a pledge of the proceeds of such future water and sewer revenue bonds and the operating revenues of the System; and

WHEREAS, the City desires to finance a portion of the costs of acquiring, constructing, installing, and equipping the expansion of the City's existing sanitary sewage treatment plant and related facilities, including engineering, architectural, and other preliminary costs related thereto (collectively, the "Project") on an interim basis through the issuance of a bond anticipation note having a maximum principal amount of Six Million Dollars (\$6,000,000) and a term of five years; and

WHEREAS, the City previously solicited bids from at least three responsible bidders for the purchase of the note pursuant to Sections 58.150 and 56.513 of the Kentucky Revised Statutes and has determined that Kentucky Bank, Paris, Kentucky (the "Original Purchaser") provided the best responsive bid; and

WHEREAS, the City has determined that it is necessary and desirable that the City (i) authorize the issuance, execution, and delivery of its "City of Georgetown, Kentucky Water and

Sewer Revenue Bond Anticipation Note, 2019 Series A” in a maximum principal amount of \$6,000,000 (the “Note”) in a manner consistent with the terms and conditions set forth herein; and (ii) award the sale of the Note to the Original Purchaser, all in order to provide interim financing for a portion of the costs of the Project.

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

ARTICLE I
AUTHORITY FOR ORDINANCE;
DEFINITIONS

101. Short Title. This ordinance may hereafter be cited by the City as the “2019 Series A Bond Anticipation Note Ordinance.”

102. Defined Words and Terms.

(a) All words and terms that are defined in the Recitals of this Ordinance are incorporated herein by reference and shall have the same and identical means respectively in this Ordinance as such terms are given in the Recitals hereof.

(b) All words and terms that are defined in the General Bond Ordinance, which General Bond Ordinance is incorporated herein by reference, shall have the same and identical meanings respectively in this Ordinance as such terms are given in Article I of the General Bond Ordinance.

(c) “Business Day” means a day other than a Saturday, Sunday, legal holiday, or other day that the Original Purchaser is authorized or required to close.

(d) “Code” means the Internal Revenue Code of 1986, as amended.

(d) “Construction Account” means the account designated “2019 Series A Construction and Acquisition Account” and established by the City pursuant to Section 303 hereof as required by the General Bond Ordinance.

(e) “Cost of Issuance Account” means the account designated “2019 Series A Cost of Issuance Account” and established by the City pursuant to Section 302 hereof as required by the General Bond Ordinance.

(f) “Maturity Date” means November 1, 2024.

(g) “Note Documents” means the Note and the Note Purchase Agreement.

(h) “Note Purchase Agreement” means the Loan and Note Purchase Agreement to be entered into between the City and the Original Purchaser governing the sale and purchase of the Note and the terms and conditions of all advances of proceeds of the Note by the Original Purchaser to the City.

(i) “Original Purchaser” means Kentucky Bank, Paris, Kentucky in its capacity as the original purchaser of the Note.

(j) “Registered Holder” means the registered holder of the Note, who shall initially be the Original Purchaser.

103. Authority. This Ordinance is adopted pursuant to the authority of the Act, KRS 56.513, and Article III, Section 315 of the General Bond Ordinance.

104. Determination of Necessity. It is hereby determined by the City that it is necessary and desirable that of the City authorize and issue the Note in a maximum principal amount of \$6,000,000 to (a) finance a portion of the costs of the Project on an interim basis in anticipation of the future issuance of one or more series of water and sewer revenue bonds by the City and (b) pay the costs of issuance of the Note.

ARTICLE II AUTHORIZATION AND TERMS OF NOTE

201. Authorization of Note. In order to provide monies necessary (a) to finance a portion of the costs of the Project on an interim basis in anticipation of the future issuance of one or more series of water and sewer revenue bonds by the City and (ii) to pay the costs of issuance of the Note, all in accordance with the requirements of the Act and the General Bond Ordinance, the City hereby authorizes the issuance, execution, and delivery of its “City of Georgetown, Kentucky Water and Sewer Revenue Bond Anticipation Note, 2019 Series A” in a maximum principal amount of \$6,000,000 and in accordance with the terms, conditions, and limitations set forth herein.

202. Principal Advances. Principal of the Note shall be paid to the City in one or more advances. There shall be no limit to the number or frequency of advances; provided, however, that the total sum of all advances shall not exceed \$6,000,000. The procedures for the City requesting and the Registered Holder making advances of principal under the Note shall be set forth in the Note Purchase Agreement.

203. Principal Payments. Principal of the Note shall be due and payable in full on the Maturity Date. The City may prepay principal of the Note in whole or in part on any Business Day without premium or penalty.

204. Interest. The Note shall bear interest at a rate per annum equal to 2.61%. Interest shall accrue on the Note from the date of the first advance of principal thereunder and shall continue on the amount of principal outstanding thereunder from time to time until and including the Maturity Date. All accrued Interest shall be payable on the Note on the first day of each calendar month, beginning on and including December 1, 2019 and continuing to and including the Maturity Date. If the date for making any payment or the last date of performance of any act or the exercising of any right, as provided in the Note shall not be a Business Day (as defined in the Bond Ordinance), such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in the Note, and if done on such Business Day no interest with respect to such payment shall accrue for the period after such nominal date.

205. Method of Principal and Interest Payments. Principal and interest on the Note shall be payable in lawful money of the United States of America at the principal office of the Registered Holder by wire transfer or check or draft mailed to the Registered Holder. The identity for the Registered Holder for each such payment shall be determined on the fifteenth day of a calendar month immediately preceding an interest or principal payment date. All such payments shall be made to the address or wire account shown on the registration records of the City for such Registered Holder.

206. Form. The form of the Note is attached as Exhibit A hereto.

207. Mutilated, Lost, Stolen, or Destroyed Note. If the Note is mutilated, lost, stolen, or destroyed, the City may execute and deliver a new Note of like tenor in exchange and substitution for such mutilated Note, or in lieu of and in substitution for such lost, stolen, or destroyed Note, upon the Registered Holder's furnishing to the City evidence of such loss, theft, or destruction satisfactory to the City, together with indemnity satisfactory to the City. If the Note shall have matured, the City may, instead of issuing a duplicate Note, pay the same without surrender thereof. The City may charge the Registered Holder the City's reasonable fees and expenses in this connection.

208. Registration. The City shall act as the registrar in compliance with Treasury Regulation 5f.103-1 and Code Section 149(a) and as such, the City shall keep books for the registration of the Note as provided in this Ordinance and Schedule I attached hereto. At reasonable times and under reasonable regulations established by the City, the City may be inspected and copied by the Registered Holder.

ARTICLE III DISPOSITION OF NOTE PROCEEDS

301. Application of Advances. Each advance of principal of the Note shall be deposited to the following accounts:

(a) First, a designated portion of such advance, if any, shall be deposited to the Costs of Issuance Account; and

(b) Second, the remaining portion of such advance shall be deposited into the Construction Account.

302. Costs of Issuance Account. The City hereby establishes the "2019 Series A Cost of Issuance Account." Monies deposited in the Costs of Issuance Account for an advance, if any, shall be expended upon an Order of an Authorized Officer for payment of costs of issuance of the Note. Any monies remaining in the Costs of Issuance Account more than thirty (30) days after they are deposited therein shall be transferred to the Construction Account.

303. Construction Account. The City hereby establishes the "2019 Series A Construction and Acquisition Account." Monies deposited in the Construction Account shall be expended in the manner set forth for Bonds in subsections (6) through (12) of Section 503 of the General Bond Ordinance.

302. Reserve Account. No proceeds of the Note shall be deposited in the Reserve Account established by the General Bond Ordinance.

303. Tax Covenants. The City hereby covenants that it will restrict the use of the proceeds of the Note hereby authorized in such manner and to such extent, if any, and take such other action as may be necessary, after taking into account reasonable expectations at the time the debt is incurred, so that it will not constitute obligations the interest on which is subject to federal income taxation or “arbitrage bonds” under Code Sections 103(b)(2) and 148 and the regulations prescribed thereunder. City officials having responsibility with respect to the issuance of the Note are authorized and directed to give an appropriate certificate on behalf of the City on the date of delivery of the Note for inclusion in the transcript of proceedings, setting forth the facts, estimates, and circumstances and reasonable expectations pertaining to the use of the proceeds thereof and the provisions of Code Sections 103(b)(2) and 148 and regulations thereunder.

Within meaning of Code Section 265(b), the Note is not hereby designated a “qualified tax-exempt obligation.”

ARTICLE IV NOTE PAYMENT

The City hereby establishes the “2019 Series A Note Redemption Fund” for the purposes set out in Section 315 of the General Bond Ordinance and hereby directs that deposits be made to the Note Redemption Fund and expenditures be made from the Note Redemption Fund as directed by such Section for payment of principal of and interest on the Note.

ARTICLE V SALE OF THE NOTE

In accordance with the solicitation previously conducted by the City in accordance with the Act and KRS 56.513, the City hereby awards the sale of the Note to the Original Purchaser. The sale of the Note shall be governed by the terms and conditions of the Note Purchase Agreement to be entered into between the City and the Original Purchaser, as authorized herein.

ARTICLE VI EXECUTION AND DELIVERY OF DOCUMENTS

601. Execution and Delivery of Note Documents. The Mayor and the City Clerk are hereby authorized to execute and deliver the following documents on behalf of the City, substantially in the respective forms previously submitted to and on file with the City, with such changes therein as the Mayor shall approve, such approval to be conclusively evidenced by his execution and delivery of the Note Documents:

- (a) the Note; and
- (b) the Note Purchase Agreement.

602. Further Acts and Deeds. The Mayor, City Clerk, City Attorney, and other appropriate officials, officers, employees, and agents of the City, and any one of them, are hereby

authorized and directed to execute, acknowledge, and deliver on behalf of the City all agreements, papers, letters, documents, certificates, forms, affidavits, or other instruments and to do and cause to be done all things necessary for entering into, delivering, and performing the General Bond Ordinance, this Ordinance and the Note Documents, provided that neither the City nor any of its officials, officers, employees, or agents incur any general liability thereby.

ARTICLE VII SECURITY

This Note shall be payable on a parity as to payment and source of security with the Prior Bonds, the 2018 Series A Bonds, and any additional Parity Obligations issued pursuant to the General Bond Ordinance. The City hereby pledges the proceeds of all series of water and sewer revenue bonds to be issued by the City to refinance the obligation represented by the Note as security for repayment of the Note and further pledges the Revenues of the System as additional security therefore.

ARTICLE VIII SEVERABILITY

If any section, paragraph or clause hereof shall be held invalid, the invalidity of said section, paragraph, or clause shall not affect any of the remaining provisions of this Ordinance.

ARTICLE IX CONFLICTS REPEALED

All ordinances, resolutions, or parts thereof in conflict with the provisions of this Ordinance are hereby repealed and this Ordinance shall take effect and be in force upon its adoption. The provisions of the General Bond Ordinance requiring the City to authorize the issuance of one or more series of water and sewer revenue bonds as a condition precedent to the authorization of the Note are hereby waived with respect to the authorization and issuance of the Note, but only the Note, and not with respect to any future issuances of bond anticipation notes.

ARTICLE X EFFECTIVE DATE

This Ordinance and any supplement thereto shall be in full force and effect from and after its adoption and publication of a summary thereof.

[Signature page to follow]

Introduced and given first reading at a meeting held on October 14, 2019. Introduced and given second reading and adopted on October 28, 2019.

APPROVED: 

Mayor

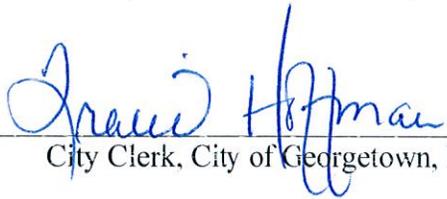
ATTEST:


City Clerk

CERTIFICATION

I, the undersigned, the duly appointed and qualified City Clerk of City of Georgetown, Kentucky, do hereby certify that the foregoing Ordinance is a true, accurate, and complete copy of a certain Ordinance duly adopted by the City Council of the City at a duly and properly convened or recessed meeting of the City Council held on October 28, 2019, on the same occasion signed in open session by the Mayor attested under seal by the City Clerk, and declared to be in full force and effect upon publication of a summary thereof.

IN WITNESS WHEREOF I have hereunto set my hand this October 28, 2019.



City Clerk, City of Georgetown, Kentucky

SCHEDULE I
NOTE REGISTER

Name And Address Of Registered Owner	Federal Identification Number	Date Of Purchase
Kentucky Bank, Paris, Kentucky	61-0138790	[Closing Date]

EXHIBIT A

FORM OF 2019 SERIES A BOND ANTICIPATION NOTE

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CITY OF GEORGETOWN, KENTUCKY
WATER AND SEWER REVENUE BOND ANTICIPATION NOTE
2019 SERIES A

Principal Amount: The amount outstanding from time to time as described on Appendix A attached hereto, but in no event shall such amount outstanding exceed \$6,000,000 at any time

Interest Rate: 2.61% per annum

Issuance Date: November 19, 2019

Maturity Date: November 1, 2024

Registered Holder: Kentucky Bank, Paris, Kentucky

KNOW ALL MEN BY THESE PRESENTS, that the City of Georgetown, Kentucky, a municipality and political subdivision of the Commonwealth of Kentucky (the "City"), acknowledges itself to owe and for value received, hereby promises to pay to the Registered Holder identified above, on the Maturity Date set forth above, the Principal Amount set forth above, and to pay accrued interest on the Principal Amount outstanding hereof from time to time at the Interest Rate per annum set forth above (subject to adjustment upon a Determination of Taxability hereinafter described), payable monthly on the first day of each calendar month, beginning December 1, 2019 to and including the Maturity Date, except as the provisions herein after set forth with respect to prior redemption may be and become applicable hereto. The principal and interest of this Note are payable, without deduction for exchange, collection, or service charges, in lawful money of the United States of America. Principal on this Note is payable at the principal office of the City. Interest on this Note is payable by wire transfer or by check or draft mailed to the Registered Holder as of the fifteenth day of the month preceding the date on which a payment of interest is due at such address as shall be shown by the registration records of the City. No presentation of this Note shall be required for payment except in the event that this Note is paid in full.

Advances of principal under this Note may be made in accordance with the terms and conditions set out in the Bond Ordinance (as defined below) and in accordance with the Note Purchase Agreement entered into between the City and the Registered Holder. Principal, once advanced, may not be re-advanced hereunder.

The City has issued this Note in anticipation of the issuance of one or more series of water and sewer revenue bonds of the City, the proceeds of which, along with revenues of the water and sanitary sewer system of the City (the "System") may be used and are hereby pledged to pay principal and interest hereunder. This Note has been authorized by the City pursuant to a General Bond Ordinance adopted by the City Council of the City on December 10, 2018 and a Supplemental Bond Ordinance of the City adopted by the same City Council on October 28, 2019

(collectively, the "Bond Ordinance"). Reference is made to the Bond Ordinance for a more complete description of the provisions regarding the nature and extent of the security, the rights, duties, and obligations of the City and the Registered Holder of this Note and the terms and conditions upon which this Note has been issued and secured, to all of the provisions of which each Registered Holder of this Note, by its acceptance hereof, agrees to and assents. All words and terms that are used but not defined herein shall have the same and identical meanings as such terms are given in the Bond Ordinance.

A statutory mortgage lien which is hereby recognized as valid and binding on all properties of the City, including the System and all extensions and appurtenances thereto, is created and granted to and in favor of the Registered Holder of this Note and said properties shall remain subject to the statutory mortgage lien until the payment in full of the principal of and interest on this Note.

THIS NOTE HAS BEEN ISSUED UNDER THE PROVISIONS OF CHAPTERS 58 AND 96.190 OF THE KENTUCKY REVISED STATUTES. THIS NOTE DOES NOT CONSTITUTE A DEBT, LIABILITY, OR OTHER OBLIGATION OF THE CITY OR OF ANY POLITICAL SUBDIVISION OF THE COMMONWEALTH OF KENTUCKY. THE CITY SHALL NOT BE OBLIGATED TO PAY THIS NOTE OR THE INTEREST THEREON EXCEPT FROM THE INCOME, REVENUES, FUNDS, AND ASSETS OF THE CITY SPECIFICALLY PLEDGED THEREFORE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY POLITICAL SUBDIVISION OF THE COMMONWEALTH OF KENTUCKY OR THE CITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

This note is subject to prepayment, in whole or in part, on any Business Day at a prepayment price equal to the principal amount to be repaid, plus interest accrued to the date of repayment, without premium.

This Note shall be registered as to principal and interest in the name of the Registered Holder thereof, after which it shall be transferable only upon presentation to the City, with an assignment duly acknowledged by the Registered Holder or its duly authorized attorney, which transfer shall be noted upon this Note and upon the books of the City kept for that purpose.

The Registered Holder of this Note shall not be entitled to enforce the provisions of the Bond Ordinance or to institute, appear in or defend any suit, action, or proceeding at law or in equity to enforce any rights, remedies, or covenants granted by the Bond Ordinance, or to take any action with respect to any event of default under the Bond Ordinance, except as provided in the Bond Ordinance.

Notwithstanding the Interest Rate set forth above, upon the occurrence of a Determination of Taxability (as defined below) of this Note, the City agrees to pay to the Registered Holder of this Note a rate of interest from the Issuance Date that would provide the Registered Holder with an after-tax yield on the then outstanding principal amount of this Note at least equal to the after-tax yield the Registered Holder could have received if a Determination of Taxability had not occurred. "Determination of Taxability" means (a) the filing by the City or any other person or entity with the Internal Revenue Service of any statement, supplemental statement or other tax

schedule, return or document which discloses that an Event of Taxability has occurred, or (b) the final assertion by the Internal Revenue Service or any agent thereof to the effect that interest on this Note is includable in the gross income for federal income tax purposes of the Registered Holder, or (c) the final adoption of legislation or regulations or a final determination, decision, decree, or ruling of any judicial or administrative authority which has the effect of requiring interest on this Note to be included in the gross income for federal income tax purposes of the Registered Holder; provided, however, that no Determination of Taxability shall result from the imposition of any preference or minimum tax by the provisions of the Internal Revenue Code existing on the date of delivery of this Note. For purposes of clause (b) in the preceding sentence, an assertion by the Internal Revenue Service or any agent thereof shall be considered final when the Registered Holder and the City shall have received an opinion of bond counsel to the effect that such assertion is correct, and for purposes of clause (c) in the preceding sentence, a decision, decree, or ruling by any judicial or administrative authority shall be considered final upon the expiration or waiver of all periods for judicial review or appeal, as the case may be. "Event of Taxability" means the occurrence of circumstances which a Determination of Taxability shall have been found to have occurred, or which shall constitute a Determination of Taxability, and which results in the interest payable on the Note becoming includable in the gross income for Federal income tax purposes of the Registered Holder, such occurrence of circumstances relating to a specific point in time.

If the date for making any payment or the last date of performance of any act or the exercising of any right, as provided in this Note shall not be a Business Day (as defined in the Bond Ordinance), such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Note, and if done on such Business Day no interest with respect to such payment shall accrue for the period after such nominal date.

The City by delivery of this Note to the Registered Holder hereby acknowledges that the Registered Holder and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms, and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services or investment advisory services. With respect to any information, materials, or communications provided by the Registered Holder: (a) the Registered Holder and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Registered Holder and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to the Bond Ordinance, information, materials, or communications; and (c) the Registered Holder and its representatives are acting for their own interests.

[Signature page to follow]

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things necessary to be done precedent to and in the issuing of this Note in order to make it a legal, valid, and binding obligation of the City have been done, have happened, and have been performed in regular and due form as required by law; that the revenues of the City are hereby irrevocably pledged for the prompt payment of the principal and interest thereof at maturity and that neither the faith and credit nor the taxing power of the City, the Commonwealth, or any political subdivision thereof, nor the faith and credit of the City, is pledged to the payment of the principal of or interest on this Note, or to the payment of any premium, if any; and that no limitation of indebtedness or taxation, statutory, constitutional, or contractual, has been exceeded in issuing this Note.

IN WITNESS WHEREOF, the City of Georgetown, Kentucky has caused this Note to be officially signed by its Mayor and attested by its City Clerk, and the official seal of said City to be hereto affixed as of the Issuance Date set forth above.

[Seal]

CITY OF GEORGETOWN, KENTUCKY



Mayor

Attest:



City Clerk

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto:

(Please print or typewrite name and address of transferee)

the within Note and all rights thereunder, and hereby irrevocable constitutes and appoints

_____,
attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature

In the presence of: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.