
ORDINANCE NO. 14-15

CITY OF RICHMOND, KENTUCKY

NOTE ORDINANCE

AUTHORIZING

**CITY OF RICHMOND, KENTUCKY GENERAL
OBLIGATION NOTES, SERIES 2014**

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ORDINANCE NO. 14-15

NOTE ORDINANCE

ORDINANCE OF THE CITY COMMISSION OF THE CITY OF RICHMOND, KENTUCKY, PROVIDING FOR THE ISSUANCE OF ITS CITY OF RICHMOND, KENTUCKY GENERAL OBLIGATION NOTES, SERIES 2014 FOR THE PURPOSE OF PAYING ALL OR ANY PORTION OF THE COSTS OF VARIOUS PUBLIC PROJECTS; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE SERIES 2014 NOTES ARE TO BE ISSUED AND OUTSTANDING; AND ORDERING AND PROVIDING FOR THE LEVY OF AN ANNUAL TAX, TO THE EXTENT NECESSARY, IN AN AMOUNT SUFFICIENT TO PAY THE INTEREST ON AND PRINCIPAL OF THE SERIES 2014 NOTES.

WHEREAS, the City Commission of the City of Richmond, Kentucky (the "City") deems it necessary to borrow money for the purpose of providing funds for the purpose of paying all or any portion of the costs of various public projects, including, but not limited to storm water drainage improvements (the "Project") and for that purpose the City desires to issue its City of Richmond, Kentucky General Obligation Notes, Series 2014, in a total principal amount not to exceed \$1,000,000 (the "Notes"), the payment of the principal thereof and interest thereon is secured by the full faith, credit and resources of the City which is hereby pledged for such purpose; and

WHEREAS, to provide funds for the financing of the Project, it is now appropriate for the City to cause the sale and issuance of the Notes according to authority of Chapters 158 and 159 of the Constitution of Kentucky and applicable laws, as amended, including Sections 66.011 through 66.171 of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, it is the desire and intent of the City at this time to adopt this Ordinance which, among other things, authorizes and provides for the issuance of the Notes for the purposes aforesaid and sets forth the restrictions and conditions on which the Notes are to be issued and outstanding;

NOW, THEREFORE BE IT ORDAINED BY THE CITY OF RICHMOND, BOARD OF COMMISSIONERS, AS FOLLOWS:

- (1) The City of Richmond Board of Commissioners does hereby authorize and provide for the issuance of General Obligation Notes in a total principal amount not to exceed \$1,000,000 for the purpose of paying all or any portion of the costs of various public projects, including, but not limited to storm water drainage improvements.
- (2) The Note Ordinance is attached hereto.

This Ordinance shall be in full force and effect upon second reading and adoption by the City of Richmond Board of Commissioners.

Date of First Reading: May 27, 2014

Motion By: Commissioner Blythe

Seconded By: Commissioner King

Vote:	Yes	No
Commissioner Baird	x	
Commissioner Blythe	x	
Commissioner King	x	
Commissioner Newby	x	
Mayor Barnes	x	

Date of Second Reading: June 10, 2014

Motion By: Commissioner Baird

Seconded By: Commissioner Newby

Vote:	Yes	No
Commissioner Baird	x	
Commissioner Blythe	absent	
Commissioner King	x	
Commissioner Newby	x	
Mayor Barnes	x	

Mayor

Attest:

City Clerk

Section 1. Definitions. As used in this Ordinance, unless the context requires otherwise, the following terms shall have the following respective meanings:

"*Act*" refers to Chapter Sections 66.011 through 66.171, inclusive, of the Kentucky Revised Statutes.

"*Bank*" refers to Cumberland Valley National Bank & Trust, Richmond, Kentucky.

"*Bond Counsel*" refers to Rubin & Hays, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, or any other nationally recognized individual or firm in the field of municipal bond law.

"*Business Day*" means any day other than a Saturday, Sunday or holiday or a day on which banks located in Richmond, Kentucky are required or authorized to close for general banking business or on any day on which the New York Stock Exchange is closed.

"*City*" refers to the City of Richmond, Kentucky.

"*City Commission*" shall mean the City Commission of the City.

"*Code*" refers to the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"*Final Maturity Date*" refers to June 30, 2015.

"*Finance Director*" refers to the Finance Director of the City.

"*Funds*" refers to the Sinking Fund.

"*Index Rate*" shall refer to the rate per annum of interest which is subject to change from day to day based on changes in an independent index which is the highest "prime rate" most recently published in The Wall Street Journal's "money rates" column as the base rate on corporate loans at large U.S. money center commercial banks.

"*Interest Payment Date*" shall mean the 1st day of each month, beginning August 1, 2014.

"*Interest Rate*" means the Index Rate less 1%, adjusted daily, as determined from time to time, provided that the Interest Rate shall never be less than 2.25% per annum.

"*Mayor*" refers to the elected Mayor of the City.

"*Noteholder*" or "*Owner*" refers to the registered owner of any of the Notes.

"Notes" refers to the City of Richmond, Kentucky General Obligation Notes, Series 2014, dated July 1, 2014.

"Outstanding" or "Notes Outstanding" means all Notes that have been authenticated and delivered under this Ordinance, except:

(a) Notes cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Notes for the payment or redemption of which cash funds and/or noncallable U.S. Obligations have been theretofore deposited with the Noteholder (whether upon or prior to the maturity or redemption date of any such Notes); provided that if such Notes are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Noteholder shall have been made therefor;

(c) Notes paid or deemed to be paid pursuant to this Ordinance; and

(d) Notes in lieu of which others have been authenticated under Section 12 of this Ordinance.

"Permitted Investments" refers to the following:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in the Commonwealth of Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- i. United States Treasury;
- ii. Export-Import Bank of the United States;
- iii. Farmers Home Administration;
- iv. Government National Mortgage Corporation; and
- v. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including but not limited to:

- i. Federal Home Loan Mortgage Corporation;
- ii. Federal Farm Credit Banks;
- iii. Bank for Cooperatives;
- iv. Federal Intermediate Credit Banks;
- v. Federal Land Banks;

- vi. Federal Home Loan Banks;
- vii. Federal National Mortgage Association; and
- viii. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated on one (1) of the three (3) highest categories by a nationally recognized rating agency;

(f) Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

(g) Commercial paper rated in the highest category by a nationally recognized rating agency;

(h) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

(j) Shares of mutual funds, each of which shall have the following characteristics:

- i. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
- ii. The management company of the investment company shall have been in operation for at least five (5) years; and
- iii. All of the securities in the mutual fund shall be eligible investments under this section.

Investments in the above instruments are subject to the following conditions and limitations:

(a) The amount of money invested at any time by a local government or political subdivision in one (1) or more of the categories of investments authorized by subsection (e), (f), (g), and (i) of this definition shall not exceed twenty percent (20%) of the total amount of money invested by the local government; and

(b) No local government or political subdivision shall purchase any investment authorized herein on a margin basis or through the use of any similar leveraging technique.

"*Project*" refers to providing funds with which to fund all or any portion of the costs of various public projects of the City, including, but not limited to storm water drainage improvements.

"*Purchasers*" refers to the original purchasers of the Notes, including all members of their purchasing syndicate or group.

"*Regulations*" refers to the applicable Federal income tax regulations issued by the Department of Treasury of the United States of America interpreting the Code.

"*Sinking Fund*" refers to the City of Richmond, Kentucky General Obligation Notes, Series 2014 Sinking Fund, created in Section 19 of this Ordinance.

"*U.S. Obligations*" means bonds or notes that are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

Section 2. Words of Masculine Gender; Plural as Well as Singular Form. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words and terms herein defined shall be equally applicable to the plural as well as to the singular form of any of such words and terms. All words and terms used in this Ordinance have the meaning set forth therein. Unless otherwise indicated, references to Articles or Sections refer to those in this Ordinance.

Section 3. Authorization of Notes. In order to provide funds necessary to finance the Project and to defray all costs and expenses incident to the issuance of the Notes, there shall be and there are hereby authorized to be issued the City of Richmond, Kentucky General Obligation Notes, Series 2014, in a total principal amount not to exceed \$1,000,000, to be dated as of July 1, 2014. The Notes shall mature on the Final Maturity Date unless redeemed at the option of the City on an earlier date as provided in Section 7.

Section 4. Interest Payable on Interest Payment Dates. The Notes shall bear interest on the aggregate unpaid balance of advances and re-advances made by the Bank, payable as anticipated on each Interest Payment Date until payment in full of the Notes.

Section 5. Place of Payment. Interest on each Note shall be payable in immediately available funds to the order of the Bank or such other place as the Noteholder may designate in writing. The principal of and premium, if any, on the Notes shall be payable, without exchange or collection charges, in lawful money of the United States of America upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the main office of the City.

Section 6. Principal Amount and Maturities. The total principal amount and the maturities of the Notes shall not exceed \$1,000,000 and shall be finally determined by the City

Commission in accordance with the provisions of Section 13 hereof; provided that the Notes shall mature no later than the Final Maturity Date.

Section 7. Redemption Provisions.

(a) **Optional Redemption.** The Notes shall be subject to redemption, in whole or in part, in advance of maturity, at any time upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption at the sole option and determination of the City.

(b) **Notice of Redemption.** The City shall, in the event of a redemption, cause notice of the call for any redemption identifying the Notes or portions thereof to be redeemed to be sent by United States mail, postage prepaid, or via hand delivery, at least three days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books maintained by the City. Failure to give such notice by mailing or any defect therein in respect of any Note shall not affect the validity of any proceedings for the redemption of any Note.

Section 8. Tax Levy and Pledge; Special Tax Sinking Fund. For the purpose of providing funds required to pay the interest on the Notes as and when the interest becomes due and in order to create a sinking fund to pay and discharge the principal thereof (and premium, if any) as the Notes become due, there shall be and there is hereby levied upon all of the taxable property within the City, beginning in 2014 and continuing in each year as long as any of the Notes are outstanding, a direct annual tax sufficient, to the extent other lawfully available moneys of the City are not provided for that purpose, as mandatorily required by Section 159 of the Kentucky Constitution. The proceeds derived from said special annual tax levied from time to time, together with other lawfully available moneys of the City provided for the purpose, shall be deposited and carried in a special and separate bank account in the name of the City and held apart from all other funds of the City, shall be applied only for the purpose of paying the principal of and interest (and premium, if any) on the Notes, and shall be designated the City's "Special Tax Sinking Fund". The proceeds of said special annual tax and the balances accumulated from time to time in the Special Tax Sinking Fund are hereby irrevocably pledged for the purpose of paying the principal of and interest (and premium, if any) on the Notes and shall never be used for any other purpose. The City hereby covenants with the holders of the Notes that it will levy said special annual tax in each year at whatever rates may be necessary from time to time in order to produce the amounts required in each year, to the extent not otherwise provided, to pay the Notes and interest (and premium, if any) when and as they mature or become due.

If principal or interest should fall due in any year at a time when there are insufficient funds on hand, collected by reason of the foregoing special tax levy, such principal and interest shall be paid from other available funds of the City and reimbursement therefor shall be made out of the special tax hereby provided when the same shall have been collected.

All moneys held in the Special Tax Sinking Fund shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation ("FDIC"), and all such deposits which cause the aggregate deposits of the City in any one bank to be in excess of the

amount insured by FDIC shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Special Tax Sinking Fund may be invested in Permitted Investments, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Special Tax Sinking Fund.

Section 9. Note Form. The Notes shall be in substantially the form set forth in Exhibit A attached hereto.

Section 10. Execution of the Notes. The Notes shall be executed on behalf of the City and signed with the manual or facsimile signature of the Mayor, with the corporate seal of the City imprinted thereon and attested by the manual or facsimile signature of the City Clerk of the City.

Section 11. Notes Shall Be Fully Registered. The Notes shall be fully registered and transferred and assigned in accordance with the written authorized instruction of the registered owner. The City shall establish and maintain a list of the registered owners of the Notes.

Section 12. Authentication of Notes. The Notes herein authorized shall be signed and executed by the Mayor and authenticated by the City Clerk.

Section 13. Notes to be Drawdown Revolving Line of Credit Notes. The Notes herein authorized shall be subject to advances, repayments and re-advances for time to time as determined and set forth therein by the City Commission and the Bank.

Upon receipt by the Bank of a properly adopted municipal order of the City Commission, advances or re-advances may be made at the Bank's sole discretion, to the City from time to time under the Notes. Upon the disbursement of each such advance or re-advance, the Bank shall record as part of its normal operations the making and amount of each such advance or re-advance and repayment of amounts of principal made on the Notes. The aggregate amount of all advances made by the Bank, less the amounts of payment of principal made by the Issuer, shall be the principal amount outstanding under the Notes. The Bank's computer records shall be prima facie evidence of the unpaid amount of principal outstanding under the Notes.

Section 14. Registration and Payment. All Notes shall be registered as to both principal and interest on the books of the City. No transfer of any Notes shall be valid unless made on said books at the request of the registered owner in person or by his attorney duly authorized in writing, and similarly noted on such Note. The City shall not be required to transfer or exchange any Note on any date which is after the fifteenth day of the month preceding any interest payment date, or during any period beginning 15 days prior to the selection by the City of Notes to be redeemed prior to maturity and ending on the date of mailing of notice of any such redemption. The person in whose name a Note is registered upon the books of the City shall be deemed the owner thereof for all purposes.

Section 15. Conditions of Sale of Notes. The Notes have been sold to the Bank pursuant to a private negotiated sale.

Section 16. Use of Proceeds of Notes. The proceeds of the Notes issued and sold hereunder, when received, shall be allocated as follows:

(1) There shall be paid any and all expenses incident to the issuance, sale, and delivery of the Notes as may be approved by the Mayor.

(2) The balance of the proceeds of the Notes shall be used by the City for the Project.

If the City Commission finds at any time that any portion of the proceeds of the Notes will not be needed for immediate expenditure, such portion shall be deposited in the Sinking Fund.

Section 17. Compliance with Federal Arbitrage Regulations. The City Commission covenants that the proceeds of the Notes shall not be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Notes authorized herein, if such investment would cause such Notes to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code; provided, however, that the funds may be invested to whatever extent and whenever the Code permits same to be invested without causing the Notes to be treated as "arbitrage bonds."

On the basis of known facts and reasonable expectations on the date of adoption of this Ordinance, the City Commission certifies as follows:

(a) that there has been no overissuance of the Notes;

(b) that it is anticipated and covenanted that amounts on deposit in the Sinking Fund will be used within thirteen (13) months from the date of deposit for the payment of principal of and/or interest on the outstanding Notes, and that, except for an amount equal to not more than the greater of (1) one-twelfth (1/12) of debt service requirements on the outstanding Notes for the then ensuing year, or (2) one year's earnings on the Sinking Fund, such Sinking Fund will be depleted annually through such application for current debt service requirements of the outstanding Notes;

(c) that the City Commission has not been advised of any listing or contemplated listing by the Internal Revenue Service determining that the foregoing type of certification with respect to the City Commission's obligations may not be relied on.

The City Commission reserves the right to make any investment permitted by state law if, whenever, and to the extent that Section 148 of the Code or the Treasury Regulations relating thereto shall be repealed, amended or relaxed, or shall be held void by a final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, or relaxation, amendment, or decision would not, in the opinion of recognized Bond Counsel, result in making the interest on the Notes subject to Federal income taxation.

Prior to or at the time of delivery of the Notes, the Mayor and/or the Finance Director are (is) authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated expenditures, and investments, including the execution of necessary and/or desirable certifications of the type contemplated by the applicable arbitrage regulations under the Code, as amended, in order to assure that interest on the Notes will be exempt from all Federal income taxes and that the Notes will not be treated as "arbitrage bonds."

Section 18. Bank Eligibility and Rebate Provisions. The City hereby certifies that it does not reasonably anticipate issuing "qualified tax-exempt obligations" during the calendar year in which the Notes are being issued in excess of \$10,000,000, and, therefore, the City does hereby designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

The City certifies that it does not reasonably expect to issue bonds or other obligations considered under the Code to be "tax-exempt obligations" in the aggregate principal amount in excess of \$5,000,000 during the calendar year in which the Notes are being issued, and for that reason the City has been advised by Bond Counsel that pursuant to Section 148(f)(4)(C) of the Code, neither the Sinking Fund, nor any other fund or account established under the provisions of this Ordinance is subject to the "rebate requirements" on excess earnings in favor of the United States of America imposed by the Code.

The City Commission covenants and agrees that in the event it is subsequently determined by the City Commission upon the advice of nationally recognized Bond Counsel, that the funds created herein are subject to the "rebate requirements" on excess earnings in favor of the United States of America imposed by Section 148(f) of the Code and that such funds in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Notes, plus any income attributable to such excess, it shall rebate to the United States of America any such excess generated from such investments and remit such excess to the United States of America on or before five (5) years and 60 days from the date of issuance of the Notes, and not later than once every five years thereafter until the final retirement of the Notes; the last installment, to the extent required, to be made no later than sixty (60) days following the complete retirement of the Notes. The City Commission further covenants to file any and all reports, if any, as may be required to be filed with the United States Government with regard to the liability or non-liability of the City Commission as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury Regulations.

Section 19. Creation of Funds. There is hereby created the "City of Richmond, Kentucky General Obligation Notes, Series 2014 Sinking Fund (the "Sinking Fund") into which there shall be paid as needed any principal and interest payments due on the Notes on the next Interest Payment Date. The Sinking Fund shall be created and established at the Bank.

Funds on deposit in the Sinking Fund may be invested in accordance with KRS 66.480, in Permitted Investments. All income earned from investment of moneys in the Sinking Fund

(including the capitalized interest, if any, deposited therein) shall, as earned, be used to pay principal and interest on the Notes.

The investment of funds shall be made at the direction of City. The investments of funds may be made or transacted by the City through its Finance Director.

The Sinking Fund shall be used solely and only and are hereby pledged for the payment of the interest on and principal of the Notes.

No further payments need be made into the Sinking Fund whenever and so long as such amount of the Notes shall have been retired that the amount then held in the Sinking Fund is equal to (or sufficient to defease) the entire amount of the interest and principal (and redemption premium, if any) that will be payable to and at the time of the retirement and/or maturity of all the Notes then remaining outstanding.

Section 20. Covenant as to Audits. The City agrees that so long as any of the Notes are outstanding it will, as soon as may be feasible after the close of each fiscal year quarter, in any event, not later than 45 days thereafter, commencing on the first full quarter following the delivery of the Notes cause unaudited quarterly financial statements of the financial affairs of the City to be made available to the original purchaser of the Notes and to any Noteholder (if the original purchaser no longer holds all of the Notes) who shall request same in writing.

The City also agrees that so long as any of the Notes are outstanding it will, as soon as may be feasible after the close of each fiscal year, in any event, not later than 120 days thereafter, cause unaudited financial statements of the financial affairs of the City to be made available to the original purchaser of the Notes, and to any Noteholder (if the original purchaser no longer holds all of the Notes) who shall request same in writing.

The City also agrees that so long as any of the Notes are outstanding it will cause audited financial statements of the financial affairs of the City to be made available to the original purchaser of the Notes within 30 business days after the final publication date of such Audited Financial Statements, and to any Noteholder (if the original purchaser no longer holds all of the Notes) who shall request same in writing.

All expenses incurred in causing such financial reports to be made and copies distributed, shall constitute proper expenses incident to the issuance of the Notes and shall be paid by the City as an expense of the Notes in addition to the amounts otherwise required to be paid hereunder.

Section 21. Default; Remedies.

(a) The following shall be considered an "Event of Default" under this Ordinance:

(1) there shall be any default in the payment of the principal of or the interest on the Notes, when due, or

(2) the insolvency of, or the filing of a petition in bankruptcy by or against the City, or

(3) the City shall fail or refuse to comply with the provisions of the Act, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Ordinance, any authorizing ordinance of the City, or the Notes, or the City shall default in the performance or observance of any covenant, other than payment of rental agreements or conditions on its part contained in the Ordinance, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by Noteholders of not less than five percent (5%) in principal amount of the outstanding Notes.

(b) Upon the happening and continuance of any Event of Default, the Noteholder may proceed to protect and enforce its rights by such of the following remedies, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Noteholders, including the right to require the City to enforce fully the Ordinance and to charge, collect and fully account for the City revenues and to require the City to carry out any and all other covenants or agreements with the Noteholders and to perform its duties under the Act;

(2) by bringing suit upon the Notes;

(3) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Noteholders;

(4) by declaring all Notes due and payable, and if all defaults shall be made good, then, with the written consent of the Noteholders of not less than fifty percent (50%) in principal amount of the outstanding Notes, by annulling such declaration and its consequences;

(5) in the event that all Notes are declared due and payable, by selling Permitted Investments of the City (to the extent not theretofore set aside for redemption of Notes for which call has been made), and enforcing all courses in action of the City to the fullest legal extent in the name of the City for the use and benefit of the Noteholders.

The City expressly waives any right to claim a trespass in connection with any such action.

In the event of default, each defaulted Note shall continue to bear interest after maturity at the interest rate applicable to such respective Notes until the necessary funds are made available for the payment thereof.

In case of any action or any proceedings in any court to collect any sums payable or secured by this Ordinance or to protect the lien herein of the Noteholders, or in any

other case permitted by law in which attorneys' fees may be collected from the City or charged upon the proceeds of any permanent financing, bond and/or notes issued for the purpose of paying the principal of or interest on the Notes, the City agrees to pay reasonable attorneys' fees incurred by the Purchasers.

Section 23. Rights of Noteholders. Notwithstanding any other provisions herein contained, the Noteholders shall have all of the rights provided for thereunder to require the City to levy such taxes as provided for in the Act, within any limitations imposed by law, in order that all of the interest on and the principal of such Notes shall be paid in full.

The Noteholders shall be secured to the full extent provided by law by a pledge of the tax and other revenues of the City in accordance with the terms of the Act.

Section 24. Ordinance is Contractual With Noteholders. The provisions of this Ordinance and of any authorized supplemental ordinance entered into prior to the delivery and payment of the Notes to the successful Purchaser(s), shall constitute a contract between the City and the Noteholders, no change in the provisions of this Ordinance or of any supplemental ordinance shall be made in any manner except as herein provided until such time as all of the Notes and the interest thereon have been paid in full; provided:

(a) the City may adopt a supplemental ordinance for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any proceedings pertaining hereto, provided no change may be made which would impair the security or interests of the Noteholders in any way, without (1) the consent in writing of the original successful Purchaser, if the Notes have not yet been delivered or (2) the consent of 75% in amount of the Noteholders, if the Notes have been delivered; and

(b) the Noteholders of seventy-five percent (75%) in principal amount of the Notes at any time outstanding shall have the right to consent to, and approve the adoption of ordinances, resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Ordinance; provided, however, that no such modifications or amendments shall be made which will permit: (1) an extension of the maturity of any of the Notes, or any parity notes, or (2) a reduction in the principal of any Note and/or Notes or the redemption premium or the rate of interest thereon, or (3) a preference or priority of any Note or parity notes over any other note or notes, or (4) a reduction in the percentage of the aggregate principal amount of the Notes required to consent to any modification or amendment, or (5) impair in any way the rights of the Noteholders.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on any of the Notes cease to be such officers before delivery of the Notes, such signatures shall nevertheless be valid for all purposes the same as if said officers had remained in office until delivery, as provided in KRS 61.390.

Section 26. Terms of Notes and this Ordinance May be Revised Before Issuance. The City reserves the right, prior to the issuance of the Notes, to amend this Ordinance as to the

date, amount, maturities, redemption premiums and other provisions of the Notes, consistent with market conditions and other pertinent factors at the time of such issuance.

Section 27. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 28. Captions of Clauses. The captions and headings of this Ordinance are for convenience only and are not to be construed as part of this instrument nor as defining or limiting in any way the scope or intent of the provisions hereof.

Section 29. Effective Date of Ordinance; Publication of Summary. This Ordinance shall be introduced at a meeting of the City Commission and shall remain on file for public inspection in the office of the City Clerk until the next following regular, adjourned regular or called, special session of the City Commission, in the completed form in which it shall be put on its final enactment. If enacted, this Ordinance shall be in full force and effect immediately, and a Notice of Enactment and Summary of the provisions of this Ordinance, in the form submitted to the City Commission, and approved hereby, shall be published as required by law.

[Signature Page Follows]

Introduced and given first reading by the City Commission on May 27, 2014.

Given second reading and enacted by the City Commission on June 10, 2014.

CITY OF RICHMOND, KENTUCKY

Mayor

Attest:

City Clerk

CERTIFICATE OF CITY CLERK

I, Lisa Cassity, hereby certify that I am the duly qualified and acting City Clerk of the City of Richmond, Kentucky, that the foregoing Ordinance is a true and correct copy of an Ordinance authorizing the issuance of the City of Richmond, Kentucky General Obligation Notes, Series 2014, that said Ordinance was introduced and given first reading by the City Commission of said City on May 27, 2014, and that it was placed and remained on file in my office for public inspection in that identical, completed form until June 10, 2014, on which date it was given its second reading and final enactment by said Commission, that said meetings were duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.823, that a quorum was present at each of said meetings, that such Ordinance has been ordered to be published by title and summary in a Notice of Enactment and Summary, and that said Ordinance has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as City Clerk and the official seal of said City this June 10, 2014.

City Clerk

(Seal of City)

EXHIBIT A

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CITY OF RICHMOND, KENTUCKY
GENERAL OBLIGATION NOTE
SERIES 2014**

NO. R-

Interest Rate	Maturity Date	Dated as of
As set forth herein	June 30, 2015	July 1, 2014

KNOW ALL PERSONS BY THESE PRESENTS:

That the City of Richmond, Kentucky (the "City"), a political subdivision of the Commonwealth of Kentucky, acknowledges itself to owe and for value received, hereby promises to pay to the order of

CUMBERLAND VALLEY NATIONAL BANK & TRUST,
Richmond, Kentucky

upon presentation and surrender of this Note, the principal sum of

ONE MILLION DOLLARS (\$1,000,000)

or such lesser amount as may have been disbursed by Cumberland Valley National Bank & Trust (the "Bank") to the City, on the Maturity Date set forth above and to pay interest on said sum, at the Interest Rate set forth herein, per annum, from the date hereof, payable on the 1st day of each month, beginning August 1, 2014, except as the provisions hereinafter set forth as to prior redemption may be and become applicable hereto, such interest as may accrue on and prior to the maturity of this Note (the "Note"), to be paid in immediately available lawful money of the United States of America to the Bank at its principal office in Richmond, Kentucky, or if the Bank is no longer the holder of the Note, then to the registered owner of this Note, both principal and interest being payable without deduction for exchange or collection charges. Interest shall be calculated on an assumed 30 day month/360 day year.

For the purpose of the Note the following terms shall have the following meanings:

"*Index Rate*" shall refer to the rate per annum of interest which is subject to change from time to time based on changes in an independent index which is the highest "prime rate" most recently published in The Wall Street Journal's "money rates" column as the base rate on corporate loans at large U.S. money center commercial banks.

"*Interest Rate*" means the Index Rate less 1%, adjusted daily, as determined from time to time, provided that the Interest Rate shall never be less than 2.25% per annum.

Advances or re-advances may be made by the Bank, at the Bank's sole discretion, to the City from time to time under the Note. Upon the disbursement of each such advance, the Bank shall record as part of its normal operations the making and amount of each such advance and repayment of amounts of principal made on the Note. The aggregate amount of all advances made by the Bank, less the amounts of payment of principal made by the City, shall be the principal amount outstanding under the Note. The Bank's computer records shall be prima facie evidence of the unpaid amount of principal outstanding under the Note.

This Note is authorized and issued under an Ordinance (the "Ordinance") enacted by the City on June 10, 2014, for the public purpose of providing funds with which to fund all or any portion of the costs of various public projects of the City, including, but not limited to storm water drainage improvements (the "Project"), pursuant to and in full compliance with the laws of the Commonwealth of Kentucky.

The Note constitutes a general obligation of the City and the full faith, credit and taxing power of the City is irrevocably pledged to the prompt payment of the principal of, premium, if any, and interest on the Note when the same become due. Reference is hereby made to the Ordinance for a more particular description of the terms and conditions under which the Note is issued, a more specific identification of the Project, the revenues pledged for the payment of the Note, the nature and extent of the security, the rights and duties of the City and the rights of the Bank with respect to such security.

For the purpose of providing funds required to pay the principal of and interest on (and premium, if any) the Note as and when the same becomes due, there shall be levied upon all of the taxable property within the City, beginning in 2014 and continuing in each year as long the Note is outstanding, a direct annual tax sufficient, to the extent other lawfully available moneys of the City are not provided for that purpose, as mandatorily required by Section 159 of the Kentucky Constitution. The proceeds derived from said special annual tax levied from time to time, together with other lawfully available moneys of the City provided for the purpose, shall be deposited and carried in a special and separate bank account in the name of the City and held apart from all other funds of the City, shall be applied only for the purpose of paying the principal of and interest (and premium, if any) on the Note, and shall be designated the City's "Special Tax Sinking Fund". The proceeds of said special annual tax and the balances accumulated from time to time in the Special Tax Sinking Fund are irrevocably pledged for the purpose of paying the principal of and interest (and premium, if any) on the Note and shall never be used for any other purpose.

In the Ordinance, the City has covenanted with the holders of the Note that it will levy said special annual tax in each year at whatever rates may be necessary from time to time in order to produce the amounts required in each year, to the extent not otherwise provided, to pay the principal of and interest (and premium, if any) on the Note when and as they mature or become due.

If principal or interest should fall due in any year at a time when there are insufficient funds on hand, collected by reason of the foregoing special tax levy, such principal and interest shall be paid from other available funds of the City and reimbursement therefor shall be made out of the special tax provided in the Ordinance when the same shall have been collected.

The Note is subject to redemption, in whole or in part, in advance of maturity, at any time upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption at the sole option and determination of the City.

In the event that a Note subject to redemption is in a denomination larger than \$1,000, a portion or portions of such Note may be redeemed, but only in a principal amount equal to \$1,000 or any integral multiple thereof, if the maturity is one of the maturities called for redemption. Upon surrender of any Note for redemption in part, the City shall authenticate and deliver an exchange Note or Notes in an aggregate principal amount equal to the unredeemed portion of the Note so surrendered.

The City shall cause notice of the call for any redemption identifying the Note or portions thereof to be redeemed to be sent by United States mail, postage prepaid, at least three days prior to the date fixed for redemption to the registered Noteholder to be redeemed at the address shown on the registration books maintained by the City. Failure to give such notice by mailing or any defect therein in respect of any Note shall not affect the validity of any proceedings for the redemption of any Note.

All of the Notes as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date. Notice of such redemption may be waived with the written consent of the holder of the Note called for redemption.

The Note has been designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986 and the Note will not be required to be included by financial institutions in calculating the disallowance of the deduction for interest expense allocable to tax-exempt interest under such Section.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Note, do exist, have happened and have been performed in due time, form and manner as required by law and that this Note complies on its face with said law; and that the amount of this Note, together with all other obligations of the City, does not exceed the debt incurring authority and capacity of this City; and the City, so long as the Note remains outstanding, shall perform all duties imposed upon it by the Ordinance.

IN WITNESS WHEREOF, the City of Richmond, Kentucky has caused this Note to be executed on its behalf with the duly authorized signature of its Mayor and its corporate seal to be imprinted hereon, attested by the signature of the City Clerk, and this Note is to be dated as of the date set forth above.

CITY OF RICHMOND, KENTUCKY

By: _____
Mayor

Attest:

By _____
City Clerk

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto _____ the within Note and hereby irrevocably constitutes and appoints _____ attorney to transfer said Note on the books kept for registration and transfer of this Note, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Social Security Number or
other taxpayer
identification number:
