

ORDINANCE NO. 2017-12

AN ORDINANCE OF THE CITY OF WILLIAMSTOWN, KENTUCKY AUTHORIZING THE ISSUANCE OF \$1,385,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION NOTES, SERIES 2017; APPROVING THE FORM OF NOTES; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE NOTES; AUTHORIZING AND DIRECTING THE FILING OF NOTICE WITH THE STATE LOCAL DEBT OFFICER; PROVIDING FOR THE PAYMENT AND SECURITY OF THE NOTES; CREATING A NOTE PAYMENT FUND; MAINTAINING THE HERETOFORE ESTABLISHED SINKING FUND; AUTHORIZING ACCEPTANCE OF THE PROPOSAL OF THE PURCHASER OF THE NOTES; AND REPEALING INCONSISTENT ORDINANCES.

WHEREAS, the City of Williamstown, Kentucky (the "City") has determined that it is necessary and desirable to permanently finance the costs of the construction of sanitary sewer line extensions and improvements to the water treatment plant within the City (the "Project"), all for the benefit of the City's combined water, sewer and cable television system (the "System"); and

WHEREAS, the City has determined that the Project is a public project and that it is desirable for the City to issue its General Obligation Notes, Series 2017 in the aggregate principal amount of \$1,385,000 (the "Notes") to finance the costs of the Project; and

WHEREAS, pursuant to the Constitution and Laws of the Commonwealth of Kentucky, and particularly KRS 66.011 *et. seq.* (the "Act"), the City may issue the Notes, subject to the requirements of the Act, to pay all or any portion of the costs of the City's Project; and

WHEREAS, the City desires to finance the Project through the issuance of the Notes to be sold and awarded to Branch Banking and Trust Company (the "Purchaser") at private negotiated sale in accordance with the provisions of Section 66.141 of the Kentucky Revised Statutes.

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

Section 1 -- Authorization of General Obligation Notes. The City shall issue its Notes in the aggregate principal amount of \$1,385,000 for the purpose of (i) paying the costs of the Project; and (ii) paying the costs of issuance of the Notes.

Section 2 -- Form. The Notes shall be issued as fully registered notes, shall be designated "City of Williamstown, Kentucky General Obligation Notes, Series 2017", shall express upon their faces the purpose for which they are issued, that they are issued under the Act and shall be substantially in the form set forth in Annex A. The Notes shall be in denominations as requested by the Purchaser, which shall be in multiples of five thousand dollars (\$5,000) or any integral multiple thereof. The Notes shall be dated their date of delivery or such other date as is determined by the Mayor, after consultation with the Purchaser. The Notes shall be term Notes Bonds maturing on September 1, 2022 and shall be subject to mandatory sinking fund redemption on September 1 of each year, commencing on September 1, 2018, in the amounts set forth in the form of the Note herein approved, at a redemption price equal to the principal amount of the Notes to be redeemed, plus accrued interest to the date of redemption. Interest on the Notes shall be payable each March 1 and September 1 (an "Interest Payment Date"), commencing March 1, 2018 Interest on the Notes shall be computed at the per annum interest rate of 1.88%, calculated on the basis of a 360 day year, actual number of days elapsed. The Notes shall be subject to optional redemption prior to their maturity on any scheduled Interest Payment Date at the election of the City upon fifteen (15) days written notice to Branch Banking and Trust Company (the "Paying Agent and Registrar") at a redemption price equal to the principal amount of the Notes to be redeemed, plus accrued interest to the date of redemption.

At least ten (10) days before the redemption date of any Notes subject to optional or mandatory sinking fund redemption the Paying Agent and Registrar shall cause a notice of such

redemption either in whole or in part signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Notes to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Notes for which such notice has been sent. Each such notice shall set forth the date fixed for redemption and the redemption price to be paid.

On the date designated for redemption, notice having been mailed in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held in the Note Payment Funds by the Paying Agent and Registrar for the registered owners of the Notes to be redeemed, the Notes so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Notes on such date, interest on the Notes so called for redemption shall cease to accrue, and the registered owners of such Notes shall have no right in respect thereof except to receive payment of the redemption price thereof.

Section 3 -- Execution and Delivery. The Notes shall be executed by the manual or facsimile signature of the Mayor and duly attested by the manual or facsimile signature of the City Clerk (which, together with any other person as may be authorized by resolution are referred to as "Designated Officers"), shall have the seal of the City or a facsimile thereof affixed thereto, and shall bear the manual authenticating signature of an authorized representative of the Paying Agent and Registrar. The Designated Officers are further authorized and directed to deliver the Notes to the Purchaser, upon the terms and conditions provided herein, receive the proceeds therefor, execute and deliver such certificates and other closing documents and take such other action as may be necessary or appropriate in order to effectuate the proper issuance, sale and delivery of the Notes.

The City authorizes and directs the Paying Agent and Registrar to authenticate the Notes and to deliver the Notes to the Purchaser upon payment of the purchase price thereof.

Section 4 -- Payment. Payment of or on account of the interest on and principal of the Notes shall be made directly to the Paying Agent and Registrar for the account of the registered owner. Interest and principal shall be payable in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment upon delivery of the Notes to the Paying Agent and Registrar or by other transfer of funds acceptable to the Paying Agent and Registrar and such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Notes to the extent of the sum or sums so paid.

Section 5 -- Filing. The Designated Officers are hereby authorized to undertake and cause all filings of notices or information which may be required by law to be filed by the City, including, but not limited to, the filing with the State Local Debt Officer as required by law.

Section 6 -- Note Payment Fund, Payment of Notes. There are hereby established with the Paying Agent and Registrar a note payment fund in the name of the City to be known as General Obligation Public Project Notes, Series 2017 Note Payment Fund (the "Note Payment Fund"), into which the City covenants to deposit, and into which the Designated Officers are hereby authorized and directed to deposit on or before an Interest Payment Date for the Notes, the amounts required to pay principal of and interest due on the Notes on such Interest Payment Date. The Paying Agent and Registrar shall, without further authorization from the City, withdraw from the Note Payment Fund, on the final maturity dates of the Notes, the amounts necessary to pay principal of, and interest on, the Notes to the registered owners of the same.

The Paying Agent and Registrar is hereby appointed as the depository of the Note Payment Fund herein established with respect to the Notes.

If the City shall fail or refuse to make any required deposit in the Note Payment Funds from the Sinking Fund, the Paying Agent and Registrar shall (i) notify any agency of the Commonwealth of Kentucky or any political subdivision thereof which may collect and distribute taxes or revenues for the City to seek any available necessary or proper remedial action; and (ii) upon being indemnified against cost and expense, exercise any remedy provided in the Act or at law or in equity for the benefit of the owner of the Notes or its assignee, and shall disburse all funds so collected to the owners of the Notes as payment of the Notes.

Section 7 -- General Obligation; Maintenance of Sinking Fund. The Notes shall be full general obligations of the City and, for the payment of said Notes and the interest thereon, the full faith, credit and revenue of the City are hereby pledged for the prompt payment thereof. During the period the Notes are outstanding, there shall be and there hereby is levied on all the taxable property in the City, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the principal of and interest on the Notes 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 lawfully available funds of the City are available for the payment of the Notes 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 funds so available and appropriated.

The City has heretofore established a sinking fund (the "Sinking Fund"), which is hereby ordered to be continued and maintained as long as the Notes 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 and notes issued under the Act and Tax-Supported Leases, as defined in the Act, when and as the same fall due. Amounts shall be transferred from the Sinking Fund to the Note Payment Fund at the times and in the amounts required by Section 6 hereof.

Section 8 -- Certain Utilities Revenue Transfers. The City owns and operates the System for the public benefit, welfare and convenience.

The revenues of the System currently secure several obligations of the City, which are payable and secured by a first pledge of the revenues of the System on a parity with any future parity obligations (the "Parity Obligations") issued pursuant to the provisions of that certain Lease Agreement dated as of December 20, 2012 between the City and the Kentucky Bond Corporation (the "2012 Obligations," and together with the Parity Obligations, "First Priority Obligations").

It is provided in the 2012 Obligations that the City may issue obligations the security and source of payment of which are subordinate and subject to the priorities of the First Priority Obligations and may apply any excess revenues of the System to the payment of subordinate obligations payable from System revenues and for any lawful purpose related solely to the System.

Given that the Notes are being issued for the benefit and purposes of the System, the City has elected to, and does hereby, order the transfer of excess System revenues to the City's General Fund on a timely basis in amounts sufficient to reimburse the General Fund for payment of that portion of semiannual debt service for the Notes, which order to make such transfers is and shall be (a) on a basis subordinate and subject to in all respects the contractual rights and priorities existing in favor of the holders of First Priority Obligations, and (b) for the sole benefit of the City's General Fund and not in any respect for the benefit or security of the holders of the Notes.

Section 9 -- Award. The Notes are awarded to the Purchaser in accordance with the proposal of the Purchaser submitted for the purchase of the Notes upon the terms and conditions set forth therein and in Section 2 hereof.

Section 10 -- Registered Owner; Transfer; Exchange. As long as the Notes executed and delivered hereunder shall remain outstanding, the Paying Agent and Registrar shall maintain an office for the registration of such Notes and shall also keep at such office books for such registration and transfers. The registered owners of the Notes, as set forth in the registration books maintained by the Paying Agent and Registrar on the fifteenth day of the month preceding an Interest Payment Date, or their assignees, for purposes of this Note Ordinance, to the extent of its interest, shall be treated as the owners of the Notes and shall be entitled to all rights and security of the owners of the Notes hereunder.

Upon surrender for registration of transfer of the Notes at the office of the Paying Agent and Registrar with a written instrument of transfer satisfactory to the Paying Agent and Registrar, duly executed by the registered owner or the registered owner's duly authorized attorney, the Paying Agent and Registrar shall execute and deliver, in the name of the designated

transferee or transferees, one or more Notes of the same series of any authorized denomination and of a like tenor and effect.

All Notes, upon surrender thereof at the office of the Paying Agent and Registrar, may, at the option of the registered owner thereof be exchanged for an equal aggregate principal amount of Notes of the same series of any authorized denomination.

In all cases in which the privilege of exchanging or transferring Notes is exercised, the Paying Agent and Registrar shall execute and deliver Notes in accordance with the provisions of this Section. Every such exchange or transfer of Notes, whether temporary or definitive, shall be without charge; provided that the Paying Agent and Registrar may impose a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Section 11 -- Disposition of Proceeds. The proceeds of the sale of the Notes shall be applied as follows: (a) the amount necessary to pay all costs associated with the issuance of the Notes shall be deposited in a special account designated "City of Williamstown General Obligation Notes, Series 2017 Cost of Issuance Fund" (the "2017 Cost of Issuance Fund"), to be held by the Paying Agent and Registrar, and used to pay the costs of issuing the Notes; and (b) the remaining proceeds of the Notes shall be deposited in a special account designated "City of Williamstown General Obligation Notes, Series 2017 Project Fund" (the "2017 Project Fund"), to be held at such bank or banks as may be designated in writing by the City, and used to pay the costs of the Project.

Section 12 -- Tax Covenants and Certifications. The City shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the City on the Notes shall, for the purposes of Federal income taxation, be exempt from income taxation under any valid provision of the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder (the "Code").

The City covenants that it shall not permit at any time or times any of the proceeds of the Notes to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any such Notes to be "arbitrage bonds" as defined in Sections 103(b)(2) and 148 of the Code, as then in effect.

In order to assure compliance with this Section, thereby better securing and protecting the holders of the Notes, the City covenants that it will not purchase any obligation or invest the proceeds of the Notes in any obligations that produce a yield in excess of the applicable maximum yield as may be permitted by the Code.

The City further covenants that prior to the issuance of the Notes, and as a condition precedent to such issuance, the City shall certify by issuance of a certificate of the Mayor or Chief Financial Officer of the City that on the basis of the facts, estimates and circumstances in existence on the date of issue of the Notes, it is not expected that the proceeds of the Notes will be used in a manner which would cause such obligations to be "arbitrage bonds" under the Code.

The City hereby certifies that it does not reasonably anticipate that less than 95% of the proceeds of the Notes will be used for "local government activities" of the City.

The City further covenants that it will cause to be filed with the Internal Revenue Service the reporting statements required by the Code with respect to the Notes.

Section 13 -- Designation of Notes. The City designates the Notes as "qualified tax-exempt obligations" for the purposes set forth in § 265(b)(3) of the Internal Revenue Code of 1986, as amended. The City does not anticipate issuing more than \$10,000,000 of "qualified tax-exempt obligations" during calendar year 2017.

Section 14 -- Discharge of Note Ordinance. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the owners of the Notes the total principal and interest due or to become due thereon through maturity, in the manner stipulated therein and in this Note Ordinance, then the pledges made under this Note Ordinance, and all covenants, agreements and other obligations of the City hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 15 -- Severability. If any one or more of the provisions of this Note Ordinance should be determined by a court of competent jurisdiction to be contrary to law, then such provisions shall be deemed to be severable from all remaining provisions and shall not affect the validity of such other provisions.

Section 16 -- Inconsistent Actions. All prior ordinances, resolutions or parts thereof inconsistent herewith are hereby repealed.

Section 17 -- Open Meetings Compliance. All meetings of the City Council and of its committees and any other public bodies, at which the formal actions in connection with the issuance of the Notes were taken, or at which deliberations that resulted in such formal actions were held, were open meetings, and such formal actions were taken and any such deliberations took place while such meetings, after proper notice, were open to the public, in compliance with all legal requirements including KRS Sections 61.810, 61.815, 61.820 and 61.825.

Section 18 -- Effective Date. This Note Ordinance shall become effective immediately upon adoption and publication of a summary thereof, as provided by law.

DULY INTRODUCED AND GIVEN FIRST READING APPROVAL ON
SEPTEMBER 5, 2017

DULY INTRODUCED, SECONDED AND ADOPTED FOLLOWING SECOND
READING ON SEPTEMBER 21, 2017.

CITY OF WILLIAMSTOWN, KENTUCKY

By: _____
Rick Skinner, Mayor

Attest:

By: _____
Vivian Link, City Clerk/Treasurer

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City Council of the City of Williamstown, Kentucky, and as such City Clerk, I further certify that the foregoing is a true, correct and complete copy of an Ordinance duly enacted by the City Council of the City at a duly convened meeting held on the 21st day of September, 2017, on the same occasion signed by the Mayor as evidence of his approval, and now in full force and effect, all as appears from the official records of the City in my possession and under my control.

Witness my hand and the seal of said City as of the 21st day of September, 2017.

By: _____
Vivian Link, City Clerk/Treasurer

ANNEX A

CITY OF WILLIAMSTOWN, KENTUCKY
GENERAL OBLIGATION NOTES, SERIES 2017

No. R-1

\$1,385,000

NOTE DATE: _____, 2017

MATURITY DATE: SEPTEMBER 1, 2022

INTEREST RATE: 1.882%

REGISTERED HOLDER: BRANCH BANKING AND TRUST COMPANY

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED EIGHTY-FIVE THOUSAND
DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Williamstown, Kentucky (the "City"), for value received, hereby acknowledges itself obligated to, and promises to pay to the registered holder identified above, or registered assigns, the principal sum identified above (or, if any part thereof has been paid, the balance thereof remaining unpaid), on the maturity date specified above, and to pay interest on said principal sum (or, if any part thereof has been paid, the balance thereof remaining unpaid) from the date hereof, payable each March 1 and September 1, commencing March 1, 2018, at the Interest Rate per annum identified above, calculated on the basis of a 360 day year, actual number of days elapsed, except as the provisions hereinafter 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 is payable at the principal office of Branch Banking and Trust Company, Charlotte, North Carolina, or any successor (the "Paying Agent and Registrar") or by other transfer of funds acceptable to the Paying Agent and Registrar and such owner. The record date shall be the first day of the month preceding the final maturity date.

This Note is one of an issue of Notes of like tenor and effect, except as to denomination and maturity, numbered from R-1 upward, inclusive, of the denomination of \$5,000 or any integral multiple thereof, originally aggregating One Million Three Hundred Eighty-Five Thousand Dollars (\$1,385,000) in principal amount, issued for the purpose of paying a portion of the costs of (i) the construction of sanitary sewer line extensions and improvements to the City's water treatment plant (the "Project") and (ii) issuance of the Notes, all pursuant to and in full compliance with the general laws of the Commonwealth of Kentucky and particularly Chapter 66 of the Kentucky Revised Statutes, and pursuant to an ordinance duly adopted by the City Council of the City on the 21st day of September, 2017 (the "Note Ordinance") upon the affirmative vote of at least a majority of the members of its City Council at a public meeting duly and regularly held, and after filing proper notice with the State Local Debt Officer of the Commonwealth of Kentucky.

This Note and the issue of which it forms a part is a general obligation of the City and the full faith, credit and revenue of the City are pledged to the payments due hereunder. THIS NOTE IS CONTINUALLY SECURED BY THE FAITH, CREDIT AND REVENUE OF THE CITY.

The Notes are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date, on September 1 of the years and in the amounts, as follows:

<u>Year</u>	<u>Amount</u>
2018	\$270,000
2019	270,000
2020	275,000
2021	280,000
2022*	290,000

* Final Maturity

The Notes shall be subject to optional redemption prior to their maturity on any scheduled interest payment date at the election of the City upon fifteen (15) days written notice to the Paying Agent and Registrar at a redemption price equal to 100% of the principal amount of Notes to be redeemed, plus accrued interest to the date of redemption.

At least ten (10) days before the redemption date of any Notes the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part signed by the paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Notes to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings of such redemption of Notes for which such notice has been sent. Each such notice shall set forth the date fixed for redemption and the redemption price to be paid.

On the date so designated for redemption, notice having been published in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held in the Note Payment Fund by the Paying Agent and Registrar for the registered owners of the Notes to be redeemed, the Notes so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Notes on such date, interest on the Notes so called for redemption shall cease to accrue, and the registered owners of such Notes shall have no right in respect thereof except to receive payment of the redemption price thereof.

No recourse shall be had for the payment of the principal of or the interest on this Notes, or for any claim based hereon, against any officer, agent or employee, past, present or future, of the City, as such, either directly or through the City, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; all such liability of such officers, agents or employees is hereby renounced, waived and released as a condition of and as consideration for the issuance, execution and acceptance of this Note.

It is hereby certified that all acts, conditions and things required to be done, to occur or be performed precedent to and in the issuance of this Note, or in the creation of the obligations of which this Note is evidence, have been done, have occurred and have been performed in regular and due form and manner as required by law; that the faith, credit and revenue of the City are hereby irrevocably pledged for the prompt payment of the principal hereof and interest hereon; that the repayment obligation represented by this Note is not in excess of any constitutional or statutory limitation; and that due provision has been made for the levy and collection of a tax sufficient in amount to pay the interest on this Note as it falls due and to provide for the redemption of this Note at maturity or upon earlier redemption.

IN WITNESS WHEREOF, the City has caused this Note to be signed either manually or by facsimile in its name by its Mayor and duly attested either manually or by facsimile by its City Clerk and an impression or facsimile of the City's seal to be imprinted hereon, as of the date set forth above.

CITY OF WILLIAMSTOWN, KENTUCKY

By: _____
Rick Skinner, Mayor

ATTEST:

By: _____
Vivian Link, City Clerk/Treasurer

CERTIFICATE OF AUTHENTICATION

This is to certify that this Note is one of the Notes described hereinabove.

Date of Authentication: _____

Branch Banking and Trust Company, Paying Agent

By: _____
Authorized Signer

CERTIFICATE

It is hereby certified that the following is a correct and complete copy of the text of the legal opinion of Dinsmore & Shhl LLP, Attorneys, Covington, Kentucky, regarding the issue of which the within Note is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for said issue and a copy of which is on file with the undersigned.

Vivian Link, City Clerk/Treasurer

FORM OF APPROVING OPINION

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 irrevocably constitutes and appoints _____ attorney to transfer the within note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

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.