

**CITY OF UNION, KENTUCKY
ORDINANCE NO. 2022-13**

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF UNION, KENTUCKY AUTHORIZING THE ISSUANCE OF THE CITY OF UNION, KENTUCKY GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2022 IN A PRINCIPAL AMOUNT NOT TO EXCEED \$4,500,000 TO FINANCE THE ACQUISITION OF REAL PROPERTY; APPROVING THE FORM OF THE GENERAL OBLIGATION BOND ANTICIPATION NOTES; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE GENERAL OBLIGATION BOND ANTICIPATION NOTES TOGETHER WITH SUCH ADDITIONAL CUSTOMARY AGREEMENTS, CERTIFICATES AND DOCUMENTS REQUIRED BY THE PURCHASER OF THE NOTES; PROVIDING FOR THE PAYMENT OF THE GENERAL OBLIGATION BOND ANTICIPATION NOTES; AUTHORIZING THE MAYOR TO NEGOTIATE THE TERMS OF THE GENERAL OBLIGATION BOND ANTICIPATION NOTE CONSISTENT WITH THE TERMS SET OUT HEREIN; AND AUTHORIZING AND DIRECTING THE FILING OF NOTICE WITH THE STATE LOCAL DEBT OFFICER.

WHEREAS, the Mayor, on behalf of the City of Union, Kentucky (the "City"), has entered into a Contract to Purchase dated February 18, 2022 to purchase approximately 22 acres of real property generally located at 9931 Old Union Road and 1876 Union School Road in the City (the "Project");

WHEREAS, pursuant to the Constitution and the laws of the Commonwealth of Kentucky, and particularly Sections 66.011 et. seq. of the Kentucky Revised Statutes, as amended (the "General Obligation Act") and Section 58.010 et. seq. of the Kentucky Revised Statutes (the "Public Project Act"), the City may issue bonds or notes, subject to the provisions of the General Obligation Act and/or the Public Project Act, to pay all or a portion of the costs of financing any public project that such city is authorized to acquire, improve or construct;

WHEREAS, in order to finance the acquisition of the Project, the City has determined that the Project constitutes a "public project" within the meaning of the General Obligation Act and the Public Project Act and it is in the best interest of the City to, at this time, to issue its City of Union, Kentucky General Obligation Bond Anticipation Notes, Series 2022, in the amount not to exceed \$4,500,000 (the "Note");

WHEREAS, the City deems it necessary to issue the Note to provide funds required to (i) acquire the Project, and (ii) pay the costs of issuance with respect to the Note; and

WHEREAS, the City has determined that it is in the best interest and public purposes of the residents of the City that such Notes be issued, as more particularly described below;

NOW, THEREFORE, BE IT ORDAINED by the City Commission of the City of Union, Kentucky (the "City Commission"), as follows:

Section 1. Necessity, Authorization and Purpose. The City Commission hereby declares and determines that it is necessary to issue and authorize the issuance of its City of Union, Kentucky General Obligation Bond Anticipation Notes, Series 2022 (the "Notes"), in an aggregate principal amount of up to \$4,500,000, for the purpose of providing funds required to (1) acquire the Project, and (2) pay the costs of issuance with respect to the Notes. The City Commission further declares and determines that the Project constitutes a "public project" as such term is defined under the General Obligation Act and the Public Project Act.

Section 2. Form. The Notes shall be designated the City of Union, Kentucky General Obligation Bond Anticipation Notes, Series 2022, substantially in the form set forth in Annex A. The Notes shall be issued as a fully registered note and shall express upon its face the purpose for which it is issued, and that it is issued under the General Obligation Act (KRS 66.011 et seq). The Notes shall be dated as of the date determined by the Mayor in the Certificate of Award (as defined herein), or such other date as is determined in the negotiation with the Note Holder (as defined herein). Such negotiation shall be entered into on behalf of the City by the Mayor. Interest on the Notes shall be payable on the semiannual dates set forth in the Certificate of Award (as defined herein) ("Interest Payment Date"), commencing on such date as is determined in negotiation with the Note Holder and set forth in the Certificate of Award, at the stated interest rate or rates on the principal amount thereof, but such rate shall not exceed 6.00%. The Notes shall mature no later than June 1, 2027 (the "Maturity Date").

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. The Mayor is further authorized and directed to execute and deliver the Notes together with a loan agreement or purchase agreement in a form approved by counsel to the City to the purchaser of the Notes, on the terms and conditions provided herein and in the Certificate of Award, and to receive the proceeds therefor, execute and deliver such certificates and other closing documents and take such further action as may be necessary or appropriate in order to effectuate the proper issuance, sale and delivery of the Notes.

Section 4. Payment. It is intended that the Notes shall be secured by the covenant in the Notes of the City to issue its general obligation bonds on or before the Maturity Date and that the Notes may be prepaid at any time without premium or penalty, and, in the event that the City does not issue its Bonds on or before the Maturity Date, the repayment of the Notes shall be paid from the City's revenues consisting of all funds received by the City and shall be equally and ratably secured by the pledge of, security interest in and a lien on and charge on the taxes or revenues or both of the City which are in the process of collection and are to be received during the period when the Notes will be outstanding. The pledge, lien and charge shall be fully perfected as against the City, all creditors and all third parties in accordance with the provisions herein. Principal shall be payable in such coin or currency of the United States of America as shall be legal tender for payment of public and private debts at the time and place of payment upon delivery of the Bonds or by other transfer of funds acceptable to the purchaser. 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.

To the extent the Notes are designated as obligations described under Section 103 of the Internal Revenue Code of 1986, amended (the "Code"), the City will restrict the use of the proceeds of the Notes in such manner and to such extent and take such other actions as may be necessary so that the Notes will not constitute an obligation the interest on which is subject to federal income tax or an "arbitrage bond" under Sections 103(b)(2) and 148 of the Code.

Section 5. Note Payment Fund. Payment of Note. There is hereby established a note payment fund in the name of the City to be known as the City of Union, General Obligation Bond Anticipation Notes, Series 2022 Notes Payment Fund (the "Notes Payment Fund"), into which the City covenants to deposit, and into which there is hereby authorized and directed to deposit each month on a date preceding each Interest Payment Date on the Notes, the amount required to pay the interest due on the Notes on such Interest Payment Date, and into which fund the proceeds of the Bonds or other sources available to the City shall be deposited in sufficient amounts to pay on or before the Maturity Date the Notes when due.

Section 6. General Obligation. 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 levied and there hereby is levied upon all taxable property in the City, in addition to other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the principal and interest on the Notes when and as due, it being hereby found that the current tax rates are within all applicable limitations. Said tax shall be and hereby is 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 taxable property in the City shall be reduced by the amount of such other funds so available and appropriated. There is hereby established, or the sinking fund heretofore established, by the City (the "Sinking Fund") is hereby ordered to be maintained and continued as long as any of the Notes shall remain outstanding and unpaid. The funds derived from said tax levy hereby required or other lawfully available funds shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of the interest on and principal of all bonds issued under the General Obligation Act and Tax-Supported Leases, as defined in the General Obligation 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 5 hereof.

Section 7. Disposition of Proceeds. The proceeds of the sale of the Notes shall be deposited in a special account designated "City of Union General Obligation Notes, Series 2022 Project Fund" (the "2022 Project Fund"), to be held at such bank or banks as may be designated in writing by the City and use to pay the costs of the Project.

Section 8. Award. The Mayor and the City Clerk are hereby authorized to execute the Notes without further action of the City Commission. The Mayor is hereby authorized to execute a certificate of award (the "Certificate of Award"): (i) to award the Notes to the bank, financial institution or finance corporation offering the best interest rate and terms (the "Note Holder"), and (ii) setting forth the term of the Notes and any other provisions required by and not inconsistent with this Ordinance.

Section 9. 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 10. 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 Ordinance; then the pledges made under this 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 11. Severability. If any one or more of the provisions of this Ordinance should be determined by the 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 12. Inconsistent Actions. All prior ordinances, resolutions or parts thereof inconsistent herewith are hereby repealed.

Section 13. Open Meetings Compliance. All meetings of the City Commission 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 14. Effective Date. This Ordinance shall become effective immediately upon adoption and publication of a summary thereof, as provided by law.

[SIGNATURES ON FOLLOWING PAGE]

FIRST READING:

MAY 16, 2022.

SECOND READING:

JUNE 6, 2022

APPROVED:



HON. LARRY K. SOLOMON, MAYOR

ATTEST:


TAMMY WILHOITE, CITY CLERK