

EXHIBIT "B"

[Form of Lease]

ORDINANCE NO. 240.4

AN ORDINANCE OF THE FISCAL COURT OF THE COUNTY OF PULASKI, KENTUCKY ("COUNTY"), AUTHORIZING AND APPROVING A GENERAL OBLIGATION LEASE AGREEMENT IN AN AMOUNT NOT TO EXCEED \$2,500,000 ("LEASE") PURSUANT TO THE AUTHORITY GRANTED BY SECTIONS 65.940 THROUGH 65.956 OF THE KENTUCKY REVISED STATUTES ("ACT"), THE PROCEEDS FROM WHICH WILL BE USED TO REFINANCE THE PRIOR LEASE AND PAY COST OF ISSUANCE; AUTHORIZING THE LEVY OF A DIRECT ANNUAL TAX ON ALL TAXABLE PROPERTY WITHIN THE COUNTY, IN ADDITION TO ALL OTHER TAXES, IN AN AMOUNT SUFFICIENT TO PAY THE LEASE RENTAL PAYMENTS DUE UNDER THE LEASE, WHEN AND AS THE SAME BECOME DUE; AUTHORIZING AND APPROVING THE ESTABLISHMENT OF CERTAIN FUNDS TO PROVIDE FOR THE COLLECTION OF THE PROCEEDS OF THE TAX; AND AUTHORIZING AND APPROVING CERTAIN OTHER ACTIONS WITH REGARD TO THE FINANCING OF THE PROJECT, INCLUDING BUT NOT LIMITED TO TAX REGULATORY AGREEMENT, IF REQUIRED, AND SUCH OTHER DOCUMENTS, AGREEMENTS AND CERTIFICATES NECESSARY OR REQUIRED AND ENTERING INTO THE LEASE AND DESIGNATING THE LEASE AS A "BANK QUALIFIED" OBLIGATION FOR FEDERAL INCOME TAX PURPOSES.

WHEREAS, the County of Pulaski, Kentucky (the "County" or "Lessee") has the power, pursuant to Section 65.940 through 65.956 of the Kentucky Revised Statutes ("Act") to enter into lease agreements with or without the option to purchase in order to provide for the financing or refinancing of public purpose projects;

WHEREAS, the County desires to refinance the general obligation lease agreement by and between the County, as Lessor, and PNC Equipment Finance, LLC, as Lessee, dated as of August 3, 2011 in the original principal amount of \$2,586,404, pursuant to the Kentucky Association of Counties Lease Trust Program, the proceeds from which were used to finance the acquisition of fire trucks and emergency vehicles (the "Prior Lease");

WHEREAS, the County will realize a savings by refunding and refinancing the Prior Lease;

WHEREAS, the County proposes to enter into a General Obligation Lease to be dated, as determined by the Financial Advisor, in a principal amount not to exceed \$2,500,000, and using the net proceeds for the purpose of refinancing the Prior Lease; and

WHEREAS, in order to assure the payment of the Lease, it is necessary that the County authorize a levy of tax sufficient for that purpose.

NOW, THEREFORE, BE AND IT IS HEREBY ORDAINED BY THE FISCAL COURT OF THE COUNTY OF PULASKI, KENTUCKY, AS FOLLOWS:

Section 1. Preamble Incorporated; Ordinance and Lease as Contract; Definitions.

That the Preamble to this Ordinance is hereby incorporated within the body of this Ordinance as if copied in full hereat.

This Ordinance, and the Lease, as hereinafter defined, shall constitute a contract between the Lessee and the Lessor, as identified and set forth in the Lease, and no change, alteration, or amendment in the provisions hereof or in the Lease shall be made subsequent to delivery and execution of said Lease.

For purposes of this Ordinance, the following terms shall have the meanings hereinafter set forth:

"Act" means Section 65.940 through 65.956.

"Additional Rentals" means the aggregate of (i) any expenses (including attorneys' fees and expenses) of the Lessor in defending an action or proceeding in connection with this Lease or in enforcing the provisions of this Lease; (ii) any taxes or any other expenses, including, but not limited to, licenses, permits, state and local sales and use or ownership taxes or property taxes and recording fees and/or other fees which the Lessor is expressly required to pay as a result of or in connection with this Lease.

"Bond Counsel", Lease Counsel" or "Counsel" means McNair Law Firm, P.A., Lexington, Kentucky, or such other Counsel as may be designated by the County Judge Executive.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein will be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto and applicable to the Lease or the use of the proceeds thereof.

"Costs of Issuance" means those expenses incident to the issuance of the Lease, including, but not being limited to, the fees of the Financial Advisor, Bond Counsel, Title Attorneys, and publication cost, and any other cost associated with the issuance and delivery of the Lease.

"Event of Default" shall mean the County's (i) failure to comply with the provisions of the Act or this Ordinance; (ii) failure to pay Lease Rental Payments, including any principal or interest on the Lease when due; (iii) failure to reimburse any Fund established hereby, in accordance with the reimbursement provisions hereof; or (iv) failure to comply with the Code.

"Financial Advisor" means Civic Finance Advisors, LLC, Lexington, Kentucky, or such other Financial Advisor as may be designated by the County Judge Executive.

"Governing Body" means the duly elected Fiscal Court of the County.

"Issuer" or "County" or "Lessee" means the County of Pulaski, Kentucky.

"KRS" means the Kentucky Revised Statutes, as amended.

"Lease" or "Lease Agreement" or "General Obligation Lease" means the agreement by and between the County and Lessor authorized pursuant to the authority granted by this Ordinance and substantially in the form attached hereto as Exhibit "A" with such changes and amendments authorized by the County Judge/Executive, without further action of the Fiscal Court.

"Lease Rental Payments" means Base Rentals and Additional Rentals, as both terms are defined in the Lease, payable pursuant to the Lease, and which includes all principal, interest, premiums and/or prepayment penalties, if any.

"Lessor" means the party identified in the Lease.

"Pledged Receipts" means the Tax adequate each year to pay the Lease Rental Payments requirements of the Lease.

"Prior Lease" means the general obligation lease agreement by and between the County as, Lessee, and PNC Equipment Finance, LLC, as Lessor, dated August 3, 2011 in the original amount of \$2,586,404, pursuant to the Kentucky Association of Counties Leasing Trust Program, the proceeds from which were used to finance the acquisition of fire trucks and emergency vehicles.

"Project" means refinancing (i) the Prior Lease and (2) paying the Costs of Issuance.

"State" means the Commonwealth of Kentucky.

"State Local Debt Officer" shall have the same meaning as set forth in KRS §66.011(24).

"Tax" means the direct, annual ad valorem tax on all property within the County, which is subject to taxation for County purposes, occupational license fees, insurance premium taxes, if any, and any and all other receipts of taxes, excises, utilities and service revenues, permits, licenses, fines or other sources of revenue of, or of revenue distributions to, the County.

2. Necessity for an Authorization of Lease.

(a) It is hereby found and determined by the Governing Body of the Lessee that Prior Lease proceeds from the Prior Lease were used for a public purpose and public property to be used for public purposes and that the Project is a public project as defined and set forth in the

Act. It is further determined by the Governing Body of the Lessee that it is necessary and desirable and in the best interests of the Lessee to refinance the Prior Lease and thereby realize a savings.

(b) The Lessee, acting by and through its Governing Body, hereby expressly approves, authorizes and directs the execution and delivery by the Lessee of the Lease Agreement by and between the Lessor and the Lessee to be dated as determined by the County Judge/Executive, upon advice from the Financial Advisor, and substantially in the form attached hereto and incorporated herein by reference, in an amount not to exceed \$2,500,000. Said Lease may be amended, prior to its execution and issuance, as may be necessary or appropriate to evidence the issuance of the Lease and the financing of the Project, as determined by the County Judge/Executive, with the advice of the Financial Advisor and/or Bond Counsel, and without further action of the Governing Body.

(c) The interest components of the Lease Rental Payments shall be payable on such dates as may be determined by the County Judge/Executive, with the advice of the Financial Advisor, as set forth in the Lease. The principal payments components of the Lease Rental Payments shall be payable on such dates as may be determined by the County Judge/Executive, with the advice of the Financial Advisor, as set forth in the Lease. Any Additional Rentals, as defined in the Lease and/or premiums/prepayment penalties, if any, shall be set forth in, and payable pursuant to, the Lease. Notwithstanding the foregoing, the final maturity date of the Lease shall be no longer than forty (40) years from the date of the Lease and, further provided, that the aggregate net interest costs of the Lease shall not exceed nine percent (9.0%).

(d) The Lease shall be a general obligation of the County, to which the County's revenues or taxes shall be pledged as security for the payments due under the Lease, as authorized by KRS §65.942, so long as the Lease is in effect.

Section 3. Form of Lease.

The Lease shall be substantially in such form as attached hereto as Exhibit "A" and shall contain such Lease Rental Payments terms as shall be determined by the County Judge/Executive with the advice of the Financial Advisor and Bond Counsel, which terms and provisions are incorporated herein by reference thereto.

Section 4. Compliance with Constitution; Designation and Certification of Public Project; Authorization of Tax; and Pledged Receipts to Payment of Lease.

(a) That the debt represented by the Lease is hereby determined to be within the maximum indebtedness of the County permitted under Section 158 of the Constitution of Kentucky.

(b) That the County is authorized to contract the indebtedness represented by the Lease, pursuant to Section 159 of the Constitution of Kentucky and provide for the collection of an annual tax sufficient to pay the interest on said Lease and establish the hereinafter identified Sinking Fund to provide for the payment of the Lease Rental Payments thereof.

(c) That pursuant to Section 157 of the Constitution of Kentucky, KRS §66.111 and the Act, there is hereby authorized to be levied, and the County hereby covenants to so levy and collect, each year that the Lease remains outstanding a Tax in an amount sufficient to provide for the full payment of the Lease Rental Payments; provided, however, that said Tax shall be levied only to the extent the County's general fund or other receipts from taxes or other sources are not sufficient to provide for the full payment of the Lease Rental Payments, each year.

(d) That by the adoption of this Ordinance, the County covenants with the Lessor of the Lease, that it shall levy each year a Tax in a sufficient amount and appropriate in its annual budget, together with other moneys available to it an amount of funds sufficient to pay the Lease Rental Payments, including "debt charges" on the Lease, as defined in KRS §66.011(4).

(e) That the Tax shall include the ad valorem property taxes permitted under Section 157 of the Constitution of Kentucky, occupational license fees, insurance premium taxes, if any, excises and any other receipts from taxes, excises, utilities and service revenues, permits, licenses, fines or other sources of revenue of, or of revenue distributions to, the County.

(f) That there is hereby pledged to the payment of the Lease, the Tax, to the extent required each year, and the County's general fund, which together, shall constitute the "Pledged Receipts" securing said Lease in accordance with the terms of this Ordinance.

(g) That the County hereby declares, determines and certifies that the project funded with the Prior Lease constitutes a "public project; and that the Project constitutes a "public project" within the meaning of KRS §66.011(17) and the Act.

(h) That County covenants to levy, collect and segregate the Tax to the extent the general revenues of the County are inadequate to meet the Lease Rental Payments or current annual debt service requirements of the Lease and hereby designates the Lease, as a full general obligation of the County to the payment of which the full faith, credit, revenue and taxing authority of the County are hereby pledged for the prompt payment thereof.

(i) That the Tax, to the extent required shall, as received, be deposited in the appropriate Sinking Fund for the Lease, and applied solely to the payment of the Lease Rental Payments requirements of and administrative expenses for the Lease.

Section 5. Execution of Documents Authorized, Including Continuing Disclosure Agreement and Tax Regulatory Agreement; Approval of or Notice to State Local Debt Officer.

(a) That in order to effect the financing plan evidenced by the Lease, the County Judge/Executive, Fiscal Court Clerk, and/or such other County official as may be designated by the County, are hereby authorized to execute those documents and certificates necessary to provide for the issuance of said Lease and the payment thereof, including but not limited to the following:

- (i) The Lease, and such closing documents and/or certificates as Bond Counsel may require; and
- (ii) A Tax Regulatory Agreement or Federal Tax Certificate, if required; and
- (iii) Any and all other documents and certificates deemed necessary or appropriate by Bond Counsel in order to evidence the issuance, execution and delivery of the Lease, the financing of the Project, and as otherwise may be required by law.

(b) The Lease shall only be executed and delivered following notice to or approval by the State Local Debt Officer, as required.

Section 6. Employment of Financial Advisor and Bond Counsel; Private Negotiation.

(a) The employment of Civic Finance Advisors, LLC, Lexington, Kentucky, as Financial Advisor, or such other Financial Advisor as may be designated by the County Judge/Executive without further action of the Fiscal Court, is hereby authorized, approved and directed; and, the employment of McNair Law Firm, P.A., Lexington, Kentucky, or such other bond Counsel as may be designated by the County Judge/Executive, without further action of the Fiscal Court, is hereby authorized, approved and directed.

(b) The Lease may be issued pursuant to a private negotiated sale under authority of KRS §65.942(3) without further action of the Fiscal Court.

Section 7. Establishment of Funds.

That there are hereby authorized to be established the following funds or accounts which shall be maintained with the Depository:

(a) The Sinking Fund (or Bond Fund): The Sinking Fund shall receive the receipts of the Tax herein authorized from the Project. Said Sinking Fund moneys shall be used only for the payment of the Lease Rental Payments. Upon the delivery of the Lease, any accrued interest shall be deposited into said fund.

(b) Costs of Issuance Fund: The Costs of Issuance Fund shall receive from the proceeds of the Lease the amounts necessary to pay the Costs of Issuance of the Lease, upon the delivery of said Lease. The Depository shall remit the required payments in the amounts and to the parties specified in writing by the County Judge/Executive or County Treasurer, or such other County official as may be designated by the County, upon the delivery of the Lease. Any amounts remaining in the Costs of Issuance Fund following the payment of all such Costs of Issuance shall be transferred to the Sinking Fund.

(c) Any other fund if required by law or deemed necessary and appropriate by the Financial Advisor.

(d) Moneys on deposit in the funds enumerated in subsections (a) through (c) of this Section shall be invested in the investments permitted pursuant to KRS §66.480 and any earnings carried to the credit of the fund from which the investment was made.

Section 8. Duties of Paying Agent and Depository.

If the County Judge/Executive so determines, with the advice of the Financial Advisor and/or Counsel, the County Judge/Executive may appoint, without further action of the Fiscal Court, a bank, or duly qualified financial institution, which may also be the Lessor, if it is a bank or financial institution, as Paying Agent and Depository for the Lease. The Paying Agent and Depository may receive compensation for its services in accordance with any agreement it enters into with the County; unless, the Paying Agent and Depository shall be the Lessor, in which case, any amounts received by the Lessor shall be set forth and contained in the Lease Agreement.

The duties of the paying Agent and Depository shall be as follows:

- (i) To maintain the various funds established under this Ordinance and to invest the same in accordance with the provisions hereof;
- (ii) To remit, but only to the extent that all required funds are made available to the Paying Agent by the County, Lease Rental Payments directly to the Lessor. Said Lease Rental Payments shall be deposited and paid pursuant to the Lease;
- (iii) To notify the Lessor of any prepayment and to redeem the Lease prior to its stated maturity upon presentation in accordance with the provisions of this Ordinance and the Lease and upon being supplied with sufficient funds; and
- (iv) If requested in writing, to supply the County with a written accounting evidencing the payment of interest and principal within thirty (30) days following each due date.

The Paying Agent/Depository shall be entitled to the advice of its attorney and shall be protected for any acts taken by it in good faith and reliance upon such advice. The Paying Agent/Depository shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be within its discretion or the power conferred upon it by this Ordinance, the Lease, or any agreement with the County, or be responsible for the consequences of any oversight or error of judgment.

The Paying Agent/Depository may at any time resign from its duties set forth in this Ordinance, the Lease, or in any agreement with the County by filing its resignation with the County Judge/Executive and notifying the Lessor. Thereupon, the County shall designate a successor Paying Agent/Depository which shall be an incorporated bank or trust company.

Notwithstanding the foregoing, in the event of the resignation of the Paying Agent/Depository, provisions shall be made for the orderly transition of the books, records and accounts relating to the Lease to the successor Paying Agent/Depository in order that there will be no delinquencies in the Lease Rental Payments due under the Lease.

The Paying Agent/Depository may be removed by the County if at any time so requested by an instrument or concurrent instruments in writing, filed with the Paying Agent/Depository and signed by the Lessor.

Section 9. Tax Covenants.

The County shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest portion of the Lease Rental Payments paid by the County with respect to the Lease shall be excludable from the gross income of the recipients thereof for Federal income tax purposes under any valid provision of the Code.

The County shall not permit at any time or times any of the proceeds of the Lease to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause such Lease to be "Arbitrage Bonds" as defined in Section 148 of the Code, as then in effect.

The County further covenants that prior to the issuance of said Lease and as a condition precedent to such issuance, the County shall certify by issuance of a certificate of the County Judge/Executive, or County Treasurer, or such other County official as may be designated by the County, supplemental to this Ordinance, that on the basis of the facts, estimates and circumstances in existence on the date of issue of said Lease it is not expected that the proceeds of said Lease will be used in a manner which would cause such obligations to be "Arbitrage Bonds" under the Code. Such certificate may be set forth in the Lease and/or any Tax Regulatory Agreement pr Federal Tax Certificate.

Section 10. Contractual Nature of Ordinance. This Ordinance and Lease shall constitute a contract between the County and the Lessor, and any general obligation leases subsequently issued ranking on a parity therewith, and after the issuance and delivery of such Lease, no change, variation or alteration of any kind in the provisions of this Ordinance or Lease shall be made in any manner except for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein.

Section 11. Bank Qualified. The County, by the adoption of this Ordinance, reasonably anticipates that the total principal amount of qualified tax-exempt obligations which it will issue during the calendar year ending December 31, 2013, will not exceed \$10,000,000 and therefore designates the Lease as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Section 12. 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.

Section 13. Conflicts Repealed; Effective Date of Ordinance. 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. This Ordinance shall take effect from and after its passage, approval and the publication of a summary thereof.

[Signatures and certification for Ordinance on the following pages]

Given first reading on July 23, 2013.

Given second reading and passed and adopted on August 13, 2013.

Barry Bullard
County Judge/Executive

Attest:

Ralph Trostell
Fiscal Court Clerk

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Fiscal Court Clerk of the Pulaski County, Kentucky; that the foregoing is a true and complete copy of a certain Ordinance duly adopted by the Fiscal Court of Pulaski County, Kentucky, at a duly convened public meeting properly held on August 13, 2013; that said Ordinance appears as a matter of public record in the official records of the Fiscal Court; that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS §61.805 to §61.850; that a quorum was present at said meeting; that said Ordinance has not been amended, modified, revoked or repealed; and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 8-13, 2013.

Ralph Trostell
Fiscal Court Clerk