

78-4

AN ORDINANCE OF THE CITY OF RUSSELLVILLE, KENTUCKY, PROVIDING FOR THE ISSUANCE AND SALE OF \$330,000 OF SPECIAL OBLIGATION BONDS (SCHOOL BUILDING REVENUE BONDS) IN ACCORDANCE WITH SECTIONS 162.120 THROUGH 162.290 OF KENTUCKY REVISED STATUTES, TO PROVIDE FUNDS FOR SCHOOL BUILDING PURPOSES, PROVIDING AND DETERMINING THE DUTY OF SAID CITY IN CONNECTION WITH THE OPERATION OF THE SCHOOL PROPERTIES AND THE CREATION OF FUNDS SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SAID REVENUE BONDS AS AND WHEN THEY MATURE AND THE CREATION OF AN ADEQUATE MAINTENANCE AND INSURANCE FUND, AUTHORIZING THE EXECUTION OF A LEASE OF SUCH FOREGOING PROPERTIES TO THE BOARD OF EDUCATION OF THE RUSSELLVILLE INDEPENDENT SCHOOL DISTRICT.

WHEREAS, the City of Russellville, Kentucky (sometimes hereinafter referred to as the "City") is charged under the provisions of Sections 162.120 through 162.290 of the Kentucky Revised Statutes, with the duty to assist the Board of Education of the Russellville Independent School District, Logan County, Kentucky (hereinafter sometimes referred to as the "Board") in connection with the financing of school building improvements, and

WHEREAS, the City, acting by and through its City Council, desires to provide funds as hereinafter set out to construct school building improvements in the Russellville Independent School District, consisting of an addition to the R. E. Stevenson Elementary School and two additions to the Russellville High School, and the plans and specifications for said improvements have heretofore been prepared and filed in the office of the City Clerk and have been approved by the State Superintendent of Public Instruction, and contracts for said improvements have been or will shortly be awarded, secured by adequate performance bonds, and

WHEREAS, the Board has agreed to use and occupy the school building improvements so to be acquired and constructed pursuant to the terms of a certain Contract, Lease and Option hereinafter provided, and

WHEREAS, in order to pay the costs, not otherwise provided, of acquiring and constructing said school building additions and appurtenances, it is necessary that the City authorize \$330,000 of City of Russellville School Building Revenue Bonds, dated August 1, 1978 (sometimes referred to as the "Bonds"), all pursuant to and as permitted by KRS 162.120 through 162.290, and a Resolution of the City Council adopted concurrently herewith, and which Resolution is incorporated in this Ordinance as fully as if same were copied in full herein,

NOW, THEREFORE, BE IT AND IT IS HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF RUSSELLVILLE, KENTUCKY, AS FOLLOWS:

1. APPROVAL OF CONTRACT, LEASE AND OPTION. That the properties upon which school building improvements are to be constructed having been conveyed by the Board to the City, the form of Contract, Lease and Option, having been reviewed by the City Council and accepted by the City, the Mayor and City Clerk are hereby authorized and empowered to execute said Contract, Lease and Option on behalf of the City upon same being executed and tendered to the City by the Board.

2. AUTHORIZATION OF SCHOOL BUILDING REVENUE BONDS. That for the purpose recited in the preamble hereto there shall be and there are hereby authorized to be issued and sold at public, advertised sale after the consideration of competitive bids the negotiable School Building Revenue Bonds of said City in the aggregate principal amount of \$330,000, to be dated August 1, 1978. All such Bonds to be in the denomination of \$5,000, bearing interest from date, payable February 1, 1979, and semi-annually thereafter on August 1 and February 1 of each year, at a coupon rate or rates not exceeding the legal maximum as may be fixed by a supplemental resolution of the City Council as a result of said advertised sale. Said Bonds shall mature serially and in numerical order on the first day of August in the respective years and principal amounts as follows: \$10,000 in 1979-80, \$15,000 in 1981-83, \$20,000 in 1984-85, \$25,000 in 1986-91, \$35,000 in 1992 and \$40,000 in 1993. Said Bonds shall be payable as to both principal and interest at Southern Deposit Bank, Russellville, Kentucky and shall be subject to prior redemption only in inverse numerical order on any interest due date falling on or after August 1, 1988, upon published notice, upon payment of the face amount plus accrued interest, plus additional interest equal to 3% of the face amount if the stated date for redemption is on or before February 1, 1990, and on the same terms if redeemed thereafter except that the additional interest shall be 2% if said redemption date is on or before February 1, 1992, and on the same terms if redeemed thereafter and prior to maturity except that the additional interest shall then be 1%.

3. EXECUTION OF BONDS. Said Bonds shall be executed with the reproduced facsimile signature of the Mayor, attested by the manual signature of the City Clerk, and a facsimile of the seal of the City shall be printed on each of such Bonds. The interest coupons attached to said Bonds shall be executed with the facsimile signatures of said Mayor and said Clerk. Said Bonds, together with interest thereon, shall be payable only out of the "City of Russellville School Building Revenue Bond and Interest Redemption Fund of 1978" hereinafter created, and shall be a valid claim of the holders thereof solely against said fund and the income and revenues of the school properties acquired and constructed from the proceeds of said Bonds.

4. FORM OF BONDS AND INTEREST COUPONS. The aforesaid authorized issue of Bonds and the coupons attached thereto shall be in substantially the same form as set forth in the Resolution of the City Council adopted concurrently herewith, and which Resolution is hereby incorporated by reference in this Ordinance as fully as if same were copied in full herein. Said Bonds shall state on their face that they are issued to provide funds for the construction of school building improvements pursuant to and in full compliance with the Constitution and Statutes of Kentucky, including Sections 162.120 through 162.290 of the Kentucky Revised Statutes. Said Bonds shall state on their face that they are payable solely from and secured by a pledge of a fixed amount of the gross income and revenues to be derived from the leasing of certain school property, which revenues are to be set aside in the "City of Russellville School Building Revenue Bond and Interest Redemption Fund of 1978" and that said Bonds do not constitute an indebtedness of the City of Russellville, Kentucky, within the meaning of any constitutional provision or limitation. Said Bonds shall be secured by a statutory mortgage lien upon and a pledge of the revenue derived from said school building properties; provided, however, that

said statutory mortgage lien and revenue pledge are and shall be restricted in their application to the school building additions and appurtenances thereto financed by the bond issue herein authorized; the right being hereby expressly reserved to the City and the Board to erect or construct upon the school sites referred to and described in this Ordinance and the Resolution adopted concurrently herewith other independently financed school building projects free and clear of said lien and pledge.

5. FISCAL YEAR; BOND SINKING FUND ESTABLISHED; INSURANCE AND MAINTENANCE FUNDS. The school properties securing the Bonds herein authorized shall be operated on a fiscal year basis, commencing August 1 of each year, and on that basis the income and revenues of said buildings shall be set aside into a separate and special fund to be used for the retirement of said Bonds and maintaining said properties. There is hereby created an account to be known as the "City of Russellville School Building Revenue Bond and Interest Redemption Fund of 1978" (hereinafter sometimes referred to as the Bond Fund or Sinking Fund), to be deposited with Southern Deposit Bank into which there shall first be set aside from the proceeds of the sale of said Bonds an amount equal to six months' interest on said Bonds. Thereafter, there shall be set aside into said Bond Fund from the first gross revenues from the properties and there are hereby pledged thereto, such amounts as may from year to year be necessary to meet the principal and interest requirements of the Bonds herein authorized. The rental payments set forth in the Contract, Lease and Option between the City and the Board, dated as of August 1, 1978, are hereby pledged by the City as the security and source of payment of the Bonds herein authorized, and so long as said Bonds remain outstanding the terms and amounts of such rentals shall not be reduced. There shall also be set aside sufficient revenues in a Depreciation Fund to be expended in making good any depreciation of said buildings. There shall also be set aside after the aforesaid payments to the Bond Fund and Depreciation Fund sufficient monies to provide for the maintenance of said school properties and to pay the cost of insuring said properties against casualty loss.

6. CITY'S COVENANTS TO PERFORM OBLIGATIONS. The City hereby covenants and agrees with the holders of the Bonds herein authorized that it will faithfully and punctually perform all duties with reference to the school properties which are required by the Constitution and laws of Kentucky, including the making and collection of reasonable and sufficient rentals for said properties and the segregation thereof from other funds of the City into the respective funds hereinbefore created. The City further covenants to maintain said properties. The City further binds and obligates itself not to sell, mortgage or in any manner dispose of such properties until all of the Bonds herein authorized shall have been paid in full, both as to principal and interest; provided, however, as hereinbefore set forth and as set forth in the Resolution adopted concurrently herewith, the City and the Board have reserved the right to utilize portions of the real estate conveyed by the Board to the City in connection with the issuance of said Bonds to the extent that same is unoccupied by buildings or improvements constructed with the proceeds of said Bonds.

7. BOARD'S OPTIONS TO PURCHASE PROPERTIES. The Bonds herein authorized are issued subject to the Board having the option under said Contract, Lease and Option to purchase any or all of the three tracts by paying an amount equal to the cost of the bond issue allocated to the site purchased reduced by the proportionate amount of Bonds retired at the time the option is exercised.

8. STATUTORY MORTGAGE LIEN CREATED; PLEDGE OF REVENUES FROM LEASE OF PROPERTIES. A statutory mortgage lien and first pledge of the gross revenues derived from said properties and all improvements thereon is granted and created by KRS 162.200, which lien and pledge are hereby recognized and declared to be valid and binding upon the City and shall take effect immediately, subject to the terms and conditions hereinbefore set forth and as set out in the form of said Bonds. Any holder of said Bonds or coupons, either at law or in equity, by suit or other legal proceedings, may enforce and compel the performance of the duties required by the Constitution and Statutes, including the charging and collection of sufficient rent, segregation and application thereof, insofar as the failure to perform such duties affects the interest of said holders. If there is a default in the payment of the principal or interest on said Bonds, then upon the filing of suit by any holder of the Bonds or coupons, any court having jurisdiction of the action may appoint a receiver to administer the school properties, with power to charge and collect rents sufficient to provide for the payment of the Bonds and maintenance and insurance of the properties.

9. NO PRIORITY AMONG BONDS. There shall be no priority among the Bonds authorized hereunder regardless of the fact that they may be issued and delivered at different times.

10. PARITY BONDS TO COMPLETE PROJECT. The City shall not issue any additional bonds or incur any other obligations payable from the revenues of the school building properties securing the Bonds herein authorized, unless the security of such bonds or obligations is made junior and subordinate to the security for the Bonds herein authorized; provided, however, the City reserves the right and privilege of issuing additional bonds from time to time, payable from the income and revenues of said school properties, ranking on a parity with the Bonds herein authorized, but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, for which funds are not otherwise available, of completing the construction of said school building additions in accordance with the plans and specifications which have been completed, approved and filed. Before any additional parity bonds are issued, the issuance thereof shall be approved by the proper agents of the State Board of Education and a Supplemental Contract, Lease and Option shall have been entered into providing for additional rentals payments to meet the principal and interest requirements of said additional bonds. The interest payment dates for said parity bonds shall be August 1 and February 1 of each year, and the principal maturity dates shall be on August 1.

11. COVENANT TO KEEP PROPER RECORDS. While the Bonds are outstanding, the City shall keep proper books and records (separate from other records and accounts) of all transactions regarding said Bonds. Upon written request, the City shall furnish to the original purchaser or to

any holder of said Bonds or coupons, not more than thirty days after the close of each fiscal year, complete operating and income statements certified by City auditors, and will grant the right to inspect the properties and the records and accounts relating thereto in accordance with the Resolution adopted concurrently herewith.

12. CONDITIONS OF BOND SALE. Said Bonds shall be sold at public sale after advertising according to law, and such advertising is hereby authorized. Bidders shall be required to bid at least 98½% of par and accrued interest and must name an interest rate or rates in multiples of 1/8 or 1/10 of 1%, not to exceed the legal maximum. Coupon rates must be on an ascending scale, in that the coupon rate for Bonds for any maturity may not be less than the coupon rate stipulated for any preceding maturity.

Upon consideration of bids the City Council shall, in the Resolution accepting the successful bid, determine the exact rate or rates of interest which said Bonds shall bear.

13. DEPOSIT AND APPLICATION OF BOND PROCEEDS; CONSTRUCTION ACCOUNT. Upon delivery of said Bonds there shall first be paid the expenses incident to the authorization, sale and delivery thereof. Next there shall be paid into the Sinking Fund an amount equal to the interest on such Bonds for 6 months from August 1, 1978. The remaining proceeds shall thereafter be devoted exclusively to the payment of the costs of the school building additions and appurtenances upon the properties described in the Resolution adopted concurrently herewith in accordance with the plans and specifications approved and filed.

14. MISAPPLICATION OF BOND PROCEEDS NOT TO AFFECT THE VALIDITY OF BONDS. If for any reason the proceeds obtained from the sale of said Bonds are not properly allocated or if there is any misapplication of the proceeds, such improper allocation or misapplication shall not affect the validity of the Bonds herein authorized.

15. LEGAL DESCRIPTION OF PROPERTIES LEASED BY THE CITY TO THE BOARD. The statutory mortgage lien and pledge of revenues securing said Bonds shall apply to the properties described in Section 15 of the Resolution adopted concurrently herewith, which properties have been conveyed by the Board to the City.

16. COVENANT AGAINST ARBITRAGE. As set forth in more detail in the Resolution adopted concurrently herewith, the City Council shall not permit at any time any of the proceeds of the Bonds or other funds of the City to be used directly or indirectly in any manner which would cause the Bonds herein authorized to be an "arbitrage bond" as that term is defined in Section 103(c)(2) of the Internal Revenue Code of 1954, as amended.

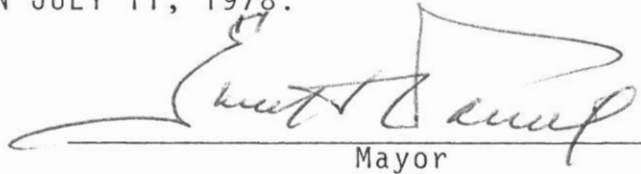
17. ADOPTION OF RESOLUTION AUTHORIZED; RESOLUTION AS CONTRACT. That the Resolution presented to and adopted by the City Council at the meeting at which this Ordinance was adopted is hereby incorporated in this Ordinance in full, and the adoption of said Resolution is hereby authorized, ratified and approved. Said Resolution shall be spread upon the records of the City and shall constitute a contract between the City, the City Council and the holders of the Bonds herein authorized. Said

Resolution sets forth in specific detail all of the covenants of the City in regard to the terms and conditions upon which said Bonds are issued and outstanding; the payment and security of said Bonds; the rights of the holders of said Bonds and the enforcement thereof; the advertised public sale of said Bonds and the delivery thereof.

18. SEVERABILITY. If any section, paragraph or clause hereof shall be held invalid, the invalidity of such section, paragraph or clause shall not affect any of the remaining provisions.

All ordinances, resolutions and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and this Ordinance shall take effect and be in force upon its adoption, execution and publication as required by law.

PASSED AND ADOPTED ON JULY 11, 1978.

  
\_\_\_\_\_  
Mayor

(Seal of City)

Attest:

  
\_\_\_\_\_  
City Clerk

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RUSSELLVILLE, KENTUCKY, PROVIDING FOR THE ISSUANCE OF \$330,000 OF SPECIAL OBLIGATION BONDS (SCHOOL BUILDING REVENUE BONDS) IN ACCORDANCE WITH SECTIONS 162.120 THROUGH 162.290 OF KENTUCKY REVISED STATUTES, TO PROVIDE FUNDS FOR SCHOOL BUILDING PURPOSES, PROVIDING AND DETERMINING THE DUTY OF SAID CITY IN CONNECTION WITH THE OPERATION OF THE SCHOOL PROPERTIES AND THE CREATION OF FUNDS SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SAID REVENUE BONDS AS AND WHEN THEY MATURE AND THE CREATION OF AN ADEQUATE MAINTENANCE AND INSURANCE FUND, AND AUTHORIZING THE EXECUTION OF A LEASE OF SUCH FOREGOING PROPERTIES TO THE BOARD OF EDUCATION OF THE RUSSELLVILLE INDEPENDENT SCHOOL DISTRICT.

WHEREAS, it is advantageous and to the best interest of all concerned that the City of Russellville, Kentucky (sometimes hereinafter referred to as the "City") construct school improvements as hereinafter are more particularly described and that such improvements be used and occupied for school purposes by the Board of Education of the Russellville Independent School District (sometimes hereinafter referred to as the "Board"), pursuant to the Contract, Lease and Option hereinafter provided, and

WHEREAS, the City, acting by and through its City Council, desires to provide funds as hereinafter set out to construct said improvements on the properties hereinafter described, consisting of an addition to the R. E. Stevenson Elementary School and two additions to the Russellville High School, and the plans and specifications have been heretofore prepared and filed in the office of the City Clerk and have been approved by the State Superintendent of Public Instruction, and contracts for said new improvements have been or will shortly be awarded, secured by adequate performance bonds, and

WHEREAS, the said Board has agreed to use and occupy the school improvements so to be acquired and constructed, pursuant to the terms of the Contract, Lease and Option hereinafter provided, and said instrument has been examined and is now found and declared to be in conformity with statutory requirements, and in order to pay the

cost of acquiring and constructing said school building additions and appurtenances, it is necessary that the City authorize \$330,000 of City of Russellville (Kentucky) School Building Revenue Bonds, dated August 1, 1978 (sometimes hereinafter referred to as the "Bonds"), all pursuant to and as permitted by Sections 162.120 through 162.290 of Kentucky Revised Statutes, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RUSSELLVILLE, KENTUCKY, AS FOLLOWS:

1. APPROVAL OF CONTRACT, LEASE AND OPTION. That the properties upon which said school buildings are to be constructed having heretofore been conveyed by the Board to the City, the form of Contract, Lease and Option, a copy of which is attached hereto, if and when same is tendered by said Board, will be accepted by the City, the form of same having been examined, considered and approved. The Mayor and the City Clerk are hereby authorized and empowered to execute same upon behalf of the City upon said Contract, Lease and Option being executed and tendered to the City by said Board.

2. AUTHORIZATION OF SCHOOL BUILDING REVENUE BONDS. That for the purpose recited in the preamble hereto there shall be and there are hereby authorized and ordered to be issued and sold the negotiable School Building Revenue Bonds of said City in the aggregate principal amount of \$330,000, to be dated August 1, 1978. All such Bonds to be in the denomination of \$5,000. Said Bonds shall bear interest from date, payable February 1, 1979, and semi-annually thereafter on August 1 and February 1 of each year, at a coupon rate or rates not exceeding the legal maximum as may be fixed by a supplemental resolution as a result of the advertised sale of said Bonds, and shall mature serially and in numerical order on the first day of August of the respective years as set out below.



The numbering of said Bonds, maturities and principal and interest requirements of said \$330,000 of Bonds, based on an assumed interest rate of 6% per annum on all such Bonds are as follows:

<u>MATURITY</u> <u>AUGUST 1</u>	<u>BOND</u> <u>NUMBERING</u>	<u>PRINCIPAL</u> <u>MATURING</u>	<u>INTEREST</u> <u>REQUIREMENTS</u>	<u>TOTAL PRINCIPAL</u> <u>AND INTEREST</u> <u>REQUIREMENT</u>
1979	1-2	\$ 10,000	\$ 19,800*	\$ 29,800*
1980	3-4	10,000	19,200	29,200
1981	5-7	15,000	18,600	33,600
1982	8-10	15,000	17,700	32,700
1983	11-13	15,000	16,800	31,800
1984	14-17	20,000	15,900	35,900
1985	18-21	20,000	14,700	34,700
1986	22-26	25,000	13,500	38,500
1987	27-31	25,000	12,000	37,000
1988	32-36	25,000	10,500	35,500
1989	37-41	25,000	9,000	34,000
1990	42-46	25,000	7,500	32,500
1991	47-51	25,000	6,000	31,000
1992	52-58	35,000	4,500	39,500
1993	59-66	40,000	2,400	42,400

\* 6 months' interest capitalized from bond proceeds

Said Bonds shall bear interest from August 1, 1978, payable on February 1, 1979, and semi-annually thereafter on August 1 and February 1 of each year, both principal and interest being payable at Southern Deposit Bank, Russellville, Kentucky, subject to prior redemption only in inverse order, in whole or in part, at the City's option, on any interest due date falling on or after August 1, 1988, upon notice of such prior redemption being given by publication at least thirty days prior to the date stated for redemption, in a newspaper of

general circulation throughout Kentucky, and upon payment of the face amount plus accrued interest plus additional interest equal to 3% of the face value if the stated date for prior redemption is on or before February 1, 1990, and on the same terms if redeemed thereafter except that the additional interest shall be 2% if said redemption date is on or before February 1, 1992, and on the same terms if redeemed thereafter and prior to maturity, except that the additional interest shall then be 1%.

3. EXECUTION OF BONDS. Said Bonds shall be executed with the reproduced facsimile of the signature of the Mayor, attested by the manual signature of the City Clerk, and a facsimile of the seal of the City shall be imprinted on each of such Bonds, and the interest coupons attached to said Bonds shall be executed with the facsimile signatures of said Mayor and City Clerk, and said Bonds, together with the interest thereon, shall be payable only out of the "City of Russellville School Building Revenue Bond and Interest Redemption Fund of 1978" hereinafter created, and shall be a valid claim of the holders thereof solely against said Fund and the income and revenues of the school properties herein referred to, including the buildings and appurtenances thereon constructed from the proceeds of said Bonds dated August 1, 1978.

4. FORM OF BONDS AND INTEREST COUPONS. The aforesaid authorized issue of Bonds and coupons shall be in substantially the following form:

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
COUNTY OF LOGAN  
CITY OF RUSSELLVILLE  
SCHOOL BUILDING REVENUE BOND

No. \_\_\_\_\_

\$5,000

The City of Russellville, Logan County, Kentucky, for value received, hereby promises to pay to the bearer the sum of FIVE THOUSAND

(\$5,000) DOLLARS on the first day of August, 19\_\_ , and to pay the interest thereon at the rate of \_\_\_% per annum, from August 1, 1978, payable on February 1, 1979, and thereafter semi-annually on August 1 and February 1 of each year, upon presentation and surrender of the annexed interest coupons as the same severally mature, at Southern Deposit Bank, Russellville, Kentucky.

The Bonds of the series of which this Bond is one are subject to prior redemption only in inverse numerical order, in whole or in part, at the City's option, on any interest due date falling on or after August 1, 1988, upon notice of such redemption being given by publication at least once at least thirty days prior to the date stated for redemption, in a newspaper of general circulation throughout Kentucky, and upon payment of the face amount plus accrued interest, plus additional interest equal to 3% of the face value if the stated date for prior redemption is on or before February 1, 1990, and on the same terms if redeemed thereafter except that the additional interest shall be 2% if said redemption date is on or before February 1, 1992, and on the same terms if redeemed thereafter and prior to maturity, except that the additional interest shall then be 1%.

This Bond is part of an authorized issue of \$330,000 of bonds authorized to be issued by said City pursuant to an Ordinance and Resolution of the City Council of said City to provide funds for the construction of school building improvements and appurtenances, pursuant to and in full compliance with the Constitution and statutes of Kentucky, including Sections 162.120 through 162.290 of the Kentucky Revised Statutes.

This Bond and the series of which it forms a part and any additional bonds ranking on a parity therewith which may be issued and outstanding from time to time under the restrictions and conditions set forth in said Ordinance and Resolution are payable solely from and secured by a pledge of a fixed amount of the gross income and revenues to be derived from the leasing of certain school properties, which has been set aside as a special fund and pledged for that purpose and identified as "City of Russellville School Building Revenue Bond and Interest Redemption Fund of 1978" and do not constitute an indebtedness of the City of Russellville, Kentucky, within the meaning of any constitutional provision or limitation.

The City of Russellville, Kentucky, covenants that it will fix and maintain rentals and charges for the use of said properties, including all improvements thereon, adequate to maintain said "City of Russellville School Building Bond and Interest Redemption Fund of 1978" and sufficient to maintain a fund adequate to pay the cost of depreciation, maintenance and the insurance of such properties.

The statutory mortgage lien upon and the pledge of the revenues derived from said school building properties, which are hereby recognized as valid and binding, are hereby created and granted in favor of the holder or holders of this Bond and the issue of which it forms a part and in favor of the holder or holders of coupons attached to said Bonds, and said school building properties and any appurtenances thereto shall remain subject to said statutory mortgage lien and revenue pledge until the payment in full of the principal and interest on this Bond and the issue of which it forms

a part; provided, however, that said statutory mortgage lien and revenue pledge are and shall be restricted in their application to the school buildings and appurtenances thereto financed by this Bond and the issue of which it forms a part, and such easements and rights of way for ingress, egress and the rendering of services thereto as may be necessary for the proper use and maintenance of the same; the right being hereby expressly reserved to erect or construct upon the school sites referred to and described in the Ordinance and Resolution authorizing the issuance of said Bonds and in the Contract, Lease and Option under which same are leased to the Board of Education other independently financed school building projects free and clear of said statutory mortgage lien and revenue pledge, which other independently financed school building projects may or may not have a party wall with and adjoin the school buildings and appurtenances which are subject to said statutory mortgage lien and revenue pledge, provided no part of the cost of said other independently financed school building projects is paid from the proceeds of the sale of this Bond and the series of which it forms a part; and provided the necessary easements for ingress and egress shall be deemed to exist and continue to exist for all school buildings, improvements and additions financed by this or other bonds.

The proceeds of the sale of said Bonds of the issue of which this Bond is one are to be expended to finance the cost of school improvements at three different sites in the City. The Board of Education has reserved the right at any time to obtain a release from the aforesaid statutory mortgage lien and revenue pledge of any or all of said sites by effecting the redemption of the same proportionate part of the outstanding Bonds as was the proportion of the proceeds of such Bonds expended on the site being released.

This Bond is exempt from taxation in Kentucky.

This Bond and the coupon or coupons attached hereto shall pass by delivery.

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 this Bond do exist, have happened and have been performed in due time, form and manner as required by law in order to make this a valid and legal revenue bond, and the amount of this Bond, together with all other obligations of said City, does not exceed any limit prescribed by the Constitution or the statutes of Kentucky, and the City, so long as this Bond and the issue of which it forms a part remain outstanding, shall perform all duties imposed upon it by the Constitution and statutes of Kentucky.

IN WITNESS WHEREOF, said City of Russellville, Logan County, Kentucky, has caused this revenue bond to be executed on its behalf with the reproduced facsimile signature of its Mayor, the corporate seal of said City to be imprinted thereon, attested by the manual signature of its City Clerk, and the interest coupons attached hereto to be executed by its Mayor and City Clerk by their reproduced facsimile signatures, all as of the first day of August, 1978.

CITY OF RUSSELLVILLE, KENTUCKY

By \_\_\_\_\_  
Mayor

(Seal of City)

Attest:

\_\_\_\_\_  
City Clerk

(Form of Coupon)

Bond No. \_\_\_\_\_ \$ \_\_\_\_\_

Unless the Bond to which this coupon appertains is redeemable and accordingly shall have been theretofore called for prior redemption, on the first day of \_\_\_\_\_, 19\_\_\_\_, the City of Russellville, Kentucky will pay to the bearer the amount shown hereon, out of the "City of Russellville School Building Revenue Bond and Interest Redemption Fund of 1978" at Southern Deposit Bank, Russellville, Kentucky, being six months' interest on its School Building Revenue Bond, dated August 1, 1978, No. \_\_\_\_\_.

CITY OF RUSSELLVILLE, KENTUCKY

By \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

5. FISCAL YEAR; BOND SINKING FUND ESTABLISHED; INSURANCE AND MAINTENANCE FUNDS. The school properties securing the Bonds authorized herein shall be operated on a fiscal year basis, commencing August 1 of each year, and on that basis the income and revenues of said buildings shall be set apart into a separate and special fund to be used for the retirement of the aforesaid Bonds and maintaining said properties.

There shall be and there is hereby created an account to be known as the "City of Russellville School Building Revenue Bond and

Interest Redemption Fund of 1978" (hereinafter called the Bond Fund or Sinking Fund), to be deposited with Southern Deposit Bank into which there shall first be set aside from the proceeds of the sale of the Bonds the amount received from the purchaser representing accrued interest, plus such an additional amount so that the total will be equal to six months' interest on said \$330,000 of Bonds, and there shall also be set aside into said Bond Fund from the first gross income and first revenues of the properties not less than the amounts set out in the table in Section 2 hereof, not hereinbefore otherwise provided for, if said \$330,000 of Bonds are sold to bear interest at the rate of 6% per annum, in ample time to pay the interest and principal as they fall due, which amounts are hereby exclusively pledged to and shall be used only for the purpose of paying the interest on and the principal of said Bonds as and when they mature.

In the event said Bonds are sold to bear an interest rate or rates other than at the rate assumed, said figures shall be automatically adjusted accordingly.

In any event, there shall be set aside into said Bond Fund and there are pledged such amounts as may from year to year be necessary to meet the principal and interest requirements of the outstanding Bonds herein authorized. The rental payments specified in a Contract, Lease and Option between the City and the Board of Education dated as of August 1, 1978, are hereby pledged by the City as the security and source of payment of the School Building Revenue Bonds herein authorized, and so long as any of such Bonds are outstanding the terms and amounts of such rental payments shall not be reduced.

There shall also be set aside sufficient revenues in a depreciation fund to be expended in making good any depreciation of

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said buildings and appurtenances and in paying for the cost of any extensions, additions or improvements.

The balance of the income and revenues remaining after the aforesaid payment into the Bond Fund and Depreciation Fund have been made shall be set aside into a maintenance fund and used for the maintenance of said school properties and to pay the cost of insuring said properties against loss or damage by fire, windstorm or other calamity in an amount substantially equal to either at least the amount of the Bonds at any time outstanding or the maximum insurable value of the improvements, whichever is lesser. Such insurance shall be for the use and benefit of the holder or holders of any Bond or Bonds to the extent same are outstanding.

It is further agreed that in case the improvements on said premises are totally destroyed by fire, windstorm or other hazard covered by insurance, the City shall have the right to expend such proceeds to restore the properties; that if such proceeds are not expended by the City for the restoration of said properties at the earliest practicable date, then all such insurance proceeds shall be used for the purpose of redeeming said outstanding Bonds, and said properties shall be and become the properties of the Board upon all of such Bonds and the interest thereon being completely paid and retired, in which case the City shall convey said properties to the Board free and clear of all encumbrances. In the event of partial destruction by fire, windstorm or other hazard covered by insurance, the insurance proceeds shall be used solely and only for the purpose of making the necessary replacements and repairs to the improvements, provided further that if following such partial or complete destruction any principal or interest payment is due and there are not other funds

available for said payments, such insurance proceeds must be applied to the defaulted payments.

6. CITY'S COVENANTS TO PERFORM OBLIGATIONS. The City hereby covenants and agrees with the holder or holders of the Bonds herein authorized that it will faithfully and punctually perform all duties with reference to the school properties which are required by the Constitution and laws of Kentucky, including the making and collection of reasonable and sufficient rentals for said properties and will segregate the revenues of said properties and make application of the respective funds herein created.

The City further covenants to maintain said properties and further binds and obligates itself not to sell, mortgage or in any manner dispose of said properties until all of the Bonds herein authorized shall have been paid in full, both as to principal and interest.

7. BOARD'S OPTIONS TO PURCHASE PROPERTIES. The \$330,000 of City of Russellville School Building Revenue Bonds, dated August 1, 1978, are issued subject to the Board having the following options under the Contract, Lease and Option:

FIRST OPTION: SITE OF CLASSROOM ADDITION TO R. E. STEVENSON ELEMENTARY SCHOOL

The Board shall have the right on any interest due date to purchase from the City and to secure the release from the statutory mortgage lien and pledge of revenues securing the Bonds dated August 1, 1978, all of the property hereinafter described and identified as Tract I for a price of \$125,400, together with a sum equal to the interest



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on a principal amount of said Bonds equal to said sum to the date upon which this option is exercised, together with a further sum equal to the additional interest which will become due upon prior redemption of such principal amount of said Bonds.

If the Board shall desire to exercise this option, it may do so only by giving notice of its election in writing to the City at least sixty (60) days prior to the interest due date upon which it desires to exercise said option. Thereupon, the City shall call for payment a principal amount of Bonds equal to such sum, such call to be strictly in accordance with the provisions of such Bonds and of this Resolution.

SECOND OPTION: SITE OF CLASSROOM ADDITION TO RUSSELLVILLE HIGH SCHOOL

The Board shall have the additional right on any interest due date to purchase from the City and to secure the release from the pledge of revenues securing said Bonds, the property hereinafter described and identified as Tract II for a price of \$95,700, plus accrued interest and additional interest as provided in the first option hereinbefore set forth. This option shall be exercised only at the time and in the manner specified in connection with the first option above set forth.

THIRD OPTION: SITE OF BAND ROOM ADDITION TO RUSSELLVILLE HIGH SCHOOL

The Board shall have the additional right on any interest due date to purchase from the City and to secure the release from the pledge of revenues securing said Bonds, the property hereinafter described and identified as Tract III for a price of \$108,900, plus accrued interest and additional interest as provided in the first option hereinbefore set forth. This option shall be exercised only at the time and in the manner specified in connection with the first option above set forth.

As Bonds of the issue herein authorized are paid in the regular course of business, the principal amount of such Bonds so retired shall be credited ratably on each of the options set forth above, and thereafter the price at which the Board may exercise any of the options shall be thus reduced, i.e., for each \$5,000 Bond which matures and is paid in the regular course of business, 38% of the principal amount thereof shall be credited on the first option price, 29% of the principal amount thereof shall be credited on the second option price and 33% of the principal amount thereof shall be credited on the third option price.

8. STATUTORY MORTGAGE LIEN CREATED; PLEDGE OF REVENUES FROM LEASE OF PROPERTIES. For the protection of the holders of the Bonds herein authorized to be issued and the coupons attached thereto, a statutory mortgage lien and a first pledge of the gross revenues derived from said properties and all improvements thereon is granted and created by Section 162.200 of Kentucky Revised Statutes, which said lien and first pledge of revenues are hereby recognized and declared to be valid and binding upon the City and the properties herein referred to and shall take effect immediately, such statutory mortgage lien and first pledge of revenues being subject to the terms and conditions as set out in the form of said Bonds which appears in Section 4 hereof.

Any holder of said Bonds or any of the coupons, either at law or in equity, by suit or other legal proceedings, may enforce and compel the performance of all duties required by the Constitution and statutes of Kentucky, including the charging and collection of sufficient rent, the segregation of income and the application thereof, in so far as the failure to perform such duties affects the interests of

any holder of the Bonds or coupons herein authorized.

If there be any default in the payment of the principal of or interest on any of said Bonds, then upon the filing of suit by any holder of any of said Bonds or of any of the coupons any court having jurisdiction of the action may appoint a receiver to administer the properties, with power to charge and collect rents sufficient to provide for the payment of interest and principal required by said Bonds and maintain the maintenance and insurance fund herein provided for. The reasonable legal fees and the court costs, if any, incurred by any holder of such Bonds or coupons in connection with the obtaining of the appointment of such a receiver shall be paid from the revenues of such properties.

9. NO PRIORITY AMONG BONDS. The Bonds authorized to be issued hereunder shall not be entitled to priority one over the other, regardless of the fact that they may be issued and delivered at different times.

10. PARITY BONDS TO COMPLETE IMPROVEMENTS. While any of the Bonds herein authorized or permitted to be issued are outstanding, the City shall not issue any additional bonds or incur any other obligations payable from the revenues of said school building properties, unless the security of such bonds or other obligations on the revenues and the said school building properties is made junior and subordinate in all respects to the security of the Bonds herein authorized; provided, however, said City hereby reserves the right and privilege of issuing additional bonds from time to time, payable from the income and revenues of said school building properties, and ranking on a parity with the Bonds herein authorized but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, for which funds are not otherwise available, of completing the construction of said

school building additions in accordance with the plans and specifications which have already been completed, approved by the Superintendent of Public Instruction of Kentucky and by said Board of Education, and filed in the office of the City Clerk; but before any additional bonds ranking on a parity as aforesaid are issued, the issuance thereof shall be approved by the proper agents of the State Board of Education, as required by law, and a Supplemental Contract, Lease and Option shall have been entered into, whereunder the respective annual rental payments during the life of such additional bonds are increased by the amount of annual interest and principal requirements of such additional bonds, and the interest payment dates for such additional bonds shall be August 1 and February 1 of each year, and the principal maturity days shall be on August 1.

11. COVENANT TO KEEP PROPER RECORDS. So long as any of the Bonds are outstanding, the City shall keep proper books and records (separate from all other records and accounts) of all transactions regarding said Bonds. It shall furnish to the original purchaser of said Bonds and to the holder of any of said Bonds, upon written request, not more than thirty (30) days after the close of each fiscal period, complete operating and income statements certified by the City auditors, and will grant to any holder or holders of twenty-five per cent of the Bonds then outstanding the right at all reasonable times to inspect the properties and all records and accounts of the City relating thereto.

12. CONDITIONS OF BOND SALE. That \$330,000 of said Bonds, shall be sold at public sale immediately after advertising according to law, and the Mayor and City Clerk are hereby authorized and directed to make such advertising. That bidders shall be required to bid at least 98½% of par and accrued interest and must name an interest rate or rates in multiples of 1/8 or 1/10 of 1%, not to exceed the legal maximum. Coupon rates must be on an ascending scale, in that the coupon rate for Bonds for any maturity may not be less than the coupon rate stipulated for any preceding maturity.

That the City Council shall, in the Resolution accepting the successful bid, determine the exact rate or rates of interest which said Bonds shall bear.

13. DEPOSIT AND APPLICATION OF BOND PROCEEDS; CONSTRUCTION ACCOUNT. Upon the sale and delivery of said Bonds there shall first be paid all expenses incident to the authorization, sale and delivery of the Bonds. Next there shall be paid into the Bond Fund (Sinking Fund) the accrued interest on such \$330,000 of Bonds plus an additional amount equal to the interest on such \$330,000 Bonds for six (6) months from August 1, 1978. The entire remaining proceeds shall thereafter be devoted exclusively to the payment of the costs of the school building additions and appurtenances upon the properties described herein and according to the plans and specifications duly approved and filed as provided by KRS 162.160.

That pending expenditures of the proceeds then remaining, such funds shall be deposited, until needed for construction purposes, in a special construction account with Southern Deposit Bank, Russellville, Kentucky, called "City of Russellville, Kentucky, School Construction Account of 1978". The Board shall deposit in the Construction Account prior to or simultaneously with the delivery of such Bonds such monies as are required (together with the proceeds of the Bonds) to pay all items of expense in connection with the construction of the school improvements in accordance with the plans and specifications of the Architects' and in accordance with the contracts let for said improvements. The money in said account shall be expended by payments made to defray the costs of constructing and equipping the school building improvements herein referred to, such payments to be made upon checks drawn upon said bank or banks by the Treasurer of said City, countersigned by a representative of the Board of Education (to be designated by a written resolution

of said Board) and accompanied in detachable form by a voucher in duplicate entitled "Authorization for Payment" signed by the Architect having supervision of the construction of said school building improvements, in substantially the following form:

"AUTHORIZATION FOR PAYMENT"

"It is hereby certified that \_\_\_\_\_ is due the sum of \$ \_\_\_\_\_, which represents an amount duly earned by and payable to said party, its successors or assigns, for labor, materials, work or services furnished under an existing contract with the City of Russellville, Kentucky, relating to the construction of certain school building improvements financed by the issuance of City of Russellville School Building Revenue Bonds, dated August 1, 1978 or for other work or services in connection therewith. It is further certified that in my opinion substantially all of the labor, materials, work and/or services were furnished within the boundaries of the properties described in the Resolution of the City Council authorizing said Bonds and in the Contract, Lease and Option between said City and the Board of Education of the Russellville Independent School District, which properties are encumbered by said bond issue, or were furnished in connection with improvements located within the boundaries of said properties.

Dated this \_\_\_\_\_.

\_\_\_\_\_  
Architect"

The City Treasurer is hereby authorized to execute such checks from time to time in the necessary amounts upon the aforesaid voucher or "Authorization for Payment" being executed by the Architect and presented to the City Treasurer without any further meetings or authorizations by the City Council. But such checks reimbursing the Board for expenditures already made for this project in contemplation of the Bonds herein authorized being issued or for equipment and furnishings need not be accompanied by the voucher entitled "Authorization for Payment".

Such checks, so long as the authentication voucher (Authorization for Payment), if required, shall remain attached thereto, shall be fully negotiable, and any bank shall be authorized to honor and pay

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the same, provided it assumes the responsibility for the propriety of all endorsements, or all endorsements to it are guaranteed by a bank. Upon the payment of each such check the authenticating original voucher, if attached thereto, shall be retained by said Bank and surrendered to the City Treasurer at the time of the final accounting as between the Treasurer and the bank (with the City retaining the duplicate vouchers). After the Architect certifies that the construction has been completed and paid for, any surplus remaining in the Construction Account may be transferred to the Bond Fund.

Money in the Bond Fund representing all or a portion of the six (6) months' capitalized interest and money in the "City of Russellville, Kentucky, School Construction Account of 1978" shall be invested by the depository for the benefit of the respective accounts in such portions and in such manner as is designated by the Chairman, Secretary or other duly authorized representative of the Board of Education. Said Chairman and Secretary have heretofore been authorized by a written resolution of the Board of Education to make such designation without any further authorization being necessary. However, the investments shall be restricted to direct obligations of the United States Government or obligations fully guaranteed by the United States Government or certificates of deposit of banks fully secured by a pledge of direct obligations of the United States Government or School Building Revenue Bonds of Kentucky School Districts; the obligations invested in, in any event, to mature not later than the time funds may be needed for the payment of interest requirements or for construction purposes. Any deposit in such Construction Account in excess of \$40,000 not so invested shall be earmarked and secured by a pledge of an equivalent amount of United States Government obligations or bonds of the issue herein authorized until expended. In the

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event checks are required to accomplish the investment of funds in the Bond Fund and Construction Account, same shall be signed by the City Treasurer and countersigned by an authorized representative of the Board of Education.

Notwithstanding anything contained herein to the contrary, prior to or simultaneously with the delivery of such Bonds to the successful purchaser, the Board of Education shall deposit an amount from its own funds, which, together with the proceeds available from the sale of such Bonds after deducting the expenses of their sale and six (6) months' capitalized interest, will be sufficient to pay for the costs of the R. E. Stevenson Elementary School Addition and the Russellville High School Additions in accordance with the construction contracts for said school buildings and appurtenances; provided, however, that the Board of Education shall be entitled to a credit against such required amount for funds which it has previously advanced in connection with the construction of said school buildings pending the issuance and delivery of the Bonds.

14. MISAPPLICATION OF BOND PROCEEDS NOT TO AFFECT VALIDITY OF BONDS. If for any reason the funds obtained by the sale of said bond issue are not properly allocated or if there is any misapplication of the proceeds, such improper allocation or misapplication shall not affect the validity of any Bonds issued in accordance with this Resolution.

15. LEGAL DESCRIPTION OF LEASED PROPERTIES. The school buildings and appurtenances financed from the proceeds of the Bonds herein authorized and which are subject to the statutory mortgage lien and the pledge of revenues securing said Bonds are located upon the following described sites. Notwithstanding anything contained herein to the contrary, said statutory mortgage lien and revenue pledge are restricted in their application to the exact location of the said buildings and appurtenances, with



rights of way for ingress and egress, and the right is specifically reserved by the City and/or the Board to construct upon any unoccupied portion of the school sites hereinafter described other structures and improvements for school purposes, which structures and improvements shall not be subject to any extent to said statutory mortgage lien and revenue pledge.

#### TRACT I

##### SITE OF CLASSROOM ADDITION TO R. E. STEVENSON ELEMENTARY SCHOOL

Beginning at a point at the Northeast corner (1975 addition) of the existing school; thence in a Northeasterly direction 62 feet 1 inch to a point; thence at a right angle in a Southeasterly direction 66 feet 0 inches to a point; thence at a right angle in a Southwesterly direction 62 feet 1 inch to a point; thence at a right angle 66 feet 0 inches in a Northwesterly direction (along the end wall of the 1975 classroom wing) to the beginning point.

Being part of the same property conveyed to the City of Russellville, Kentucky by the Board of Education of the Russellville Independent School District by Deeds dated March 13, 1969 and April 7, 1975 and recorded in Deed Book 195, at Page 5, and Deed Book 216, at Page 827, respectively, in the office of the Logan County Court Clerk.

#### TRACT II

##### SITE OF CLASSROOM ADDITION TO RUSSELLVILLE HIGH SCHOOL

Beginning at a point at the Northeast corner of the existing High School (where the North/South classroom wing turns and connects with the East/West classroom wing); thence in a Southeasterly direction 46 feet 6 inches (out from the existing building) to a point; thence at a right angle in a Southwesterly direction 67 feet 8 inches to a point; thence at a right angle 46 feet 6 inches in a Northwesterly direction to a point; thence at a right angle 67 feet 8 inches in a Northeasterly direction to the beginning point.

#### TRACT III

##### SITE OF BAND ROOM ADDITION TO RUSSELLVILLE HIGH SCHOOL

Beginning at a point at the Northeast corner of the existing band room; thence in a Northeasterly direction 54 feet 5 inches to a point; thence at a right angle in a Southeasterly direction 66 feet 0 inches to a point at the existing gymnasium wall; thence at a right angle in a Southwesterly direction to a point (where the

gymnasium wall joins the existing band room wall); thence at a right angle in a Northwesterly direction (along the existing band room wall) 66 feet 0 inches to the beginning point.

Tract II and Tract III being parts of the same property conveyed to the City of Russellville, Kentucky by the Board of Education of the Russellville Independent School District by Deed dated July 10, 1978 and recorded in Deed Book \_\_\_\_\_, at Page \_\_\_\_\_, in the office of the Logan County Court Clerk.

16. COVENANT AGAINST ARBITRAGE. (A) In this Section unless a different meaning clearly appears from the context:

(i) "Code" means the Internal Revenue Code of 1954 of the United States of America, Title 26 of the United States Code as amended to the date of adoption of this Resolution or as hereafter amended, including valid Regulations of the Department of the Treasury thereunder;

(ii) References to a provision of the Code by number or letter include reference to any law hereafter enacted as amended to or substitute for such provision;

(iii) Words which are used herein and in Section 103 of the Code shall have the meaning given to such words in or pursuant to said Section;

(iv) "Bonds" means the "City of Russellville School Building Revenue Bonds dated August 1, 1978", the sale of which Bonds is authorized in and by this Resolution;

(v) "City Council" means the City Council of the City of Russellville, Kentucky acting according to KRS 86.010 et seq., and KRS 162.120 through 162.290.

(B) The City of Russellville and the City Council 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 Bonds shall, for the purposes of Federal income taxation, be exempt from income taxation under any valid provision of law.

(C) The City of Russellville and the City Council shall not permit at any time or times any of the proceeds of the Bonds or other funds of the City to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any such Bonds to be an "arbitrage bond" as defined in subsection (c)(2) of Section 103 of the Code as then in effect or to be subject to treatment under subsection (c)(1) of said Section as an obligation not described in subsection (a)(1) of said Section, unless, under any valid provision of law hereafter enacted, the interest paid by the City on the Bonds shall be excludable from the gross income of a recipient thereof for Federal income tax purposes without regard to compliance with the provisions of subsection (c) of Section 103 of the Code.

(D) In order to assure compliance with this Section, thereby better securing and protecting the holders of the Bonds and the City, the City of Russellville from the date of adoption of this Resolution and the Ordinance which authorizes its adoption covenants that it shall not purchase any obligation or invest or direct the City Council, and the City Council shall not, invest the proceeds of said Bonds in any obligations that produce a yield in excess of such applicable maximum yield as may be permitted by the Code.

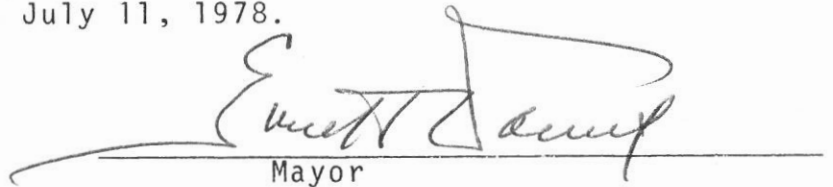
(E) The City of Russellville and the City Council further covenant that prior to the issuance of said Bonds and as a condition precedent to such issuance the City shall certify that issuance of a certificate, supplemental to this Resolution, of the City Treasurer, that on the basis of the facts, estimates and circumstances in existence on the date of the issue of said Bonds it is not expected that the proceeds of said issue of Bonds will be used in a manner that would cause such obligations to be arbitrage bonds, such certificate

to be made in accordance with the provisions of Internal Revenue Service Regulations 1.103-13(a)(2)(ii) adopted by the Department of the Treasury, Internal Revenue Service, pursuant to Section 103(c) of the Code. Such City Treasurer is hereby designated and charged by the City Council and the City with the responsibility for issuing the obligations herein authorized.

17. SEVERABILITY. If any section, paragraph or clause hereof shall be held invalid, the invalidity of such section, paragraph or clause shall not affect any of the remaining provisions.

All ordinances, resolutions and parts thereof in conflict herewith are repealed, and this Resolution shall take effect and be in force upon the publication of the Ordinance authorizing its adoption.

Passed and adopted on July 11, 1978.

  
\_\_\_\_\_  
Mayor

(Seal of City)

  
\_\_\_\_\_  
City Clerk

NOTICE OF BOND SALE

The City of Russellville, Kentucky, will until 9:00 A.M., C.D.S.T., on August 8, 1978, receive in the office of the City Clerk, Russellville, Kentucky sealed competitive bids for \$330,000 of its School Building Revenue Bonds, dated August 1, 1978, being negotiable coupon bonds in the denomination of \$5,000, maturing serially on August 1, 1979 through 1993; subject to redemption on or after August 1, 1988.

These Bonds are offered pursuant to an Ordinance and Resolution adopted by the City Council in accordance with Chapter 162 of Kentucky Revised Statutes.

Bids must be on Official Bid Form contained in Information for Bidders, available from the undersigned or Bache Halsey Stuart Shields Incorporated, 2200 Citizens Plaza, Louisville, Kentucky 40202. Reference should be made to Terms and Conditions of Bond Sale contained in Information for Bidders for details and bidding conditions. Sale on usual tax-exempt basis, subject to approving Legal Opinion of Henry M. Reed III, Bond Counsel. Right to reject bids reserved.

CITY OF RUSSELLVILLE, KENTUCKY

By /s/ M. E. O'Brien  
City Clerk

TERMS AND CONDITIONS OF BOND SALE

\$330,000  
City of Russellville, Kentucky  
School Building Revenue Bonds  
August 1, 1978

SALE DATE: AUGUST 8, 1978, 9:00 A.M., C.D.S.T.

As advertised in The Courier-Journal, published in Louisville, Kentucky, and in The Bond Buyer, published in New York, New York, the City of Russellville, Kentucky, will until the 8th day of August, 1978, at the hour of 9:00 A.M., C.D.S.T., in the office of the City Clerk, Russellville, Kentucky, receive sealed competitive bids for the revenue bonds herein described. To be considered, a proposal for the purchase of such Bonds must be submitted on an Official Bid Form and must be delivered to the City Clerk, City Hall, Russellville, Kentucky 42276, on the date of sale no later than the hour indicated.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to KRS 162.120 through 162.290 and are issued in accordance with an Ordinance and Resolution of the City Council of Russellville, Kentucky as the issuing authority for the Board of Education of Russellville Independent School District. Such Bonds are revenue bonds and do not constitute a direct indebtedness of the City. Such Bonds are issued to finance the construction of three school buildings and are secured by a statutory mortgage lien upon and a pledge of the revenues from the rental of the school buildings to the Board of Education. The Board of Education has reserved the right to obtain the release from said revenue pledge and statutory mortgage lien on any of the three sites by effecting the redemption of the proportionate part of the outstanding Bonds as was expended on the site being released.

ADDITIONAL PARITY BONDS FOR COMPLETION OF PROJECT

The City of Russellville has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said land and school buildings and secured by the same statutory mortgage lien and pledge of revenues but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, for which funds are not otherwise available, of completing the construction of said school buildings in accordance with the plans and specifications of the architects in charge of said project, which plans have been completed, approved by the Board of Education and filed in the office of the City Clerk.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in the denomination of \$5,000, bear interest from August 1, 1978, payable on February 1, 1979, and semi-annually thereafter, mature on August 1 in each of the years: \$10,000 in 1979-80, \$15,000 in 1981-83, \$20,000 in 1984-85, \$25,000 in 1986-91, \$35,000 in 1992 and \$40,000 in 1993. Such Bonds shall be subject to prior redemption in inverse numerical order, in whole or in part, at the City's option, on any interest due date falling on or after August

1, 1988, upon thirty days' published notice and upon payment of the face amount plus accrued interest plus additional interest equal to 3% of the face amount if the date of redemption is on or before February 1, 1990, and on the same terms if redeemed thereafter except that the additional interest shall be 2% if said redemption date is on or before February 1, 1992, and on the same terms if redeemed thereafter and prior to maturity except that the additional interest shall then be 1%. Said Bonds shall be payable both principal and interest at Southern Deposit Bank, Russellville, Kentucky.

#### BIDDING CONDITIONS AND RESTRICTIONS

Bids must be on Official Bid Form, contained in Information for Bidders available from the undersigned or Bache Halsey Stuart Shields Incorporated, 2200 Citizens Plaza, Louisville, Kentucky 40202, enclosed in sealed envelopes marked "Bid for School Building Revenue Bonds."

The minimum bid shall be not less than \$325,050 plus accrued interest. Interest rates must be in multiples of 1/8 or 1/10 of 1%. Neither the net interest rate nor any coupon may exceed 7 3/4%. Only one interest rate shall be permitted per bond, and all bonds of the same maturity shall bear the same rate. Only one coupon shall represent interest for each six-month period on each bond. Coupon rates must be on an ascending scale, in that the coupon rate for Bonds of any maturity may not be less than the coupon rate stipulated for any preceding maturity.

CUSIP identification numbers will be printed on the Bonds at the expense of the issuer, provided, however, the successful purchaser shall be responsible for the CUSIP assignment fee. Neither the improper imprintation nor the failure to print CUSIP numbers shall constitute a cause for failure or refusal by the purchaser to accept delivery and pay for said Bonds.

Each bid must be accompanied by a certified or bank cashier's good-faith check in the amount of \$6,600, which will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The successful bidder shall not be required to take up and pay for said Bonds unless delivery is made within 45 days from the date the bid is accepted. Delivery will be made in Louisville or Lexington, Kentucky, Cincinnati, Ohio or Nashville, Tennessee, at no expense to the purchaser or at any other place in the Continental United States desired by the purchaser at his expense.

The City reserves the right to reject any or all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest not being subject to Federal or Kentucky ad valorem or income taxation on the date of their delivery to the successful bidder.

The City will furnish the purchaser with the final approving Legal Opinion of Henry M. Reed III, Bond Counsel, Louisville, Kentucky

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subject to whose approving Legal Opinion said Bonds are sold, and will furnish printed bond forms and the usual closing proofs, including the customary no-litigation certificate.

CITY OF RUSSELLVILLE, KENTUCKY

By /s/ M. E. O'Brien  
City Clerk



OFFICIAL BID FORM

In accordance with the Notice of Bond Sale for \$330,000 City of Russellville (Kentucky) School Building Revenue Bonds, dated August 1, 1978 (the "Bonds"), as advertised in The Courier-Journal, published in Louisville, Kentucky, and in The Bond Buyer, published in New York, New York, and the Terms and Conditions of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer for said Bonds.

We hereby bid for said \$330,000 principal amount of Bonds the sum of \$ \_\_\_\_\_ (not less than \$325,050); plus accrued interest from August 1, 1978 at the following rates (coupons on ascending scale):

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
1979	\$ 10,000	_____ %	1987	\$ 25,000	_____ %
1980	10,000	_____ %	1988	25,000	_____ %
1981	15,000	_____ %	1989	25,000	_____ %
1982	15,000	_____ %	1990	25,000	_____ %
1983	15,000	_____ %	1991	25,000	_____ %
1984	20,000	_____ %	1992	35,000	_____ %
1985	20,000	_____ %	1993	40,000	_____ %
1986	25,000	_____ %			

- (a) Total interest cost from date of Bonds to final maturity \$ \_\_\_\_\_
- (b) Less premium bid (if any) or plus discount \$ \_\_\_\_\_
- (c) Net interest cost \$ \_\_\_\_\_
- (d) Average net interest rate \_\_\_\_\_ %

It is understood that said Bonds are offered for sale subject to the principal and interest on said Bonds not being subject to Federal or Kentucky ad valorem or income taxation on the date of their delivery to the successful bidder. It is also understood that the City will furnish a final approving Legal Opinion of Henry M. Reed III, Bond Counsel, of Louisville, Kentucky, subject to whose approving Legal Opinion said Bonds are sold, and will furnish printed bond forms and the usual closing proofs, including the customary no-litigation certificate, to the successful bidder.

The successful bidder shall not be required to take up and pay for said Bonds unless delivery is made within forty-five days from the date said bid is accepted.

A certified check or bank cashier's check in the amount of \$6,600, payable to the City of Russellville, Kentucky, is enclosed in accordance with the Terms and Conditions of Bond Sale.

Accepted this \_\_\_\_\_ day of August, 1978.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name of Bidder

\_\_\_\_\_  
Address

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk