

ORDINANCE NO. 2010-05

**AN ORDINANCE OF THE CITY OF RUSSELLVILLE, KENTUCKY,
AMENDING ORDINANCE NO. 2009-07 PROVIDING FOR THE
AUTHORIZATION AND ISSUANCE OF ITS CITY OF RUSSELLVILLE,
KENTUCKY WATER AND SEWER REFUNDING REVENUE BONDS.**

WHEREAS, the City of Russellville, Kentucky (the "City") enacted Ordinance No. 2009-07 on October 13, 2009 providing for the issuance of its City of Russellville, Kentucky Water and Sewer Refunding Revenue Bonds, in the approximate amount of \$3,510,000 (subject to an adjustment as described herein upward or downward by the amount of \$350,000) for the purpose of refunding the outstanding City of Russellville, Kentucky Water and Sewer Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), and

WHEREAS, the City has been advised that due to the passage of time since the enactment of Ordinance No. 2009-07 market conditions require certain amendments to Ordinance No. 2009-07; and

WHEREAS, it is the desire and intent of the City at this time to adopt this Ordinance which, among other things, authorizes and provides for the amendment of Ordinance No. 2009-07 and reaffirms the authorization and issuance of the Bonds described above to be known as the City of Russellville, Kentucky Water and Sewer Refunding Revenue Bonds, Series 2010 (the "Series 2010 Bonds");

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

Section 1.01. Ordinance No. 2009-07 is hereby amended by replacing Series 2009 with Series 2010 throughout.

Section 1.02. The following definitions in Section 1 of Ordinance No. 2009-07 are hereby amended in their entirety as follows:

"Bond Insurer" refers to any corporation, association or other entity which is engaged in the business, among other things, of insuring or guaranteeing the payment of the principal of and interest on municipal bond issues, and with respect to the Series 2010 Bonds shall refer to Assured Guaranty Corp., New York, New York.

"Interest Payment Date" shall mean April 1 and October 1 of each year, commencing October 1, 2010.

"Series 2010 Bonds" refers to the City of Russellville, Kentucky Water and Sewer Refunding Revenue Bonds, Series 2010, dated the Date of Issuance, authorized herein.

Section 1.03. Section 2 of Ordinance No. 2009-07 is hereby amended in its entirety as follows:

"Section 2. Authorization of Current Bonds. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, there are hereby authorized to be presently issued and sold \$3,510,000 (plus or minus up to \$350,000) principal amount of City of Russellville, Kentucky Water and Sewer Refunding Revenue Bonds, Series 2010, dated the Date of Issuance, for the purpose of providing funds for the Refunding Program. The Series 2010 Bonds shall mature on October 1, 2010; April 1 and October 1, in the years 2010 through 2018; and on April 1, 2019, in such principal amounts, and shall bear interest payable semiannually on April 1 and October 1 of each year (hereinafter referred to as the "Interest Payment Date"), commencing October 1, 2010, at an interest rate or rates to be fixed as a result of the advertised sale of the Series 2010 Bonds."

Section 1.04. Section 16 of Ordinance No. 2009-07 is hereby amended in its entirety as follows:

"Section 16. Rate Covenant. While the Bonds remain outstanding and unpaid, the City covenants to charge for all services and facilities rendered by the System to the City and to its citizens, corporations, or others requiring same, such rates and amounts as shall be reasonable and just, taking into account and consideration the cost and value of the System, the cost of maintaining and operating the same, the proper and necessary allowance for depreciation thereof, and the amounts necessary for the retirement of all Bonds outstanding against the System and the accruing interest on all such Bonds, and any inferior Bonds. There shall be charged such rates and amounts as shall be adequate to meet all requirements of the this Current Bond Ordinance and the City covenants not to furnish service from the System free of charge and not to establish preferential rates for users of the same class; provided, however, the City may itself be provided free service for public purposes.

The City further covenants that so long as any of the Bonds remain outstanding and unpaid that such rates and charges for services of the System will be imposed and collected so that the Net Revenues of the System will be sufficient to produce a balance in each Sinking Fund Year equal to not less than 1.10 times the amount required in such Sinking Fund Year to be paid into the Sinking Fund for maximum annual debt service requirements of the Bonds, and to enact promptly and enforce increased rates whenever such increase shall be necessary to fulfill any covenants of or payments required by this Current Bond Ordinance, including the

amounts payable (including interest) to the issuer of any Reserve Account Insurance Policy or Bond Insurance Policy.

The City also covenants to cause a report to be filed with the City Council within four months after the end of each fiscal year by (a) Certified Public Accountants, or (b) Independent Consulting Engineers, setting forth what was the precise debt service coverage percentage of the maximum annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, produced or provided by the Net Revenues of the System in that fiscal year; and the City covenants that if and whenever such report so filed shall establish that such coverage of Net Revenues for such year was less than 1.10 times the maximum debt service requirements, the City shall increase the rates by an amount sufficient, in the opinion of such Engineers and/or Accountants, to establish the existence of or immediate projection of, such minimum 1.10 times coverage."

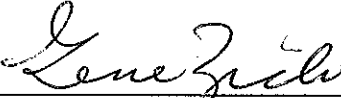
Section 1.05. The Bond Form attached as Exhibit A to Ordinance No. 2009-07 is hereby amended in its entirety as set form in Exhibit A attached hereto.

Section 2.01. All others terms and provisions of Ordinance No. 2009-07 are hereby reaffirmed as provided therein.

Section 3.01. This Ordinance amending Ordinance No. 2009-07 shall be introduced at a meeting of the City Council and shall remain on file for public inspection in the office of the City Clerk until the next following regular, adjourned regular or called, special session of the City Council, in the completed form in which it shall be put on its final enactment. If enacted, this Ordinance shall be in full force and effect immediately, and a Notice of Enactment and Summary of the provisions of this Ordinance, in the form submitted to this City Council, and approved hereby, shall be published as required by law.

Introduced and given first reading by the City Council on April 6, 2010.

Given second reading and enacted by the City Council on April 20, 2010.



Mayor

Attest:



City Clerk

CERTIFICATE OF CITY CLERK

I, Bob Riggs, certify that I am the duly qualified and acting City Clerk of the City of Russellville, Kentucky, that the foregoing Ordinance is a true and correct copy of an Ordinance amending Ordinance No. 2009-07 adopted by the City Council on October 13, 2009, and that this Ordinance was duly enacted by the City Council of said City, signed by the Mayor of said City, and attested under Seal by me as City Clerk at a properly convened meeting of the City Council held on April , 2010, as shown by the official records of the City in my custody and under my control, that said Ordinance has been ordered to be published by title and summary as required by law, and that said Ordinance has been recorded in the official City Ordinance Book of the City.

IN TESTIMONY WHEREOF, witness my signature as City Clerk and the official seal of said City this April 20, 2010.



City Clerk

(Seal of City)

Ayes

Nays

Jimmy Davenport
Pat Bell
Jack Whipple
Doug Nash
Russell Jones
Lanny McPherson

EXHIBIT A

SERIES 2010 BOND FORM

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF LOGAN
CITY OF RUSSELLVILLE
WATER AND SEWER REFUNDING REVENUE BOND
SERIES 2010**

R-_____ \$ _____

DATE OF ORIGINAL ISSUE:

INTEREST RATE:

MATURITY DATE:

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL MEN BY THESE PRESENTS: That the City of Russellville (the "City"), in the Commonwealth of Kentucky, for value received, hereby promises to pay to the Registered Owner named above, or registered assigns or legal representatives, as herein provided, solely from the special fund hereinafter identified, upon presentation and surrender of this Bond, the Principal Amount specified above, on the Maturity Date specified above, and to pay interest on said sum at the per annum Interest Rate specified above, from the interest payment date to which interest has been paid next preceding the date on which this Bond is authenticated, unless this Bond is authenticated on an interest payment date to which interest has been paid, in which event this Bond shall bear interest from such date, or if this Bond is authenticated prior to the first interest payment date, this Bond shall bear interest from the Date of Original Issue set out above, semiannually on April 1 and October 1 of each year, commencing on October 1, 2010, until payment of the Principal Amount except as the provisions hereinafter set forth with regard to redemption prior to maturity may be and become applicable hereto.

The principal amount of this Bond (and redemption price, if redeemed prior to maturity) is payable upon surrender of this Bond, at maturity or at earlier redemption prior to maturity, in lawful money of the United States of America at the main office of The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky (the "Paying Agent" and "Bond Registrar"). Interest due on this Bond shall be paid by check or draft by mail postmarked no later than the due date thereof by the Paying Agent to the registered owner hereof at the address shown as of the 15th day of the month preceding each interest payment date on the bond register kept by the Bond Registrar.

This Bond is part of a duly authorized issue of _____ (\$ _____), principal amount of City of Russellville, Kentucky Water and Sewer Refunding Revenue Bonds, Series 2010 (the "Series 2010 Bonds") issued by the City pursuant to an Ordinance duly enacted (the "Current Bond Ordinance") under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, and more specifically, Chapter 82 and Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes (the "Act"), for the purpose of providing funds to refund the outstanding City of Russellville, Kentucky Water and Sewer Refunding Revenue Bonds, Series 1998, dated October 1, 1998 (the "Series 1998 Bonds") authorized by an Ordinance enacted by the City Council of the City on October 20, 1998 (the "1998 Bond Ordinance").

The Current Bond Ordinance provides that so long as any of the Series 2010 Bonds, and/or any additional bonds ranking on a parity therewith, are outstanding, the System shall be owned and operated as a combined and consolidated revenue-producing public project or System within the meaning of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, for the security and source of payment of any and all of such outstanding the Series 2010 Bonds or any additional parity bonds.

It is provided in and by the Current Bond Ordinance that additional bonds ranking on a parity with the Series 2010 Bonds (the "Parity Bonds"), may be issued and outstanding upon the conditions and restrictions provided in the Current Bond Ordinance; and the Series 2010 Bonds, together with any Parity Bonds are and will continue to be payable from and secured by a first pledge of a fixed portion of the gross income and revenues to be derived from the operation of the System, which fixed portion of said gross income and revenues shall be sufficient to pay the principal of and interest on all of said outstanding Series 2010 Bonds and any Parity Bonds as and when the same become due and payable, and which shall be set aside as a special fund for that purpose and identified as the City of Russellville Water and Sewer Bond and Interest Redemption Fund" (the "Sinking Fund").

The City covenanted in the Current Bond Ordinance that so long as any of the Series 2010 Bonds and/or any Parity Bonds are outstanding, the System will be continuously owned and operated as a revenue-producing undertaking, and that the City will fix, charge, and adjust from time to time as needed, such rates for the services and facilities of the System so that the income and revenues therefrom will be sufficient to pay all of the Series 2010 Bonds and any Parity Bonds, and the interest thereon, as the same become due, to pay the cost of operation and maintenance of the System, and to provide for the depreciation thereof.

The Series 2010 Bonds do not constitute an indebtedness of the City 'within the meaning of any constitutional or statutory provisions or limitations, but are payable as to both principal and interest solely out of the revenues of the System as aforesaid.

The Series 2010 Bonds are issuable as fully registered bonds in the denomination of \$5,000 and any authorized multiple thereof within a single maturity.

This Series 2010 Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the main office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Current Bond Ordinance, and upon surrender and cancellation of this Series 2010 Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative. Upon such transfer being made, a new fully registered Series 2010 Bond or Series 2010 Bonds of the same series and the same maturity of authorized denomination, for the same aggregate principal amount, will be issued to the transferee in exchange for this Series 2010 Bond.

The City and the Bond Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of principal hereof, redemption price, if any, and interest due hereon and for all other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

The Series 2010 Bonds are not subject to optional redemption prior to maturity.

The Series 2010 Bonds due _____ 1, 20__ shall be subject to mandatory sinking fund redemption prior to maturity (said Bonds to be selected in such manner as the Trustee may determine) at a redemption price of 100% of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on _____ 1 in the years and in the principal amounts as follows:

| <u> 1</u> | <u>Principal Amount</u> |
|--------------------|-------------------------|
| 20__ | \$,000 |
| 20__ | ,000 |
| 20__ | ,000 |

The Series 2010 Bonds due _____ 1, 20__ shall be subject to mandatory sinking fund redemption prior to maturity (said Bonds to be selected in such manner as the Trustee may determine) at a redemption price of 100% of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on _____ 1 in the years and in the principal amounts as follows:

| <u> 1</u> | <u>Principal Amount</u> |
|--------------------|-------------------------|
| 20__ | \$,000 |
| 20__ | ,000 |
| 20__ | ,000 |
| 20__ | ,000 |
| 20__ | ,000 |
| 20__ | ,000 |
| 20__ | ,000 |

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Series 2010 Bonds, have

existed, have happened and have been performed. in due time, form and manner as required by law, that the amount of this Series 2010 Bond, together with all other obligations of said City, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky, and that a sufficient portion of the gross income and revenues of the System has been pledged to and will be set aside into the Sinking Fund by the City for the prompt payment of the principal of and interest on this Series 2010 Bond and all of the Series 2010 Bonds, and all other bonds ranking on a parity therewith, including any Parity Bonds.

IN WITNESS WHEREOF, said City of Russellville, in the Commonwealth of Kentucky, has caused this Series 2010 Bond to be executed on its behalf with the duly authorized reproduced facsimile signature of the Mayor of said City, and the reproduced facsimile of its Corporate Seal to be imprinted hereon and attested by the reproduced facsimile signature of its City Clerk, dated as of the date set forth above; provided, however, that this Series 2010 Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit under the Current Bond Ordinance pursuant to which it was authorized until the Authentication Certificate of Registrar printed hereon shall have been executed by the manual signature of a duly authorized representative of the Bond Registrar.

CITY OF RUSSELLVILLE, KENTUCKY

By (Facsimile Signature)
Mayor

Attest:

(Facsimile Signature)
City Clerk

(FORM OF AUTHENTICATION CERTIFICATE OF REGISTRAR)

AUTHENTICATION CERTIFICATE OF REGISTRAR

This is to certify that this Bond is one of the Series 2010 Bonds referred to in the within Series 2010 Bond and in the Current Bond Ordinance authorizing same.

The Authentication Date of this Series 2010 Bond is: _____

MELLON

THE BANK OF NEW YORK

TRUST COMPANY, N.A.
Bond Registrar and Paying Agent

By _____
Authorized Officer

STATEMENT OF INSURANCE

_____ ("_____"), a _____-domiciled insurance company, has delivered its financial guaranty insurance policy (the "Policy") with respect to the scheduled payments of principal of and interest on this Bond to The Bank of New York Mellon Trust Company, N.A., as paying agent on behalf of the holders of the Bonds (the "Paying Agent"). Such Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from _____ or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of _____ as more fully set forth in the Policy.

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto _____ the within Series 2010 Bond and hereby irrevocably constitutes and appoints

_____ attorney to transfer said Series 2010 Bond on the books kept for registration and transfer of this Series 2010 Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By: _____ Social Security Number or other taxpayer identification number:
