



AGENDA

- 1. CALL TO ORDER BY MAYOR KEVIN COTTON**
- 2. PLEDGE OF ALLEGIANCE**
- 3. INVOCATION**
- 4. ROLL CALL**
- 5. NEW BUSINESS**
 - A. First Reading Ordinances: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MADISONVILLE, KENTUCKY PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION BONDS, SERIES 2022 THE PROCEEDS OF WHICH WILL BE USED TO CONSTRUCT ADDITIONS, IMPROVMENTS AND ENHANCEMENTS TO THE CITY'S WATER AND SEWER SYSTEM; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE BONDS ARE TO BE ISSUED AND OUTSTANDING; ORDERING AND PROVIDING FOR THE LEVY OF AN ANNUAL TAX, TO THE EXTENT NECESSARY, IN AN AMOUNT SUFFICIENT TO PAY THE INTEREST ON AND PRINCIPAL OF THE BONDS; AND PROVIDING FOR A PUBLIC SALE OF THE BONDS AND THE APPLICATION OF THE PROCEEDS THEREOF.**
- 6. ADJOURNMENT**

ORDINANCE NO. _____
CITY OF MADISONVILLE, KENTUCKY
GENERAL OBLIGATION BONDS

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ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MADISONVILLE, KENTUCKY PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION BONDS, SERIES 2022 THE PROCEEDS OF WHICH WILL BE USED TO CONSTRUCT ADDITIONS, IMPROVMENTS AND ENHANCEMENTS TO THE CITY'S WATER AND SEWER SYSTEM; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE BONDS ARE TO BE ISSUED AND OUTSTANDING; ORDERING AND PROVIDING FOR THE LEVY OF AN ANNUAL TAX, TO THE EXTENT NECESSARY, IN AN AMOUNT SUFFICIENT TO PAY THE INTEREST ON AND PRINCIPAL OF THE BONDS; AND PROVIDING FOR A PUBLIC SALE OF THE BONDS AND THE APPLICATION OF THE PROCEEDS THEREOF.

WHEREAS, the City of Madisonville, Kentucky (the "City") deems it necessary to borrow money to finance the costs of the construction of additions, improvements and enhancements (the "Project") to the City's Water and Sewer System (the "System"), and for that purpose, desires to issue from time to time, its City of Madisonville, Kentucky General Obligation Bonds, in one or more series, in an aggregate principal amount not to exceed \$18,200,000 (the "Bonds"), the payment of the principal of and interest on the Bonds is secured by the full faith, credit and resources of the City, which is hereby pledged for such purpose;

WHEREAS, to provide funds for the Project, it is now appropriate for the City to cause the sale and issuance of the Bonds according to authority of Chapters 158 and 159 of the Constitution of Kentucky and applicable laws, as amended, including Sections 66.011 through 66.171 of the Kentucky Revised Statutes (the "Act");

WHEREAS, the Project being financed by Bonds constitutes a public project within the meaning of the Act; and the life or period of usefulness of the Project, as estimated by the City, extends beyond September 1, 2065; and

WHEREAS, it is the desire and intent of the City at this time to adopt this Ordinance that, among other things, authorizes and provides for the issuance of the Bonds, in one or more series, for the purposes aforesaid and sets forth the restrictions and conditions on which the Bonds are to be issued and outstanding.

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

Section 1. Definitions.

As used in this Bond Ordinance, unless the context requires otherwise, the following terms shall have the following respective meanings:

"Act" refers to Sections 158 and 159 of the Constitution of Kentucky and applicable laws, as amended, including Sections 66.011 through 66.171 of the Kentucky Revised Statutes.

"Authorized Denomination" means the authorized denominations of the Bonds, which shall be \$5,000 or any multiple of \$5,000.

"Bond Counsel" refers to Rubin & Hays, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, or any other nationally recognized individual or firm in the field of municipal bond law.

"Bond Insurance Policy" refers to a municipal bond insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on any Bonds.

"Bond Insurer" means any corporation, association or other entity that 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, for the purposes of the Bonds, and its successors.

"Bond Register" means the books and records maintained by the Bond Registrar as to the registered ownership and transfers of ownership of the Bonds from time to time.

"Bond Registrar" or *"Registrar"* or *"Paying Agent"* or *"Transfer Agent"* refers to the bank, designated by the City, that shall constitute the Bond Registrar, Paying Agent and Transfer Agent with respect to the Bonds, which bank shall have the duties and responsibilities of (a) issuing semiannual checks in payment of interest requirements as to the Bonds, (b) paying the principal of same at maturity or applicable mandatory redemption or optional redemption prior to maturity upon surrender of the Bonds, (c) authenticating, issuing and delivering the Bonds to the original purchasers of same in accordance with the sale of the Bonds, at the written direction of the City, (d) maintaining the Bond Register, and (e) handling exchanges, cancellations, reissuance, redemption and all apparent duties of a Bond Registrar, Paying Agent and Transfer Agent with respect to the Bonds, as hereinafter set out. It is understood that the City reserves the right to designate a different Federal Deposit Insurance Corporation instrumentality to perform any and all of such functions of Bond Registrar, Paying Agent and Transfer Agent as to the Bonds.

"Bondholder" or *"Holder"* refers to the registered owner of any of the Bonds.

"Bonds" refers to the bonds or notes, issued in one or more series from time to time, authorized under the provisions of this Bond Ordinance.

"Book-Entry Form" means, with respect to the Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in Bonds and bond service charges may be transferred only through a book-entry and (ii) physical Bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as Bondholder, with the physical Bond certificates in the custody of a Securities Depository.

"Business Day" means any day other than a Saturday, Sunday or holiday or a day on which banks located in the city or cities in which the designated corporate trust office of the

Paying Agent is located are required or authorized to close for general banking business or on any day on which the New York Stock Exchange is closed.

"*Chief Finance Officer*" refers to the Chief Finance Officer of the City.

"*City*" refers to the City of Madisonville, Kentucky.

"*City Attorney*" refers to the appointed City Attorney of the City.

"*City Clerk*" refers to the City Clerk of the City.

"*City Council*" shall mean the City Council of the City.

"*Code*" refers to the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"*Construction Fund*" refers to the City of Madisonville, Kentucky General Obligation Bonds Construction Fund created in Section 18 of this Bond Ordinance.

"*Construction Fund Depository*" refers to a bank or banks designated by the Chief Finance Officer to hold the Construction Fund.

"*Costs of Issuance Fund*" refers to the City of Madisonville, Kentucky General Obligation Bonds Costs of Issuance Fund created in Section 18 of this Bond Ordinance.

"*Costs of the Project*" means and includes the following:

- (a) the costs of constructing additions, improvements and enhancements of the Project;
- (b) the cost of publishing any proceedings, if any, as may be required by law;
- (c) the fee and out-of-pocket expenses of Bond Counsel, the fee and out- of pocket expenses of the Financial Advisor, the fee and out-of-pocket expenses of the City's counsel and the fee and out-of-pocket expenses of the Paying Agent;
- (d) any discount below par, as determined at the public sale of the Bonds; and
- (e) all other costs and expenses, necessary to be incurred in connection with the construction of additions, improvements, enhancements and/or financing of the Project.

"*Disclosure Agreement*" means a Continuing Disclosure Agreement of the City substantially in the form which is attached as an appendix to the Official Statement issued and related to a series of Bonds.

"*Equipment*" refers to machinery, equipment, furniture and fixtures paid for (or reimbursed) out of the proceeds of the Bonds, if any, and which Equipment then becomes a part of the Project.

"*Final Maturity Date*" refers to a date not to extend beyond forty (40) years after the respective issuance date of any respective series of Bonds, which Final Maturity Date shall be determined at the time of sale of the respective series of Bonds by the Chief Financial Officer, after consultation with Bond Counsel and the Financial Advisor, and evidenced in a Sale Certificate as provided in Section 14 hereof.

"*Financial Advisor*" refers to Compass Municipal Advisors, 771 Corporate Drive, Suite 1050, Lexington, Kentucky 40503.

"*Funds*" refers to the Sinking Fund, the Costs of Issuance Fund and the Construction Fund.

"*General Obligation Debt*" means, collectively, the Bonds as may be Outstanding from time to time, as well as all other general obligation debt of the City (including bonds, notes, commercial paper and any other debt instruments in writing, authorized by or issued as general obligations of the City pursuant to or in accordance with the Act) and bond anticipation notes of the City, if any, as may be issued and outstanding from time to time under the Act.

"*Insured Obligations*" means any Bonds for which there is a Bond Insurance Policy guaranteeing the scheduled payment of principal of and interest on said Bonds.

"*Interest Payment Date*" shall mean, except as may be provided pursuant to the procedures established for public sale in Section 14 hereof accepting or ratifying bids for the purchase of each series of Bonds, (i) any of the respective dates set with respect to a particular series of Bonds, as provided in the Sale Certificate for the Bonds and (ii) any date set for the redemption of Bonds, as provided therein.

"*KRS*" refers to the Kentucky Revised Statutes, as amended.

"*Mayor*" refers to the Mayor of the City.

"*Official Statement*" means an Official Statement of the City relating to the original issuance of each series of Bonds.

"*Official Terms and Conditions of Bond Sale*" means the respective Official Terms and Conditions of Bond Sale prepared for distribution to potential bidders prior to the date of sale of each series of Bonds.

"*Outstanding*" or "*Bonds Outstanding*" means all Bonds that have been authenticated and delivered by the Paying Agent under this Bond Ordinance, except:

(a) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds and/or noncallable U.S. Obligations have been theretofore deposited with the Paying Agent (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Paying Agent shall have been made therefor, or waiver of such notice satisfactory in form to the Paying Agent, shall have been filed with the Paying Agent; and

(c) Bonds paid or deemed to be paid pursuant to Section 19 of this Bond Ordinance; and

(d) Bonds in lieu of which others have been authenticated under Section 12 of this Bond Ordinance.

"Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Securities Depository holds Bonds as securities depository and for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

"Paying Agent" refers to Paying Agent which has been designated to serve as Paying Agent under this Bond Ordinance.

"Paying Agency Agreement" the Paying Agency Agreement dated as of the date of issuance of the Bonds by and between the City and the Bond Registrar setting forth the duties of the Bond Registrar under this Bond Ordinance.

"Permitted Investments" refers to the following:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in the Commonwealth of Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- i. United States Treasury;
- ii. Export-Import Bank of the United States;
- iii. Farmers Home Administration;
- iv. Government National Mortgage Corporation; and

- v. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including but not limited to:
- i. Federal Home Loan Mortgage Corporation;
 - ii. Federal Farm Credit Banks;
 - iii. Bank for Cooperatives;
 - iv. Federal Intermediate Credit Banks;
 - v. Federal Land Banks;
 - vi. Federal Home Loan Banks;
 - vii. Federal National Mortgage Association; and
 - viii. Tennessee Valley Authority;
- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);
- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated on one (1) of the three (3) highest categories by a nationally recognized rating agency;
- (f) Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- (g) Commercial paper rated in the highest category by a nationally recognized rating agency;
- (h) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and
- (j) Shares of mutual funds, each of which shall have the following characteristics:
- i. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - ii. The management company of the investment company shall have been in operation for at least five (5) years; and
 - iii. All of the securities in the mutual fund shall be eligible investments under this section.

Investments in the above instruments are subject to the following conditions and limitations:

(a) The amount of money invested at any time by a local government or political subdivision in one (1) or more of the categories of investments authorized by subsection (e), (f), (g), and (i) of this definition shall not exceed twenty percent (20%) of the total amount of money invested by the local government; and

(b) No local government or political subdivision shall purchase any investment authorized herein on a margin basis or through the use of any similar leveraging technique.

"Pledged Receipts" means amounts received by or on behalf of the City (including but not limited to ad valorem property taxes as permitted by law, occupational license fees, insurance premium taxes, excises, utility and service revenues and any other receipts from taxes, excises, permits, licenses, fines or other source of revenue of, or of revenue distributions to, the City).

"Project" refers to the construction of additions, improvements and enhancements to the System.

"Record Date" means with respect to the Bonds the fifteenth (15th) day of the month prior to each date established for payment of principal, interest or premium on the Bonds, whether by maturity, acceleration or redemption.

"Regulations" refers to the applicable Federal income tax regulations issued by the Department of Treasury of the United States of America interpreting the Code.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Fund, which required signatures shall consist of the signatures of one of the following two people: (a) the Mayor or (b) the Chief Finance Officer.

"Sale Certificate" means the Certificate Awarding the Bid on the Bonds executed by the Chief Financial Officer or the Mayor accepting the successful bid for a series of Bonds and setting the principal amount, maturities, mandatory redemption schedule and interest rates for each series of the Bonds.

"Securities Depository" means any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of beneficial interests in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

"*Securities Depository Nominee*" means any nominee of a Securities Depository and shall initially mean Cede & Co., New York, New York, as nominee of The Depository Trust Company.

"*Sinking Fund*" refers to the City of Madisonville, Kentucky General Obligation Bonds Sinking Fund, created in Section 18 of this Bond Ordinance.

"*System*" refers to the City's Water and Sewer System.

"*Term Bonds*" refers to the Bonds, if any, which are required to be mandatorily redeemed in accordance with the provisions of Section 14 hereof.

"*U.S. Obligations*" means bonds or notes that are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

Section 2. Words of Masculine Gender; Plural as Well as Singular Form.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words and terms herein defined shall be equally applicable to the plural as well as to the singular form of any of such words and terms. All words and terms used in this Bond Ordinance have the meaning set forth therein. Unless otherwise indicated, references to Articles or Sections refer to those in this Bond Ordinance.

Section 3. Authorization of Bonds.

For the purpose of defraying the Costs of the Project under the Act, the City is authorized to issue and sell from time to time its negotiable Bonds, in one or more series, dated the respective date of initial delivery of the particular series, issued as fully registered bonds in Authorized Denominations. Said Bonds shall bear interest payable semiannually at a rate or rates to be fixed as a result of the public sale of the Bonds as required by law.

The City is authorized from time to time, provided such issuance occurs within two (2) years from the passage of this Bond Ordinance, to issue and sell, in one or more series, its Bonds in an aggregate principal amount not to exceed \$18,200,000, the exact amount of each series to be determined by the Chief Financial Officer as specified in the Sale Certificate accepting the successful bid for each series of Bonds at the recommendation of the Financial Advisor to the City based on the bond market at the time of sale of the Bonds. The terms and provisions of this Bond Ordinance shall be applicable respectively to each series of Bonds issued by the City.

All appropriate officers of the City and all appropriate employees or agents of the City are hereby authorized to approve and to execute, acknowledge and deliver on behalf of the City any and all papers, instruments, certificates, affidavits and other documents, and to do and cause to be done any and all acts and things necessary or proper for entering into and effecting this Bond Ordinance and the documents herein authorized and contemplated relating to the issuance

of the Bonds, including but not limited to any Disclosure Agreement, the Paying Agency Agreement and the Sale Certificate.

Section 4. Interest Payable Semiannually.

Each series of Bonds will bear interest, to be set by a public sale, from the date of initial delivery thereof, payable semiannually as anticipated on the Interest Payment Date.

Section 5. Place of Payment.

Interest on each Bond not registered in Book-Entry Form to a Securities Depository shall be payable by check mailed by the Bond Registrar to the Holder thereof as of the Record Date, at the address shown on the registration books kept by the Bond Registrar or at such other address as is furnished to the Bond Registrar in writing by such Holder. The principal of and premium, if any, on the Bonds not registered in Book-Entry Form to a Securities Depository shall be payable, without exchange or collection charges, in lawful money of the United States of America on their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption or acceleration, at the designated corporate trust office of the Bond Registrar.

Principal of, premium, if any, and interest on Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee shall be payable by wire transfer from the Bond Registrar to the Securities Depository or its nominee. So long as any Bonds remain Outstanding, the Bond Registrar shall keep and maintain at its designated corporate trust office complete registration records in respect of the Bonds and shall provide for the registration of transfer and exchange of the Bonds in accordance with the terms of this Bond Ordinance, subject to such reasonable procedures and regulations as the Bond Registrar may prescribe.

Section 6. Principal Amount and Maturities.

The principal amount and the maturities of each series of the Bonds will be finally determined by the Chief Financial Officer in accordance with the provisions of Section 14 hereof; provided that the Bonds shall mature no later than a Final Maturity Date.

Subject to the provisions of this Section, (i) the principal of and any premium on any Bond shall be payable when due (a) on any Bond held in a Book-Entry Form, registered in the name of a Securities Depository or its nominee, in next day or federal funds by check or wire transfer delivered or transmitted to the Securities Depository or its authorized representative upon presentation and surrender of such Bond at the designated corporate trust office of the Paying Agent or at the office, designated by the Paying Agent, of any other paying agent, and (b) on any Bond not in a Book-Entry Form, to a Holder upon presentation and surrender of such Bond at the designated corporate trust office of the Paying Agent, and (ii) interest on any Bond shall be paid on each Interest Payment Date (a) on any Bond held in a Book-Entry Form, registered in the name of a Securities Depository or its nominee, in next day or federal funds by check or wire transfer delivered or transmitted to the Securities Depository or its authorized representative and (b) on any Bond not in a Book-Entry Form, to the person in whose name the Bond is registered at the close of business on the Record Date applicable to that Interest Payment

Date on the Register at the address appearing therein by check or draft, which the Paying Agent shall cause to be mailed on the Interest Payment Date when such interest is due.

Anything herein to the contrary notwithstanding, in the case of any Bonds registered in the name of the Securities Depository or its nominee, the Paying Agent shall comply with the requirements stated in the Depository Operational Arrangements memorandum dated June 29, 1987 (as it may be amended, modified or superseded) and with the provisions of the Letter of Representations from each of them to the Securities Depository executed and delivered with respect to the Bonds. Specifically, the Paying Agent shall make payments on the Bonds and will provide notices of redemption to the Securities Depository in the manner and at the times set forth in such memorandum and shall regard the Securities Depository as the Holder of such Bonds for all purposes hereunder, except for the purpose of giving any consent requested of Holders of Bonds pursuant to this Bond Ordinance, in which case the Securities Depository will mail an Omnibus Proxy to the City that assigns the Securities Depository's or its nominee's voting rights to the Participants having the Bonds credited to their accounts as of the Record Date for mailing of requests for consents (who are identified in a list attached to the Omnibus Proxy). The City agrees hereby to promptly provide the Omnibus Proxy to the Paying Agent, which shall then treat the Participants as Holders of Bonds for purposes of obtaining such consents.

Section 7. Redemption Provisions.

(a) *Optional Redemption.* Each series of Bonds may be subject to optional redemption prior to maturity as determined by the City's Chief Financial Officer, in consultation with the Financial Advisor, to be in the best interests of the City in achieving acceptable bids for the Bonds. The Bonds shall specifically state thereon the terms of the optional redemptions provisions, if any.

(b) *Mandatory Redemption.* The Term Bonds, if any, must be mandatorily redeemed on a respective Interest Payment Date in each of the respective years as determined in the mandatory redemption schedule set forth in the Sale Certificate. The Term Bonds to be so redeemed shall be selected by the Bond Registrar by lot in such manner as may be determined in the discretion of the Bond Registrar. Such Term Bonds due shall be so mandatorily redeemed at 100% of the aggregate principal amounts specified in accordance with the provisions of Section 14 hereof for each year plus accrued interest to the respective dates of mandatory redemption.

At the option of the City, to be exercised at least 45 days prior to the date for application of the mandatory redemption of the Term Bonds, if any, the City may receive a credit against the mandatory redemption requirement for Term Bonds subject to the application of such mandatory redemption requirement that, prior to the date for application of such requirement (and for which a credit has not previously been taken) (i) have been redeemed other than through the application of such mandatory redemption procedure, and cancelled by the Bond Registrar, or (ii) have been delivered to the Bond Registrar by the City for cancellation.

(c) *Redemption of Less Than All of a Single Bond.* In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a denomination equal to \$5,000 or any integral multiple thereof, if the Bond is one of

the maturities or amounts or part of the maturities or amounts called for redemption. Upon surrender of any Bond for redemption in part, the Registrar shall authenticate and deliver an exchange Bond or Bonds in an aggregate denomination equal to the unredeemed portion of the Bond so surrendered.

(d) *Notice of Redemption.* The Paying Agent shall give notice of redemption by registered or certified mail, overnight delivery, or e-mail not less than 25 nor more than 60 days prior to the redemption date to each Bondholder to be redeemed or tendered at the address of such Bondholder appearing in the Bond Register, and also to such other Persons as the City shall deem appropriate.

Neither the failure of any Bondholder to receive notice as provided herein nor any defect in notice so provided shall affect the validity of the proceedings for redemption in accordance with this Bond Ordinance.

All notices of redemption shall state:

- (i) the redemption date;
- (ii) the redemption price (including premium, if any);
- (iii) the name of the Bonds to be redeemed, the principal amount of Bonds to be redeemed, and, if less than all Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (iv) that on the redemption date, the redemption price, as appropriate, of each such Bond will become due and payable, that interest on each such Bond shall cease to accrue on and after such date, and that each such Bond will be deemed to have been redeemed;
- (v) the place or places where such Bonds must be surrendered for payment of the redemption price thereof; and
- (vi) such additional information as the City or the Paying Agent shall deem appropriate.

In the case of an optional redemption pursuant to this Bond Ordinance, the notice of redemption may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent no later than the redemption date or (ii) that the City retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional or extraordinary redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded in writing, and disseminated to each Bondholder in accordance with the procedures set forth in this Section, no later than 7 days prior to the redemption date.

Notice of redemption having been given as aforesaid, the Bonds so to be redeemed will become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the City defaults in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof.

Section 8. Tax Levy and Pledge; Sinking Fund.

The Bonds are general obligations of the City and the full faith, credit and taxing power of the City are hereby irrevocably pledged to the prompt payment of the principal of and interest (and premium, if any) on the Bonds when due.

As general obligations of the City, the Bonds shall be and hereby are declared to be payable in accordance with the Act from all lawfully available Pledged Receipts (including, but not by way of limitation, any moneys attributable to Bond proceeds or the income from the temporary investment thereof, moneys held in the Funds and any other moneys held by the Paying Agent for the benefit of the Bonds); provided there shall be no impairment of the express contract rights, if any, of the holders of outstanding bonds of the City. No liability shall attach to the officials or representatives of the City for the payment of principal of or interest (or premium, if any) on the Bonds.

For the purpose of providing funds required to pay the interest on the Bonds (as well as all other General Obligation Debt, if any) as and when the interest becomes due and in order to create a sinking fund to pay and discharge the principal thereof (and premium, if any) as the Bonds and any other General Obligation Debt become due, and pursuant to and in compliance with (i) Section 159 of the Constitution of the Commonwealth and (ii) the Act, there shall be and there is hereby levied on all of the taxable property within the jurisdiction of the City, beginning as of the date hereof and continuing in each year as long as any of the Bonds are Outstanding or any other General Obligation Debt is outstanding, a direct annual tax sufficient, to the extent other lawfully available moneys of the City are not provided, for that purpose, which tax shall be unlimited as to rate or amount. The City hereby covenants and pledges to levy, charge, collect, deposit and apply the proceeds of such annual tax to the payment of such debt charges on the Bonds and any other General Obligation Debt. The City acknowledges, however, that in the current fiscal year no such annual tax would actually be required to be levied or collected in order for the City to make payments on the Bonds (and such other General Obligation Debt, if any) when due, there being sufficient other moneys lawfully available to the City for the making of such payments. The City further acknowledges that in no future fiscal year does the City currently expect that an annual tax would actually be required to be levied or collected for the City to make payments on the Bonds (and such other General Obligation Debt, if any) when due, the City having projected there will be sufficient other moneys lawfully available to the City for the making of such payments.

Any and all proceeds derived from the annual tax authorized above and levied from time to time, together with other lawfully available moneys of the City provided for the purpose, shall be deposited and carried in a separate and special account of the City (specifically, the Sinking Fund hereinafter provided for), held apart from all other funds of the City, and shall be applied only for the purpose of paying the principal of and interest (and premium, if any) on the Bonds as provided in this Bond Ordinance and any other General Obligation Debt, if any. The proceeds of the annual tax and the balances accumulated from time to time in the Sinking Fund are hereby irrevocably pledged for the purpose of paying the principal of and interest (and premium, if any) on the Bonds and any other General Obligation Debt, if any, and shall never be used for any other purpose. The City hereby covenants and pledges with the Bondholders that the City will levy the annual tax in each year at whatever rates may be necessary from time to time in order to

produce the amounts required in each year, to the extent funds are not otherwise provided, to pay the principal of and interest (and premium, if any) on the Bonds and such other General Obligation Debt, if any, when due.

If principal or interest (or premium, if any) on the Bonds or any other General Obligation Debt should fall due in any year at a time when there are insufficient funds on hand, collected by reason of the foregoing annual tax levy, such principal and interest (and premium, if any) shall be paid from other available funds of the City and reimbursement therefor shall be made out of the annual tax hereby provided, when the same shall have been collected.

This Bond Ordinance also constitutes a continuing appropriation from such taxes and all other lawfully available Pledged Receipts, of the sum annually necessary to pay the principal of and interest (and premium, if any) on the Bonds and such other General Obligation Debt when due. The Chief Finance Officer is hereby authorized to collect taxes and any other amounts received by or on behalf of the City, and to apply the same to the payment of debt charges on the Bonds and such other General Obligation Debt and all other obligations due or coming due under the Bond Ordinance or otherwise with respect to such General Obligation Debt.

Payment of the principal of and interest (and premium, if any) on the Bonds and such other General Obligation Debt when due in accordance with the foregoing provisions is subject only to the prior application of the Pledged Receipts in accordance with the express contract rights, if any, of the holders of outstanding bonds of the City, as provided pursuant to the Act.

The City covenants not to incur "net indebtedness" (within the meaning of the Act) to an amount exceeding any applicable limitation based on the value of taxable property within the City's corporate limits and jurisdiction, as estimated by the last certified assessment previous to the incurring of the indebtedness.

All moneys held in the Sinking Fund shall be deposited in a bank or banks that are members of the Federal Deposit Insurance Corporation ("FDIC"), and all such deposits that cause the aggregate deposits of the City in any one bank to be in excess of the amount insured by FDIC shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Sinking Fund may be invested in Permitted Investments, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Sinking Fund.

Section 9. Bond Form.

Each series of the Bonds shall initially be dated as of the date of delivery, or (on the recommendation of the Financial Advisor to the City hereinafter identified) as of any other date as may be authorized by separate resolution of the City or such other date as may be determined by the Chief Financial Officer of the City upon the recommendation of the Financial Advisor to the City, and shall bear interest payable on each Interest Payment Date.

The Bonds shall be issued and reissued by the Bond Registrar, from time to time, only as fully registered bonds without coupons in the Authorized Denominations, all as set forth in the respective form of Bonds, which shall be substantially in form as the forms attached hereto as **Exhibit A** and shall contain a statement pursuant to KRS 66.021(2)(a), to the effect that the Bonds are issued or entered into under or pursuant to authorizing provisions of law. The Bonds shall initially be issued in Book-Entry Form and registered in the name of the Securities Depository or the Securities Depository Nominee as provided in Section 3.10 of this Bond Ordinance. Unless the City shall otherwise direct, the Bonds shall be numbered serially from R-1 upwards or as the Bond Registrar may determine.

The Bonds shall bear interest, to be set by a public sale, from the date of their issuance, payable on the Interest Payment Dates. The principal amount and the maturities of each series of Bonds shall be finally determined in accordance with the provisions of Section 14 hereof.

In anticipation of Bonds being issued pursuant to this Bond Ordinance, the City hereby authorizes the issuance of one or more series of general obligation bond anticipation notes (the "BANs") to provide interim financing for the Project. If BANs are to be issued they shall be issued pursuant to the terms and provisions of this Bond Ordinance. To provide for the redemption and payment of the BANs, the City hereby authorizes the issuance of Bonds pursuant to this Bond Ordinance. Bonds issued to redeem and pay the BANs may be issued at any time and such issuance is not limited by the two year limitation period set forth in Section 2.2 hereof; provided that any Bonds issued to redeem and pay the BANs may not exceed the principal amount of \$260,000,000.

Section 10. Execution of the Bonds.

The Bonds shall be executed on behalf of the City and signed with the facsimile or manual signature of the Mayor and attested by the facsimile or manual signature of the City Clerk.

Section 11. Bonds Shall Be Fully Registered.

The Bonds shall be fully registered and transferred and assigned in accordance with the written authorized instruction of the registered Holder by the Bond Registrar. The Bond Registrar shall establish and maintain a list of the registered Holders.

Section 12. Authentication of Bonds by Paying Agent.

The Bonds herein authorized shall, upon the signing and execution thereof, be duly authenticated by the Paying Agent, and delivered by it pursuant to the written order of the Mayor, and only such Bonds as shall be authenticated by the Paying Agent or by any successor Paying Agent by the signing of the Paying Agent's Certificate of Authentication endorsed thereon shall be secured by this Bond Ordinance and be entitled to any benefit or pledge herein; and such duly executed Certificate shall be conclusive evidence that the Bonds so authenticated have been duly issued, are authentic, and are entitled to the benefit of the trust hereby created.

Section 13. Registration and Payment.

Except for Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee, each Bond shall be registered as to both principal and interest on the books of the City maintained at the designated corporate trust office of the Paying Agent. No transfer of any Bonds shall be valid unless made on said books at the request of the registered Bondholder in person or by his attorney duly authorized in writing, and similarly noted on such Bond. The Paying Agent, as Registrar, shall not be required to transfer or exchange any Bond on any date that is after the fifteenth day of the month preceding any Interest Payment Date, or during any period beginning 15 days prior to the selection by the Paying Agent of Bonds to be redeemed prior to maturity and ending on the date of mailing of notice of any such redemption. The person in whose name a Bond is registered upon the books of the City shall be deemed the Bondholder thereof for all purposes.

The Bonds may be issued in printed form or may be issued solely in Book-Entry Form in the name of the Securities Depository to be held in a Book-Entry System in which event: (i) the Bonds shall be registered in the name of the Securities Depository or the Securities Depository Nominee, as Bondholder, and immobilized in the custody of the Securities Depository; (ii) there shall, unless otherwise requested by the Securities Depository, be a single Bond certificate representing the aggregate principal amount of the Bonds; and (iii) the Bonds shall not be transferable or exchangeable, except for transfer to another Securities Depository or the Securities Depository Nominee without further action by the City as set forth in the next succeeding paragraph of this Section.

If any Securities Depository determines not to continue to act as a Securities Depository for the Bonds held in a Book-Entry Form, the City may attempt to have established a securities depository/Book-Entry system relationship with another Securities Depository under this Bond Ordinance. If the City does not or is unable to do so, the City and the Paying Agent, after the Paying Agent has made provision for notification of the Bondholders by appropriate notice to the then Securities Depository, shall permit withdrawal of the Bonds from the Securities Depository and shall authenticate and deliver Bond certificates in fully registered form to the assignees of the Securities Depository or its nominee based on information provided to the Paying Agent by the Securities Depository. If the event is not the result of City action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Bonds), of those persons requesting that authentication and delivery. Such replacement Bonds shall be in the denominations specified in Section 3.

Section 14. Conditions of Sale of Bonds.

Each series of Bonds shall be sold at public sale after public notice as required by Chapter 424 of the Kentucky Revised Statutes, and the Chief Financial Officer is authorized and directed to post such Notice of Bond Sale in such form as may be prepared by Bond Counsel and as may be recommended by the Financial Advisor to the City.

Said bids will be received by the City at a designated office and the Chief Financial Officer will accept the successful bid for the respective Bonds, determine the exact principal amount, principal maturities, Term Bonds, if any, at the amounts and maturity dates, and rates of interest that said respective Bonds shall bear, provided that the true interest cost on the respective Bonds shall not exceed 7.0%, and the principal amount, principal maturities and interest rates of said Bonds will be automatically fixed at the principal amount, principal maturities and interest rates set out in said successful bid accepted by the Chief Financial Officer in a certificate, without the necessity of any further action by the Chief Financial Officer or the City Council fixing said principal amount, principal maturities and interest rates.

Forms of "Notice of Bond Sale," "Official Terms and Conditions of Sale of Bonds" and "Bid Form" in substantially the form attached hereto as **Exhibits B, C, and D**, respectively, are hereby approved. The Notice of Bond Sale will be used for the purpose of publishing notice of the sale of the Bonds. Copies of the Official Terms and Conditions of Sale of Bonds and Bid Form will be furnished to a list of interested bidders and to any interested parties who may request the same.

If for any reason it is determined that no bid should be accepted when the Bonds are first offered for public sale, then upon recommendation of the Financial Advisor, the Chief Financial Officer is authorized to re-advertise, if required, such Bonds for public sale and to approve a revised Notice of Bond Sale, Bid Form and Official Terms and Conditions of Sale of Bonds, and to distribute same to prospective bidders, without the necessity of the City Council taking any further action or granting any further authority for such proceedings.

Upon the date and at the hour set forth for the opening and consideration of purchase bids, as provided in the instruments hereinabove approved, the sealed bids theretofore received by the Chief Financial Officer will be publicly opened and publicly read by the Chief Financial Officer. If one or more bids conform in all respects to the prescribed terms and conditions, the Chief Financial Officer will, on the same day that such bids are received or as soon thereafter as reasonably possible, reject all bids or accept the best of such bids, as measured in terms of the lowest true interest cost to the City, as calculated in the manner prescribed in the "Official Terms and Conditions of Sale of Bonds," as is deemed in the best interest of the City.

If the Chief Financial Officer accepts a purchase bid for the Bonds, the Chief Financial Officer will issue a Sale Certificate to that effect, supply proper evidence of such acceptance to the bidder submitting the accepted bid, and thereupon arrangements will be made for the Bonds to be printed and delivered in accordance therewith and with the Official Terms and Conditions of Sale of Bonds. The proceeds of the sale of said Bonds will be used only for the purposes herein described.

Section 15. Disposition of Proceeds of Sale of Bonds.

(a) Upon the sale and delivery of the Bonds and upon receipt by the City of the purchase price thereof, the proceeds shall be applied as follows:

- (1) To deposit an amount equal to any collected accrued interest and any surplus funds on the Bonds for the period from the date of the Bonds to the date of delivery of the Bonds into the Sinking Fund,
- (2) To deposit such moneys in the Costs of Issuance Fund, as are necessary to pay the issuance expenses of the Bonds, and
- (3) The entire remaining proceeds of the Bonds shall be deposited into the Construction Fund.

(b) Upon receipt of a properly executed form of a Requisition Certificate signed by the Required Signatures, amounts on deposit in the Construction Fund shall be paid out by the Construction Fund Depository in payment toward the Costs of the Project, such payments to be made by the Construction Fund Depository only upon checks drawn upon said Construction Fund by a duly authorized officer of the City.

(c) Such checks drawn upon the Construction Fund Depository shall be fully negotiable, and the Construction Fund Depository shall be authorized to honor and pay the same, providing the Construction Fund Depository has received a completed Requisition Certificate that has been executed with the Required Signatures.

(d) Pending disbursement for the authorized purposes, the proceeds of the Bonds shall be subject to a first and paramount lien and charge in favor of the Bondholders and for their further security.

(e) Interest earned on investments of sums on deposit in the Construction Fund, shall be carried to the credit of the Construction Fund and applied to pay the Costs of the Project.

(f) Whenever the Project is complete, as evidenced by a certificate executed by the Chief Financial Officer, any surplus then remaining in the Construction Fund shall be transferred to the Sinking Fund, and the next payments for interest and principal shall be reduced by such amount. Any such amount equivalent to 5% or less of the net proceeds of the Bonds (after deducting any collected accrued interest and all fees, expenses and discount incident to the issuance of the Bonds) may be used (1) to pay or reimburse the costs of additions, extensions and/or improvements to the Project and/or the purchase of Equipment for the Project or (2) to constitute a credit against payments required on the Bonds to be made by the City.

(g) In the event that an amount in excess of 5% of said net proceeds of the Bonds shall be available from sums remaining in the Construction Fund, same shall be applied at the earliest feasible date, as follows:

(1) to the purchase of Bonds in the open market at a price not exceeding the next optional redemption price, plus accrued interest;

(2) to pay the costs of additions, extensions or improvements to the Project and/or the purchase of Equipment for the Project; and/or

(3) to be deposited in the Sinking Fund to be invested and the proceeds earmarked to be applied at the earliest permissible optional call date to redeem Bonds pursuant to the permissible redemption terms, if such (in the opinion of recognized Bond Counsel) will not cause the Bonds to be "arbitrage bonds" under Section 148 of the Code.

Notwithstanding anything in this Bond Ordinance to the contrary, the City may, at its sole discretion, change, substitute, or otherwise modify the use and expenditure of the proceeds of the Bonds issued hereunder to the extent permitted by the Act and any other law or constitutional provision; provided that any such change, substitution or modification shall not cause the City to be in violation of Section 16 hereof.

Section 16. Arbitrage Limitation.

(a) The City covenants that sums derived from the proceeds of the Bonds and from the revenues of the Project shall not be invested in investments that will produce a net adjusted yield that is in excess of the yield of the Bonds if such investment would cause such Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable Regulations thereunder; provided, however, that such proceeds may be invested to whatever extent and whenever such Code and/or applicable Regulations permit same to be invested without causing the Bonds to be treated as "arbitrage bonds".

(b) The City further covenants to the Bondholders that:

(1) the City will make no use of the proceeds of the Bonds, or of the revenues of the Project that, if such use had been reasonably expected on the date of issuance of such Bonds, would have caused such Bonds to be "arbitrage bonds"; and

(2) that the City will comply with:

(i) all of the requirements of Section 148 of the Code; and

(ii) all of the requirements of the applicable Regulations thereunder, to whatever extent is necessary to assure that the Bonds shall not be treated as "arbitrage bonds".

(c) On the basis of known facts, circumstances and reasonable expectations in existence on the date of approval of this Bond Ordinance, the City certifies as follows:

(1) that it is not expected that the proceeds of the Bonds, or the revenues of the Project, will be used in a manner that would cause such Bonds to be "arbitrage bonds";

(2) that it is anticipated that amounts on deposit in the Sinking Fund will be used within thirteen (13) months from the date of deposit for the payment of debt service on the Bonds, and that, except for an amount equal to not more than the greater of (i) one-twelfth (1/12) of debt service requirements of the Bonds for the then ensuing year or (ii) one year's earnings on the Sinking Fund, such Sinking Fund will be depleted through such application for current debt service requirements of the Bonds;

(3) that it is not anticipated that amounts will be accumulated in any reserve fund anticipated to be used for debt service on the Bonds in excess of 10% of the total issued principal amount of the Bonds; and

(4) that the original proceeds of the Bonds will not exceed by more than 5%, the amount required for the Project, and that there has therefore been no over issuance of the Bonds.

(d) Prior to or at the time of delivery of the Bonds, the Mayor and/or Chief Finance Officer of the City are authorized, based on information furnished to the City, to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by the Regulations, in order to assure that interest on the Bonds will be excludable from gross income for Federal income tax purposes and that the Bonds will not be treated as "arbitrage bonds".

Section 17. Bank Eligibility and Rebate Provisions.

The City hereby certifies that it does not reasonably anticipate issuing ""qualified tax-exempt obligations" during the calendar year in which a series of Bonds are being issued in excess of \$10,000,000, and, therefore, the City does hereby designate the Bonds as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

The City covenants and agrees that in the event it is subsequently determined by the City, upon advice of nationally recognized bond counsel, that the Sinking Fund, Construction Fund or any other fund established under this Bond Ordinance, are subject to said rebate requirements and do, in fact, generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Paying Agent to be designated as the "City of Madisonville, Kentucky General Obligation Bonds Rebate Fund," which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America until the final retirement of the Bonds; the installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Bonds are deposited with the Paying Agent or any escrow agent.

Section 18. Creation of Funds.

(a) *Sinking Fund.* There is hereby created the "City of Madisonville, Kentucky General Obligation Bonds Sinking Fund" (the "Sinking Fund") to be deposited with the Paying Agent, into which there shall be set aside out of the proceeds of the sale of each series of Bonds the amount of any accrued interest accruing on said Bonds from their issuance date to their date of delivery and any surplus funds resulting from the sale of the Bonds. The Sinking Fund shall be used solely and only and is hereby pledged for the payment of the interest on and principal of the Bonds.

Funds on deposit in the Sinking Fund may be invested at the written direction of the City in accordance with KRS 66.480, in Permitted Investments. The Paying Agent may rely on such written directions as to both the suitability and the legality of the directed investment. All income earned from investment of moneys in the Sinking Fund (including the capitalized interest, if any, deposited therein) shall, as earned, be used to pay principal and interest on the Bonds.

No further payments need be made into the Sinking Fund whenever and so long as such amount of the Bonds shall have been retired that the amount then held in the Sinking Fund is equal to (or sufficient to defease) the entire amount of the interest and principal (and redemption premium, if any) that will be payable to and at the time of the retirement and/or maturity of all the Bonds then remaining outstanding.

(b) *Costs of Issuance Fund.* There is hereby separately created the "City of Madisonville, Kentucky General Obligation Bonds Costs of Issuance Fund" (the "Costs of Issuance Fund"), which shall also be deposited with the Paying Agent as and when needed, into which Costs of Issuance Fund there shall be set aside and deposited the issuance costs of each series of Bonds. Funds on deposit in the Costs of Issuance Fund shall not be invested and shall be held by the Paying Agent without liability for interest. On the payment or reimbursement of all costs of issuance of the Bonds, any proceeds of such Bonds or any investment earnings thereof remaining in the Costs of Issuance Fund shall be transferred by the Chief Finance Officer to the Sinking Fund.

(c) *Construction Fund.* There is hereby created the "City of Madisonville, Kentucky General Obligation Bonds Construction Fund" (the "Construction Fund") to be deposited with the Construction Fund Depository, into which there shall be deposited for the Project the entire remaining proceeds of each series of Bonds.

Funds on deposit in the Construction Fund may be invested in accordance with KRS Section 66.480, in Permitted Investments upon written direction of the City. The investment of funds may be made or transacted by the Construction Fund Depository through the Construction Fund Depository's investment department. All income earned from investment of moneys in the Construction Fund shall be kept in the Construction Fund and used to pay the Costs of the Project.

Whenever the Project is complete, as evidenced by the certification of the Chief Financial Officer, any surplus then remaining in the Construction Fund shall then be transferred to the Sinking Fund, subject to the provisions of Section 16 of this Bond Ordinance.

Section 19. Defeasement.

(a) If the City shall pay or cause to be paid, or there shall otherwise be paid as hereinafter set out in this Section, the principal and interest due or to become due on the Bonds, at the times and in the manner provided herein, and all other amounts due to the Paying Agent shall have been paid, and if the City shall keep, perform, and observe all and singular the covenants and promises in the Bonds and expressed herein to be kept, performed, and observed by it or on its part, then these presents, and the pledge, lien and other rights hereby granted shall cease, terminate, and be void, and thereupon the Paying Agent shall execute and deliver to the City such instruments in writing as shall be requisite to cancel the lien hereof, and assign and deliver to the City any pertinent property encumbered hereby that may then be in its possession, except funds, or securities in which such funds are invested, held by the Paying Agent and earmarked for the payment of principal of and interest on the Bonds.

(b) All Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said date as provided herein, (b) there shall have been deposited with the Paying Agent (1) moneys in an amount which shall be sufficient, and/or (2) U. S. Obligations, the principal of which, with or without the interest on such principal, as the case may be, will provide moneys which together with other moneys, if any, deposited with the Paying Agent at the same time, shall be sufficient, to pay when due the principal and the interest due and to become due (and, where applicable, the redemption premium) on the Bonds on and prior to the redemption date and/or the maturity date thereof, as the case may be, and (c) in the event any of the Bonds are not to be redeemed in accordance with the redemption provisions hereof within the next succeeding 60 days, the City shall have given the Paying Agent, in form satisfactory to it, irrevocable instruction to give, as soon as practicable, in the same manner as a notice of redemption is required to be given herein, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Paying Agent, that said Bonds are deemed to have been paid in accordance with this Section, and stating such maturity and/or redemption date upon which moneys are to be available for the payment of the principal of and interest on said Bonds.

(c) Nothing contained in this Section shall require that any Bonds be redeemed in advance of maturity without the written consent of the City unless (a) such redemption is then considered by the Paying Agent to be in the best interests of the City and the Bondholders and (b) no right to defease the Bonds without redemption in advance of maturity shall have become vested.

(d) No investment may be made by the City under this Section that would cause the Bonds to become "arbitrage bonds" within the meaning of Section 148 of the Code or the applicable Regulations thereunder.

(e) At least 5 Business Days prior to any defeasance, the City shall deliver to the Bond Insurer (if any) copies of an escrow agreement, opinions regarding the validity and enforceability of the escrow agreement, a verification report (a "Verification Report") of a nationally recognized independent financial analyst or firm of certified public accountants regarding sufficiency of the escrow and a defeasance legal opinion. Such opinions and Verification Report shall be addressed to the Bond Insurer and shall be in form and substance satisfactory to the Bond Insurer. In addition, the escrow agreement shall provide that:

(1) Any substitution of securities shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Obligations is excludable) from gross income of the holders of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of the Bond Insurer.

(2) The City will not exercise any prior optional redemption of Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to the Bond Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(3) The City shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Bond Insurer.

Section 20. Covenant as to Insurance and Audits.

The City agrees that so long as any of the Bonds are outstanding it will cause the following covenants to be complied with:

(a) *Insurance.* It will keep the Project insured against loss or damage by fire, windstorm, tornado, or other casualties to an extent at least equal to the insurable value thereof, and such other forms of insurance shall be carried in such amounts as are ordinarily carried for property of like character in a responsible insurance company or companies. Any amount collected under said policies for any loss covered or damage done shall first be applied to the replacement or restoration of any building or buildings damaged or destroyed, and any surplus then remaining after such replacement or restoration shall be paid into the Sinking Fund, depending on whether the Bonds are outstanding; provided that if following any partial or complete destruction, any principal or interest payment on the Bonds is due and there are no other funds available for such payment(s), such insurance proceeds must be applied first to the defaulted payment(s). All insurance to be maintained hereunder shall not be part of a self-insurance program.

(b) *Audits.* It will, as soon as may be feasible after the close of each fiscal year, in any event, not later than two hundred ten (210) days thereafter, cause an audit of the financial

affairs of the City to be made by a Certified Public Accountant or the State Auditor, covering the status of payments of principal of and interest on the Bonds.

It will cause a copy of such audit report to be kept on file with the City, where such copy will be subject to inspection at any reasonable time by or on behalf of any Bondholder. It will furnish or cause to be furnished, a copy of such audit report to any Bondholder who shall request same in writing.

All expenses incurred in causing such audits to be made and copies distributed, shall constitute proper expenses of operating and maintaining the Project and shall be paid by the City as an expense of the Project in addition to the amounts otherwise required to be paid hereunder.

Section 21. Default; Remedies.

(a) The following shall be considered an "Event of Default" under this Bond Ordinance:

(1) Failure to pay any installment of interest on the Bonds when the same becomes due and payable or within thirty (30) days thereafter (or within such period, shorter than thirty (30) days, if any, as may be permitted in the Bonds);

(2) Failure to pay the principal of, or premium, if any, on any Bond when due and payable, at maturity or on redemption; and

(3) Default by the City in the due or punctual performance or observance of any other covenants, pledges, conditions, provisions or agreements of the City contained in this Bond Ordinance or in the Bonds, and the continuance thereof for a period of thirty (30) days; provided that if such default can be corrected but not within such thirty-day period, it will not constitute an Event of Default if corrective action is instituted by the City within such period and diligently pursued until the default no longer exists.

(b) Upon the happening and continuance of any Event of Default, the Paying Agent may proceed to protect and enforce its rights.

(c) The Bondholders may proceed to protect and enforce their rights by any one or more of the following remedies:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the City to enforce fully the Bond Ordinance and to charge, collect and fully account for the City revenues and to require the City to carry out any and all other covenants or agreements with the Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, require the City to account as if it were the Paying Agent of an express trust for the Bondholders;

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders;

(5) by declaring all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than fifty percent (50%) in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or

(6) in the event that all Bonds are declared due and payable, by selling Permitted Investments of the City (to the extent not theretofore set aside for redemption of Bonds for which call has been made), and enforcing all courses of action of the City to the fullest legal extent in the name of the City for the use and benefit of the Bondholders.

The City expressly waives any right to claim a trespass in connection with any such action.

In the event of default, each defaulted Bond shall continue to bear interest after maturity at the interest rate applicable to such respective Bonds until the necessary funds are made available for the payment thereof.

Section 22. Concerning Provision of a Municipal Bond Insurance Policy and a Bond Insurer.

The City Council hereby authorizes the Chief Financial Officer, in consultation with the Financial Advisor and Bond Counsel, to purchase a Bond Insurance Policy from a Bond Insurer to guarantee the scheduled payment of principal of and interest on any of the Bonds, and to enter into a separate written agreement between the City and a Bond Insurer for the purpose of obtaining said Bond Insurance Policy.

Section 23. Rights of Bondholders.

Notwithstanding any other provisions herein contained, the Bondholders shall have all of the rights provided for thereunder to require the City to operate the Project and to charge whatever rents and rates are necessary for the services provided by such facilities and to levy such taxes as provided for in the Act, within any limitations imposed by law, in order that all of the interest on and the principal of such Bonds shall be paid in full.

The Holders of such Bonds shall be secured to the full extent provided by law by a pledge of the tax and other revenues of the City in accordance with the terms of the Act.

Section 24. Bond Ordinance is Contractual with Bondholders.

The provisions of this Bond Ordinance and of any authorized supplemental ordinance entered into prior to the delivery and payment of the Bonds to the successful purchaser(s), shall constitute a contract between the City, the Paying Agent and the Holders of any Bonds, no change in the provisions of this Bond Ordinance or of any supplemental ordinance shall be made in any manner except as herein provided until such time as all of the Bonds and the interest thereon have been paid in full; provided:

(a) the City may adopt a supplemental ordinance for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any proceedings pertaining hereto, provided no change may be made which would impair the security or interests of the Bondholders in any way, without (1) the consent in writing of the original successful purchaser of the Bonds, if the Bonds have not yet been delivered or (2) the consent of the Holders of seventy-five percent (75%) in principal amount of the Outstanding Bonds, if the Bonds have been delivered; and

(b) the Holders of seventy-five percent (75%) in principal amount of the Bonds at any time outstanding shall have the right to consent to, and approve the adoption ordinances or other proceedings, modifying or amending any of the terms or provisions contained in this Bond Ordinance; provided, however, that no such modifications or amendments shall be made that will permit: (1) an extension of the maturity of any Bond, or any parity bond, or (2) a reduction in the principal of any Bond, or any parity bonds, or the redemption premium or the rate of interest thereon, or (3) a preference or priority of any Bond or parity bond over any other bond or bonds, or (4) a reduction in the percentage of the aggregate principal amount of the Bonds required to consent to any modification or amendment, or (5) impair in any way the rights of any Bondholder.

Section 25. Annual Disclosure Requirements.

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the City agrees to enter into a Disclosure Agreement dated as of the date of original issuance of any series of Bonds, setting forth the undertaking of the City to provide certain annual financial reports and notices of the occurrence of certain events.

The obligations of the City described above will remain in effect only for such period that (i) the Bonds are outstanding in accordance with their terms and (ii) that the City remains an obligated person with respect to the Bonds within the meaning of the Rule. The City reserves the right to terminate its obligation to provide notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this Section is intended to be for the benefit of the Bondholders (including holders of beneficial interests in the Bonds).

In the event of a failure of the City to comply with any provision of this Section, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Section. A default under this Section will not be deemed an Event of Default under the Bond Ordinance, and the sole remedy under this Section, in the event of any failure of the City to comply with this Section, will be an action to compel performance.

Section 26. Acceptance of Paying Agent.

Pursuant to request for proposals, the Chief Financial Officer shall appoint and designate a Bond Registrar and Paying Agent and the City is hereby authorized to enter into the Paying Agency Agreement for the purpose of setting forth the duties and responsibilities of the Paying Agent.

Section 27. Duties and Responsibilities of Paying Agent.

The duties of such Paying Agent shall be as follows:

- (a) To receive such funds of which it is hereby designated depository and to transfer and disburse moneys received by it in strict accordance with the provisions hereof; but such Paying Agent shall not be liable for the payment of any moneys by the City, and shall be liable only to account for the moneys actually received by it;
- (b) To authenticate the Bonds as herein provided; and
- (c) To pay the interest on and principal of the Bonds as same fall due, if and to the extent that there are moneys in the Sinking Fund sufficient for such purposes.

Section 28. Immunities and Other Rights of Paying Agent.

The acceptance by the Paying Agent of the duties and responsibilities herein is subject to the following immunities and other rights of the Paying Agent:

- (a) The Paying Agent shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by the City to cause to be made any of the payments to the Paying Agent required to be made by this Bond Ordinance, or failure by the City to file with the Paying Agent any document required by this Bond Ordinance to be so filed, unless the Paying Agent shall be notified of such default by the City or by the Holders of 25% in aggregate principal amount of Bonds then outstanding.
- (b) The Paying Agent may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Paying Agent may act upon an opinion of its counsel and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith and in reliance upon such opinion.
- (c) The Paying Agent shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Paying Agent and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Paying Agent, and may also receive tenders and purchase in good faith Bonds from itself,

including any department, affiliate or subsidiary, with like effect as if it were not the Paying Agent.

(d) The Paying Agent shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Paying Agent pursuant to this Bond Ordinance upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper, or proceeding, the Paying Agent shall be entitled to rely upon a certificate signed on behalf of the City by its Mayor and attested by its City Clerk, or by such other person or persons as may be designated for such purposes by ordinance of the City, as sufficient evidence of the facts therein contained; and prior to the occurrence of a default of which the Paying Agent has been notified as provided in Section 21 hereof, or of which by said provision it is deemed to have notice, may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Paying Agent may accept a certificate of the City Clerk of the City to the effect that an ordinance in the form therein set forth has been adopted by the City as conclusive evidence that such ordinance has been duly adopted and is in full force and effect.

(f) The permissive right of the Paying Agent to do things or to take actions enumerated in this Bond Ordinance shall not be construed as a duty and the Paying Agent shall not be answerable for other than its negligence or willful misconduct. No provision of this Bond Ordinance shall require the Paying Agent to risk or to expend its own funds.

(g) The Paying Agent shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Project as provided in this Bond Ordinance.

(h) The Paying Agent shall not be required to give any bond or surety in respect of the execution of such powers or otherwise in respect of the premises.

(i) Notwithstanding anything elsewhere contained in this Bond Ordinance, the Paying Agent shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Bond Ordinance, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof, as a condition of establishing the right of the City to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Paying Agent.

(j) Before taking any action under this Bond Ordinance, the Paying Agent may require that satisfactory indemnity be furnished to it for the reimbursement of all fees and expenses to which it may be put and to protect it against all liability, except liability that is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

(k) All moneys received by the Paying Agent shall, until used, be applied or invested as herein provided, be held in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Bond Ordinance or by law. The Paying Agent shall not be under any liability for interest on any moneys received thereunder except as such may be agreed upon.

(l) The Paying Agent agrees to accept and act upon instructions or directions pursuant to this Bond Ordinance sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the instructions or directions shall be signed by a person as may be designated and authorized to sign for the City or in the name of the City, by an authorized representative of the City, and the City shall provide to the Paying Agent an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Paying Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Paying Agent in its discretion elects to act upon such instructions, the Paying Agent's understanding of such instructions shall be deemed controlling. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 29. Fees, Charges and Expenses of Paying Agent.

The Paying Agent shall be entitled to payment of and reimbursement for reasonable fees for its services rendered hereunder and for all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Paying Agent in connection with such services. The Paying Agent shall be entitled to payment and reimbursement for the reasonable fees and charges of the Paying Agent as paying agent for the Bonds, if any, as hereinabove provided.

Section 30. Merger or Consolidation of Paying Agent.

Any corporation or association into which the Paying Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Paying Agent hereunder and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the

execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 31. Replacement of Paying Agent.

In case the Paying Agent hereunder shall resign or be removed, or be dissolved, or otherwise become incapable of acting hereunder, the Paying Agent shall notify the City Director and the initial purchaser or purchasers of the Bonds. Thereupon, the City shall designate a successor Paying Agent which must be: (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by the Bond Insurer in writing. Notwithstanding the foregoing, in the event of the resignation of the Paying Agent, provision shall be made for the orderly transition of the books, records and accounts relating to the Bonds to the successor Paying Agent in order that there will be no delinquencies in the payment of interest or principal due on the Bonds.

The Bond Insurer shall receive prior written notice of any name change of the Paying Agent for the Insured Obligations or the resignation or removal of the Paying Agent. No removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to the Bond Insurer, shall be qualified and appointed.

Section 32. Signatures of Officers.

If any of the officers whose signatures or facsimile signatures appear on any of the Bonds cease to be such officers before delivery of the Bonds, such signatures shall nevertheless be valid for all purposes the same as if said officers had remained in office until delivery, as provided in KRS 61.390. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, member, employee or agent of the City, whether directly or indirectly, and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Bonds.

Section 33. Terms of Bonds and this Bond Ordinance May be Revised Before Issuance.

The City reserves the right, prior to the issuance of the Bonds, to amend this Bond Ordinance as to the date, amount, maturities, redemption premiums and other provisions of the Bonds, consistent with market conditions and other pertinent factors at the time of such issuance.

Section 34. Severability Clause.

If any section, paragraph, clause or provision of this Bond Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Ordinance.

Section 35. Captions of Clauses.

The captions and headings of this Bond Ordinance are for convenience only and are not to be construed as part of this instrument nor as defining or limiting in any way the scope or intent of the provisions hereof.

Section 36. Effective Date of Bond Ordinance; Publication of Summary.

This Ordinance 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 the City Council, and approved hereby, shall be published as required by law.

Introduced and given first reading by the City Council on August 23, 2022.

Given second reading and enacted by the City Council on September 6, 2022.

Mayor

Attest:

City Clerk

CERTIFICATE OF CITY CLERK

I, Kim Blue, certify that I am the duly qualified and acting City Clerk of the City of Madisonville, Kentucky, that the foregoing Ordinance is a true and correct copy of an Ordinance authorizing the issuance of the City of Madisonville, Kentucky General Obligation Bonds, Series 2022, which Ordinance was duly enacted by the City Council of said City, signed by the Mayor of said City, and attested by me as City Clerk at a properly convened meeting of the City Council held on September 6, 2022, 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 Ordinance Book of the City.

I further certify that said meetings were duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823, that a quorum was present at each of said meetings, that said Ordinance has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN WITNESS WHEREOF, I have hereto set my hand as City Clerk of the City Council of the City this September 6, 2022.

City Clerk

EXHIBIT A
UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CITY OF MADISONVILLE, KENTUCKY
GENERAL OBLIGATION BOND, SERIES 20__

NO. _____ \$ _____

Interest Rate: _____ % **Maturity Date:** _____ 1, _____
Original Issue Date: _____, 20__ **CUSIP #** _____:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Madisonville, Kentucky (the "City"), a political subdivision of the Commonwealth of Kentucky (the "Commonwealth"), acknowledges itself to owe, and for value received hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Original Issue Date hereof at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), payable semiannually, on _____ 1 and _____ 1 of each year commencing _____ 1, 20__ (each an "Interest Payment Date"), until payment of the Principal Amount on the Maturity Date, except as the provisions hereinafter set forth with respect to prior redemption or purchase may be and become applicable hereto.

This Bond is one of a duly authorized series of fully registered bonds, numbered consecutively and designated as above, issued by the City, the terms of which are more fully identified in a Bond Ordinance (the "Bond Ordinance") duly enacted by the City Council of the City on September 6, 2022. Capitalized words and terms that are not defined here are defined in the Bond Ordinance, to which reference is hereby made.

The Bonds are issued or entered into under or pursuant to authorizing provisions of law, including: (i) the Bond Ordinance, (ii) authorizing provisions of the Constitution and laws of the Commonwealth, including Sections 66.011 through 66.191 of the Kentucky Revised Statutes, as amended (the "Act"), and Kentucky Constitution Sections 158 and 159, and (iii) applicable decisions of the appellate courts of the Commonwealth. Acceptance of the terms and conditions of the Bond Ordinance and the Act are a material part of the consideration for the issuance of this Bond, and each holder hereof by acceptance of this Bond hereby assents to all of such terms and conditions. This Bond shall not constitute the personal obligation, either jointly or severally, of the members of the City Council or the officers of the City or its employees.

This Bond, by the terms of the law pursuant to which it has been issued, shall be fully negotiable.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Authentication Certificate hereon shall have been executed by the Bond Registrar.

Bonds issued under the Bond Ordinance shall be issued and reissued from time to time only as fully registered bonds without coupons in denominations of \$5,000 or any multiple of \$5,000.

Pursuant to the Bond Ordinance, the Bonds are general obligations of the City and the full faith, credit and taxing power of the City are irrevocably pledged to the prompt payment of the principal of and interest (and premium, if any) on the Bonds when due. Reference is made to the Bond Ordinance, for the provisions with respect to the nature and extent of the security, the rights, duties and obligations of the City, the Bond Registrar and the Bondholders, the terms on which the Bonds are issued and the terms and conditions on which this Bond will be deemed to be paid at or prior to its scheduled maturity or redemption on the making of provision for the payment thereof in the manner set forth in the Bond Ordinance.

Pursuant to the Act and the Bond Ordinance, the Bond Registrar is appointed as Bond Registrar, having the duties set forth in the Bond Ordinance. The fifteenth day of the month prior to each date established for payment of principal, interest or premium on the Bonds, whether by maturity, acceleration or redemption, is in the Bond Ordinance established as the record date for the Bonds (the "Record Date"). The Bond Registrar may treat for all purposes the person in whose name any Bond is registered on the Record Date, on the registration books kept by the Bond Registrar, as the absolute owner thereof.

Interest on each Bond not registered in Book-Entry Form to a Securities Depository shall be payable by check mailed by the Bond Registrar to the Holder thereof as of the Record Date, at the address shown on the registration books kept by the Bond Registrar or at such other address as is furnished to the Bond Registrar in writing by such Holder. The principal of and premium, if any; on the Bonds not registered in Book-Entry Form to a Securities Depository shall be payable, without exchange or collection charges, in lawful money of the United States of America on their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption or acceleration, at the designated corporate trust office of the Bond Registrar. On request of a Holder of at least \$1,000,000 in aggregate principal amount of the Bonds, all payments of principal of, premium, if any, or interest on the Bonds shall be paid by wire transfer in immediately available funds to an account designated by such Holder.

Principal of, premium, if any, and interest on Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee shall be payable by wire transfer from the Bond Registrar to the Securities Depository or its nominee. So long as any Bonds remain Outstanding, the Bond Registrar shall keep and maintain at its designated corporate trust office complete registration records in respect of the Bonds and shall provide for the registration of transfer and exchange of the Bonds in accordance with the terms of the Bond Ordinance, subject to such reasonable procedures and regulations as the Bond Registrar may prescribe.

Payment of principal, premium, if any, and interest on any Bonds shall be made as provided in the Bond Ordinance.

Each Bond shall be transferable or exchangeable only, on the presentation and surrender thereof at the designated corporate trust office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Holder or his authorized representative. Bonds shall be exchangeable for a Bond or Bonds of the same maturity and interest rate and in Authorized Denominations, within a single maturity in an aggregate principal amount or amounts equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Bond Registrar shall be and is authorized to authenticate, deliver and exchange Bonds in accordance with the Bond Ordinance. Each Bond delivered in exchange for a surrendered Bond shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of the Bond Ordinance to the same extent as the Bond or Bonds in lieu of which any Bond is delivered in exchange. Any Bonds surrendered for exchange shall be cancelled by the Bond Registrar and the Bond Registrar shall maintain a complete record of all exchanges, transfers and cancellations of Bonds and shall make a report thereof to the City on request.

No service charge or other transfer fee shall be charged in connection with any transfer or exchange of a Bond; however, the registered owner of any Bond may be required to pay an amount equal to any tax or other governmental charge, if any, that may be imposed in connection with the transfer or exchange of any Bond.

The Bond Registrar shall not be required to transfer or exchange any Bond for the period beginning fifteen (15) days prior to the selection by the Bond Registrar of Bonds to be redeemed prior to maturity and ending on the date of mailing of notice of any such redemption.

[If applicable: The Bonds maturing on and prior to _____, shall not be subject to optional redemption prior to maturity. The Bonds maturing on and after _____, are subject to optional redemption prior to maturity, upon notice mailed to the Registered Owners as provided hereinafter, in whole or in part, on any date on and after _____, and in any order of maturities (less than all of a single maturity to be selected by lot), at a redemption price equal to 100% of the principal amount redeemed on the redemption date.]

[If applicable: The Bonds due _____, shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on _____ in the years and in the principal amounts as follows:

	<u>Principal Amount</u>
_____	\$,000
20__	
20__	,000

The Bonds due _____, shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on _____ in the years and in the principal amounts as follows:

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

The Paying Agent shall give notice of redemption by registered or certified mail, overnight delivery, or e-mail not less than 25 nor more than 60 days prior to the redemption date to each Bondholder to be redeemed or tendered at the address of such Bondholder appearing in the Bond Register, and also to such other Persons as the City shall deem appropriate.

Neither the failure of any Bondholder to receive notice mailed as provided herein nor any defect in notice so mailed shall affect the validity of the proceedings for redemption in accordance with the Bond Ordinance.

In the case for an optional redemption pursuant to the Bond Ordinance, the notice of redemption may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent no later than the redemption date or (ii) that the City retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional or extraordinary redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded in writing, and disseminated to each Bondholder in accordance with the procedures set forth in the Bond Ordinance, no later than 7 days prior to the redemption date.

Notice of redemption having been given as aforesaid, the Bonds so to be redeemed will become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the City defaults in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof.

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 execution, delivery and issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the City, does not exceed or violate any limitations prescribed by the Constitution or laws of the Commonwealth; that provision has been made for the levying and collection of an annual tax, unlimited as to rate or amount, sufficient, to the extent other lawfully available moneys of the City are not provided for the purpose, to pay the principal of and interest on this Bond and the series of which it is a part as and when the several Bonds and interest thereon become due and payable; and that the full faith, credit and taxing

power of the City are hereby irrevocably pledged for the prompt payment of this Bond and the series of which it forms a part, and the interest thereon, as the same from time to time become due and payable.

IN WITNESS WHEREOF, the City of Madisonville, Kentucky has caused this Bond to be executed on its behalf with the duly authorized reproduced facsimile signature or manual signature of its Mayor and attested by the reproduced facsimile signature or manual signature of the City Clerk of the City, and this Bond is to be dated as of the date set forth above.

CITY OF MADISONVILLE, KENTUCKY

Mayor

Attest:

City Clerk

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the series of Bonds in the aggregate principal sum of _____ Thousand Dollars (\$_____) referred to in the within mentioned Bond Ordinance and of record in the office of the City Clerk of the City of Madisonville, Kentucky.

_____, _____, Paying Agent

By _____
Signature

Title

Date of Authentication: _____

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books kept for registration and transfer of this Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Social Security Number or
other taxpayer
identification number:

EXHIBIT B

NOTICE OF BOND SALE

The City of Madisonville, Kentucky will, until _____ A.M./P.M. E.T. on _____, receive at the office of Compass Municipal Advisors, 771 Corporate Drive, Suite 1050, Lexington, Kentucky, sealed or electronic (via PARITY®) competitive bids for the purchase of \$ _____ (subject to adjustment upward in the amount of \$ _____ or downward in any amount) tax-exempt General Obligation Bonds, Series 20____, dated date of delivery, maturing _____ 1, 20__ through 20__, inclusive, as set forth in the Official Statement. Minimum bid is \$ _____ (___% of par). The City reserves the right prior to sale to change the time and date of sale via the Official Terms and Conditions and Bloomberg and the principal amount and the years of maturities via PARITY®. Bonds issued subject to legal opinion of Rubin & Hays, Louisville. Official Statement and bid documents, may be obtained from Compass Municipal Advisors (859) 421-0923.

EXHIBIT C

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

1. Date and Hour of Award. The City of Madisonville, Kentucky (the "City") will, until _____ A.M./P.M. E.T. on _____, 20__, receive in the office of Compass Municipal Advisors, 771 Corporate Drive, Suite 1050, Lexington, Kentucky 40202, electronic or sealed competitive bids for the purchase of \$_____ (subject to adjustment upward by an amount not to exceed \$_____ or downward by any amount) principal amount of its tax-exempt City of Madisonville, Kentucky General Obligation Bonds, Series 20__, dated the date of initial delivery thereof (the "Bonds"), maturing on _____ 1 of the years 20__ to 20__, inclusive, as set forth in the Official Statement. Minimum bid is \$_____ (% of par). Bids will be opened by the Chief Financial Officer of the City, at the time stated above and verbal confirmation of the successful bid will be given shortly thereafter. Formal award and approval of the successful bid will be made by the Chief Financial Officer by 3:00 P.M. (E.T.) on said _____ by Sale Certificate. Prior to the sale, sealed bids can be submitted via electronic transmission through PARITY®.

2. Description and Maturities of Bonds. The Bonds shall bear interest from the date of initial delivery thereof, payable semiannually, on _____ 1 and _____ 1 of each year, beginning on _____ 1, 20__, shall be in the denomination of \$5,000 or any multiple thereof within the same maturity (as designated by the purchasers), are numbered R-1 and upward, and will be scheduled to mature on September 1 in each of the respective years as set forth in **Exhibit A** attached hereto (subject to adjustment as hereinafter provided in the sole discretion of the City).

The Bonds are to be issued in fully registered form (both principal and interest). Upon their issuance, the Bonds will be issued in book-entry form, registered in the name of Cede & Co. as the nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds, as described in the Preliminary Official Statement. Purchases of beneficial interests in the Bonds may be made in book-entry form only, in the principal amount of \$5,000 or any multiple of \$5,000. _____, _____, _____, the Registrar, Transfer Agent, and Paying Agent, will pay principal of, premium, if any, and interest on the Bonds by wire transfer to DTC or its nominee.

3. Optional Redemption. The Bonds maturing prior to _____ 1, 20__ shall not be subject to optional redemption prior to maturity. The Bonds maturing on or after _____ 1, 20__, are subject to optional redemption, in whole or in part, by the City prior to their stated maturities, at any time falling on or after _____ 1, 20__, and in any order of maturities (less than all Bonds of a single maturity to be selected by the Bond Registrar by lot in such manner as may be determined in the discretion of the Bond Registrar) upon payment of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption.

4. Authority and Purpose. The Bonds have been authorized by an ordinance (the "Bond Ordinance"), duly enacted by the City Council of the City, under authority of the Constitution of the Commonwealth of Kentucky, particularly Sections 158 and 159 thereof, and applicable laws, as amended, including Sections 66.011 through 66.171 of the Kentucky Revised Statutes, as amended (the "Act"), to provide funds to finance the costs of the construction of additions, improvements and enhancements (the "Project") to the City's Water and Sewer System (the "System").

5. Legal Opinion. The Bonds are offered for sale on the basis of the principal of the Bonds not being subject to Kentucky ad valorem taxation and on the basis of interest on the Bonds, with certain exceptions, not being subject to federal or Kentucky income taxation on the date of their delivery to the successful bidder, and subject to the final approving Legal Opinion of Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky, based on the assumption that the City complies with the covenants made by the City with respect to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and based on the assumption of compliance by the City with the requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Bonds, if such requirements become applicable to such Bonds. Based on the foregoing assumptions, Bond Counsel is of the opinion that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code. The Purchaser will be furnished said Opinion, printed bond forms, and the usual closing documents, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the issue affecting the validity of the Bonds.

In order to assure the Purchasers of the Bonds that interest thereon will continue to be excludable from gross income for federal and Kentucky income taxation (subject to certain exceptions set out below), the City covenants to and with the Holders of such Bonds that (1) the City will take all actions necessary to comply with the provisions of the Code, (2) the City will take no actions that will violate any of the provisions of the Code, or would cause the Bonds to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Bonds will be used for any purpose that would cause the interest on the Bonds to become subject to federal income taxation, and the City will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of certain investment earnings on the proceeds of the Bonds.

The City certifies that the Bonds are not "private activity bonds" within the meaning of the Code, and the City has been advised by Bond Counsel and therefore believes that interest on the Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals.

The City, and all subordinate entities thereof, does not reasonably anticipate issuing "qualified tax-exempt obligations" (other than private activity bonds) during the calendar year in which the Bonds are being issued in excess of \$10,000,000, and, therefore, the City shall designate the Bonds as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

If, prior to the delivery of the Bonds, any event should occur which alters the tax-exempt status of the Bonds, the Purchaser shall have the privilege of voiding the purchase contract by giving immediate written notice to the City, whereupon the amount of the good faith deposit of the purchaser will be returned to the Purchaser, and all respective obligations of the parties will be terminated.

6. No Litigation Certification. The City will certify that to the best of the City's knowledge, there is no controversy or litigation of any nature now pending or threatened (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds; (ii) in any way contesting or affecting the validity of the Bonds or any proceedings of the City Council or City taken with respect to the issuance of sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds or the due existence or powers of the City Council or City; or (iii) which, if successful, would have a material adverse effect on the financial condition of the City Council or City.

7. No Untrue Statement of Material Fact. The City will certify that in connection with the offering by the City of the Bonds and the subsequent sale and award thereof, that to the best of knowledge and belief of the relevant City official, at the time of acceptance of the purchase proposal for, and at the time of delivery of the Bonds, the Official Statement, and any information furnished by the City supplementary thereto, did not and does not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in any material respect.

8. Rule 15c2-12 Requirements. The City has agreed in the Continuing Disclosure Certificate to provide or cause to be provided (the "Undertaking"), in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, timely notice of the occurrence of certain material events with respect to the Bonds. The Purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, in form and substance reasonably satisfactory to the Purchaser, evidence that the City has agreed to the Undertaking in a written agreement or contract for the benefit of the holders of the Bonds.

9. Bidding Requirements. The terms and conditions of the sale of the Bonds are as follows:

- A. If electronic bids for the Bonds cannot be submitted for the bonds as provided in paragraph J below, bids shall be required to be submitted upon a standard official "Bid Form" in order to provide for the uniformity in submission of bids and ready determinations of the best bid.
- B. A minimum price is required for the entire issue of not less than \$ _____ (____% of par) and a maximum price of not more than \$ _____ (____% of par).

- C. The determination of the best bid will be made on the basis of the lowest true interest cost ("TIC") of all bids submitted for exactly \$_____ of Bonds as offered for sale under the terms and conditions herein specified. The Chief Financial Officer will accept or reject such best bid, provided, however, the City reserves the right to adjust the principal amounts of the Bonds to determine the maturities of its final bond issue and thereafter to increase or decrease the total amount of Bonds sold to such best bidder (in \$5,000 denominations)

In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required and the underwriting discount bid by the successful bidder shall be held constant. Underwriting discount is hereby defined as the difference between the purchase price of the Bonds submitted by the successful bidder and the price at which the Bonds are reoffered to the public, divided by the par amount of the Bonds that were bid. Underwriting discount shall be calculated from information submitted by the successful bidder.

- D. The successful bidder will be required to deposit with _____, _____, _____, immediately available funds in the amount of 2% of the final principal amount of the Bonds prior to the close of business on _____, 20____, which amount shall represent the good faith deposit. The amount of the good faith deposit will be deducted from the purchase price at the time of delivery of the Bonds.
- E. Bidders for the Bonds may require that a portion of the Bonds be term bonds maturing on one or more dates (the "Term Bonds"); provided, however, that the City may require such Term Bonds to be subject to mandatory redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on _____ 1 of the years and in the principal amounts set forth on the Bid Form executed by the Chief Financial Officer awarding the purchase of the Bonds to the successful bidder.
- F. Bidders must state an interest rate or rates in a multiple of 1/8 or 1/20 of 1%, or both.
- G. There is no limit on the number of different rates that may be specified by any bidder and there is no maximum differential between the highest and lowest interest rates stipulated in any bid, however, no interest rate may exceed five percent (5%).
- H. All Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

- I. The right to reject bids for any reason deemed advisable to the City, and the right to waive any possible informalities, irregularities or defect in any bid which, in the judgment of the City, shall be minor or immaterial, are expressly reserved.
- J. Electronic bids for the Bonds must be submitted through PARITY[®] and no other provider of electronic bidding services will be accepted. Subscription to the PARITY[®] Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY[®] conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of PARITY[®] shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY[®]. The use of PARITY[®] facilities are at the sole risk of the prospective bidders. For further information regarding PARITY[®], potential bidders may contact PARITY[®], telephone (800) 850-7422.

In the event of a system malfunction in the electronic bidding process or at the sole discretion of a bidder, bids must be made on forms which, together with an Official Statement, may be obtained at the office of Compass Municipal Advisors, 771 Corporate Drive, Suite 1050, Lexington, Kentucky 40503, telephone: (859) 421-0923. Bids must be enclosed in sealed envelopes marked "Bid for City of Madisonville, Kentucky General Obligation Bonds, Series 2022" and bids must be received by the City prior to the date and hour set for the sale.

- K. The City will provide to the successful purchaser of the Bonds a final Official Statement in accordance with SEC Rule 15c2-12 in portable document format (".pdf"), in sufficient time to meet the delivery requirements of the successful purchaser under SEC or Municipal Securities Rulemaking Board Delivery Requirements.
- L. The purchasers of the Bonds will pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the Bonds at no expense or cost to the Purchasers. Neither the failure to print a CUSIP number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchasers thereto to accept delivery of and pay for the Bonds in accordance with the terms of the purchase agreement.

- M. The closing will be on or about _____, 20__, provided, however, the Purchasers shall bear any bank service charge, if any, for processing the delivery of the Bonds and closing the transaction. If the Purchaser desires the Bonds to be shipped to Depository Trust Corporation, New York, New York, it shall be at the expense of the Purchaser. It shall also pay any charges of Depository Trust Corporation.
- N. The Bonds will be registered in the name of CEDE & CO., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases will be made in book-entry form only, except as permitted by the Bond Ordinance. Purchasers of the Bonds will not receive physical delivery of bond certificates. So long as CEDE & CO. is the registered owner of the Bonds, as nominee of DTC, interest, together with the principal of and redemption premium, if any, on the Bonds will be paid directly to DTC by the Paying Agent.
- O. Upon wrongful refusal of the Purchasers to take delivery of and pay for the Bonds when tendered for delivery, the amount of the good faith deposit shall be forfeited by such Purchasers, and such amount shall be deemed liquidated damages for such default, provided, however, if said Bonds are not ready for delivery and payment within forty-five (45) days from the date of sale herein provided for, said Purchasers shall be relieved of any liability to accept the Bonds hereunder.
- P. Said Bonds are offered for sale on the basis of the principal of said Bonds not being subject to Kentucky ad valorem taxation (except inheritance taxes) and on the basis of the interest on said Bonds not being subject to Kentucky income taxation and not being includable in gross income for purposes of Federal income taxation, on the date of their delivery to the Purchasers, as more specifically provided in Section 5 hereof.
- Q. If, prior to the delivery of the Bonds, any event shall occur which alters the tax-exempt status of the Bonds, or excludability status of the interest thereon, the Purchasers shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Chief Financial Officer, whereupon the amount of the good faith deposit (without interest) of the Purchasers will be returned to the Purchasers, and all respective obligations of the parties will be terminated. The Chief Financial Officer will accept a bid or reject all bids on the date stated at the beginning of this instrument.
- R. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the Bonds, the City agrees that it will cooperate with such successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder (with the exception of the costs of a rating by Moody's Investors Service), and the City shall not be liable to any extent therefor.

10. Establishment of Issue Price. The City is offering the Bonds for sale pursuant to the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) and if competitive sale requirements are met the following provisions for the establishment of issue price will apply to the initial sale of the Bonds to the public (the "competitive sale requirements"):

(1) The City has disseminated these Official Terms and Conditions of Bond Sale to potential bidders/underwriters in a manner that is reasonably designed to reach potential bidders/underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) The City anticipates receiving bids from one or more bidders/underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds with the understanding that in order for the competitive sale requirements to be met, the City shall receive bids from three or more underwriters or purchasers of bonds who have established industry reputations; and

(4) The City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest true interest cost), as set forth in these Official Terms and Conditions of Bond Sale.

The City shall take all steps that are reasonably necessary to ensure that the initial sale of the Bonds to the public will satisfy the competitive sale requirements.

In the event that the initial sale of the Bonds to the public does not satisfy the competitive sale requirements, the City has determined to treat the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The City or the City's Financial Advisor shall promptly advise the prospective winning bidder, prior to the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the hold-the-offering-price rule.

Because the City has determined to apply the hold-the-offering-price rule to any maturity of the Bonds, the winning bidder shall agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell any maturity of the Bonds to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City or its Financial Advisor when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer who is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer who is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer who is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if and for so long as directed by the winning bidder and in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter who is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer who is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if and for so long as directed in the related pricing wires.

Sales of any Bonds to any person who is a related party to an underwriter shall not constitute sales to the public for purposes of these Official Terms and Conditions of Bond Sale. Further, for purposes of these Official Terms and Conditions of Bond Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person who agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person who agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to more than 50% common ownership.

The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an "issue price" certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, in a form agreed to by the winning bidder, the City and Bond Counsel and substantially in the form as set forth in the attached Exhibit B (Certificate of Underwriter).

11. Firm Bids. Any bid received shall be considered a firm offer for the purchase of the Bonds identified in these Official Terms and Conditions of Sale and shall not be subject to any conditions, except as permitted under these Official Terms. Bids shall not be revocable.

Bond Counsel has reviewed the information contained in the Official Statement describing the Bonds and the provisions of the Bond Ordinance and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections and general information concerning the City, and expresses no opinion thereon, assumes no responsibility for same, and has not undertaken independently to verify any information contained therein. *Cory Alexander, Chief Financial Officer of the City of Madisonville, Kentucky.*

**EXHIBIT A TO THE
OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

Re: City of Madisonville, Kentucky General Obligation Bonds, Series 20__

Maturing
 1
20__

Principal
Amount*
\$ _____

**Amounts Subject to Revision*

**EXHIBIT D
BID FORM**

Subject to the terms and conditions of the City of Madisonville, Kentucky providing for the sale of \$_____ (subject to adjustment upward in an amount not to exceed \$_____ or downward by any amount) of City of Madisonville, Kentucky General Obligation Bonds, Series 20__, dated the date of initial delivery thereof, and in accordance with the Official Terms and Conditions of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$_____ * principal amount of Bonds, the total sum of \$_____ (not less than \$_____) at the following annual rate(s), payable semiannually:

<u>Maturing</u> <u>1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest Rate</u>	<u>Maturing</u> <u>1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>
20__	\$ _____	_____%	20__	\$ _____	_____%
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____

* *Subject to Adjustment*

Bidder's Term Bonds Option: We hereby elect to specify that all the principal amount of Bonds stated to mature on the following two or more consecutive maturity dates shall be combined to comprise the maturities of Term Bonds indicated below:

<u>Bonds Maturing</u>	<u>Term Bonds Maturing</u>
_____ 1, _____ through _____ 1, _____	_____ 1, _____
_____ 1, _____ through _____ 1, _____	_____ 1, _____
_____ 1, _____ through _____ 1, _____	_____ 1, _____

It is understood that the City will furnish the final, approving Legal Opinion of Rubin & Hays, Municipal Bond Attorneys, of Louisville, Kentucky, subject to the provisions as set out in detail in the Official Terms and Conditions of Bond Sale. It is understood that if we are the successful bidder, we will deposit for the account of the City with _____, _____, _____ prior to the close of business on _____, 20__ a good faith deposit in the amount of 2% of the final principal amount of the Bonds. The amount of the good faith deposit will be deducted (without interest) from the purchase price at the time of delivery of the Bonds. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms of the sale.

Respectfully submitted,

Name of Firm
By _____
Phone No. _____

Total interest cost from the date of initial delivery to final maturity	\$ _____
Plus discount/less premium, if any	\$ _____
Net interest cost (Total interest cost plus discount)	\$ _____
True interest cost (i.e. TIC)	_____ %

The above computation of true interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid. The determination of the best bid will be made on the basis of the lowest true interest cost (i.e. TIC).

Maturing _____ 1	Principal Amount*	Interest Rate	Maturing _____ 1	Principal Amount	Interest Rate
20__	\$ _____	_____ %	20__	\$ _____	_____ %
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____

ACCEPTANCE OF BID

Accepted by the City of Madisonville, Kentucky, on this _____, 20__, for a total of \$ _____ of Bonds at an adjusted price of \$ _____, with the maturities set out below:

CITY OF MADISONVILLE, KENTUCKY

Chief Financial Officer