

ORDINANCE NO. 2012-08

AN ORDINANCE APPROVING A LEASE FOR THE FINANCING OF A PROJECT; PROVIDING FOR THE PAYMENT AND SECURITY OF THE LEASE; CREATING A SINKING FUND; AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE.

WHEREAS, the governing body of the County of Marshall, Kentucky (the "Lessee") has the power, pursuant to Section 65.940 et seq. of the Kentucky Revised Statutes to enter into lease agreements with or without the option to purchase in order to provide for the use of the property for public purposes;

WHEREAS, the governing body of the Lessee (the "Governing Body") has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined in the Lease hereinafter described; and

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee enter into a Lease Agreement (the "Lease"), to be administered by Kentucky Association of Counties Leasing Trust (the "Program Administrator") and funded by the bank, financial institution or finance corporation offering the best interest rate and terms (the "Lessor"), as selected by the Judge/Executive upon the advice of the Program Administrator, for the leasing by the Lessee from the Lessor of the Project.

NOW THEREFORE, BE IT ORDAINED BY THE FISCAL COURT OF THE COUNTY OF MARSHALL, KENTUCKY, AS FOLLOWS:

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease"), in substantially the form presented to this Governing Body. The recitals to this Ordinance are incorporated herein as if set forth in this Section in their entirety and are hereby found and determined to be true and correct. It is further found and determined that the Project identified in the Lease is public property to be used for public purposes, that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease and all representations, certifications and other matters contained in the closing memorandum with respect to the Lease, or as may be required by the Lessor prior to delivery of the Lease, are hereby approved, ratified and confirmed. The Judge/Executive and Fiscal Court Clerk of the Lessee are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transaction contemplated by the Lease.

Section 2. General Obligation Pledge. Pursuant to the Constitution of the Commonwealth and Chapter 66 of the Kentucky Revised Statutes, as amended (the "General Obligation Statutes"), the obligation of the Lessee created by the Lease shall be a full general obligation of the Lessee and, for the prompt payment of the Lease Payments, the full faith, credit and revenue of the Lessee are hereby pledged. During the period the Lease is outstanding, there shall be and there hereby is levied on all the taxable property in the Lessee, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the Lease Payments on the Lease when and as due, it being hereby found and determined that

current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof; provided, however, that in each year to the extent that the other taxes of the Lessee are available for the payment of the Lease Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the Lessee shall be reduced by the amount of such other taxes so available and appropriated.

There is hereby established, or it is acknowledged that there has heretofore been established, with the Lessee a sinking fund (the "Sinking Fund"). The funds derived from said tax levy hereby required or other available taxes shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of all obligations issued under the General Obligation Statutes and all Tax Supported Leases, as defined in the General Obligation Statutes, including the Lease herein authorized, when and as the same fall due. Amounts shall be transferred from the Sinking Fund to the Lessor at the times and in the amounts required by the Lease.

Section 3. Administration of the Lease. The Kentucky Association of Counties Leasing Trust is hereby acknowledged to be the program administrator under the Lease.

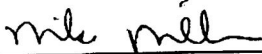
Section 4. Severability. If any Section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such Section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 5. Open Meetings Law. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Ordinance were taken in an open meeting of this Governing Body, and that all deliberations of this Governing Body and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.


Section 6. Conflicts. All ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed and the provisions of this Ordinance shall prevail and be given effect.

Section 7. Effective Date. This Ordinance shall take effect from and after its passage and publication of a summary thereof, as provided by law.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the Governing Body, held on ~~October 9~~, 2012, after first reading held on ~~Sept. 18~~, 2012, signed by the Judge/Executive of the Lessee, attested by the Fiscal Court Clerk, filed and indexed as provided by law.

By: 
Judge/Executive

ATTEST:

By: 
Fiscal Court Clerk

INTERLOCAL COOPERATION AGREEMENT

By and Between

CERTAIN POLITICAL SUBDIVISIONS OF THE
COMMONWEALTH OF KENTUCKY

Relating To:

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

Dated as of:
May 1, 2010

FOR FILING OFFICER

Pd. \$ 161.00 Rec. fee \$ _____ Tax

Date Filed 9-27-12 Time 8:25 AM

Tim York, Clerk

By D D.C.
Marshall Co. Fiscal Ct.

STATE OF KENTUCKY, COUNTY OF MARSHALL
I, Tim York, Clerk of the County Court for the County and State
aforesaid, certify that the foregoing agreement was on the
27 day of Sept, 2012 at 8:25 o'clock A M, lodged for
record, whereupon the same, the foregoing and this certificate have
duly recorded in my said office in Misc Book 138 Page 7.
Given under my hand this 28 day of Sept, 2012.

Tim York, CLERK

BY Deborah Riley D.C.

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**INTERLOCAL COOPERATION AGREEMENT BETWEEN
CERTAIN POLITICAL SUBDIVISIONS OF THE
COMMONWEALTH OF KENTUCKY**

THIS AGREEMENT, made and entered into as of the 1st day of May, 2010, by and between such political subdivisions of the Commonwealth of Kentucky as shall have executed this Agreement (collectively, the "Parties");

WHEREAS, certain "public agencies," as defined in Section 65.210 of the Kentucky Revised Statutes, including each of the Parties, may associate, pursuant to Sections 65.210 to 65.300 of the Kentucky Revised Statutes (the "Interlocal Cooperation Act") to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population, and other factors influencing the needs and development of local communities; and

WHEREAS, the Parties desire to jointly create a system for funding, financing or refinancing various governmental purposes, including, but not limited to, (i) a floating indebtedness, the cost of providing a public service if the governing body determines that an emergency exists and the public health or safety so requires, unfunded liabilities, a reserve for past or future liabilities or casualties, or one or more final judgments, including settlements of claims approved by a court, all as provided in KRS 66.051; (ii) a "public project" for any "governmental agency," as those terms are defined in KRS 58.010; (iii) "buildings" or "industrial buildings," as those terms are defined in KRS 103.200; (iv) short term borrowing, as provided in KRS 65.7701 et. seq.; (v) the construction or acquisition of personal or real property for any public purpose, as provided in KRS 65.940 et. seq.; (vi) public buildings, as provided in KRS 162.340 to 162.380; (vii) the cost of constructing or acquiring any additions, extensions, and necessary appurtenances under KRS Chapter 74; (viii) the cost of any waterworks, electric plant or other public improvement under KRS Chapter 96; (ix) district facilities under KRS Chapter 76; (x) public property, sites and buildings under KRS Chapter 160 and KRS Chapter 162; and (xi) any similar governmental funding, financing or refinancing for any public agency, including any related financing costs, reserve funds, capitalized interest and other related costs and contingencies with respect thereto; and

WHEREAS, pursuant to the provisions of the Interlocal Cooperation Act, it is determined and declared that it is necessary and in the best interests of the citizens, residents, and inhabitants of the respective Parties, for the Parties to cooperate in taking action to:

(a) provide for and promote the public health, safety and general welfare of the Parties by the adoption and implementation of a program for the aforesaid purposes to be known as the Kentucky Association of Counties Interlocal Finance Program (the "Program"), so that the funding, financing or refinancing of various governmental purposes may be obtained at the lowest possible cost to the participating public agency; and

(b) create and establish a nonprofit corporation, pursuant to the provisions of Section 273.161 to 273.390 and KRS 58.180, of the Kentucky Revised Statutes, to be known as the Kentucky Association of Counties Finance Corporation (the "Corporation") under the Articles of

Incorporation approved hereby (the "Articles of Incorporation"), pursuant to which the Corporation shall provide for the administration and operation of the Program; and

WHEREAS, it is to the mutual advantage of the Parties to designate the Corporation to issue obligations for the purpose of defraying the cost of the Program as provided herein; and

WHEREAS, the Program will benefit the public health, safety and general welfare of the citizens of the Parties; and

WHEREAS, the Corporation shall be performing an essential government function; and

WHEREAS, the income of the Corporation shall accrue only to the benefit of the Parties or other public agencies; and

WHEREAS, it is necessary, desirable and authorized by the Interlocal Cooperation Act that such Parties approve the issuance by the Corporation of obligations to provide funds for the Program;

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

ARTICLE I

JOINT ESTABLISHMENT OF THE PROGRAM BY THE PARTIES AND ISSUANCE OF BONDS

The Parties hereby jointly associate in the formation of a nonprofit corporation, pursuant to the Articles of Incorporation attached hereto as Exhibit A (the "Articles of Incorporation") for the purpose of establishing and providing funding for the Program, pursuant to the Interlocal Cooperation Act. The Parties further authorize and establish that the Kentucky Association of Counties Finance Corporation (the "Corporation") shall issue obligations in the name of the Corporation, on behalf of the Parties, for the purpose of providing the funds for the Program, which issuance of such obligations shall be pursuant to the Interlocal Cooperation Act and a resolution or resolutions of the Corporation (each a "Resolution") authorizing the execution of trust indentures, leases, notes, bonds, certificates and other applicable agreements and certifications for such purpose and authorizing and securing such obligations and the execution of all other instruments necessary for the issuance of such obligations and operation of the Program.

The Corporation shall not be a political subdivision of the Commonwealth of Kentucky, but shall act as an agency and instrumentality to act on behalf of the Parties in carrying out the Program.

The proceedings authorizing any issue of obligations may provide for the pledging of all or any part of the revenues and receipts, and the investment income therefrom, to be received by or on behalf of the Corporation from the obligations, and such proceedings may provide that, as security for the obligations, the Corporation may pledge or grant security interests in lease agreements, notes, bonds, certificates of participation or other obligations relating to the Program

and in any other funds or revenues contributed to or received by the Corporation in connection with the Program.

The Parties further agree that they have approved, or will approve, by resolution or ordinance, all actions necessary to be taken to create the Corporation, to enable the Corporation to issue or enter into obligations under this Agreement and to enable the Corporation to execute all necessary documents and agreements relating to the operation of the Program and the issuance of such obligations, including but not limited to, trust indentures, notices of bond sale, statements of official terms and conditions of the sale of obligations, bid forms, any offering information with respect to the sale of such obligations, purchase agreements relating to the sale of obligations and all other instruments, certificates and documents relating thereto, subject to the following limitations:

(a) Such obligations shall never constitute (and the instruments and the documents shall so affirm) general obligations of the Corporation, and under no circumstances shall such obligations ever be payable from, nor shall the holder thereof have an rightful claim to, any income, revenues, funds or assets of any Party, including any moneys raised by taxation, other than those pledged under the applicable trust indenture or other related leases, bonds, notes or documents (or other obligations issued by a Party, as security for the payment of such obligations).

(b) It is understood that it is contemplated that such obligations may be issued in one or more series to finance the Program.

(c) The interest rate, maturity, the minimum bid, the maximum bid, any redemption or prepayment provisions and other particular terms of any obligations issued or entered into as authorized by this agreement shall be in accordance with the directions of the Party or Parties directly participating in the issuance of such obligations, subject to applicable limitations imposed by law.

ARTICLE II

ADDRESSES AND PLACES OF BUSINESS

The principal offices and places of business of the Parties shall be as set forth in the respective signature pages attached to and a part of this Agreement.

ARTICLE III

DURATION

This Agreement shall be effective with respect to a Party from and after its execution by such Party and at least one other Party and the issuance of a formal Letter of Approval of this Agreement by the Attorney General of Kentucky as required by Section 65.260(2) of the Kentucky Revised Statutes, followed by the filing of a certified copy of same with the clerk of the county in which each such Party is located and with the Secretary of State of Kentucky, pursuant to Section 65.290 of the Kentucky Revised Statutes, and the duration of this Agreement from and after said effective date shall be perpetual and shall continue unless terminated by three

quarters majority vote of all the Parties once all obligations of the Corporation have been satisfied.

ARTICLE IV

SEPARATE LEGAL ENTITY

Pursuant to the Articles of Incorporation, there is created and established a separate legal entity known as the Kentucky Association of Counties Finance Corporation which shall assist in the funding and formation of the Program. The Corporation shall be governed by a Board of Directors (the "Board"), consisting of the same number of members of the governing body of the Kentucky Association of Counties Leasing Trust, who shall be appointed by the board of the Kentucky Association of Counties, and such Board is hereby appointed by the Parties. Notwithstanding the method for Board appointments set forth in the preceding sentence, the Parties may at any time, by unanimous vote, change the members of the Board or the method for electing the Board. The Corporation is a nonprofit corporation created to provide funding, on behalf of the Parties, for the purposes identified herein. All of the income of the Corporation shall accrue to the benefit of the Parties or other public agencies.

The administration of the Program shall not be financially controlled, in whole or in part, directly or indirectly, by any of the Parties or any public agency. The Corporation may enter into an agreement with an administrator (the "Administrator") to administer the Program in such manner as may be determined by the Board for the efficient administration of the Program.

ARTICLE V

PURPOSE; OBJECTS; POWERS

The purpose of this Agreement, its objects and the powers of the Corporation hereunder, shall be as follows:

- (a) To adopt the Program, as set out in the preambles hereto which are incorporated herein, and to take such steps as may be deemed to be reasonably necessary for the promotion of the public health, safety and general welfare of the citizens and inhabitants of the Parties and other public agencies in connection therewith.
- (b) To accomplish the purposes of the Program through the issuance of bonds, notes, financing leases, certificates of participation or other evidences of indebtedness of the Corporation for the benefit of the Parties and other public agencies and to evidence such obligations in any legal manner.
- (c) To cooperate with the Parties and with any other public agencies in accomplishing any of the stated purposes of this Agreement.
- (d) To do all of the foregoing and generally to take any and all action necessary and incident to general purposes of this Agreement and the Act, as may be necessary or desirable to carry out the purposes of the Program.

(e) In accordance with the requirement of Section 65.250(d) of the Kentucky Revised Statutes it is hereby stated and agreed that no provision is made in this Agreement for any pertinent pension plan or plans; provided, however, that it is acknowledged that each Party agrees to make its own arrangements, if any, as to any pension plan.

(f) The Corporation shall not have any power to issue certificates or shares or declare dividends, and this Agreement is not formed for and shall not be operated for profit of any private individual, partnership, corporation, or other entity, but is created solely to carry out the purposes and to exercise the powers set forth above.

ARTICLE VI

GENERAL PROVISIONS

The Parties further agree to the following general provisions:

(a) Additional Parties. Additional parties may be added in order to accommodate participation in the Program, and the public agencies shall be bound to this Agreement upon its execution by such public agency. Any public agency which becomes a Party hereto shall be bound by the terms of this Agreement by the enactment of an ordinance or resolution approving the same.

(b) Prohibition of Discrimination. No person engaged in activities or transactions contemplated in this Agreement, shall discriminate against any person on the basis of race, color, religion, sex, creed, ancestry, national origin, or physical or mental handicap in connection with any such activities or transactions.

(c) Prohibition of Arbitrage. The Parties shall agree that sums derived from the proceeds of the bonds and from the revenues, bonds and assets pledged to the bonds shall not be invested in investments which will produce a yield which would cause such bonds to be treated as "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended, or any successor provisions of law.

(d) Limitation on Use of Proceeds of Bonds. All of the proceeds of any obligations issued pursuant to this Agreement shall be used exclusively for the purposes herein set out, including payment of expenses incidental thereto; no part of the proceeds of such obligations, the investment income derived therefrom, or the revenues securing the obligations except for the payment of approved expenses relating to the issuance of the obligations and the implementation of the Program, shall inure to the benefit of any individual; and no substantial part of the activities of the Parties under the Program shall be for political purposes, intervening in a political campaign, the carrying on of propaganda, or otherwise attempting to influence legislation, except as such legislation may affect the purposes of the Program.

(e) Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original; provided that it is not required that all Parties sign the same copy or copies of this Agreement as shall have been signed by

all other Parties; however, all such counterparts executed by any of the Parties shall together constitute one and the same Agreement.

(f) Arbitration. In the event of a dispute between any one Party and any other Party, the Parties shall resolve such dispute by arbitration as follows. A Party shall by written notice to the other parties to the dispute elect to submit the dispute to arbitration. Each party to the dispute shall be entitled to select one arbitrator. Upon the failure of any party to select an arbitrator within ten days after written notice to do so, then upon the written request of any party, an arbitrator for that party may be designated by the then Governor of the Commonwealth, and if the number of the arbitrators is an even number, the Governor may designate an additional arbitrator on request of any party. The arbitrators shall proceed to resolve such conflict based upon such exhibits, testimony and procedure as shall be determined by such arbitrators to be appropriate. Any such decision of such arbitrators shall be final and any court in the Commonwealth may enter judgment thereon. The fees and expenses of the arbitrators in connection therewith shall be borne equally by the parties to the dispute.

ARTICLE VII

TERMINATION OF AGREEMENT; DISPOSITION OR ALLOCATION OF ASSETS; WITHDRAWAL OF PARTY

(a) Withdrawals. Any Party may withdraw from this Agreement and withdraw from the proposed Program at any time which is not less than ten (10) days prior to any then currently scheduled date for sale of obligations of the Corporation, upon thirty days' written notice to the other Parties, and may otherwise withdraw upon such notice upon the following conditions:

- (1) Such Party has no obligations under any agreement with the remainder of the Parties or the Corporation that are related to this Agreement or the Program.
- (2) Such termination at that time shall not, in the opinion of nationally recognized Bond Counsel, constitute an act of default in connection with any outstanding notes, bonds, leases, or any obligation(s) of the Parties, the Corporation or such terminating Party under any agreement with the remainder of the Parties or under the requirements of the Program.
- (3) In the opinion of Bond Counsel adequate provision has been made for the satisfaction and protection of the rights of holders, financial institutions providing credit enhancement for any obligations, the Parties, any hedge provider and any trustee designated in the proceedings authorizing related obligations.

(b) Allocation of Assets. Pursuant to Section 65.250(1) of the Kentucky Revised Statutes, it is agreed that in the event of termination of the Agreement, all of the then remaining assets of the Program shall be distributed and/or transferred as required or contemplated by any provision of Federal or Kentucky law, and, if and to the extent not so required or contemplated, shall be distributed and transferred solely and only to the respective Parties who participated in the Program on a pro rata basis; provided that if at

that time any such Parties shall have merged into a different governmental unit, then the amount to which such Party would have been entitled shall be paid or transferred to such successor public agency. Provided, however, that the Parties shall have the right at any time, to agree unanimously on any other method of partial or complete termination and distribution, to whatever extent may be permissible, in the opinion of recognized Bond Counsel, without adversely affecting the rating or status of the obligations, the exemption of interest thereon from taxation, or other rights of bondholders.

ARTICLE VIII

**OBLIGATIONS SHALL NOT CONSTITUTE GENERAL
OBLIGATION INDEBTEDNESS OF THE CORPORATION,
AND NO OFFICIAL SHALL HAVE ANY
PERSONAL LIABILITY FOR THE OBLIGATIONS OR
ANY INDEBTEDNESS IN CONNECTION THEREWITH**

Obligations issued under this Agreement shall be related to underlying obligations of a specific Party or revenue obligations for the benefit of the Parties, issued by the Corporation pursuant to this Agreement, payable solely from and secured by a pledge of the proceeds of the underlying obligations or obligations until disbursed, the investment of such proceeds, and all revenues, funds, proceeds of insurance and other assets pledged under the applicable trust indenture or other agreement or instrument authorizing and securing such obligations, which amount may be pledged to be set aside as a special fund or funds for that purpose, and such obligations shall not constitute an indebtedness of the Corporation or any of the Parties (except as a Party may become so obligated as set forth specifically in the agreements or instruments entered into by such Party with respect to such obligations), or be payable out of any tax revenues any Party unless specifically stated in the applicable agreements or instruments of a Party, within the meaning of any constitutional provision or limitation.

None of the officers, officials or employees of the Parties, or their governing bodies, or any members thereof, shall be subject to or in any way liable for any debt or contract created pursuant to this Agreement.

IN TESTIMONY WHEREOF, witness the signatures of the Parties, duly authorized by proceedings of their respective governing bodies as of the date first above written, and actually adopted on the dates hereinafter indicated. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one instrument. For convenience in execution, the officials of each Party have signed or shall sign on the same page as the page on which their signatures are acknowledged, and the signatures and acknowledgment of each Party appears or shall appear on a separate page.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

This Agreement was properly approved by the governing body of the undersigned on this 18th day of May, 2010

COUNTY OF SHELBY, KENTUCKY

Judge/Executive

ATTEST

Sue Carole Perry
Fiscal Court Clerk

COMMONWEALTH OF KENTUCKY)

) SS:

COUNTY OF SHELBY)

The foregoing instrument was acknowledged before me on this the 17th day of May, 2010, by Rob Rothenburger and Sue Carole Perry the Judge/Executive and Fiscal Court Clerk of the County of Shelby, Kentucky, on behalf of said County.

My commission expires: 6/28/11

[Signature]
NOTARY PUBLIC, STATE AT LARGE,
KENTUCKY

This Agreement was properly approved by the governing body of the undersigned on this 12th day of July, 2010

WALTON FIRE PROTECTION DISTRICT

James Butler
Chair

ATTEST

Barbara Yelton
Secretary

COMMONWEALTH OF KENTUCKY)
COUNTY OF BOONE) SS:

The foregoing instrument was acknowledged before me on this the 13th day of July 2010, by James Butler and Barbara Yelton the Chair and Secretary of the Walton Fire Protection District, on behalf of said District.

My commission expires: Dec. 15, 2012

J. H.
NOTARY PUBLIC, STATE AT LARGE,
KENTUCKY

APPROVAL

The undersigned, Attorney General for the Commonwealth of Kentucky, hereby approves the foregoing Interlocal Cooperation Agreement pursuant to Section 65.260 of the Kentucky Revised Statute

Dated this 26 day of July, 2010.

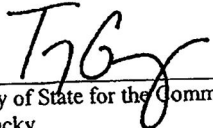
Jack Conway
Attorney General for the Commonwealth
of Kentucky

By: [Signature]
Ryan Balloran
Assistant Attorney General

**CERTIFICATE AS TO RECORDING WITH
THE SECRETARY OF STATE**

The undersigned, Secretary of State of the Commonwealth of Kentucky, hereby certifies that the foregoing Interlocal Cooperation Agreement has been duly filed with the Secretary of State of the Commonwealth of Kentucky pursuant to Section 65.290 of the Kentucky Revised Statutes.

Dated this 5th day of AUGUST, 2010.



Secretary of State for the Commonwealth
of Kentucky

EXHIBIT A

ARTICLES OF INCORPORATION OF KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

The undersigned Incorporator, being a natural person over the age of twenty-one (21) years, does declare to create and form a nonprofit, no stock corporation for public purposes pursuant to the provision of KRS 273.161 to 273.390 and KRS 58.180, as follows:

ARTICLE I

The name of the Corporation shall be "Kentucky Association of Counties Finance Corporation" (the "Corporation"). The Corporation is and shall at all times be and constitute a nonprofit, no stock corporation for the performance of public, civic and governmental purposes pursuant to the provisions of KRS 273.161 to 273.390 and KRS 58.180.

ARTICLE II

The purposes for which the Corporation is organized are exclusively to cooperate with, and to act on behalf of, at the direction of and as the agency, instrumentality and constituted authority of certain public agencies, which parties (the "Parties") have entered or will enter into an Interlocal Cooperation Agreement dated May 1, 2010 (the "Interlocal Agreement") to create a system for funding, financing or refinancing various governmental purposes, including, but not limited to, (i) a floating indebtedness, the cost of providing a public service if the governing body determines that an emergency exists and the public health or safety so requires, unfunded liabilities, a reserve for past or future liabilities or casualties, or one or more final judgments, including settlements of claims approved by a court, all as provided in KRS 66.051; (ii) a "public project" for any "governmental agency," as those terms are defined in KRS 58.010; (iii) "buildings" or "industrial buildings," as those terms are defined in KRS 103.200; (iv) short term borrowing, as provided in KRS 65.7701 et. seq.; (v) the construction or acquisition of personal or real property for any public purpose, as provided in KRS 65.940 et. seq.; (vi) public buildings, as provided in KRS 162.340 to 162.380; (vii) the cost of constructing or acquiring any additions, extensions, and necessary appurtenances under KRS Chapter 74; (viii) the cost of any waterworks, electric plant or other public improvement under KRS Chapter 96; (ix) district facilities under KRS Chapter 76; (x) public property, sites and buildings under KRS Chapter 160 and KRS Chapter 162; and (xi) any similar governmental funding, financing or refinancing purposes for any public agency, including any related financing costs, reserve funds, capitalized interest and other related costs and contingencies with respect thereto, thereby accomplishing a public purpose for one or more of the Parties. In carrying out its corporate purposes, the Corporation shall specifically have power to contract and be contracted with, to sue and be sued, to acquire, own, hold and use real and personal property by purchase, lease, gift or in any other manner whatsoever with power to deal with any and all such property in any manner consistent with the purposes of the Corporation, specifically including, but not by way of limitation, the power to sell and dispose of the same and to mortgage, lease or otherwise encumber the same, subject to the provisions hereof, and generally to have and treat such property in any way not inconsistent with the provisions of Kentucky law set forth herein.

The Corporation shall have the power, on behalf of and at the specific direction of a Party, to borrow money, incur indebtedness and to issue its bonds, notes, leases, certificates of participation or other obligations (an "Obligation") in evidence of the same for the financing or

refinancing of one or more purposes described in the preceding paragraph, in each case, for and on behalf of the Party giving such approval, and may pledge, for the amortization of the Obligations, any revenues or taxes permitted by law for such purpose (i) that upon the retirement and discharge of the related Obligations issued by the Corporation at the direction of on behalf of a Party full legal title to any asset funded with the proceeds of the Obligations shall vest in the related Party (ii) that in the event of default with respect to any such Obligations, the related Party shall have the exclusive option to acquire such asset for the amount required to discharge such related Obligations, and shall be provided a reasonable time to exercise such option, (iii) that the issuance of any such Obligations shall be directed by and approved by the related Party not more than sixty (60) days prior to the date of issue of such Obligations; and (iv) no Obligations shall be issued by the Corporation for and on behalf of any Party except upon express direction of such Party. Additionally, during the time any such Obligations are outstanding, the related Party shall have a beneficial interest in the asset financed or refinanced thereby to such extent as may be necessary in order to comply with requirements of the federal and state law in respect of the tax-exempt status of interest received on such Obligations.

ARTICLE III

In accordance with the Interlocal Agreement, the Parties shall exercise either (i) organizational control over the Corporation, at all times retaining the authority to alter or change the structure, organization, programs or activities of the Corporation, including termination of the Corporation, subject to the rights of the holders of any Obligations, and (ii) supervisory control over the Corporation, as may be deemed proper by the Parties in the administration of the Corporation's activities as an agency and constituted authority of each Party and as may be required from time to time by federal law or Kentucky law in order to continue to qualify the Corporation for the issuance of Obligations, whether tax-exempt or taxable under the Internal Revenue Code of 1986, as amended, or any successor statute, and under Kentucky statutes, on behalf of a Party.

ARTICLE IV

The Corporation is organized solely to accomplish one or more of the public, civic and governmental purposes, as aforesaid, and as an agency and instrumentality and constituted authority of each Party. The Corporation is not organized for the making of any profit, and no private pecuniary profit shall at any time be derived by any officers or Directors of the Corporation. Any net revenues of the Corporation beyond those necessary for the retirement of Obligations or the implementation of the public purposes of the Corporation and the Parties shall not inure to the benefit of any person other than the Parties. The Corporation shall not engage in propaganda or in any manner attempt to affect legislation. In the event the Corporation is dissolved, title to all of its properties (after provision has first been made for the payment of any indebtedness and expenses incident thereto) shall vest in the Parties automatically and without any necessity for formal conveyances.

ARTICLE V

The duration of the Corporation shall be perpetual, except as herein provided. A Party may remove itself from any rights or responsibilities with respect to the Corporation by unilateral action of such Party acting by and through its duly authorized and empowered governing body; provided that, if at the time of such removal there are outstanding any obligations of the Corporation with respect to such Party, such obligations shall be properly discharged or proper

provision therefor shall be made by such Party. The Corporation shall be deemed dissolved at any time that all Parties have removed themselves from the Corporation by such action.

ARTICLE VI

The address of the principal office and registered office of the Corporation in Kentucky shall be: Kentucky Association of Counties Leasing Trust, 400 Englewood Drive, Frankfort, Kentucky 40601. The resident agent of the Corporation, for service of process, shall be the General Counsel of the Kentucky Association of Counties, 400 Englewood Drive, Frankfort, Kentucky 40601.

ARTICLE VII

The Corporation's Board of Directors shall consist of the same number of members of the governing body of the Kentucky Association of Counties Leasing Trust, who shall be appointed by the board of the Kentucky Association of Counties, and such Board is hereby appointed by the Parties. At any time, the members of the Board or the method for electing the Board may be changed by unanimous vote of the Parties.

The names and addresses of the initial members of the Board of Directors are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Sue Carole Perry	c/o Kentucky Association of Counties 400 Englewood Drive Frankfort, Kentucky 40601
J. Michael Foster	c/o Kentucky Association of Counties 400 Englewood Drive Frankfort, Kentucky 40601
Lynn Lane	c/o Kentucky Association of Counties 400 Englewood Drive Frankfort, Kentucky 40601
Randy Stevens	c/o Kentucky Association of Counties 400 Englewood Drive Frankfort, Kentucky 40601
James R. Townsend	c/o Kentucky Association of Counties 400 Englewood Drive Frankfort, Kentucky 40601

Pursuant to KRS 273.187, the Corporation shall not have any members. The Corporation shall have no capital stock.

ARTICLE VIII

Unless the Board of Directors of the Corporation shall make express provision to the contrary by resolution, motion, or other corporate action, which is caused to appear in the official

minute book of the Corporation, the signature of any Director or officer of the Corporation appearing upon any contract, note, bond, mortgage, lease, certificate, or other document or instrument of the Corporation shall remain valid, binding and effective for all purposes, notwithstanding that fact that at the delivery, or other intended effective date thereof, such Director or officer shall have ceased to be a Director, or shall have ceased to hold such office of the Corporation. It is the intent of these Articles that the Corporation shall be a legal corporate entity in its own right, separate and apart from any Party and from the governing body of each Party, but nevertheless, as aforesaid, to be and constitute the agency, instrumentality and constituted authority of each Party in the performance of public, civil and governmental purposes. The undertakings, promises, commitments, notes, bonds, mortgages, leases, conveyances, contracts and Obligations of the Corporation shall not in any manner or to any extent be deemed or construed to be binding upon the Parties, except as may be specifically set forth in agreements between a Party and the Corporation, notwithstanding that it is the purpose of the Corporation to serve as the agency, instrumentality and constituted authority of each Party and to serve and promote public, civic and governmental purposes and objectives.

ARTICLE IX

The Corporation shall commence business immediately upon the recording of its Articles of Incorporation in the Office of the Secretary of State of Kentucky, and the Office of the Clerk of Franklin County and upon issuance by the Secretary of State of a Certificate of Incorporation.

ARTICLE X

The private property of the Incorporator and Directors shall not be subject to or in any way liable for any debt or contract of the Corporation, or any judgment against the Corporation.

The Corporation will indemnify any current or former director or officer against reasonably incurred expenses in defense of any action in which he is made a party by reason of his position with the Corporation, unless his actions constitute negligence or misconduct. Directors or officers will not be liable for monetary damages resulting from his breach of fiduciary duty unless the breach involves a conflict of financial interest, bad faith, or improper personal benefits.

ARTICLE XI

The Corporation shall have a Chair and Secretary, as elected by majority vote of the members of Board of Directors from among its members, each of whom shall serve a term expiring at the later of the next December 31 or the date on which a successor shall have been elected. The Corporation shall have such additional officers as the Board of Directors may, from time to time, determine, and such officers and offices shall have such powers and duties as may be prescribed from time to time, by the Board of Directors.

ARTICLE XII

The Board of Directors shall have power to make and adopt By-Laws and to alter the same at will.

ARTICLE XIII

The name and address of the Incorporator is as follows:

NAME

Grant Satterly

ADDRESS

c/o Kentucky Association of Counties
400 Englewood Drive
Frankfort, Kentucky 40601

IN TESTIMONY WHEREOF, witness the signature of the Incorporator as of _____
_____, 2010.

Grant Satterly

STATE OF KENTUCKY)

COUNTY OF FRANKLIN)

The undersigned Notary Public in and for the State and County aforesaid, hereby certifies that on this _____, 2010, the foregoing instrument was acknowledged before me in said County by Grant Satterly, as his free act and deed.

Notary Public

My commission expires: _____

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Book: MISC Number: 138
Pages: 7 - 25
Tim York, Marshall County
DC: DELIA RILEY
Deed Tax: \$8.00