Government Leasing Program

Under legal authority as set out in the Government Leasing Act adopted in 1990 (KRS 65.940 to 65.956) an Extension District Board as a governmental unit can secure financing for construction of an Extension office by pledging anticipated tax revenue as security for payment. The law allows for such agreements for up to 40 years for real property; the terms of which can be determined by a bid process or by negotiation. However, in order to avoid criticism and to secure the most favorable rates putting it out for bids is strongly recommended. There is a notification or approval process with the State Local Debt Officer in Frankfort depending upon the amount of the lease. Except for Urban-County Governments, if the lease is over $100,000 notification must be given. If over $500,000, all county leases must have a hearing in order to be approved by the State Local Debt Officer.

S-10

Most counties are currently using the government leasing program to acquire funds for building facilities. It doesn't require setting up any additional groups or foundations. You work with a bank to secure the money – but not all banks qualify for these types of programs. You may want to check with one of the following Ross Sinclair of Frankfort – 800-255-0795, KACO 800-264-5226 or local banks that offer Government leasing programs. You will probably want to check locally to see if the county attorney is familiar with this or if they want to present you with other options.
65.694  Pledge of increments for bond payment -- Precedence of pledges.

Any city or county may pledge increments to the payment of increment bonds by an ordinance adopted by the governing body or by a grant contract adopted by ordinance. Any pledge of increments adopted under this section shall, as to the increments, but not as to any other revenues, be superior to any other pledge of revenues for any other purpose and shall, from the effective date of the ordinance to the termination date, supersede any statute or ordinance regarding the application or use of increments. No ordinance in conflict with an ordinance pledging increments shall be adopted while any increment bonds secured by that pledge remain outstanding. Ordinances pledging increments on a subordinate basis to any existing pledges may be adopted.

Effective: July 15, 2002

The Kentucky Association of Counties Leasing Trust, better known as CoLT, was formed in 1985. From the beginning, CoLT's goal has been to offer the counties and their political subdivisions the safest, most convenient and the most economical way to borrow money to finance any governmental project or energy efficiency project.

Funding through the Program has been used to finance equipment purchases, construction of libraries, healthcare clinics and extension service facilities, AOC projects, grant anticipation projects and more. To date, we have closed over 1,000 leases totaling nearly $500,000,000.

Since 1996, CoLT has offered general obligation leases for any governmental purpose. Our leasing program is flexible and will be tailored to fit your budget. We offer variable rate leases as well as fixed rate leases with terms of 30 days up to 30 years. Additionally, we have the ability to structure leases so that principal and interest can be paid either monthly or annually and for the lowest rates attainable.

Eligible projects include: courthouses, road equipment, dump trucks, paving projects, fire/safety equipment and vehicles, 911 systems, computer equipment, voting machines, jails, water & sewer lines, libraries, and all other essential governmental needs. CoLT offers financing for a broad range of capital projects including construction, renovation, equipment purchases, and practically any other essential governmental project.

With many traditional forms of finance, once the papers have been signed and your project funded, you are on your own. It is CoLT's pledge to stand with you through every step of the financing of your project to make it easy, convenient and pain free every time you need us.

CoLT Features:
- No Closing Costs
- No Application Fee
- No Financial Advisory Costs
- No Underwriting Cost
- No Bond Counsel Cost
- Flexible Terms
- Quick Approvals
- The Lowest Term Possible

Serving Kentucky Counties Since 1974
Working For You In Ways You Never Imagined
Kentucky Association of Counties • 403 Englewood Drive • Frankfort, KY 40601
Phone: (502) 223-7667 • Toll Free: (800) 264-5461 • Fax: (502) 223-1502
Comments: Webmaster
LESAE APPLICATION
Kentucky Association of Counties Leasing Trust Program
380 King's Daughters Drive
Frankfort, Kentucky 40601
(800) 264-5226
(502) 875-7262 Fax

COUNTY APPLICANT INFORMATION (CONSTRUCTION)

1. County Name: ________________________________

2. Mailing Address: ______________________________________

3. E-Mail Address: ________________________________ Employer ID#: __________________

4. Telephone Number: ________________________________ Fax Number: __________________

5. Contact Person(s): ___________________________________________

   Name & Title of Person Executing Closing Documents:
   _______________________________________________________

   Name and Title of Person Attesting the Above Signature:
   _______________________________________________________

6. Name, Address, Telephone & Facsimile and E-mail address of County Attorney:
   _______________________________________________________

   _______________________________________________________

7. Date of Most Recent PVA Assessment of Real and Personal Property in the County:
   _______________________________________________________

   Net Assessed Value of All Real Property in the County: $________

8. Has the County issued any bonds or incurred any indebtedness within the last 18 months? YES _____ NO _____

   (If yes, please include on Attachment A, listing for each Obligation the initial principal amount of the obligation, total amount to be paid during current fiscal year and principal amount outstanding at the beginning of current fiscal year.)
COUNTY APPLICANT INFORMATION (continued)
Page 2 (Construction Lease)

County Name: ________________________________

9. Does the County plan to issue any bonds or leases this Calendar year?  
   YES ______  NO ______
   (If yes, on a separate sheet of paper please list the need, date, amount and purpose).

10. Will any of this lease be paid by AOC or any other governmental Agency?  
    YES ______  NO ______

Please attach explanations for any "YES" answers to the following questions

11. Will any proceeds from this lease be used directly or indirectly, by a person other than a state or local government unit?  
    YES ______  NO ______

12. Will property used or to be used in a private business be pledged as security for this lease?  
    YES ______  NO ______

13. Will payments made with respect to property or borrowed money used or to be used in a private business be used in making lease payments?  
    YES ______  NO ______

14. Will lease proceeds be loaned directly or indirectly to nongovernmental persons or used by such persons for purposes unrelated to the Project?  
    YES ______  NO ______

15. Will the Project be used for purposes other than performance of one or more lawful governmental functions of the County?  
    YES ______  NO ______

16. Has the County defaulted in the payment of any obligation on which it was or is the primary obligor?  
    YES ______  NO ______

17. Has the County ever applied to the State Local Finance Officer for Approval to issue bonds?  
    YES ______  NO ______

18. What is the useful life of this Project: ________?  
    YES ______  NO ______

Will the term of this lease exceed the useful economic life of the Project to be funded with this lease?

19. Is the Project covered by this lease necessary for the provision of the essential and ongoing services by your County?  
    YES ______  NO ______

20. Does the County have any outstanding financial obligations in the form of loans, bonds, notes, equipment leases or payments to Public Properties Corporation?  
    YES ______  NO ______

(If yes, please include on Attachment A, listing for each Obligation the initial principal amount of the obligation, total amount to be paid during current fiscal year and principal amount outstanding at the beginning of current fiscal year.)
COUNTY APPLICANT INFORMATION (continued)
Page 3 (Construction Lease)

County Name: ____________________________

21. Does the County intend to use any other Budget Fund other than the General Fund to pay for this debt? (i.e. Road Fund, Jail Fund, etc.) If so, which fund?

22. Estimated growth rate for the next 5 years (based on past history and expected future changes):

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Total Budget Revenues</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 2</td>
<td>%</td>
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<tr>
<td>Year 3</td>
<td>%</td>
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<tr>
<td>Year 4</td>
<td>%</td>
<td></td>
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<tr>
<td>Year 5</td>
<td>%</td>
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</tbody>
</table>

Total Budget Expeditures

<table>
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<tr>
<th>%</th>
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23. Anticipated Lease Term: months

24. Preferred Financing Type:

<table>
<thead>
<tr>
<th>Fixed Rate</th>
<th>Variable Rate</th>
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</table>

25. Project Breakdown (list major cost components for this project, e.g. construction, renovation, professional fees, land or equipment acquisition, etc., or attach Engineer/Architect Cost Estimate or Feasibility Study.)

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>1.</td>
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<td>2.</td>
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<td>6.</td>
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<td>7.</td>
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</table>

Total Cost of Project: ____________________________

Total Amount Requested From Colt: ____________________________
26. If Total Project Cost is not being requested from CoLT, please provide the following:

<table>
<thead>
<tr>
<th>Source of Additional Funds</th>
<th>Amount</th>
<th>Status of Funding</th>
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</thead>
<tbody>
<tr>
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27. Will land, buildings or real estate be Acquired as part of this Component?  
   YES _____  NO _____

28. Will Currently owned land, buildings or real estate be used in this Component?  
   YES _____  NO _____

   If yes to either question, please supply the following information about the property:
   Please attach a copy of the deed to this application.

   Street Address of Property:
   ____________________________

   General Description of Property:
   ____________________________
   ____________________________
   ____________________________

   Encumbrances (if none, so state)
   ____________________________
   ____________________________
ATTACHMENTS TO APPLICATION

Also, as part of the application, please include copies of the following:

1) Audit Reports for the last three fiscal years (Please send unbound copies, do not send original bound copies.)

2) The most current Fourth Quarter report as submitted to the Department of Local Government or Annual Audit Report if available.

3) Current Fiscal year Budget.

CERTIFICATION

The undersigned, on behalf of the County, hereby certifies that (1) he or she understands that this Application is an application for approval of funding under CoLT's Leasing Program (the "Program") and may be used to determine the amount of bonds to be issued to fund the Program; (2) the information contained in this Application is complete and accurate; (3) the County will voluntarily provide CoLT with any updates to the information in this Application should any changes occur; (4) the County will provide any additional information that may be requested by CoLT for purposes of processing this Application; and (5) the County acknowledges that this Application constitutes a written loan commitment for funding under the Program in the amount requested for the project identified in this Application. It is understood that final funding is subject to (1) approval of this application by the credit facility provider for the Program; (2) final authorization by the governing body of the County, which shall be given upon final approval of the credit facility provider; and (3) execution of the Program lease documents to be provided by CoLT based on the information included in this Application.

By: ____________________________

Title: ____________________________

BY SIGNING THIS APPLICATION YOU ACKNOWLEDGE THAT PARTICIPATION IN THIS PROGRAM REQUIRES ANNUAL AUDITS
County Name:

**ATTACHMENT A**

<table>
<thead>
<tr>
<th>Lender</th>
<th>Item Financed</th>
<th>Outstanding Principal Amount</th>
<th>Principal Payments This Fiscal Year</th>
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</thead>
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</table>
Ross, Sinclair & Associates, LLC (RSU) has acted as financial advisor, manager, co-manager, or selling group member for nearly $5 billion in municipal bonds. We are currently serving as financial advisor to over 60 counties and 110 school systems within Kentucky, as well as a large number of cities, special districts and state government.

RSA provides most of our services in-house. We have a network of high speed computers with advanced software which allows us to run our own number verifications on arbitrage calculations, escrow perfections, computation of NIC, TIC, arbitrage yields, etc. The firm is recognized as the only Kentucky firm with the expertise and computer software capability to complete advance refunding which may involve yield restricted escrows, transferred proceeds penalties and other computations to assure the refunding bonds are not arbitrage bonds in accordance with the 1986 Tax Code.

When acting in the capacity of Financial Advisor, our office collects the necessary information from the Issuer to prepare the Preliminary Official Statement, summarizes the general bond information, and typeset, print, bind and mail the Preliminary Official Statement and bond Certificates in-house. We coordinate all the services of Bond Counsel, Trustee and other parties as necessary.

RSA has an excellent relationship with the analysts at Moody's and Standard & Poor's and all major bond insurance companies. This relationship allows us to provide the most options available to an Issuer and ensure the best possible rates.

RSA has more than ten years of experience serving as Financial Advisor to Counties, Cities and Special taxing districts. We have assisted municipalities in funding numerous projects, including courthouses, detention facilities, wellness centers, hospitals, colleges and university projects and many more.
## RSA

**Innovative Investment Banking**

<table>
<thead>
<tr>
<th>Home</th>
<th>Official Statements</th>
<th>Brokerage Services</th>
<th>Municipal Finance</th>
<th>Investment Banking</th>
<th>Tax Credits</th>
<th>Retirement Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSA Funded Projects</td>
<td>News &amp; Events</td>
<td>Glossary</td>
<td>Contact Us</td>
<td>Business Community Plan</td>
<td>Careers</td>
<td>My Account</td>
</tr>
</tbody>
</table>

### Lease Pool Programs

- Municipal Investment Products
- State Services
- Florida
- Indiana
- Kentucky
- Cities, Counties, Special Districts
- School Districts
- Ohio
- South Carolina
- Tennessee
- West Virginia

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**Kentucky**

RSA, Sinclar & Associates, LLC ("RSA") has provided municipal finance services to Kentucky's cities, counties, special districts, and school districts for more than 20 years. RSA is dedicated to innovative strategies and superior client service. Historically, RSA has served as Financial Advisor to more municipal bond issuers than any other firm serving the Commonwealth. Our diverse group of municipal finance professionals have more than 40 years of experience in Kentucky. RSA has a reputation of being hard working, innovative and dedicated to our clients. In addition to basic financial advisory work, RSA provides the following services:

- Evaluate financing options
- Evaluate potential savings from refunding outstanding bonds
- Evaluate credit enhancements and prepare information packages for rating agencies and insurance companies
- Review legal documents
- Attend local meetings
- Attend meetings with rating agencies and insurance companies
- Prepare the optimal financing plan
- Prepare the official statement
- Assist with investment of bond proceeds
- Support all aspects of the bond sale
- Perform trade calculations

RSA serves as Financial Advisor and Program Administrator to the Kentucky Public Agency Development Trust and Lease Acquisition Program (KPAD) and the Kentucky Area Development District Financing Trust (KADDFT).

We believe that our clients are our most valuable asset and we look forward to assisting with your project.

For more information, please call 859.255.0795 or e-mail info@rsamuni.com.

Frankfort, Kentucky
P.O. Box 398
Frankfort, Kentucky 40602
Telephone: 502.986.7353
Facsimile: 502.695.2997
Toll Free: 800.255.0795

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10/28/2009
Debt Reporting

Kentucky state law requires local governments to report in writing to the State Local Debt Officer, who resides in the Department for Local Government, before entering into debt in the form of bonds and leases. The required notification must contain information outlined in the Bond and Lease Summary Forms. For more detailed information see below.

**Bonds**

Without first notifying the State Local Debt Officer in writing, no bonds or obligations may be issued by or on behalf of any issuer except as provided by KRS 65.940 to 65.956. (See KRS Chapter 065.00 - Sections 940 to 956 Government Leasing Act) Bond notification shall contain the maturity schedule, interest rate, date of issue, purpose, paying agent, and any other information the State Local Debt Officer may require to provide a complete file in the State Local Debt Report. Please see Bond Summary Form. (Word)

Notification of Bonds must include the following:

1. A completed Bond Summary Form as prescribed by the State Local Debt Officer
2. An amortization schedule listing all principal payments made throughout the life of the bond
3. Any other information necessary to complete the file

When notification is NOT needed:

1. All bond issues by school districts or on behalf of school districts such as, school revenue bonds issued by counties or cities acting on behalf of school districts
2. All bond issues of the following state agencies: State Property and Building Commission, State Universities and Colleges, Kentucky Turnpike Authority

*All Obligated County Bonds exceeding $500,000 must have a hearing in order to be approved by the SLDO. (Please see Hearing Process)*

**Leases**

Without first notifying the State Local Debt Officer in writing, no lease may be entered into if the lease price exceeds one hundred thousand dollars ($100,000) per KRS Chapter 066.00. The notification shall contain the terms of the Lease, including the lease price, number of optional renewal periods, interest rate, date of issue, purpose, and trustee or paying agent if any. Please see Lease Summary Sheet. (Word)

Notification of Leases must include the following:

1. A completed Lease Summary Form as prescribed by the State Local Debt Officer
2. An amortization schedule listing all principal payments made throughout the life of the lease
3. Any other information necessary to complete the file

http://dlg.ky.gov/finance/debt/
** Notification of County Leases that are $100,000 or less will be accepted by the SLDO, however, no acknowledgement letters will be sent in response.

*All County Leases exceeding $500,000 must have a hearing in order to be approved by the SLDO. (Please see Hearing Process)*

### Short Term Borrowing

The Short-term Borrowing Act consists of the statutory sections governing short term loans to state political subdivisions. This Act requires short term loans to be paid off within the same fiscal year (July 1-June 30) as borrowed. Please remember, pursuant to KRS 65.7719, should the borrower not notify the State Local Debt Officer in writing of this obligation, the note may not be secure and not an obligation of the political subdivision. Notification to the State Local Debt Officer must occur prior to the loan being finalized and must include all KRS 65.7719 required terms.

To notify the State Local Debt Officer of short term borrowing, please use the Notification of Intent to Borrow form and follow the instructions.
LOCAL DEBT NOTIFICATION

LEASE SUMMARY FORM

Please complete this form and return to the State Local Debt Officer. Include all corresponding lease information and the principal payment schedule. Completion of this form along with the payment schedule will insure timely entry into the State Local Debt Report. Thank you in advance for your assistance.

Name of Entity Entering Lease: ____________________________________________

County (Please specify the County in which the Entity is located. This is strictly for our filing purposes.)
____________________________________

Type of Lease (ex: General Obligation or Revenue): ____________________________

Is Lease Annually Renewable? _____________________________________________

Purpose of the Lease: _____________________________________________________

IF REFUNDING— Please state the name, date and principal amount of original issue(s) being refunded: ____________________________________________

Is the COUNTY (in which the Entity is located) Obligated? __________________

Name of Lessor: __________________________________________________________

Date the Lease was Issued: ________________________________________________

Principal Amount: _______________________________________________________

Type of Interest (Fixed or Variable): _________________________________________

Interest Rate: ____________________________________________________________

Date of Initial Payment: __________________________________________________

Date of Maturity: _________________________________________________________

Retirement Method: _______________________________________________________

Who is Trustee/Paying Agent (if applicable): __________________________________

Who is Counsel (if applicable): ____________________________________________
NOTIFICATION OF INTENT TO BORROW

1. Borrower Information
   A. Governmental Agency: ________________________________
   B. Governing Body: ________________________________
   C. Street Address: ________________________________
   D. City and State: ________________________________
   E. Zip: ________________________________

2. Purpose: Briefly explain the documented need which necessitates this note (loan) and the public purpose it is intended to address. (Attach additional information if necessary)

   __________________________________________________
   __________________________________________________
   __________________________________________________

3. Terms of Note (Loan) Agreement
   A. Lender’s Name and Address: ________________________________

   __________________________________________________
   __________________________________________________

   B. Date of Issue: ________________________________
   C. Interest Rate(s): ________________________________
   D. Maturity Schedule: ________________________________
   E. Date note (loan) is to be paid: ________________________________

4. Source of Note (Loan) Repayment
   A. Pledge of Taxes/Description: ________________________________

   __________________________________________________
B. Pledge of Revenue/Description: __________________________

C. Project Revenues (if revenue from a project is required to pay not (loan), documentation must be provided which substantiates the revenue projections and the specific source of income.

5. Have bids been sought by the local governments to determine the financial and programmatic competitiveness of the note (loan) proposal?

6. Additional Required Documentation:

A. Complete copy of the proposed note (loan) agreement.

B. Certification from local government attesting to the ability to meet additional financial commitments necessitated by this note (loan) and shall include a copy of the certificate of the governmental agency as to taxes and revenues to be collected during the term of the note (loan).

Date submitted: __________________________

Authority of governing body: __________________________

Title: __________________________

[Click here to email this form as an attachment.]

Mail to:
Governor's Office for Local Development
State Local Dept Officer
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601

Fax to:
502-573-3712