RESOLUTION NO. 2000-04

A RESOLUTION OF THE COUNTY OF MADISON, KENTUCKY, APPROVING AN INTERLOCAL COOPERATION AGREEMENT WITH THE COUNTIES OF PERRY, WOLFE AND BREATHITT, KENTUCKY, AND SUCH OTHER PUBLIC AGENCIES AS MAY SUBSEQUENTLY ELECT TO BE A PART THERETO, RELATING TO THE INDUSTRIAL BUILDING REVENUE BOND PROGRAM FOR HEALTH CARE OR RELATED FACILITIES.

WHEREAS, pursuant to the Constitution and laws of the Commonwealth of Kentucky, and particularly Chapter 103 of the Kentucky Revised Statutes (the "Act"), including §103.200(1)(c) thereof, cities, counties and other political subdivisions of the Commonwealth of Kentucky (collectively, "Public Agencies"), including the County of Madison (the "County") and the counties of Perry, Kentucky ("Perry County"), Wolfe, Kentucky ("Wolfe County") and Breathitt, Kentucky ("Breathitt County"), are authorized to issue industrial building revenue bonds to finance any facility or other improvement thereon, and all real and personal properties, including operating equipment and machinery deemed necessary in connection therewith, suitable for use as health care or related facilities, and to pledge loan or lease payments received from the person or persons on whose behalf such bonds are issued pursuant to a loan or lease agreement as security for the payment of the principal of and interest on such bonds; and

WHEREAS, Public Agencies are authorized under §§ 65.210 through 65.300, inclusive, of the Kentucky Revised Statutes, as amended (the "Interlocal Cooperation Act"), to cooperate and act jointly in exercising any and all powers, privileges, and authority capable of exercise by the Public Agencies in their respective individual capacities; and

WHEREAS, it is anticipated that nonprofit institutions (each a "Borrower", and collectively, the "Borrowers"), including Presbyterian Child Welfare Agency of Buckhorn, Kentucky, Inc., will from time to time request one or more Public Agencies to issue industrial building revenue bonds on their behalf to finance facilities (each, a "Project" and, collectively, the "Projects"); and

WHEREAS, pursuant to the provisions of the Act and the Interlocal Cooperation Act, the County, Perry County, Wolfe County and Breathitt County have determined that in order to provide an efficient mechanism to finance the Projects, which may in some instances be located in more than one jurisdiction, it is necessary and desirable that the County, Perry County, Wolfe County and Breathitt County authorize any Public Agency which is a party to the Agreement hereinafter described to issue industrial building revenue bonds ("Bonds") from time to time, at the request of a Borrower or Borrowers, for the purposes of financing Projects for Borrowers pursuant to the Act (collectively, the "Program"); and

WHEREAS, it is deemed advisable that the County join as a party to the Interlocal Cooperation Agreement (the "Agreement") heretofore entered into among Perry County, Wolfe County and Breathitt County, together with such other Public Agencies as may subsequently elect to become a party thereto as prescribed by §65.250 of the Kentucky Revised Statutes, to provide for the financing of Projects and the issuance of Bonds;

NOW THEREFORE, BE IT RESOLVED BY THE FISCAL COURT, COUNTY OF MADISON, KENTUCKY, AS FOLLOWS:

SECTION 1. Policy and Purpose.

(a) The Fiscal Court (the "Fiscal Court") of the County of Madison, Kentucky (the "County") hereby finds, determines and declares that all statements of fact set forth in the preambles to this Resolution are true and correct in all respects, and such preambles are incorporated herein and constitute a part of this Resolution.

(b) The Fiscal Court hereby find, determines and declares that the financing of the Program is reasonably necessary in order to promote economic development in the Commonwealth of Kentucky, to relieve conditions of employment and to encourage the increase of industry in the Commonwealth, all of which is to the general welfare of the citizens and inhabitants of the County.

SECTION 2. Approval of Interlocal Cooperation Agreement. The Agreement among this County and the Public Agencies identified in the preambles hereto, providing for the financing of the Program, is hereby specifically approved in the form attached hereto as Exhibit A. The Judge/Executive is hereby authorized to execute and deliver the Interlocal Cooperation Agreement, together with such other agreements and certificates necessary for implementation of the Program.

SECTION 3. Repeal of Conflicting Actions. All ordinances, resolutions, orders or other legislative or administrative actions or parts thereof of this Fiscal Court or the County in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

SECTION 4. Effective Date of Resolution. This Resolution shall be in full force and effect at the earliest possible date from and after its passage and approval, as provided by law.

Adopted on May __, 2000.

Kent Clark

Judge/Executive

ATTEST:

Mary Jane Ginter

Fiscal Court Clerk

CERTIFICATE

I, Mary Jane Ginter hereby certify that I am the duly qualified and acting Fiscal Court Clerk of the County of Madison, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the Fiscal Court of the County, at a meeting duly held on May 30 2000; that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61,820, and 61.825; that a quorum was present at said meeting; that said Resolution appears as a matter of public record in the official records of the County; that said Resolution has not been modified, amended, revoked, or repealed; and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature and the Seal of said County on this 30 day of May, 2000.

Mary Jane Ginter

Fiscal Court Clerk, County of Madison, Kentucky

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INTERLOCAL COOPERATION AGREEMENT

Relating To:

Industrial Building Revenue Bonds

Dated as of:
March 1, 1996

INDEX TO INTERLOCAL COOPERATION AGREEMENT

INTERLOCAL COOPERATION AGREEMENT

THIS AGREEMENT, made and entered into as of the first day of March, 1996, by and among such municipal corporations and counties of the Commonwealth of Kentucky (the "Commonwealth") as shall become signatories hereof (individually a "Governmental Agency" and, collectively, the "Governmental Agencies").

WHEREAS, pursuant to the Constitution and laws of the Commonwealth of Kentucky, and particularly Chapter 103 of the Kentucky Revised Statutes (the "Act"), including §103.200(1)(c) thereof, cities and counties are authorized to issue industrial building revenue bonds to finance buildings, structures and facilities, including machinery, equipment and furnishings, suitable for use as health care or related facilities and to pledge loan or lease payments received from the person or persons on whose behalf such bonds are issued pursuant to a loan or lease agreement as security for the payment of the principal of and interest on such bonds; and

WHEREAS, the Governmental Agencies are authorized under §§65.210 through 65.300, inclusive, of the Kentucky Revised Statutes, as amended (the "Interlocal Cooperation Act"), to cooperate and act jointly in exercising any and all powers, privileges, and authority capable of exercise by the Governmental Agencies in their respective individual capacities; and

WHEREAS, it is anticipated that hospitals and other non-profit entities (a "Borrower") will from time to time request one or more of the Governmental Agencies to issue industrial building revenue bonds on their behalf to finance health care or related facilities (each, a "Project" and, collectively, the "Projects"); and

WHEREAS, pursuant to the provisions of the Act and the Interlocal Cooperation Act, the Governmental Agencies have determined that in order to provide an efficient mechanism to finance the Projects, which may in some instances be located in more than one jurisdiction, it is necessary and desirable that the Governmental Agencies authorize any of the Governmental Agencies to issue industrial building revenue bonds ("Bonds") from time to time, at the request of a Borrower or Borrowers, for the purposes of financing Projects for Borrowers pursuant to the Act (collectively, the "Program"); and

WHEREAS, it is deemed advisable that the Governmental Agencies enter into this Interlocal Cooperation Agreement (the "Agreement"), as prescribed by §65.250 of the Kentucky Revised Statutes, to provide for the financing of Projects and the issuance of Bonds;

NOW, THEREFORE, THE GOVERNMENTAL AGENCIES HEREBY AGREE AS FOLLOWS:

ARTICLE I

FINANCING OF PROGRAM BY ANY GOVERNMENTAL AGENCY

The Governmental Agencies hereby jointly associate for the purpose of providing for the financing of Projects through the issuance of the Bonds by any one of the cities, acting on behalf of one or more of the Governmental Agencies (the "Issuer Governmental Agency"), to provide the best financial benefit to the Program, the Borrowers and the Governmental Agencies, all in accordance with the Interlocal Cooperation Act. The Issuer Governmental Agency shall adopt an ordinance authorizing the plan of financing, the execution on behalf of the Governmental Agency or Governmental Agencies of any agreements required to accomplish such financing and authorizing execution of all other necessary papers.

The Issuer Governmental Agency for any issuance of Bonds pursuant to this Agreement may be any Governmental Agency which has received a request from a Borrower to finance a Project.

The proceedings authorizing the plan of financing, including the issuance of the Bonds, shall provide for the pledging of all or any part of the revenues and receipts, and the investment income from a Project, to be received by or on behalf of the Issuer Governmental Agency from the leasing of the Project or as a result of the loan of the proceeds of such Bonds to a Borrower, and such proceedings may provide that, as security for any Bonds, such Governmental Agency agrees to mortgage, pledge or grant security interests in the Project, and in any other funds or revenues contributed to or received by the Governmental Agency in connection with a Project.

The Issuer Governmental Agency is specifically authorized to proceed to act in the giving of first and second readings to the enactment of an ordinance (the "Ordinance") authorizing the plan of financing and the negotiated sale of the Bonds or to take such other actions as may be in the best interests of the Governmental Agencies and the purposes of a Project.

ARTICLE II

DURATION

This Agreement shall be effective from and after its execution by the Governmental Agencies and the issuance of a formal Letter of Approval of this Agreement by the Attorney General of Kentucky as required by §65.260(2) of the Kentucky Revised Statutes, followed by the filing of a certified copy of same with the Clerk of each of the counties in which the Governmental Agencies are located and with the Secretary of State of Kentucky, pursuant to §65.290 of the Kentucky Revised Statutes, and the duration of this Agreement from and after said effective date shall be until the later of the termination of the Program or the final payment and retirement of all Bonds issued by the Issuer Governmental Agency pursuant to this Agreement and the satisfaction by any Governmental Agency of all obligations and commitments of a Governmental Agency pertaining to the Bonds.

ARTICLE III

NO SEPARATE GOVERNING BODY; ADMINISTRATOR

There shall be no separate governing body created under this Agreement. The Agreement is undertaken jointly by the Governmental Agencies, and all actions pursuant to this Agreement shall be undertaken by the Issuer Governmental Agency, with all proceedings and documents being signed by authorized representatives of the Issuer Governmental Agency, except for such instruments which may require execution by each of the Governmental Agencies, in which case such instruments shall be signed by authorized representatives of each of the Governmental Agencies.

As provided in §65.250(2)(a) of the Kentucky Revised Statutes, it is hereby determined that the administrator of a Project shall be the County of Perry, Kentucky (the "Administrator").

ARTICLE IV

PURPOSE; OBJECTS; POWERS

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

(a) To finance a Project located within the jurisdiction of one or more of the Governmental Agencies through (i) the issuance of industrial building revenue bonds, notes, or other evidences of special indebtedness by the Issuer Governmental Agency in accordance with the Act, and (ii) such other actions as may be to the best financial benefit of the Program and the Governmental Agencies.

(b) To cooperate with each other and with any other governmental agency in accomplishing any of the stated purposes of this Agreement.

(c) To do all of the foregoing and generally to take any and all action necessary and incident to general purposes of this Agreement and as may be necessary or desirable to carry out the purposes of the Program.

(d) In accordance with the requirement of §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 Governmental Agency agrees to make its own arrangements, if any, as to any pension plan.

(e) No Governmental Agency shall 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 V

GENERAL PROVISIONS

The Governmental Agencies further agree to the following general provisions:

(a) Prohibition of Discrimination. No person engaged in activities or transactions contemplated in this Agreement, shall, in connection with the origination, underwriting, or servicing of mortgage loans, 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.

(b) Limitation on Use of Proceeds of Bonds and Revenues Derived From Projects Financed by Bonds. All of the proceeds of any Bonds and of the revenues derived from the Projects financed by such Bonds shall be used exclusively for the purposes herein set out, including payment of expenses incidental thereto; no part of the proceeds of any Bonds, the investment income derived therefrom, or the revenues securing the Bonds shall inure to the benefit of any representative of any of the Governmental Agencies; and no part of the activities of the Governmental Agencies under the Program shall be for political purposes, intervening in a political campaign, the carrying on of propaganda, or otherwise attempting to influence legislation.

ARTICLE VI

TERMINATION OF AGREEMENT; DISPOSITION OR ALLOCATION OF ASSETS; WITHDRAWAL OF GOVERNMENTAL AGENCY

(a) Any Governmental Agency may terminate this Agreement and withdraw herefrom, upon thirty days' written notice to the Mayor or Judge/Executive, as applicable, of each of the other Governmental Agencies, upon the following conditions:

(i) Such Governmental Agency is not at that time in default of any of its obligations under any agreement with the remainder of the Governmental Agencies.

(ii) Such termination at that time shall not, in the opinion of the recognized Bond Counsel, constitute an act of default in connection with any outstanding bonds, or any obligation(s) of such terminating Governmental Agency under any agreement with the remainder of the Governmental Agencies.

(iii) Provisions as to the written satisfaction of the rights of bondholders and the other Governmental Agencies, by Bond Counsel employed by the Issuer Governmental Agency shall be made for the protection of the bondholders and of the Administrator and any Trustee designated in the proceedings authorizing such bonds.

(b) Pursuant to §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 the documents relating to the Bonds issued for the Project or any provision of Federal or State law, and, if and to the extent not so required or contemplated, shall be distributed and transferred equally to the respective Governmental Agencies. Provided, however, that the Governmental Agencies 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 Bonds, the exemption of interest thereon from taxation, or other rights of bondholders.

ARTICLE VII

ARBITRATION CLAUSE

In the event of a dispute between any one Governmental Agency and another Governmental Agency or Governmental Agencies, the parties shall attempt to resolve such dispute by negotiation, as follows:

In the event of failure to agree at any time, then upon written notice of one party to the other, of the desire for arbitration, such party shall select one arbitrator. Upon the failure of any party to select an arbitrator within ten days after the furnishing of written notice to do so, then upon the written request of any party, such arbitrator shall be designated by the then Governor of Kentucky, and if the number of arbitrators is then an uneven one, such Governor shall designate an additional arbitrator; whereupon such arbitrators shall proceed to resolve such conflict by their decision, 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 unappealable. The fees and expenses of the arbitrators in connection therewith shall be borne equally by the parties to the dispute.

ARTICLE VIII

BONDS SHALL NOT CONSTITUTE GENERAL OBLIGATION INDEBTEDNESS OF GOVERNMENTAL AGENCIES, AND NO OFFICIAL SHALL HAVE ANY PERSONAL LIABILITY FOR THE BONDS OR ANY INDEBTEDNESS IN CONNECTION THEREWITH

Any bonds or other obligations issued pursuant to this Agreement shall be revenue obligations of the Issuer Governmental Agency, payable solely from and secured by a pledge of the proceeds of such obligations until disbursed, the investment of such proceeds, the Projects being financed with proceeds of the Bonds, and all revenues, funds, proceeds of insurance and other assets pledged under the trust indenture authorizing and securing the Bonds, which amount shall be pledged to be set aside as a special fund or funds for that purpose, and such Bonds shall not constitute an indebtedness of any of the Governmental Agencies, or be payable out of any tax revenues of any of the Governmental Agencies, within the meaning of any constitutional provision or limitation.

None of the officials of the Governmental Agencies, or of any of the members of the legislative bodies of the Governmental Agencies, shall be subject to or in any way liable for any debt or contract created pursuant to this Agreement.

ARTICLE IX

ADDITIONAL GOVERNMENTAL AGENCIES AS PARTIES TO AGREEMENT

Any public agency within the meaning of the Interlocal Cooperation Act, authorized to finance or refinance Projects under the Act, including, but not limited to, any city, county or other political subdivision of the Commonwealth or any other public agency within the meaning of the Interlocal Cooperation Act, may become a party to this Agreement and finance or refinance the acquisition, construction, maintenance and improvement of Projects pursuant to the Program and the Act.

IN WITNESS WHEREOF, the Governmental Agencies have caused this Agreement to be duly executed by counterpart signature pages as of the date first written above.

COUNTY OF PERRY, KENTUCKY

By Sherman Neace

Judge/Executive Authorized by Action of the Fiscal Court of the County on 3 - 18 - , 1996

Attest:

Lena Cross

Fiscal Court Clerk

IN WITNESS WHEREOF, the Governmental Agencies have caused this Agreement to be duly executed by counterpart signature pages as of the date first written above.

COUNTY OF WOLFE, KENTUCKY

By Danny R. Brewer
Judge/Executive Authorized by Action of the Fiscal Court of the County on 3-5, 1996

Attest:

S. Kenneth Linton
Fiscal Court Clerk

IN WITNESS WHEREOF, the Governmental Agencies have caused this Agreement to be duly executed by counterpart signature pages as of the date first written above.

COUNTY OF BREATHITT, KENTUCKY

By Vern Henson

Judge/Executive Authorized by Action of the Fiscal Court of the County on APRIL 23, 1996

Attest:

Eudell Oaks

Fiscal Court Clerk

M McPherson D.C.

APPROVED BY THE ATTORNEY GENERAL
on 5-15, 1996

Lois J. Carter, AAG

CERTIFICATE AS TO RECORDING WITH SECRETARY OF STATE

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

Dated this May 20, 1996.

John Y Brown III
Secretary of State of the
Commonwealth of Kentucky

RECEIVED & FILED
MAY 20 11 39 AM '96

STATE OF KENTUCKY

COUNTY OF PERRY

I, Clarence Howard, Clerk of the State and County aforesaid do certify that the foregoing instrument was lodged for record in my office and it the foregoing and this my certificate have been duly recorded in my office in Misc Book No. 27 at page 549.

Witness my hand this 21 day of May 1996

CLARENCE HOWARD ,CLERK
PERRY COUNTY
By Bernice Ison D.C.

Peck, Shaffer & Williams LLP

Attorneys At Law

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Covington, Kentucky 41011

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April 28, 2000

Hon. Kent Clark
Judge/Executive, County of Madison, Kentucky
Madison County Courthouse
101 West Main Street
Richmond, Kentucky 40475-1441

Re: Proposed Interlocal Agreement to authorize Industrial Building Revenue Bonds on behalf of Presbyterian Child Welfare Agency of Buckhorn, Kentucky, Inc.

Dear Judge Clark:

Presbyterian Child Welfare Agency of Buckhorn, Kentucky, Inc. (the "Corporation") is a Kentucky nonprofit 501(c)(3) corporation that operates facilities in a number of communities to provide child welfare services. The Corporation has recently or is presently in the process of acquiring and/or renovating various properties located in Clark County, Madison County, Nelson County and Perry County. In order to secure the most favorable financing, the Corporation has approached the City of Buckhorn, Kentucky about the possibility of issuing tax-exempt industrial building revenue bonds on its behalf, with the proceeds loaned to the Corporation. Under Section 145 of the Internal Revenue Code of 1986, as amended (the "Code"), proceeds of tax-exempt industrial building revenue bonds issued by a political subdivision may, subject to satisfaction of certain conditions, be loaned to nonprofit 501(c)(3) entities for use in furtherance of the 501(c)(3) purposes of such entities. It is anticipated that the City of Buckhorn will issue the bonds under these provisions of the Code and Chapter 103 of the Kentucky Revised Statutes (the Industrial Building Revenue Bond Act) and loan the proceeds of such bonds to the Corporation for the above-referenced purposes. Our firm is serving as bond counsel for the proposed issue of bonds.

Since the projects are located in more than one jurisdiction, it would be necessary for certain steps to be taken under Kentucky law prior to the issuance of the bonds by the City of Buckhorn for the projects. The first step necessary to enable the City of Buckhorn, Kentucky to issue the proposed bonds involves the participation of each jurisdiction where a project is located in an existing interlocal agreement originally executed in 1996 by Breathitt, Wolfe and Perry Counties with respect to the issuance of industrial building revenue bonds on behalf of the Corporation. We have enclosed the existing interlocal agreement as well as a proposed resolution consideration by the Madison County Fiscal Court authorizing the County of Madison, Kentucky to join the cooperative undertaking represented by the interlocal cooperation agreement.

Kentucky law specifically provides in Chapter 65 that two or more governmental units may join together to take actions which each could undertake independently. We have utilized the concept of an interlocal agreement for industrial revenue bonds before on behalf of the Corporation and the agreement submitted to you has previously been approved by the Attorney General. Since the bonds proposed to be issued are industrial revenue bonds and the Interlocal Cooperation Agreement only addresses the issuance of industrial revenue bonds, there are no financial commitments or liabilities being incurred in connection with the execution of the Interlocal Cooperation Agreement. Furthermore, the proposed bonds would be considered conduit bonds and do not pledge the faith or credit or taxing power of any of the governmental agencies joining in the Interlocal Cooperation Agreement or issuing bonds. The purpose of having one issue of bonds to fund projects located in more than one jurisdiction is to reduce the costs normally incurred when separate bond issues are undertaken. In addition the bonds issued by the City of Buckhorn would be considered "bank eligible" since Buckhorn anticipates issuing less than $10 million in tax-exempt obligations during calendar year 2000. Madison County's bank qualification limit would not be impacted in any way through the issuance of the bonds.

Independent of the Interlocal Cooperation Agreement, Section 147(f) of the Code requires public approval of the proposed bonds. Public approval is required of both the issuer of the bonds as well as each jurisdiction in which projects to be financed by the bonds are located. In this case, the City of Buckhorn, as the issuer, would adopt the ordinance to specifically approve the issuance of the bonds. Since one of the projects is located within the jurisdiction of the County of Madison, it will also be necessary for the County of Madison to approve the issuance of the bonds prior to their issuance. Pursuant to Section 147(f)(2)(B) of the Code, such approval is to be obtained from an applicable elected representative after a public hearing with respect to the proposed issuance of the bonds which was preceded by public notice. Pursuant to the Treasury Regulations promulgated in connection with Section 147(f) of the Code, applicable elected representative means either the legislative body of the governmental unit, the chief elected executive officer of the governmental unit or any elected representative of the governmental unit designated to exercise such approval by the chief elected executive officer. Accordingly, the Treasury Regulations contemplate that the approval may be exercised by the Judge/Executive. In the case at hand, a public hearing will be held before the City Council of the City of Buckhorn at or prior to the date the bond authorizing ordinance is adopted following publication of a notice of such public hearing in newspapers with a circulation area encompassing the areas where each of the projects is located. Once the hearing has been held, we would prepare an approval certificate for execution by the Judge/Executive.

We respectfully request consideration of the resolution by the Madison County Fiscal Court at one of the regularly scheduled meetings of the Fiscal Court to be held in May, in order that the City of Buckhorn may proceed with the issuance of the bonds in June. If you should require any further information at this time, please do not hesitate to contact us at 1-888-431-7511. Thank you in advance for your consideration of this matter.

Very truly yours,

Peck, Shaffer & Williams LLP

Dirk Bedarff

Dirk M. Bedarff

DMB:mmw
encl.
cc w/encls.: T. Marc Robbins, Esq.