

RESOLUTION NO. 06-05A RESOLUTION APPROVING A LEASE FOR THE FINANCING OF A PROJECT
AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED
TO SUCH LEASE.

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

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Kentucky Area Development Districts Financing Trust (the "Lessor") enter into a Lease Agreement (the "Lease") for the leasing by the Lessee from the Lessor of the Project;

NOW THEREFORE, BE IT ORDERED AND RESOLVED BY THE COUNSEL OF THE CITY OF SOMERSET, COMMONWEALTH OF KENTUCKY:

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease") and all Collateral Documents, as defined in the Lease, each in substantially the form presented to this Governing Body. It is hereby found and determined that the Project identified in the Lease is public property to be used for public purposes. It is further determined 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 Mayor and City 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. Purpose. The City plans to use the proceeds of the lease to purchase one (1) truck from Worldwide Equipment for use by the City.

Section 3. Investment of Funds. Ross, Sinclair & Associates, LLC, as Program Administrator, is hereby authorized to direct the Trustee to invest funds on deposit under the Lease in such manner, subject to all legal limitations, as will, in the Program Administrator's judgement, produce the most favorable financial result for the Lessee.

Section 4. Severability. If any section, paragraph or provision of this Resolution 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 Resolution.

Section 5. Sunshine Law. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Resolution 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 resolutions, orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and the provisions of this Resolution shall prevail and be given effect.

Section 7. Effective Date. This Resolution shall take effect from and after its passage, as provided by law.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the Governing Body, held on 22nd May, 2006, signed by the Mayor of the Lessee, attested by the City Clerk, filed and indexed as provided by law.

By: J.P. Wiles
Title: Mayor

ATTEST:
By: [Signature]
Title: City Clerk

Kentucky Area Development District Financing Trust
City of Somerset, Kentucky
Proposed (1) Truck Lease

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Ross, Sinclair & Associates, LLC
Bangelucci

Kentucky Area Development District Financing Trust
City of Somerset, Kentucky
Proposed (1) Truck Lease

Sources & Uses

Dated 06/15/2006 | Delivered 06/15/2006

Sources Of Funds	
Par Amount of Bonds	\$115,000.00
Total Sources	\$115,000.00
Uses Of Funds	
Total Underwriter's Discount (0.500%)	575.00
Costs of Issuance	1,150.00
Deposit to Project Construction Fund	113,275.00
Total Uses	\$115,000.00

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Kentucky Area Development District Financing Trust
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Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
07/01/2006	-	-	-	-
01/01/2007	-	-	2,629.67	2,629.67
07/01/2007	115,000.00	4.200%	2,415.00	117,415.00
Total	\$115,000.00		\$5,044.67	\$120,044.67

Yield Statistics

Bond Year Dollars	\$120.11
Average Life	1.044 Years
Average Coupon	4.2000028%
Net Interest Cost (NIC)	
True Interest Cost (TIC)	4.6787262%
Bond Yield for Arbitrage Purposes	4.6938601%
All Inclusive Cost (AIC)	4.1979541%
	6.1272224%
IRS Form 8038	
Net Interest Cost	4.2000028%
Weighted Average Maturity	1.044 Years

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 City of Somerset, Kentucky
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Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Expenses	Net New D/S
07/01/2006	-	-	-	-	-	-
01/01/2007	-	-	2,629.67	2,629.67	256.27	2,885.94
07/01/2007	115,000.00	4.200%	2,415.00	117,415.00	255.75	117,670.75
Total	\$115,000.00	-	\$5,044.67	\$120,044.67	\$512.02	\$120,556.69

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Kentucky Area Development District Financing Trust
 City of Somerset, Kentucky
 Proposed (1) Truck Lease

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
06/15/2006	115,000.00	100.0000%	115,000.00	1.04444444x	120,111.11
07/01/2007	115,000.00	-	115,000.00	-	120,111.11
Total	\$115,000.00		\$115,000.00		\$120,111.11

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price

1.044 Years

Total Interest from Debt Service

5.044 67

Total Interest

5.044 67

NIC = Interest / (Issue Price * Average Maturity)

4.2000028%

Bond Yield for Arbitrage Purposes

4.1979541%

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Ross, Sinclair & Associates, LLC
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