



# Lexington-Fayette Urban County Government

200 E. Main St  
Lexington, KY 40507

## Legislation Text

---

**File #:** 0974-19, **Version:** 1

---

An Ordinance of Lexington-Fayette Urban County Government (I) authorizing the Issuance and Sale of Sewer System Revenue and Revenue Refunding Bonds, Series 2019, in one or more subseries, in an aggregate principal amount of \$65,000,000 (which amount May be increased by an amount of up to ten percent (10%) or decreased by an unlimited amount), for the purpose of financing certain improvements to the sewer system, (II) authorizing the Issuance and Sale of Sewer System Revenue Refunding Bonds, Series 2019 for the purpose of currently refunding a loan with the Ky. Infrastructure Authority pursuant to an Assistance Agreement by and between the Ky. Infrastructure Authority and the Lexington-Fayette Urban County Government dated as of April 1, 2010, (III) funding the reserve account, (if any), and (IV) paying the costs of issuance of the Series 2019 Bonds; approving a form of the Series 2019 Bonds; authorizing the execution of a second Supplemental Trust Agreement (to secure such Series 2019 Bonds); authorizing the preparation and distribution of a Preliminary and Final Official Statement; authorizing the execution of a Certificate of Award for the acceptance of the bid of the purchaser(s) for the purchase of the Series 2019 Bonds; and authorizing the execution of additional documents, agreements and certificates necessary to effectuate the issuance of the Series 2019 Bonds. [Div. of Finance, O'Mara]

Authorization to approve the Ordinance for the Sale and Issuance of the Lexington-Fayette Urban County Government Sewer System Revenue and Refunding Bonds 2019A in an aggregate principle amount of \$65,000,000 (which May increase by an amount of up to 10%). [L0974-19] (O'Mara)

Budgetary Implications: Yes

Advance Document Review:

**Law:** Yes, Completed by Dave Barberie, 09/09/2019

**Risk Management:** No

Fully Budgeted: Yes

Account Number: 4002-141401-1869-78401

This Fiscal Year Impact: \$2,904,082.78

Annual Impact: \$4,334,650 annually for 20 years

Project:

Activity:

Budget Reference:

Current Balance:

## **BONDS.**

**WHEREAS**, the Lexington-Fayette Urban County Government, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes (hereinafter called the “Issuer”), owns and operates as a public utility, more specifically, a sanitary sewer system (hereinafter sometimes called the “Sewer System”), pursuant to the provisions of the Act (as defined herein), and the Issuer has by Ordinance No. 119-2014 adopted by the Lexington-Fayette Urban County Council (the “Urban County Council”) on September 25, 2014 (the “General Bond Ordinance”), and by a Trust Agreement dated as of September 1, 2014 (the “Master Trust Agreement”), between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), authorized the issuance of sewer system revenue bonds from time to time to pay costs of Improvements (as defined herein) to the Sewer System under the terms and security of the Master Trust Agreement, as amended and supplemented from time to time (as amended and supplemented, the “Trust Agreement”); and

**WHEREAS**, the Issuer now seeks to provide for the financing of (i) Improvements, (the “2019 Improvements”); and (ii) the current refunding of the KIA Loan (as defined below) by the issuance of Sewer System Revenue and Revenue Refunding Bonds, to be designated as the “Series 2019 Bonds” (as further described herein); and

**WHEREAS**, the Issuer has determined to currently refund a loan in an aggregate principal amount not to exceed \$9,500,000 with the Kentucky Infrastructure Authority pursuant to an Assistance Agreement by and between the Kentucky Infrastructure Authority and the Lexington-Fayette Urban County Government dated as of April 1, 2010 (the “KIA Loan”); and

**WHEREAS**, the Issuer has determined to authorize the Second Supplemental Trust Agreement (as defined herein), pursuant to which the Issuer’s Series 2019 Bonds shall be issued and secured; and

**WHEREAS**, the Issuer desires to sell and award such Series 2019 Bonds to the Series 2019 Original Purchaser (as defined herein) at a public, competitive sale in accordance with the provisions of Chapter 424 of the Kentucky Revised Statutes; and

**WHEREAS**, under the provisions of the Act, the General Bond Ordinance, the Trust Agreement and this Ordinance, the Issuer is authorized to issue the Series 2019 Bonds to provide such funds for the purposes aforesaid, and

**NOW, THEREFORE, BE IT ORDAINED BY THE LEXINGTON-FAYETTE URBAN COUNTY COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, AS FOLLOWS:**

### **SECTION 1. Determination of Urban County Council.**

It is hereby found and determined that:

(a) the Sewer System, including all extensions thereof and Improvements thereto, has been, and shall hereafter be, operated as a public utility pursuant to the Act;

(b) prior to the issuance of the Series 2019 Bonds, rates and charges for the services of the Sewer System have been determined and fixed in amounts sufficient to pay the

costs of operating and maintaining the Sewer System and to leave an amount of revenues adequate to comply with the covenants contained herein and in the Trust Agreement;

(c) the issuance of the Series 2019 Bonds will be for a proper Issuer purpose and will be in the best interests of the Issuer, more specifically to finance the 2019 Improvements;

(d) it is necessary to currently refund the KIA Loan in order to achieve interest cost savings, if any, thereby improving the overall efficiency of the Sewer System;

(e) the user fees collected by the Issuer for the benefit of the Sewer System shall at all times be applied to the payment of the reasonable costs associated with such Sewer System, including, but not limited to, the operation and maintenance thereof and the payment of Principal and Interest Requirements related to the Bonds, General Obligation Bonds (Sewer), General Obligation Notes (Sewer), and other Obligations, as further set forth in the Trust Agreement (subject to such cost allocation and transfers as determined by the Commissioner of Finance).

## **SECTION 2. Definitions.**

All capitalized words and terms used herein, not otherwise defined, shall have the meaning assigned to them by the Trust Agreement. In addition to the words and terms elsewhere defined in this Series 2019 Bond Legislation, or in the Trust Agreement, the following words and terms as used herein and in the Trust Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Act” means Sections 82.082, 67A.060, and 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes.

“Additional Bonds” shall have the meaning set forth in the Trust Agreement.

“Authorized Officer” or “Authorized Officers” of Issuer means any person or persons specifically authorized by ordinance to take the action intended, and, if there is no such specific authorization, shall mean the Mayor of the Issuer and/or, the Commissioner of Finance of the Issuer.

“Bond” or “Bonds” means the Series 2014A Bonds, the Series 2019 Bonds and any Additional Bonds.

“Bond Counsel” means a firm of attorneys of nationally recognized standing on the subject of municipal bonds, initially, Dinsmore & Shohl LLP.

“Bond Legislation” means, (i) when used in connection with any earlier series of Bonds (if any), the ordinance authorizing those Bonds, (ii) when used in connection with the Series 2019 Bonds, the Series 2019 Bond Legislation (including the Series 2019 Certificate of Award) and, (iii) when used in connection with Additional Bonds or related Bonds when subsequent Additional Bonds are outstanding, shall mean or include, as the case may be, the ordinance or other legislation (including the applicable certificate of award) providing for the issuance of such Additional Bonds but only to the extent consistent with the Series 2019 Bond Legislation, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in

accordance with the provisions of the Trust Agreement.

“Bond Reserve Requirement” shall have the meaning set forth in the Trust Agreement.

“Bond Service Charges” shall have the meaning set forth in the Trust Agreement.

“Cede & Co.” means Cede & Co., as nominee of DTC, and any successor nominee of DTC.

“Code” means the Internal Revenue Code of 1986, as amended, and the accompanying Treasury Regulations.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of book entry interests in Bonds, and to effect transfers of book entry interests in Bonds in book entry form, and includes and means initially DTC (a limited purpose trust company), New York, New York.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns (in each case, which shall be a qualified and registered “clearing agency” under Section 17A of the Securities and Exchange Act of 1934, as amended).

“Final Official Statement” means the final offering document used in connection with the marketing and sale of the Series 2019 Bonds, which document shall be prepared in accordance with the SEC Rule, and which document contains all of the final sale and pricing information relating to the issuance and delivery of the Series 2019 Bonds.

“Financial Advisor” means Raymond James & Associates, Inc., Lexington, Kentucky.

“General Obligation Bonds (Sewer)” means the Issuer’s general obligation bonds issued for the purpose of making improvements or enlargements to the Sewer System, as further defined in the Trust Agreement as “General Obligation Bonds.”

“General Obligation Notes (Sewer)” means the Issuer’s general obligation notes issued for the purpose of making improvements or enlargements to the Sewer System, as further defined in the Trust Agreement as “General Obligation Notes.”

“Holder” or “Holders” shall have the meaning set forth in the Trust Agreement.

“Improvements” means improvements, additions or extensions to the Sewer System, including real estate and interests in real estate, buildings, structures, fixtures, and facilities and additions thereto, and machinery, equipment, furniture and other personal property, and/or other capital costs in connection with the acquisition or construction therewith, including but not limited to costs for designs, plans, and specifications.

“Interest Payment Date” means with respect to the Series 2019 Bonds, the periodic interest payment date or dates identified in the Series 2019 Certificate of Award.

“KIA Loan” means a loan in the original principal amount of \$14,045,119.03 from the Kentucky Infrastructure Authority to the Issuer pursuant to an Assistance Agreement by and between the Kentucky Infrastructure Authority and the Lexington-Fayette Urban County Government dated as of April 1, 2010, which such KIA Loan is currently outstanding in the principal amount of \$9,424,363.98

“Letter of Representations” means, with respect to the Series 2019 Bonds under the book-entry-only system, the letter or document from the Issuer to DTC, evidencing an agreement to comply with DTC policy and procedure relating to DTC book-entry-only system.

“Notice and Official Terms and Conditions of Sale of Bonds” means the Official Terms and Conditions of Bond Sale, executed and delivered by the Issuer, setting forth the terms and conditions of the sale of the Series 2019 Bonds.

“Obligations” shall have the meaning set forth in the Trust Agreement.

“Operating and Maintenance Expenses” shall have the meaning set forth in the Trust Agreement.

“Permitted Adjustment” an increase in the aggregate principal amount of the Series 2019 Bonds, or any subseries thereof, of up to ten percent (10%) or decreased by an unlimited amount, to be set forth, if applicable, in the Series 2019 Certificate of Award.

“Pledged Revenues” shall have the meaning set forth in the Trust Agreement.

“Preliminary Official Statement” means the preliminary offering document used to market and to sell the Series 2019 Bonds, which documents shall be prepared in accordance with the SEC Rule.

“Principal and Interest Requirements” shall have the meaning set forth in the Trust Agreement.

“Principal Payment Date” means as to the Series 2019 Bonds, the periodic principal payment date or dates identified in the Series 2019 Certificate of Award.

“Rating Agency” shall have the meaning set forth in the Trust Agreement.

“Rebate Fund” shall have the meaning set forth in the Trust Agreement.

“Refunded KIA Loan” means all of the KIA Loan to be refunded, as provided for in the Series 2019 Certificate of Award.

“Revenue Fund” shall have the meaning set forth in the Trust Agreement.

“SEC Rule” means Securities and Exchange Commission Rule 15c2-12 adopted under the Securities Exchange Act of 1934, as may be amended from time to time, and accompanying releases of the Securities and Exchange Commission relating to such rule.

“Second Supplemental Trust Agreement” means the Second Supplemental Trust Agreement, dated October 1, 2019, as approved and authorized by this Series 2019 Bond Legislation and entered

into by the Issuer and the Trustee pursuant to the Trust Agreement in connection with the issuance and sale of the Series 2019 Bonds.

“Series 2019 Bond Legislation” means this ordinance authorizing the issuance, sale, and delivery of the Series 2019 Bonds and the Series 2019 Certificate of Award.

“Series 2019 Bonds” means the Lexington-Fayette Urban County Government Sewer System Revenue and Revenue Refunding Bonds, Series 2019, issued in one or more subseries, in an aggregate principal amount of \$65,000,000 (which amount may be increased by an amount of up to ten percent (10%) or decreased by an unlimited amount), identified in this Series 2019 Bond Legislation.

“Series 2019 Certificate of Award” means the Certificate of Award authorized by the Series 2019 Bond Legislation and executed by the Mayor of the Lexington-Fayette Urban County Government as of the sale date of the Series 2019 Bonds, providing for the award of the final principal amount of the Series 2019 Bonds, and further providing for the award and final determination of the Series 2019 Original Purchaser, as well as pricing, sale, redemption, and other relevant information necessary to provide for the issuance and delivery of the Series 2019 Bonds, which Series 2019 Certificate of Award is incorporated into the Series 2019 Bond Legislation by reference and made a part hereof.

“Series 2019 Original Purchaser” means the successful bidder and purchaser of the Series 2019 Bonds in response to a competitive, public sale, as specifically identified in the Series 2019 Certificate of Award.

“Series 2019 Escrow Account” means the escrow account or fund established pursuant to the Series 2019 Escrow Agreement.

“Series 2019 Escrow Agreement” means the Series 2019 Escrow Agreement between the Series 2019 Escrow Trustee and the Issuer providing for the deposit of sufficient funds in the Series 2019 Escrow Account created therein for the purpose of providing for the payment of principal of and interest on the Refunded KIA Loan, as the same may be called for redemption prior to maturity.

“Series 2019 Escrow Trustee” means the bank or financial institution that will serve as 2019 Escrow Trustee under the Series 2019 Escrow Agreement, as more specifically identified in the Series 2019 Certificate of Award.

“Series 2014A Bonds” means the Lexington-Fayette Urban County Government Tax-Exempt Sewer System Revenue Refunding Bonds, Series 2014A, dated October 23, 2014, issued in the original principal amount of \$24,190,000, and currently outstanding in the aggregate principal amount of \$21,890,000.

“Supplemental Trust Agreement” shall have the meaning set forth in the Trust Agreement.

“2019 Improvements” means the Improvements to be financed with the proceeds of the Series 2019 Bonds.

“Trust Agreement” means the Trust Agreement, dated September 1, 2014, by and between the Issuer and the Trustee, as the same may be amended, modified, or supplemented from time to time by

any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereto, including without limitation, any Supplemental Trust Agreement, any additional Bond Legislation, and any additional certificate of award.

“Trustee” means, as to the Series 2019 Bonds, The Bank of New York Mellon Trust Company, N.A., as Trustee under the Trust Agreement and the Second Supplemental Trust Agreement, and any and all successors and assigns.

“Urban County Council” means the Lexington-Fayette Urban County Council of the Issuer and any officer, board, commission or other body which hereafter succeeds, by operation of law, to the powers and duties of such council.

Any reference herein or in the Trust Agreement to the Issuer, to the Urban County Council, or to any member or officer of either, includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Any reference to a section or provision of the Constitution of the Commonwealth of Kentucky or to a section, provision or chapter of the Kentucky Revised Statutes, or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders or the Trustee under the Trust Agreement, the Bond Legislation, the Bonds or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Bond Service Charges in the amount and manner, at the times, and from the sources provided in this Series 2019 Bond Legislation, the Trust Agreement, except as permitted herein or in the Trust Agreement.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms “hereof”, “hereby”, “herein”, “hereto”, “hereunder” and similar terms refer to this Series 2019 Bond Legislation or, where applicable, the Trust Agreement; and the term “hereafter” means after, and the term “heretofore” means before the date of this Series 2019 Bond Legislation or, where applicable, the Trust Agreement. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

### **SECTION 3. Authorization and Terms for the Series 2019 Bonds; Series 2019 Certificate of Award; Rating.**

(a) The Lexington-Fayette Urban County Government hereby declares that it is necessary to issue and authorizes the issuance of its Sewer System Revenue and Revenue Refunding Bonds to be designated as the “Lexington-Fayette Urban County Government Sewer System Revenue and Revenue Refunding Bonds, Series 2019,” unless otherwise subsequently provided in the Series 2019 Certificate of Award and/or the Second Supplemental Trust Agreement. Such Series 2019 Bonds shall be issued in one or more subseries, in an aggregate principal amount of \$65,000,000 (subject to Permitted Adjustment). The exact aggregate principal amount of the Series 2019 Bonds and the designation of one or more subseries shall be set forth in the Series 2019 Certificate of Award.

(b) The Series 2019 Bonds shall be issued only as fully registered bonds,

substantially as set forth in the Trust Agreement and the Second Supplemental Trust Agreement; shall consist of the Series 2019 Bonds as set forth herein; shall be in the authorized denominations requested by and sold to and purchased by the Series 2019 Original Purchaser, as set forth in the Series 2019 Certificate of Award; shall be transferable and exchangeable for Series 2019 Bonds of authorized denominations in fully registered form, as provided in the Trust Agreement and the Second Supplemental Trust Agreement, at the designated corporate trust office of the Trustee for the Series 2019 Bonds; and shall be numbered as determined by an Authorized Officer.

(c) The Series 2019 Bonds shall be dated as of the closing date of the Series 2019 Bonds or as otherwise provided in the Series 2019 Certificate of Award. Interest shall be payable on the Interest Payment Date, until the principal sum is paid, and shall be payable by wire, check, or draft sent to the registered Holder by the Trustee, all in accordance with the terms of the Series 2019 Certificate of Award. The Series 2019 Bonds will mature on the Principal Payment Date, and may be subject to mandatory sinking fund payment and/or redemption, all in accordance with the terms of the Series 2019 Certificate of Award.

(d) The Series 2019 Bonds may be subject to optional redemption in accordance with the terms of the Series 2019 Certificate of Award.

(e) The Series 2019 Bonds shall be executed by an Authorized Officer of the Issuer, and shall bear the seal of the Issuer or a facsimile thereof. The Series 2019 Bonds shall not be effective for any purpose unless first authenticated by the signature of a duly authorized signer of the Trustee as provided in the Trust Agreement and the Second Supplemental Trust Agreement.

(f) An Authorized Officer may execute the Series 2019 Certificate of Award upon the sale of the Series 2019 Bonds. The Series 2019 Certificate of Award may specify additional information with respect to the Series 2019 Bonds which shall be consistent with this Series 2019 Bond Legislation, including without limitation, information pertaining to the sale, pricing, redemption, maturity of the Series 2019 Bonds, providing for the award of a Credit Facility (if necessary), effectuating provisions or matters provided for in the Second Supplemental Trust Agreement, or designation of additional or alternate parties or entities in connection with the sale, issuance, and/or maintenance of the Series 2019 Bonds. The Series 2019 Certificate of Award may modify terms and conditions of the Series 2019 Bonds authorized hereunder, provided that any such modification shall be consistent with the purpose of this Series 2019 Bond Legislation. The Series 2019 Certificate of Award shall be incorporated into this Series 2019 Bond Legislation by reference and shall be made a part of this Series 2019 Bond Legislation. The Series 2019 Bonds shall be dated the date set forth in the Series 2019 Certificate of Award.

(g) An Authorized Officer is hereby authorized and directed to apply to Moody's Investors Service ("Moody's"), S&P Global Ratings ("S&P"), and/or such other Rating Agency as such Authorized Officer deems appropriate for a rating on the Series 2019 Bonds, and to supply such information and data with respect to the Issuer as Moody's, S&P, and/or such other Rating Agency may reasonably request in connection with such application.



#### **SECTION 4. Authorizations in Connection with Refunding of the Refunded KIA Loan.**

A portion of the proceeds of the Series 2019 Bonds will be used for the refunding of the KIA Loan which enable the Issuer, in the judgment of the Commissioner of Finance, based on the written advice of the Financial Advisor, to obtain net present value debt service savings with respect to the KIA Loan, which net present value debt service savings shall meet the Issuer's debt policy threshold.

In connection with the refunding of the KIA Loan, an Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the Issuer, if applicable, (a) the Series 2019 Escrow Agreement with the Series 2019 Escrow Trustee in order to provide funds to refund the Refunded KIA Loan, and (b) an agreement with a consulting firm or firm of independent public accountants acceptable to the Original Purchaser to verify the sufficiency of the investments held under the Series 2019 Escrow Agreement to pay the principal of, and interest and premium (if any) and the redemption price on the Refunded KIA Loan.

Bond Counsel is authorized to subscribe for U.S. Treasury Obligations - State and Local Government Series ("SLGS") with the Bureau of Public Debt at the request of an Authorized Officer, on behalf of the Issuer, for deposit under the Series 2019 Escrow Agreement in connection with the refunding of the Refunded KIA Loan. In the event that Bond Counsel is unable to subscribe for SLGS, or it is necessary or desirable to have another party subscribe for SLGS, the Trustee or the Financial Advisor, or the Original Purchaser, or a related entity of any of the preceding entities, may subscribe for SLGS for deposit under the Series 2019 Escrow Agreement in connection with the refunding of the Refunded KIA Loan.

The Financial Advisor or the Series 2019 Original Purchaser, or another organization identified in the Series 2019 Certificates of Award is hereby authorized to take competitive bids for Defeasance Obligations (as defined in the Trust Agreement), at the request of an Authorized Officer, on behalf of the Issuer for deposit under the Series 2019 Escrow Agreement in connection with the refunding of the Refunded KIA Loan.

#### **SECTION 5. Affirmation of Declaration of System to Constitute Revenue-Producing Public Project.**

The Sewer System is and, as long as the Series 2014A Bonds, the Series 2019 Bonds and any Additional Bonds are outstanding, shall be owned, controlled, operated, and maintained as a revenue-producing public project within the meaning of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes for the security and source of payment of the Series 2014A Bonds, the Series 2019 Bonds and any Additional Bonds.

#### **SECTION 6. Terms of All Bonds Under the Trust Agreement.**

The Series 2019 Bonds issued under the Trust Agreement and the Second Supplemental Trust Agreement, shall express upon their face the purpose for which they are issued, that they are issued pursuant to this Series 2019 Bond Legislation, and that they do not constitute general obligations of the Issuer.

As provided herein, under the Trust Agreement, the Series 2019 Bonds shall be equally and ratably payable (that is, on a parity basis), solely from the Pledged Revenues and shall be secured by the Trust Agreement constituting a lien upon the Pledged Revenues including the Revenue Fund as herein provided, and anything in this Series 2019 Bond Legislation, the Series 2019 Bonds, the Trust Agreement or the Second Supplemental Trust Agreement, to the contrary notwithstanding, neither this Series 2019 Bond Legislation, the Series 2019 Bonds, nor the Trust Agreement or the Second Supplemental Trust Agreement shall constitute a debt or a pledge of the faith, general credit, taxing power, or ordinary funds of the Issuer, and the Series 2019

Bonds shall contain on the face thereof a statement to the effect that the Series 2019 Bonds are not general obligations of the Issuer but are payable solely from the aforesaid sources pledged to their payment; provided, however, that nothing herein shall be deemed to prohibit the Issuer, of its own volition, from using to the extent it is lawfully authorized to do so, any other resources or revenues for the fulfillment of any of the terms, conditions or obligations of this Series 2019 Bond Legislation, the Series 2019 Bonds, the Trust Agreement or the Second Supplemental Trust Agreement.

### **SECTION 7. Sale of Series 2019 Bonds.**

An Authorized Officer is hereby directed to sell the Series 2019 Bonds at an advertised competitive sale. The Series 2019 Bonds shall be offered publicly for sale upon the basis of competitive electronic bids at such time as an Authorized Officer shall designate. Proposed suggested forms of “Notice of Bond Sale,” and “Notice and Official Terms and Conditions of Sale of Bonds,” are hereby approved, substantially in form approved by the Commissioner of Finance, and a copy of each is hereby ordered to be filed in the records of the Clerk of the Urban County Council with the Minutes of the Meeting at which this Series 2019 Bond Legislation is enacted. The Notice of Bond Sale shall be used for the purpose of publishing notice of the sale of the Series 2019 Bonds.

An Authorized Officer is hereby authorized to execute the appropriate certification evidencing the approval of the Preliminary Official Statement and a Final Official Statement at the time of and/or after the acceptance of the successful bid for the purchase of the Series 2019 Bonds.

### **SECTION 8. Series 2019 Certificate of Award; Execution of Documents.**

The Series 2019 Bonds shall be sold pursuant to the terms of the Series 2019 Certificate of Award. An Authorized Officer is directed to make the necessary arrangements on behalf of the Issuer to establish the date, location, procedure and conditions for the issuance and delivery of the Series 2019 Bonds to the Series 2019 Original Purchaser and to take all steps necessary to effect due authentication, delivery, and perfection of the security of the Series 2019 Bonds under the terms hereof and of the Trust Agreement and the Second Supplemental Trust Agreement. The purchase of the Series 2019 Bonds shall be awarded based on the interest rates bid in the successful bid and the provisions of this section, provided that the final maturity date of the Series 2019 Bonds shall be as set forth in the Certificate of Award but shall be no later than 2040. The interest rate or rates on the Series 2019 Bonds shall be determined in the Series 2019 Certificate of Award based on the successful bid; provided that the aggregate true interest cost of the Series 2019 Bonds shall not exceed six percent (6.0%).

At the direction of Bond Counsel, any and all Authorized Officers of the Issuer are further authorized to make, execute, acknowledge, and deliver such financing statements and other agreements, documents, certificates, and instruments of the Issuer prepared in connection with the issuance and delivery of the Series 2019 Bonds, which are, in the opinion of Bond Counsel, necessary to carry out the purposes of this Series 2019 Bond Legislation, including authority to execute consents, releases, tax documents, waivers, and/or other similar documents necessary to effectuate compliance with all relevant laws of the Commonwealth of Kentucky, the United State of America (including without limitation the Code and the SEC Rule), administrative laws, consent decrees, and any policies, rules, and regulations relating to the preceding sources of authority.

### **SECTION 9. Execution of Bond Documents; Incorporation of Series 2019 Bond Legislation into the Trust Agreement By Reference.**

In order to secure the payment of the principal of and premium, if any, and interest on the Series 2019 Bonds and the performance of the Issuer as provided in this Series 2019 Bond Legislation, the Series 2019 Bonds, the Trust Agreement and the Second Supplemental Trust Agreement, an Authorized Officer is hereby authorized and directed to execute, acknowledge, and deliver, as may be appropriate, in the name and on behalf of the Issuer, the Second Supplemental Trust Agreement, in such form and containing such terms, covenants, and conditions not inconsistent with this Series 2019 Bond Legislation. An Authorized Officer shall also execute and/or deliver such financing statements or other documents as may be necessary to evidence the liens applicable to the revenues of the Sewer System or any part thereof. An Authorized Officer is hereby authorized to execute the Series 2019 Escrow Agreement with the Series 2019 Escrow Trustee; which Series 2019 Escrow Agreement is hereby authorized to secure the Refunded KIA Loan refunded with the proceeds of the Series 2019 Bonds. The Series 2019 Escrow Agreement shall contain such terms as an Authorized Officer shall deem in his or her judgment, to be appropriate to secure the Refunded KIA Loan. An Authorized Officer is also hereby authorized to take such actions necessary to obtain a Credit Facility securing all or a portion of the Series 2019 Bonds and/or a Reserve Account Guaranty Agreement in order to satisfy all or a portion of the Bond Reserve Requirement, provided that obtaining such Credit Facility and/or Reserve Account Guaranty Agreement shall be in the best interests of the Issuer. Any Authorized Officer, individually or collectively, is hereby authorized to execute, on behalf of the Issuer, such other documents as shall be in their judgment necessary or appropriate in connection with issuance and delivery of the Series 2019 Bonds.

The Second Supplemental Trust Agreement shall also contain, to the extent not contained herein, such other covenants as may be necessary or appropriate for the due protection of the rights and security of the Holders of the Bonds.

This Series 2019 Bond Legislation shall constitute a part of the Trust Agreement and for all purposes of the Trust Agreement, including the provisions thereof relating to the Supplemental Trust Agreements and to the separability of provisions of the Trust Agreement.

## **SECTION 10. Judicial Determinations.**

Should it be judicially determined by a court having jurisdiction to pass upon the validity of this Series 2019 Bond Legislation or the Series 2019 Bonds authorized hereby, that any provisions of this Series 2019 Bond Legislation are beyond the power of this Urban County Council or the Series 2019 Bond Legislation is otherwise invalid, then such decision shall in no way affect the validity of the Series 2019 Bonds, or any proceedings related thereto, except as to particular matters found by such decisions to be invalid.

## **SECTION 11. Appointment of Receiver.**

In the event that any litigation is commenced or pending in which the Issuer is a party, involving the Sewer System, the operation of the Sewer System, the Pledged Revenues, if applicable, from the Sewer System, or wrongful performance or failure to perform any of the terms and conditions of this Series 2019 Bond Legislation, and there is at such time any default in the payment of any of the Series 2019 Bonds or interest thereon, any court having jurisdiction may appoint a receiver to administer and operate the Sewer System on behalf of the Issuer with full power to pay and to provide for the payment of the Series 2019 Bonds, and for the payment of the operating expenses, and to apply the Pledged Revenues, if applicable, to the payment of such Series 2019 Bonds and interest thereon in accordance with the provisions of this Series 2019 Bond Legislation.

The power of such receiver to provide for the payment of the Series 2019 Bonds shall not be construed

as pledging the general credit of the Issuer to the payment of said Series 2019 Bonds, or any part thereof or interest thereon. Such receiver shall have such power, under the direction of the court, as receivers in general equity cases.

## **SECTION 12. Covenants with respect to Federal Tax Matters relating to the Series 2019 Bonds.**

This Urban County Council hereby finds and determines that all of the proceeds from the sale of the Series 2019 Bonds will be needed for the purposes set forth in Section 1 hereof. This Urban County Council hereby covenants for and on behalf of the Issuer, that it will restrict the use of the proceeds of the Series 2019 Bonds issued as tax-exempt obligations, in such manner and to such extent, if any, and take such other actions as may be necessary, in view of reasonable expectations at the time of issuance of such Series 2019 Bonds, so that such Series 2019 Bonds will not constitute (a) obligations the interest on which is subject to federal income taxation; or (b) “arbitrage bonds” under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations prescribed under such Sections (except as to any Series 2019 Bonds initially issued as taxable obligations). An Authorized Officer of the Issuer having responsibility with respect to issuance of the Series 2019 Bonds is hereby authorized and directed to give an appropriate certificate for inclusion in the transcript of proceedings with respect to the Series 2019 Bonds issued as tax-exempt obligations, setting forth the facts, estimates and reasonable expectations pertinent under said Sections 103(b)(2) and 148 and regulations prescribed under such Sections. An Authorized Officer, or his or her lawful designee, is hereby authorized and directed to execute and file IRS Form 8038-G with the Internal Revenue Service in connection with the issuance of the Series 2019 Bonds issued as tax-exempt obligations. The Authorized Officer is hereby authorized and directed to provide for the creation of the Series 2019 Rebate Account (as provided for in the Second Supplemental Trust Agreement) so that the Issuer complies with the rules concerning “rebate” as set forth in the Code, and the rules and regulations promulgated thereunder as they apply to the Series 2019 Bonds issued as tax-exempt obligations.

This Urban County Council hereby authorizes the issuance of a post-issuance compliance policy, consistent with the requirements of the Code, in order to set forth and evidence those federal tax compliance measures which must be monitored and complied with on an on-going basis after the issuance of the Series 2019 Bonds in order to maintain the tax-exempt status on the Series 2019 Bonds. Such post-issuance compliance policies may be incorporated into the tax documentation executed and delivered in connection with the issuance and delivery of the Series 2019 Bonds.

The Series 2019 Bonds are not designated “qualified tax-exempt obligations” for the purposes set forth in Section 265(b)(3) of the Code. The Issuer anticipates issuing more than \$10,000,000 of obligations designated under Section 265(b)(3) of the Code during calendar year 2019.

## **SECTION 13. Preliminary and Final Official Statement.**

An Authorized Officer is directed to cause the preparation and distribution of a Preliminary and a Final Official Statement and any required supplements relating to the Series 2019 Bonds. An Authorized Officer is hereby authorized and directed to deem the Preliminary Official Statement and Final Official Statement “near final” and “final”, respectively, for purposes of the SEC Rule and the Original Purchaser is authorized to distribute the Preliminary Official Statement in connection with the offering of the 2019 Bonds.

The Issuer covenants and agrees to provide Final Official Statements to the Original Purchaser within seven (7) business days of the sale date of the Series 2019 Bonds in accordance with the SEC Rule, and in

accordance with the Notice and Official Terms and Conditions of Sale of Bonds; such Final Official Statement shall be substantially in the form of the Preliminary Official Statement.

#### **SECTION 14. Continuing Disclosure.**

This Urban County Council hereby covenants and agrees that it will execute, comply with and carry out all of the provisions of a continuing disclosure certificate prepared in a manner that is consistent with the SEC Rule. Failure to comply with any such provisions of such continuing disclosure certificate shall not constitute a default with respect to the Series 2019 Bonds; however, any Holder of a Series 2019 Bond may take such action as may be necessary and appropriate, including seeking specific performance, to cause this Urban County Council or the Issuer's disclosure agent, to comply with its obligations under this section and the continuing disclosure certificate.

#### **SECTION 15. Allocation of Proceeds of the Series 2019 Bonds.**

All of the proceeds from the sale of the 2019 Bonds and other lawfully available funds of the Issuer shall be deposited to the appropriate funds and accounts as set forth in the Second Supplemental Trust Agreement to be executed and delivered at the time of delivery of the Series 2019 Bonds.

#### **SECTION 16. Retention of Financial Advisor.**

This Urban County Council hereby retains Raymond James & Associates, Inc., as its Financial Advisor in order to provide the Issuer with financial advisory services in connection with the issuance, sale, and delivery of the Series 2019 Bonds. The Financial Advisor shall be paid a fee of \$57,500 for its financial advisory services in connection with the issuance, sale, and delivery of the Series 2019 Bonds. An Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the Issuer any appropriate agreements and/or engagement letters in connection with such appointment.

#### **SECTION 17. Retention of Bond Counsel.**

This Urban County Council hereby retains of Dinsmore & Shohl, LLP, as its bond counsel ("Bond Counsel"), to provide the Issuer with its services in connection with the issuance, sale, and delivery of the Series 2019 Bonds. Bond Counsel shall be paid a fee of \$1.60 per \$1,000 of Series 2019 Bonds issued, inclusive of related expenses, provided, however, that publication and transcript expenses incurred by Bond Counsel shall be reimbursed separately. Such services as Bond Counsel shall include (i) the drafting of the Second Supplemental Trust Agreement, the Official Statement and to provide for the issuance, sale, and delivery of the Series 2019 Bonds, and (ii) serving as disclosure counsel for the Issuer with respect to filing Sewer System Operating Data for the last 5 years (2015-2019). An Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the Issuer any appropriate agreements and/or engagement letters in connection with such appointment.

#### **SECTION 18. Registration; Transfer and Exchange; Book Entry System.**

(a) Register. That so long as any of the Series 2019 Bonds remain outstanding, the Issuer will cause the Trustee to maintain and keep the Register in accordance with the provisions of the Trust Agreement.

(b) Transfer and Exchange. That the Series 2019 Bonds shall be exchanged and

transferred in accordance with the provisions of the Trust Agreement.

(c) Book Entry System. That, notwithstanding any other provisions of this Series 2019 Bond Legislation, if an Authorized Officer determines in the Certificate of Award that it is in the best interest of and financially advantageous to the Issuer, the Series 2019 Bonds may be issued in book entry form in accordance with the following provisions of this Section.

The Series 2019 Bonds may be issued to a Depository for use in a book entry system and, if and as long as a book entry system is utilized: (i) the Series 2019 Bonds may be issued in the form of a single, fully registered Series 2019 Bond representing each maturity, and, if applicable, each interest rate within a maturity, and registered in the name of the Depository or its nominee, as registered owner, and immobilized in the custody of the Depository or its designated agent for that purpose, which may be the Trustee; (ii) the beneficial owners of Series 2019 Bonds in book entry form shall have no right to receive Series 2019 Bonds in the form of physical securities or certificates; (iii) ownership of beneficial interests in book entry form shall be shown by book entry on the system maintained and operated by the Depository and its participants (“Participants”), and transfers of the ownership of beneficial interests shall be made only by book entry by the Depository and its Participants; and (iv) the Series 2019 Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Issuer.

If any Depository determines not to continue to act as a Depository for the Series 2019 Bonds for use in a book entry system, an Authorized Officer and the Trustee may attempt to establish a securities depository/book entry relationship with another qualified Depository. If an Authorized Officer and the Trustee do not or are unable to do so, an Authorized Officer and the Trustee, after making provision for notification of the beneficial interest owners by the then-Depository and any other arrangements deemed necessary, shall permit withdrawal of the Series 2019 Bonds from the Depository, and shall cause Series 2019 Bond certificates in registered form and Authorized Denominations to be authenticated by the Trustee and delivered to the assignees of the Depository or its nominee, all at the cost and expense (including any costs of printing), if the event is not the result of the Issuer action or inaction, of those persons requesting such issuance.

An Authorized Officer and the Trustee are hereby authorized and directed, to the extent necessary or required, to enter into any agreements, in the name and on behalf of the Issuer, that an Authorized Officer determines to be necessary in connection with a book entry system for the Series 2019 Bonds.

## **SECTION 19. Open Meetings Compliance.**

This Urban County Council hereby finds and determines that all formal actions relative to the issuance of the Series 2019 Bonds were taken in an open meeting of this Urban County Council, and that all deliberations of this Urban County Council 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 20. Filing.**

The Authorized Officers are hereby authorized to undertake and cause all filings of notices or information which may be required by law to be filed by the Issuer, including, but not limited to, the filing with the State Local Debt Officer required by law.