**PRELIMINARY OFFICIAL STATEMENT DATED MARCH ___, 2013**



New Issue – Book Entry Only

Ratings: Moody's : "____"
S&P: "____"
(See "RATINGS" herein.)

*In the opinion of Peck, Shaffer & Williams LLP, Bond Counsel, under existing law (i) interest on the Series 2013 Bonds will be excludible from gross income of the holders thereof for purposes of federal income taxation and interest on the Series 2013 Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Series 2013 Bonds is exempt from income taxation and the Series 2013 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions, all subject to the qualifications described herein under the heading "TAX TREATMENT."*

# $20,065,000*
# LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (KENTUCKY)
# GENERAL OBLIGATION BONDS

**$14,000,000***
**Various Purpose General Obligation Bonds**
**Series 2013A**

**$6,065,000***
**Various Purpose**
**General Obligation Refunding Bonds**
**Series 2013B**

Dated Date: Date of Delivery

Due: As shown on the inside front cover

The above-captioned Series 2013A Bonds and Series 2013B Bonds (collectively, the "Series 2013 Bonds") of the Lexington-Fayette Urban County Government will be sold pursuant to a competitive sale as provided in the Official Terms and Conditions of Bond Sale included in ***Appendix E*** hereto. The Series 2013 Bonds are dated, mature and bear interest as set forth under "MATURITY SCHEDULE" on the inside cover page hereof. The Series 2013A Bonds pay interest semiannually on each April 1 and October 1 to maturity, commencing October 1, 2013. The Series 2013B Bonds pay interest semiannually on each January 1 and July 1 to maturity, commencing July 1, 2013.

The Series 2013 Bonds will be initially issued as fully registered bonds in book entry form in the name of The Depository Trust Company ("DTC") or its nominee. There will be no distribution of Series 2013 Bonds to owners of book entry interests. So long as DTC or its nominee is the sole registered owner, DTC will receive all payments of principal and interest (i) with respect to the Series 2013A Bonds from ________________________, Louisville, Kentucky, as paying agent and registrar (the "Series 2013A Paying Agent and Registrar") and (ii) with respect to the Series 2013B Bonds from ________________________, Louisville, Kentucky, as paying agent and registrar (the "Series 2013B Paying Agent and Registrar"). DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book entry interests. So long as DTC or its nominee is the registered owner of the Series 2013 Bonds, references herein to the Bondholders or registered owners (other than under the captions "LEGAL MATTERS—TAX TREATMENT" and "CONTINUING DISCLOSURE") shall mean DTC or its nominee, and not the owners of book entry interests in the Series 2013 Bonds. The Series 2013 Bonds will be issued in denominations of $5,000 each or integral multiples thereof.

The Series 2013 Bonds are subject to redemption prior to maturity as described herein.

The Series 2013 Bonds are offered when, as and if issued, subject to the approval of legality and tax treatment by Peck, Shaffer & Williams LLP, Bond Counsel, Covington, Kentucky. The Series 2013 Bonds are expected to be available for delivery on or about March ___, 2013.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**RAYMOND JAMES & ASSOCIATES, INC.**
**Financial Advisor**

*Preliminary; subject to change.

## MATURITY SCHEDULE*

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**$14,000,000***
**Various Purpose General Obligation Bonds**
**Series 2013A**

| Year (Oct. 1) | Amount* | Interest Rate | Price | Yield | CUSIP† |
|---|---|---|---|---|---|
| 2014 | | | | | |
| 2015 | | | | | |
| 2016 | | | | | |
| 2017 | | | | | |
| 2018 | | | | | |
| 2019 | | | | | |
| 2020 | | | | | |
| 2021 | | | | | |
| 2022 | | | | | |
| 2023 | | | | | |

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*Preliminary; subject to change.

 The CUSIP numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the Series 2013 Bonds, and the City does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2013 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2013 Bonds.

**$6,065,000[*]**
**Various Purpose**
**General Obligation Refunding Bonds**
**Series 2013B**

| Year (July 1) | Amount* | Interest Rate | Price | Yield | CUSIP[†] |
|---|---|---|---|---|---|
| 2013 | | | | | |
| 2014 | | | | | |
| 2015 | | | | | |
| 2016 | | | | | |
| 2017 | | | | | |
| 2018 | | | | | |
| 2019 | | | | | |
| 2020 | | | | | |
| 2021 | | | | | |
| 2022 | | | | | |
| 2023 | | | | | |
| 2024 | | | | | |
| 2025 | | | | | |

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[*]Preliminary; subject to change.

[†] Copyright 2013, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by Standard & Poor's. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the Series 2013 Bonds, and the City does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2013 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2013 Bonds.

## REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2013 Bonds of the Lexington-Fayette Urban County Government. No dealer, broker, salesman or other person has been authorized by the Lexington-Fayette Urban County Government to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Lexington-Fayette Urban County Government. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2013 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Lexington-Fayette Urban County Government since the date hereof.

Upon issuance, the Series 2013 Bonds will not be registered by the Lexington-Fayette Urban County Government under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the Lexington-Fayette Urban County Government will have, at the request of the Lexington-Fayette Urban County Government, passed upon the accuracy or adequacy of this Official Statement or approved the Series 2013 Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the Lexington-Fayette Urban County Government from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Lexington-Fayette Urban County Government. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the Lexington-Fayette Urban County Government preliminary to sale of the Series 2013 Bonds should be regarded as part of the Lexington-Fayette Urban County Government's contract with the successful bidder or the holders from time to time of the Series 2013 Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the Lexington-Fayette Urban County Government's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; and "State" or "Kentucky" means the Commonwealth of Kentucky.

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**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

Mayor
Jim Gray

Council Members at Large
Linda Gorton (Vice Mayor)
Chuck Ellinger II
Steve Kay

Council Members by District

| | | |
|---|---|---|
| 1st District<br>Chris Ford | 5th District<br>Bill Farmer, Jr. | 9th District<br>Jay McChord |
| 2nd District<br>Tom Blues | 6th District<br>Kevin O. Stinnett | 10th District<br>R. Douglas Martin |
| 3rd District<br>Diane Lawless | 7th District<br>K.C. Crosbie | 11th District<br>Peggy Henson |
| 4th District<br>Julian Beard | 8th District<br>George Myers | 12th District<br>Ed Lane |

Acting Commissioner of Finance
William O'Mara

Clerk of the Lexington-Fayette Urban County Council
Susan Lamb

**PAYING AGENT AND REGISTRAR**
(Series 2013A Bonds)
______________________________, Louisville, Kentucky

(Series 2013B Bonds)
______________________________, Louisville, Kentucky

**FINANCIAL ADVISOR**
Raymond James & Associates, Inc.
Lexington, Kentucky

**BOND COUNSEL**
Peck, Shaffer & Williams LLP
Covington, Kentucky

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APPENDICES:



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*Preliminary; subject to change.

## INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of $20,065,000* aggregate principal amount of General Obligation Bonds by the Lexington-Fayette Urban County Government, consisting of the following:

(a) $14,000,000* Various Purpose General Obligation Bonds, Series 2013A (the "Series 2013A Bonds"); and

(b) $6,065,000* Various Purpose General Obligation Refunding Bonds, Series 2013B (the "Series 2013B Bonds" and together with the Series 2013A Bonds, the "Series 2013 Bonds").

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2013 Bonds to potential investors is made only by means of the entire Official Statement.

### The Issuer

The Series 2013 Bonds are being issued by the Lexington-Fayette Urban County Government, a political subdivision of the Commonwealth of Kentucky created on January 1, 1974 by the merger of the City of Lexington with the County of Fayette. It exists as the single unit of general local government exercising jurisdiction throughout the geographical boundaries of Fayette County, Kentucky.

### Security and Sources of Payment for the Series 2013 Bonds

The Series 2013 Bonds are general obligation debt of the Lexington-Fayette Urban County Government. The basic security for the Series 2013 Bonds is the Lexington-Fayette Urban County Government's ability to levy an annual tax to pay the interest on and principal of the Series 2013 Bonds as and when the same become due and payable. (See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2013 BONDS" herein.)

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*Preliminary; subject to change.

**Purpose of the Series 2013 Bonds**

The Series 2013 Bonds are being issued for the following purposes:

(a) ***The Series 2013A Bonds***. The Series 2013A Bonds are being issued for the purpose of (i) financing various street and highway improvements including the rehabilitation and paving of existing roads and streets throughout Lexington, Fayette County, Kentucky, and (ii) paying certain costs related to the issuance of the Series 2013A Bonds. (See "See "PURPOSE OF THE SERIES 2013A BONDS – General" herein).

(b) ***The Series 2013B Bonds***. The Series 2013B Bonds are being issued to (i) advance refund a portion of the outstanding principal amount of and the $9,640,000 Lexington-Fayette Urban County Government General Obligation Bonds (Day Treatment Center, Multi-Use Facility and Expansion Area Boulevard Projects), Series 2004C (the "Series 2004C Bonds"), (ii) advance refund a portion of the outstanding principal amount of and the $4,490,000 Lexington-Fayette Urban County Government General Obligation Bonds, Series 2005C (the "Series 2005C Bonds"), (iii) advance refund a portion of the outstanding principal amount of and the $10,310,000 Lexington-Fayette Urban County Government General Obligation Bonds (Stormwater Improvements, Neighborhood Redeployment, Bluegrass Aspendale Parkway, Veterans Park Fire Station and Police Car Projects), Series 2006B, (the "Series 2006B Bonds" and, together with the Series 2004C Bonds and the Series 2005C Bonds, the "Prior Bonds") and (ii) pay the costs of issuance of the Series 2013B Bonds. See "PURPOSE OF THE SERIES 2013B BONDS General" and "- Plan of Refunding" herein.).

**Description of the Series 2013 Bonds**

The Series 2013 Bonds mature as indicated under "MATURITY SCHEDULE" on the inside cover page hereof. The Series 2013 Bonds are being offered in the denominations of $5,000 or any integral multiple thereof. The Series 2013 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as depository for the Series 2013 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2013 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2013 Bonds, payments of the principal of and interest due on the Series 2013 Bonds will be made directly to DTC.

[Remainder of page intentionally left blank]

**Redemption**

***Optional Redemption***. The Series 2013A Bonds are not subject to optional redemption prior to maturity. The Series 2013B Bonds are not subject to optional redemption prior to maturity.

***Mandatory Sinking Fund Redemption***. The Series 2013A Bonds maturing on October 1, ____ are subject to mandatory sinking fund redemption as set forth herein. The Series 2013B Bonds maturing on July 1, ____ are subject to mandatory sinking fund redemption as set forth herein. (See "DESCRIPTION OF THE SERIES 2013 BONDS - Redemption Provisions – Mandatory Sinking Fund Redemption" herein).

**Parties to the Issuance of the Series 2013 Bonds**

______________________, Louisville, Kentucky, will serve as paying agent and registrar with respect to the Series 2013A Bonds (the "Series 2013A Paying Agent and Registrar"). ________________________________, Louisville, Kentucky, will serve as paying agent and registrar with respect to the Series 2013B Bonds (the "Series 2013B Paying Agent and Registrar"). Legal matters incident to the issuance of the Series 2013 Bonds and with regard to the tax treatment of the interest thereon are subject to the approving legal opinion of Peck, Shaffer & Williams LLP, Covington, Kentucky, Bond Counsel. The Underwriter is shown on the cover page. The Financial Advisor to the Lexington-Fayette Urban County Government is Raymond James & Associates, Inc.

**Payment of Series 2013 Bonds**

The Series 2013 Bonds will be fully registered and may be transferred at the designated office of the respective Paying Agent and Registrar, without cost except for any taxes or other governmental charges.

As a precondition to the exchange or transfer of any Series 2013 Bond, the Lexington-Fayette Urban County Government or the respective Paying Agent and Registrar may charge the Bondholder for any tax or excise required to be paid with respect to the exchange or transfer. Neither the Lexington-Fayette Urban County Government nor the respective Paying Agent and Registrar shall be required to make any transfer during the 15 days immediately preceding the mailing of a notice of redemption nor to transfer any Series 2013 Bond selected for redemption in whole or in part.

Principal and any redemption premium is payable to the registered owner at the designated office of the respective Paying Agent and Registrar. Interest will be payable by electronic transfer or check or draft mailed by the respective Paying Agent and Registrar to the person who is the registered owner as of the 15th day of the calendar month preceding the month of the applicable interest payment date.

**Interest**

The Series 2013 Bonds shall be dated their date of delivery and bear interest at the rates set forth on the inside cover hereof. Interest on the Series 2013 A Bonds shall be payable semiannually on April 1 and October 1, commencing October 1, 2013. The record dates for April 1 and October 1 interest payment dates shall be the preceding March 15 and September 15, respectively. Interest on the Series 2013 B Bonds shall be payable semi-annually on January 1 and July 1, commencing July 1, 2013. The record dates for January 1 and July 1 interest payment dates shall be the preceding December 15 and June 15, respectively.

### Book Entry

The Series 2013 Bonds are issuable only as fully registered bonds, without coupons. The Series 2013 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2013 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2013 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2013 Bonds, payments of the principal of and interest due on the Series 2013 Bonds will be made directly to DTC. Principal of, redemption premium, if any, and interest on the Series 2013 Bonds will be paid directly to DTC by the respective Paying Agent and Registrar. See "DESCRIPTION OF THE SERIES 2013 BONDS – Book-Entry Only System" herein.

### Tax Treatment

***Series 2013 Bonds.*** Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest on the Series 2013 Bonds is excludible from gross income for federal income tax purposes, pursuant to the Code. Furthermore, interest on the Series 2013 Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, Bond Counsel has assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. Bond Counsel expresses no other opinion as to the federal tax consequences of purchasing, holding, or disposing of the Series 2013 Bonds. Interest on the Series 2013 Bonds is exempt from income taxation and the Series 2013 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Lexington-Fayette Urban County Government has <u>not</u> designated the Series 2013 Bonds as "qualified tax-exempt obligations" with respect to certain financial institutions under Section 265 of the Internal Revenue Code of 1986, as amended (the "Code").

***Forms of Opinion***. See ***Appendix D*** hereto for the form of the opinion that Bond Counsel proposes to deliver in connection with the Series 2013 Bonds.

### Authority for Issuance

Authority for the issuance of the Series 2013 Bonds is provided by Sections 66.011 through 66.191 of the Kentucky Revised Statutes and (i) with respect to the Series 2013A Bonds, Ordinance No. ___-2013 (the "Series 2013A Ordinance") adopted by the Lexington-Fayette Urban County Council (the "Urban County Council") on March ____, 2013 and (ii) with respect to the Series 2013B Bonds, Ordinance No. ___-2013 (the "Series 2013B Ordinance" and together with the Series 2013A Ordinance, the "Authorizing Ordinance") adopted by the Lexington-Fayette Urban County Council (the "Urban County Council") on March ____, 2013.

**Offering and Delivery of the Series 2013 Bonds**

The Series 2013 Bonds are offered when, as and if issued by the Lexington-Fayette Urban County Government. The Series 2013 Bonds will be delivered on or about March ____, 2013 in New York, New York through the Depository Trust Company (DTC).

**Disclosure Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the Lexington-Fayette Urban County Government are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Series 2013 Bonds, including the Authorizing Ordinance are available from the Lexington-Fayette Urban County Government.

The Lexington-Fayette Urban County Government deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) (the "Rule"), except for certain information which has been omitted in accordance with such Rule and will be supplied with the final Official Statement.

**Additional Information**

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Series 2013 Bonds, is available from Raymond James & Associates, Inc., 489 East Main Street, Lexington, Kentucky 40507, telephone (859) 232-8211, Attn: Bob Pennington.

## DESCRIPTION OF THE SERIES 2013 BONDS

**General**

The Series 2013 Bonds are dated their date of delivery and bear interest from such date at the rates set forth under "MATURITY SCHEDULE" on the inside cover page hereof, calculated on the basis of a 360 day year with 30 day months. The Series 2013 Bonds are being issued as fully registered bonds in the denomination of $5,000 or any integral multiple thereof.

Interest on the Series 2013A Bonds is payable semi-annually on April 1 and October 1, commencing October 1, 2013. Interest on the Series 2013B Bonds is payable semi-annually on January 1 and July 1, commencing July 1, 2013. Interest on all Series 2013 Bonds is payable by electronic transfer or check or draft mailed to the registered holder by the respective Paying Agent and Registrar. Principal is payable when due to the registered holder of the Series 2013 Bonds at the designated office of the respective Paying Agent and Registrar.

## Book-Entry Only System

*The following information concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the Lexington-Fayette Urban County Government nor either Paying Agent and Registrar takes any responsibility for the accuracy of such statements.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2013 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial

Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the respective Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede &. Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Lexington-Fayette Urban County Government, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Lexington-Fayette Urban County Government, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Lexington-Fayette Urban County Government, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Lexington-Fayette Urban County Government. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Lexington-Fayette Urban County Government may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Lexington-Fayette Urban County Government believes to be reliable, but the Lexington-Fayette Urban County Government takes no responsibility for the accuracy thereof. The Lexington-Fayette Urban County Government will not have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to the Beneficial Owner in respect of the principal of, premium, if any, or interest on the Series 2013 Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted to be given to owners of the Series 2013 Bonds; (iv) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the Series 2013 Bonds; or (v) any consent given or other action taken by DTC as Registered Owner.*

**Security and Source of Payment for Series 2013 Bonds**

The Series 2013 Bonds are general obligations of the Lexington-Fayette Urban County Government and the full faith, credit and taxing power of the Lexington-Fayette Urban County Government is irrevocably pledged to the payment of principal of and interest on the Series 2013 Bonds when due.

The basic security for the general obligation debt of the Lexington-Fayette Urban County Government, including the Series 2013 Bonds, is the Lexington-Fayette Urban County Government's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Series 2013 Bonds as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Series 2013 Bonds as well as the principal of and interest on all outstanding general obligation bonds and Series 2013 Bonds of the Lexington-Fayette Urban County Government. The Constitution of the State mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Authorizing Ordinance levies such annual tax which shall be collected to the extent other lawfully available monies of the Lexington-Fayette Urban County Government are not provided. The Authorizing Ordinance also creates a sinking fund into which the proceeds of such tax or other lawfully available monies of the Lexington-Fayette Urban County Government are to be deposited for payment of the interest on and principal of the Series 2013 Bonds and shall not be used for any other purpose.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a State's political subdivisions, public agencies and instrumentalities ("eligible entity"), such as the Lexington-Fayette Urban County Government. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the Lexington-Fayette Urban County Government, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

**Redemption Provisions**

***Optional Redemption***. The Series 2013A Bonds are not subject to optional redemption prior to maturity. The Series 2013B Bonds are not subject to optional redemption prior to maturity.

***Mandatory Sinking Fund Redemption***.

*Series 2013A Bonds.* The Series 2013A Bonds maturing on October 1, ____ are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, on October 1, in the years and in the respective principal amounts as follows:

| Redemption Date (October 1) | Principal Amount Subject to Mandatory Redemption |
|---|---|

*Series 2013B Bonds.* The Series 2013B Bonds maturing on July 1, ____ are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, on July 1, in the years and in the respective principal amounts as follows:

| Redemption Date (July 1) | Principal Amount Subject to Mandatory Redemption |
|---|---|

## PURPOSE OF THE SERIES 2013A BONDS

### General

The Series 2013A Bonds are being issued to for the purpose of (i) improving various streets and highways including the rehabilitation and paving of existing roads and streets throughout Lexington, Fayette County, Kentucky, and (ii) paying the costs of issuance of the Series 2013A Bonds.

## PURPOSE OF THE SERIES 2013B BONDS

### General

The Series 2013B Bonds are being issued to (i) advance refund a portion of the outstanding principal amount of the (a) $9,640,000 Lexington-Fayette Urban County Government General Obligation Bonds (Day Treatment Center, Multi-Use Facility and Expansion Area Boulevard Projects), Series 2004C (the "Series 2004C Bonds"), (b) $4,490,000 Lexington-Fayette Urban County Government General Obligation Bonds, Series 2005C (the "Series 2005C Bonds"), and (c) $10,310,000 Lexington-Fayette Urban County Government General Obligation Bonds (Stormwater Improvements, Neighborhood Redeployment, Bluegrass Aspendale Parkway, Veterans Park Fire Station and Police Car Projects), Series 2006B (the "Series 2006B Bonds," and together with the Series 2004C Bonds and the Series 2005C Bonds, the "Prior Bonds"), and (ii) pay the costs of issuance of the Series 2013B Bonds.

### Plan of Refunding

***Series 2004C Bonds.*** The Lexington-Fayette Urban County Government has heretofore issued, and intends to refund and retire a portion of its Series 2004C Bonds, the proceeds of which were used to finance the (i) acquisition, construction and equipping of a day treatment facility, (ii) acquisition, renovation and equipping of a multi-use facility and (iii) acquisition of rights of way and construction of road improvements (the "Series 2004C Project"). A portion of the proceeds of the Series 2013B Bonds will be deposited in a separate and distinct escrow fund with respect to the Series 2004C Bonds to be refunded (the "Refunded Series 2004C Bonds") to be held by the Escrow Trustee under the Escrow Agreement. The Escrow Trustee will apply a portion of the money on deposit in the escrow fund established under the Escrow Agreement to the purchase of certain direct obligations of the United States of America (the "United States

Treasury Obligations"), which will earn interest at such rates and mature on such dates so as to provide sufficient funds, together with any cash held uninvested in the escrow fund, to pay the principal of and interest on the Refunded Series 2004C Bonds as same becomes due and to redeem the Refunded Series 2004C Bonds on July 1, 2014 (the "Series 2004C Redemption Date"), at the applicable redemption price of the principal amount thereof plus accrued interest on the Refunded Series 2004C Bonds to the Series 2004C Redemption Date. See "VERIFICATION OF MATHEMATICAL ACCURACY" herein. Upon the making of the foregoing deposits with the Escrow Trustee, the Refunded Series 2004C Bonds will no longer be deemed to be outstanding. The refunding plan for the Refunded Series 2004C Bonds is being undertaken to provide net debt service savings to the Lexington-Fayette Urban County Government.

***Series 2005C Bonds.*** The Lexington-Fayette Urban County Government has heretofore issued, and intends to refund and retire a portion of its Series 2005C Bonds, the proceeds of which were used to finance (i) the purchase of a development rights program or a program to purchase conservation easements, and (ii) the renovation and upgrade of space in government office buildings and repairs to parking garages, (the "Series 2005C Project"). A portion of the proceeds of the Series 2013B Bonds will be deposited in a separate and distinct escrow fund with respect to the Series 2005C Bonds to be refunded (the "Refunded Series 2005C Bonds") to be held by the Escrow Trustee under the Escrow Agreement. The Escrow Trustee will apply a portion of the money on deposit in the escrow fund established under the Escrow Agreement to the purchase of certain direct obligations of the United States of America (the "United States Treasury Obligations"), which will earn interest at such rates and mature on such dates so as to provide sufficient funds, together with any cash held uninvested in the escrow fund, to pay the principal of and interest on the Refunded Series 2005C Bonds as same becomes due and to redeem the Refunded Series 2005C Bonds on June 1, 2015 (the "Series 2005C Redemption Date"), at the applicable redemption price of the principal amount thereof plus accrued interest on the Refunded Series 2005C Bonds to the Series 2005C Redemption Date. See "VERIFICATION OF MATHEMATICAL ACCURACY" herein. Upon the making of the foregoing deposits with the Escrow Trustee, the Refunded Series 2005C Bonds will no longer be deemed to be outstanding. The refunding plan for the Refunded Series 2005C Bonds is being undertaken to provide net debt service savings to the Lexington-Fayette Urban County Government.

***Series 2006B Bonds.*** The Lexington-Fayette Urban County Government has heretofore issued, and intends to refund and retire a portion of its Series 2006B Bonds, the proceeds of which were used to finance (i) the acquisition and construction of stormwater improvements, (ii) neighborhood redevelopment projects, and (iii) purchasing police cars (the "Series 2006B Project"). A portion of the proceeds of the Series 2013B Bonds will be deposited in a separate and distinct escrow fund with respect to the Series 2006B Bonds to be refunded (the "Refunded Series 2006B Bonds") to be held by the Escrow Trustee under the Escrow Agreement. The Escrow Trustee will apply a portion of the money on deposit in the escrow fund established under the Escrow Agreement to the purchase of certain direct obligations of the United States of America (the "United States Treasury Obligations"), which will earn interest at such rates and mature on such dates so as to provide sufficient funds, together with any cash held uninvested in the escrow fund, to pay the principal of and interest on the Refunded Series 2006B Bonds as same becomes due and to redeem the Refunded Series 2006B Bonds on June 1, 2016 (the "Series

2006B Redemption Date"), at the applicable redemption price of the principal amount thereof plus accrued interest on the Refunded Series 2006B Bonds to the Series 2006B Redemption Date. See "VERIFICATION OF MATHEMATICAL ACCURACY" herein. Upon the making of the foregoing deposits with the Escrow Trustee, the Refunded Series 2006B Bonds will no longer be deemed to be outstanding. The refunding plan for the Refunded Series 2006B Bonds is being undertaken to provide net debt service savings to the Lexington-Fayette Urban County Government.

**Verification of Mathematical Accuracy**

________________________________ will deliver to the Lexington Fayette Urban County Government, on or before the settlement date of the Series 2013B Bonds, its report indicating that it has examined the information and assertions provided by the Lexington Fayette Urban County Government and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the computations of the adequacy of the cash, the maturing principal of and interest on the defeasance securities deposited with the paying agent for the Series 2004C Bonds, the Series 2005C Bonds and the Series 2006B Bonds to pay, when due, the maturing principal, interest and redemption premium on the Refunded Series 2004C Bonds, the Refunded Series 2004C Bonds Refunded and the Refunded Series 2006B Bonds on or prior to their respective redemption dates as described in "PURPOSE OF THE SERIES 2013B BONDS – Plan of Refunding" herein and (b) the computations supporting the conclusion of Bond Counsel that the Series 2013B Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder. __________________ has expressed no opinion on the assumptions provided to them, nor as to the exemption from income taxation of interest on the Series 2013B Bonds.

## SOURCES AND USES OF FUNDS

**Series 2013A Bonds**

The following table sets forth the sources and uses of funds by the Lexington-Fayette Urban County Government in connection with the issuance of the Series 2013A Bonds:

| **Sources** | |
|---|---|
| Par Amount of Series 2013A Bonds | |
| Net [Premium] [Discount] | |
| TOTAL SOURCES | |
| **Uses** | |
| Deposit to Acquisition Fund for the Project | |
| Bond Issuance Expenses[1] | |
| TOTAL USES | |

[1] Includes underwriters' discount, printing costs, rating agency fees, legal fees, paying agent fees and other issuance costs.

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**Series 2013B Bonds**

The following table sets forth the sources and uses of funds by the Lexington-Fayette Urban County Government in connection with the issuance of the Series 2013B Bonds:

| | |
|---|---|
| **Sources** | |
| Par Amount of Series 2013B Bonds | |
| Net [Premium] [Discount] | |
| TOTAL SOURCES | |
| **Uses** | |
| Deposit to Escrow Fund with respect to the Refunded Series 2004C Bonds (SLGS Purchases) | |
| Deposit to Escrow Fund with respect to the Refunded Series 2005C Bonds (SLGS Purchases) | |
| Deposit to Escrow Fund with respect to the Refunded Series 2006B Bonds (SLGS Purchases) | |
| Bond Issuance Expenses(1) | |
| TOTAL USES | |

(1) Includes underwriters' discount, printing costs, rating agency fees, legal fees, paying agent fees, escrow agent fees, verification agent fees and other issuance costs.

## INVESTMENT CONSIDERATIONS

The Series 2013 Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the tax-exempt bond market and/or changes in the financial condition of the Lexington-Fayette Urban County Government.

Prospective purchasers of the Series 2013 Bonds may need to consult their own tax advisors prior to any purchase of the Series 2013 Bonds as to the impact of the Internal Revenue Code of 1986, as amended, upon their acquisition, holding or disposition of the Series 2013 Bonds.

It is possible under certain market conditions, or if the financial condition of the Lexington-Fayette Urban County Government should change, that the market price of the Series 2013 Bonds could be adversely affected.

With regard to the risk involved in a lowering of the Lexington-Fayette Urban County Government's bond rating, see "RATINGS" herein. With regard to creditors' rights, see "SECURITY AND SOURCE OF PAYMENT FOR BONDS" herein.

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**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

## Organization

The Lexington-Fayette Urban County Government is an urban county government created from the merger of the City of Lexington and the County of Fayette in 1974 and operates pursuant to Chapter 67A of the Kentucky Revised Statues. The Lexington-Fayette Urban County Government operates under a Mayor-Council form of government where executive and administrative functions are vested with the Mayor and legislative authority is vested with the Lexington-Fayette Urban County Council.

The Mayor is the chief executive officer and is elected to serve a four-year term. The Lexington-Fayette Urban County Council has fifteen members, including twelve members elected from single-member districts in Fayette County who serve two-year terms and three members elected at-large who serve four-year terms. The Vice-Mayor is the at-large member who receives the most votes in the general election.

The Mayor is assisted in the administration of the government by department commissioners who are appointed by the Mayor with approval of the Lexington-Fayette Urban County Council. The Lexington-Fayette Urban County Government has seven departments, headed by department commissioners, which are responsible for administering programs and implementing policies. Each department is divided into divisions that are managed by division directors.

The Lexington-Fayette Urban County Government has 2,800 authorized full-time equivalent positions. Of these positions, 48% are police, fire and community correction personnel, and the remaining 52% are civil service, non-civil service, appointed or elected positions.

The Department of Finance and Administration is responsible for the custody, investment and disbursement of all funds; debt management; retirement fund administration; coordination of the annual financial audit and publication of the Comprehensive Annual Financial Report. This department includes the divisions of Accounting, Community Development, Human Resources, Purchasing, Revenue and Risk Management.

The Department of Public Safety includes the divisions of Police, Fire and Emergency Services, Community Corrections, Emergency Management/E-911 and Code Enforcement.

The Department of Public Works and Development is responsible for providing a broad range of public services including solid waste collection and recycling, sanitary sewer conveyance and treatment, stormwater control, street maintenance, and construction design and maintenance. This department is also responsible for developing long-range capital plans for sanitary sewer and stormwater facilities. The divisions in this department include Engineering, Streets, Roads and Forestry, Traffic Engineering, Historic Preservation, Planning, Purchase of Development Rights and Building Inspection.

The Department of Social Services provides human resources services to Fayette County residents including providing assistance to families and children, coordinating a communitywide effort to implement the new welfare reform programs and organizing programs for senior citizens. The divisions in this department include Adult and Tenant Services, Family Services and Youth Services.

The Department of General Services includes the divisions of Facilities and Fleet Management and Parks and Recreation. In addition, the Commissioner's office oversees the management of the Lexington-Fayette Urban County Government telephone system, utilities, parking facilities and coordinates special events.

The Department of Environmental Quality includes the divisions of Environmental Policy, Water Quality and Waste Management.

The Department of Law provides legal services for the Lexington-Fayette Urban County Government. The Corporate Counsel function prepares all legal instruments for the government and provides advice to its employees and agencies. These activities include managing the preparation of legal opinions, ordinances, resolutions, contracts and other legal documents. The Litigation function represents the Lexington-Fayette Urban County Government in civil cases and lawsuits and coordinates representation of cases handled by outside attorneys.

**Financial Management**

The Mayor of the Lexington-Fayette Urban County Government submits a proposed annual operating and a five-year capital improvement budget to the Lexington-Fayette Urban County Council at least sixty days prior to the beginning of the next fiscal year. The Lexington-Fayette Urban County Council, upon receipt of the proposed budget, conducts a series of public hearings on the proposed budget. The Charter of the Lexington-Fayette Urban County Government provides that the Lexington-Fayette Urban County Council may amend the budget; however, the adopted budget shall provide for all expenditures required by law or by other provisions of the Charter and for all debt service requirements. Other budgetary polices include that the budget must be balanced for each fund; total available funds must equal or exceed total anticipated expenditures.

The Lexington-Fayette Urban County Council adopts a line-item budget ordinance and must approve all budget amendments. Budgetary control is maintained at the division level and is facilitated by the use of encumbrance accounting. As purchase orders are issued, corresponding amounts of a division's appropriations are reserved for later payment. Requests for disbursements which will result in an overrun of budgeted expenditures must be accompanied by a request for a budget amendment. At year-end, open encumbrances are recorded as reservations of fund balance.

The diverse nature of governmental operations requires that the accounting system be organized on a fund or account group basis where each fund is considered a separate accounting entity with a separate set of self-balancing accounts. Resources are allocated to the individual funds based upon the type of activity to be funded. There are four basic fund types used by the Lexington-Fayette Urban County Government: governmental fund types, proprietary fund types, fiduciary fund types, and account groups.

The majority of general governmental operations are financed by the General Fund in the governmental fund type category. In December 1996, the Lexington-Fayette Urban County Council adopted an ordinance which established an Economic Contingency Designation within the General Services District subfund to provide sufficient working capital to address emergency budgetary needs. As stated in the ordinance, the ultimate goal of the Lexington-Fayette Urban County Government is to have an economic contingency balance of at least five percent of General Fund revenues. At the end of fiscal year 2011, there was an estimated balance of $14.47 million in the Economic Contingency Fund.

The Lexington-Fayette Urban County Government's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The accounts of general governmental operations are maintained on a modified accrual basis where revenues are recognized in the period in which they become available and measurable, and expenditures are recognized at the time the liability is incurred. Proprietary and Pension Trust Funds are maintained on an accrual basis with all revenues and expenses recognized when transactions occur, regardless of when cash is received or disbursed.

The Charter of the Lexington-Fayette Urban County Government requires an independent financial audit be conducted annually. Each year an audit is conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. In addition, the audit is also designed to meet the requirements of the federal Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and related OMB circular A-133.

**Cash Management and Investment Policy**

The Department of Finance is responsible for the custody, investment and disbursement of all funds of the Lexington-Fayette Urban County Government in accordance with state law (Kentucky Revised Statute 66.480) and the procedures and standards adopted by the Lexington-Fayette Urban County Council. It is the policy of the Lexington-Fayette Urban County Government to invest funds in a manner which will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the Lexington-Fayette Urban County Government. In order to ensure liquidity and reduce market and maturity risk, weekly, monthly, and annual cash flow forecasts are developed.

The funds of the Lexington-Fayette Urban County Government may be invested in the following types of investment instruments:

A. Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian;

B. Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

(i) United States Treasury;
(ii) Export-Import Bank of the United States;
(iii) Farmers Home Administration;
(iv) Government National Mortgage Corporation; and
(v) Merchant Marine bonds;

C. Obligations of any corporation of the United States government, including but limited to:

(i) Federal Home Loan Mortgage Corporation;
(ii) Federal Farm Credit Banks;
(iii) Banks for Cooperatives;
(iv) Federal Intermediate Credit Banks;
(v) Federal Land Banks;
(vi) Federal Home Loan Banks;
(vii) Federal National Mortgage Association; and
(viii) Tennessee Valley Authority;

D. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by section KRS 41.240(4);

E. Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

F. Commercial paper rated in the highest category by a nationally recognized rating agency;

G. Notes or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

H. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

I. Shares of mutual funds, each of which shall have the following characteristics:

(i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;

(ii) The management company of the investment company shall have been in operation for at least five (5) years; and

(iii) All of the securities in the mutual fund shall be eligible investments under this section.

Investments in the above instruments are subject to the following conditions and limitations:

A. The combined investments at any one time in the categories of the investments authorized in subsections (E), (F) and (H) (as identified on the previous page) shall not exceed 20 percent of the total invested funds;

B. No investment shall be purchased on a margin or through the use of any similar leveraging technique;

C. Repurchase agreements are to be entered into only with primary dealers. Primary dealers include banks which are members of the Federal Reserve, SEC-registered broker-dealers and those government security dealers included in the "List of Government Securities Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York (NY Fed)". The securities held as collateral for repurchase agreements shall be held in safekeeping by an independent third-party custodian in the name of the Lexington-Fayette Urban County Government. The securities serving as collateral will be marked to market periodically to ensure they have not fallen below the required collateralization level.

**Debt Limitation**

Kentucky Constitution Section 158 provides that cities shall not incur indebtedness to an amount exceeding the following maximum percentages on the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness:

(a) Cities having a population of fifteen thousand (15,000) or more, ten percent (10%);

(b) Cities having a population of less than fifteen thousand (15,000) but not less than three thousand, five percent (5%); and

(c) Cities having a population of less than three thousand (3,000), three percent (3%).

Nothing shall prevent the issue of renewal notes, or notes to fund the floating indebtedness of any urban county government, county, or taxing district. Subject to the limits and conditions set forth in that section and elsewhere in the Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by cities.

KRS 66.041 provides the same limitations as are set forth in the Constitution except that the limitations apply to "net indebtedness". In calculating "net indebtedness," KRS 66.031 provides that certain obligations of a municipality are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Statement of Indebtedness attached as ***Appendix C***.)

Other infrequently-issued types of obligations are also excluded from the calculation of net indebtedness. The Lexington-Fayette Urban County Government has no such obligations outstanding. Notes issued in anticipation of bonds excluded from the calculation of net indebtedness are also excluded from such calculation.

***Appendix C*** of this Official Statement is a Statement of Indebtedness for the Lexington-Fayette Urban County Government, certified by the Commissioner of Finance, calculating the amount of the outstanding obligations of the Lexington-Fayette Urban County Government (including the Series 2013 Bonds), which are subject to the total direct debt limit (10% limit). The total principal amount of general obligation debt that could be issued by the Lexington-Fayette Urban County Government, subject to the 10% total direct debt limitation is $2,727,823,100 and the Lexington-Fayette Urban County Government's net debt subject to such limitation presently outstanding (including the Series 2013 Bonds) is $370,863,000* leaving a balance of approximately $2,356,960,100* of borrowing capacity issuable within such limitation.

However, as described below, the Lexington-Fayette Urban County Government's ability to incur debt in these amounts is restricted by tax limitations. In the case of general obligation debt, both the debt limitations and tax limitations must be met.

**Tax Limitation**

The Kentucky Constitution Section 157 also indirectly imposes a debt limitation on general obligation indebtedness of Cities by limiting the tax rates cities may impose upon the value of taxable property, as follows:

(a) cities having a population of fifteen thousand or more, one dollar and fifty cents on each hundred dollars of assessed value;

(b) cities having a population of less than fifteen thousand and not less than ten thousand, one dollar on each hundred dollars of assessed value; and

(c) cities having a population of less than ten thousand, seventy-five cents on the hundred dollars.

Section 159 of the Kentucky Constitution requires the collection of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. The two constitutional provisions operate as a limit on general obligation debt. Because the indirect debt limit results from tax limitations and the requirement to levy taxes to pay debt charges, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not

* Preliminary; subject to change.

have any application where the type of debt being issued does not pledge the credit of the municipality or when the debt is payable solely out of the revenues of non-tax sources, such as utility income.

***Appendix C*** of this Official Statement contains a Statement of Indebtedness, certified by the Lexington-Fayette Urban County Government, setting forth the property tax rate currently levied by the Lexington-Fayette Urban County Government (0.2535 per $100 of assessed valuation, which includes 0.1735 which is dedicated for specific purposes) and certifying that the issuance of the Series 2013 Bonds will not cause such rate to increase to an amount which would exceed the maximum permissible rate.

**Bond Anticipation Notes**

Under Kentucky law, notes, including renewal notes, issued in anticipation of general obligation bonds may be issued from time to time upon the same terms and conditions as bonds except that notes may be sold by private negotiated sale in a manner determined or authorized by the legislative authority. The Lexington-Fayette Urban County Government does not have any outstanding bond anticipation notes at the present time.

**Future Borrowings of the Lexington-Fayette Urban County Government**

In the next twelve months, the Lexington-Fayette Urban County Government currently anticipates issuing approximately $30 million in sewer revenue bonds to support capital improvements related to a consent decree.

Additionally, the Lexington-Fayette Urban County Government anticipates issuing additional general obligation pension funding bonds in the approximate amount of $30 million in fiscal year 2013 in order to reduce its unfunded liabilities to the Policemen's and Firefighters' Pension Fund, subject to budgetary approval and economic conditions.

## LEGAL MATTERS

**General Information**

Legal matters incident to the issuance of the Series 2013 Bonds and with regard to the tax treatment thereof are subject to the approving legal opinion of Peck, Shaffer & Williams LLP, Bond Counsel. Upon delivery of the Series 2013 Bonds of the Lexington-Fayette Urban County Government to the successful bidder therefor, the Series 2013 Bonds will be accompanied by approving opinions dated the date of such delivery, rendered by Peck, Shaffer & Williams LLP. Form of such legal opinion for the Series 2013 Bonds is attached hereto as ***Appendix D***.

Bond Counsel has performed certain functions to assist the Lexington-Fayette Urban County Government in the preparation by the Lexington-Fayette Urban County Government of its Official Statement. However, said firm assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the Lexington-Fayette Urban County Government or the Series 2013 Bonds that may be made available by the Lexington-Fayette Urban County Government or others to the bidders or holders of the Series 2013 Bonds or others.

The engagement of said firm as Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings with regard to the Series 2013 Bonds, and an examination of such transcript proceedings incident to rendering its legal opinion. In its capacity as Bond Counsel, said firm has reviewed the information in this Official Statement under Sections entitled "INTRODUCTION—Security and Sources of Payment for Series 2013 Bonds and "—Authority for Issuance"; "LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT—Debt Limitation" and "—Tax Limitation"; and "TAX TREATMENT" which review did not include any independent verification of financial statements and statistical data included therein, if any.

### Transcript and Closing Certificates

A complete transcript of proceedings, a no-litigation certificate and other appropriate closing documents will be delivered by the Lexington-Fayette Urban County Government when the Series 2013 Bonds are delivered to the original purchaser. The Lexington-Fayette Urban County Government will also provide to the original purchaser, at the time of such delivery, a certificate from the Lexington-Fayette Urban County Government's Mayor and/or Commissioner of Finance addressed to such purchaser relating to the accuracy and completeness of this Official Statement.

### Litigation

To the knowledge of the Lexington-Fayette Urban County Government, no litigation or administrative action or proceeding is pending or threatened directly affecting the Series 2013 Bonds, the security for the Series 2013 Bonds or the improvements being financed from the proceeds of the Series 2013 Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the Series 2013 Bonds.

## TAX TREATMENT

### Series 2013 Bonds

***General.*** In the opinion of Bond Counsel for the Series 2013 Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series 2013 Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Series 2013 Bonds is also of the opinion that interest on the Series 2013 Bonds will not be a specific item of tax preference under Section 57 of the Code for purposes of the Federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel for the Series 2013 Bonds is of the opinion that interest on the Series 2013 Bonds is exempt from income taxation and the Series 2013 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A copy of the opinion of Bond Counsel for the Series 2013 Bonds is set forth in ***Appendix D***, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series 2013 Bonds. The Lexington-Fayette Urban County Government has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Series 2013 Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2013 Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series 2013 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2013 Bonds may adversely affect the tax status of the interest on the Series 2013 Bonds.

Certain requirements and procedures contained or referred to in the Series 2013B Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2013 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2013 Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Peck, Shaffer & Williams LLP.

Although Bond Counsel for the Series 2013 Bonds is of the opinion that interest on the Series 2013 Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Series 2013 Bonds is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2013 Bonds may otherwise affect a Holder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Holder or the Holder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Holder or potential Holder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Series 2013 Bonds on the tax liabilities of the individual or entity.

For example, although Bond Counsel is of the opinion that interest on the Series 2013 Bonds will not be a specific item of tax preference for the federal alternative minimum tax, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed by such corporation. Receipt of tax-exempt interest, ownership or disposition of the Series 2013 Bonds may result in other collateral federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits, under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Series 2013 Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of Series 2013 Bonds in a state other than Kentucky or being subject to tax in a state other than

Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Series 2013 Bonds.

The Lexington-Fayette Urban County Government has not designated the Series 2013 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

***Original Issue Premium.*** "Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Series 2013 Bonds that bear an interest rate that is higher than the yield (as shown under "MATURITY SCHEDULE" on the inside cover page hereof), are being initially offered and sold to the public at an Acquisition Premium (the "Premium Bonds"). For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt bonds") must be amortized and will reduce the holder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining a holder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Series 2013 Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original holder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Series 2013 Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

***Original Issue Discount.*** The Series 2013 Bonds having a yield that is higher than the interest rate (as shown as shown under "MATURITY SCHEDULE" on the inside cover page hereof) are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at maturity thereon (the "Discount Bonds"). OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to such purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

## RATINGS

As noted on the cover page of this Official Statement, Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "_____" (stable outlook) to the Series 2013 Bonds and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), has assigned its municipal bond rating of "_____" (stable outlook) to the Series 2013 Bonds. The ratings when assigned and in effect from time to time reflect only the views of the rating organizations. The explanation of its views and the meaning and significance of the rating may be obtained from the respective rating agency.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the Series 2013 Bonds.

The Lexington-Fayette Urban County Government presently expects to furnish each rating agency with information and material that it may request on future general obligation bond issues. However, the Lexington-Fayette Urban County Government assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of the rating agencies' ratings on outstanding Series 2013 Bonds.

## CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Series 2013 Bonds are outstanding the Lexington-Fayette Urban County Government (the "Obligated Person") will agree pursuant to a Continuing Disclosure Certificate to be dated as of March ___, 2013, to be delivered on the date of delivery of the Series 2013 Bonds, to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB"), certain annual information and operating data, including audited financial statements, generally consistent with the information contained in ***Appendix B*** of this Official Statement (the "Annual Financial Information"); such Annual Financial Information to be supplied by reference to the Obligated Person's Comprehensive Annual Financial Report ("CAFR") which will be provided within nine months of the end of the fiscal year ending on June 30; provided that the audited financial statements may not be available by such date, but will be supplied immediately upon delivery thereof by the auditors for the Obligated Person;

(ii) to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Series 2013 Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;

(g) Modifications to rights of security holders, if material;

(h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the securities, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) to the MSRB, notice of a failure (of which the Obligated Person has knowledge) of an Obligated Person to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

As required by the Rule, the Continuing Disclosure Certificate provides that the information to be filed with the MSRB described in the preceding paragraph is to be filed in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB. An MSRB rule change approved by the Securities and Exchange Commission establishes a continuing disclosure service of the MSRB's Electronic Municipal Market Access system ("EMMA") for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted pursuant to continuing disclosure undertakings (such as the Continuing Disclosure Certificate) entered into on or after July 1, 2009, consistent with the Rule. In general, all continuing disclosure documents and related information are to be submitted to the MSRB's continuing disclosure service through an Internet-based electronic submitter interface (EMMA Dataport) or electronic computer-to-computer data connection, accompanied by certain identification information, in portable document format (PDF) files configured to permit document to be saved, viewed, printed and retransmitted by electronic means and must be word-searchable.

The Continuing Disclosure Certificate provides bondholders with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Continuing Disclosure Certificate does not constitute a default under the Authorizing Legislation. The Continuing Disclosure Certificate may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Holders of the Series 2013 Bonds are advised that the Continuing Disclosure Certificate, copies of which are available at the office of the Lexington-Fayette Urban County Government, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to events as set forth in the Rule:

(a) there are no debt service reserve funds applicable to the Series 2013 Bonds;

(b) there are no credit enhancements applicable to the Series 2013 Bonds;

(c) there are no liquidity providers applicable to the Series 2013 Bonds; and

(d) there is no property securing the repayment of the Series 2013 Bonds.

The Lexington-Fayette Urban County Government is already providing ongoing market disclosure as required by the Rule pursuant to agreements entered into in connection with other outstanding securities and has complied with requirements of the Rule. The Lexington-Fayette Urban County Government is in compliance in all material respects with all previous undertakings with regard to the Rule to provide annual financial information or notices of material events pursuant to the Rule.

**Corrective Action Related to Certain Disclosure Requirements**

While the Lexington Fayette Urban County Government is currently in compliance with respect to its undertakings to file annual financial information relating to certain outstanding continuing disclosure agreements (the "Existing Agreements") with respect to certain prior obligations, the Lexington Fayette Urban County Government did not distribute annual disclosure reports in a timely manner as required by Section (b)(5) of the Rule. For the years ending June 30, 2007, June 30, 2008, June 30, 2009 and June 30, 2010, the annual financial information of the Lexington Fayette Urban County Government was not filed by the respective dates as required in the Existing Agreements. The Lexington Fayette Urban County Government has procedures in place to assure compliance with the Rule and the Existing Agreements in the future and, except for the late filings mentioned above, is in compliance with the continuing disclosure undertaking requirements of the Rule in connection with its outstanding prior obligations that are subject to such requirements. The Lexington Fayette Urban County Government intends to make timely disclosure in the future. The Lexington Fayette Urban County Government is currently in compliance with the undertakings previously entered into by it pursuant to the Rule.

## UNDERWRITING

The Series 2013A Bonds are being purchased for reoffering by ____________________________ (the "Series 2013A Underwriter"). The Series 2013A Underwriter has agreed to purchase the Series 2013A Bonds at an aggregate purchase price of $_________ (reflecting the par amount of the Series 2013A Bonds of $_________, [plus premium of $_________] [less original issue discount of $_________], less Series 2013A Underwriter's discount of $_________). The initial public offering prices which produce the yields set forth on as shown under "MATURITY SCHEDULE" on the inside cover page hereof may be changed by the Series 2013A Underwriter and the Series 2013A Underwriter may offer and sell the Series 2013A Bonds to certain dealers (including dealers depositing Series 2013A Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth herein under "MATURITY SCHEDULE."

The Series 2013B Bonds are being purchased for reoffering by ____________________________ (the "Series 2013B Underwriter"). The Series 2013B Underwriter has agreed to purchase the Series 2013B Bonds at an aggregate purchase price of $_________ (reflecting the par amount of the Series 2013B Bonds of $_________, [plus premium of $_________] [less original issue discount of $_________], less Series 2013B Underwriter's discount of $_________). The initial public offering prices which produce the yields set forth as shown under "MATURITY SCHEDULE" on the inside cover page hereof may be changed by the Series 2013B Underwriter and the Series 2013B Underwriter may offer and sell the Series 2013B Bonds to certain dealers (including dealers depositing Series 2013B Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth herein under "MATURITY SCHEDULE."

## FINANCIAL ADVISOR

Prospective bidders are advised that Raymond James & Associates, Inc. has been employed as Financial Advisor in connection with the issuance of the Series 2013 Bonds. The respective fees for services of the Financial Advisor with respect to the sale of the Series 2013 Bonds are contingent upon the issuance and delivery thereof.

## MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the Lexington-Fayette Urban County Government from official and other sources and is believed by the Lexington-Fayette Urban County Government to be reliable, but such information other than that obtained from official records of the Lexington-Fayette Urban County Government has not been independently confirmed or verified by the Lexington-Fayette Urban County Government and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Series 2013 Bonds.

[Remainder of page intentionally left blank]

This Official Statement has been duly executed and delivered for and on behalf of the Lexington-Urban County Government, by its Mayor.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

By: ______________________________________
Mayor

Dated: March __, 2013

# APPENDIX A-1

## ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE SERIES 2013A BONDS*

| Date | Principal | Interest | Total | | FY Total |
|---|---|---|---|---|---|
| | | | | | |
| 10/1/2013 | | | | | |
| 4/1/2014 | | | | | |
| 10/1/2014 | | | | | |
| 4/1/2015 | | | | | |
| 10/1/2015 | | | | | |
| 4/1/2016 | | | | | |
| 10/1/2016 | | | | | |
| 4/1/2017 | | | | | |
| 10/1/2017 | | | | | |
| 4/1/2018 | | | | | |
| 10/1/2018 | | | | | |
| 4/1/2019 | | | | | |
| 10/1/2019 | | | | | |
| 4/1/2020 | | | | | |
| 10/1/2020 | | | | | |
| 4/1/2021 | | | | | |
| 10/1/2021 | | | | | |
| 4/1/2022 | | | | | |
| 10/1/2022 | | | | | |
| 4/1/2023 | | | | | |
| 10/1/2023 | | | | | |
| | | | | | |
| Total | | | | | |

*Preliminary; subject to change.

## APPENDIX A-2

## ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE SERIES 2013B BONDS*

| Date | Principal | Interest | Total | FY Total |
|---|---|---|---|---|
| 07/01/2013 | | | | |
| 01/01/2014 | | | | |
| 07/01/2014 | | | | |
| 01/01/2015 | | | | |
| 07/01/2015 | | | | |
| 01/01/2016 | | | | |
| 07/01/2016 | | | | |
| 01/01/2017 | | | | |
| 07/01/2017 | | | | |
| 01/01/2018 | | | | |
| 07/01/2018 | | | | |
| 01/01/2019 | | | | |
| 07/01/2019 | | | | |
| 01/01/2020 | | | | |
| 07/01/2020 | | | | |
| 01/01/2021 | | | | |
| 07/01/2021 | | | | |
| 01/01/2022 | | | | |
| 07/01/2022 | | | | |
| 01/01/2023 | | | | |
| 07/01/2023 | | | | |
| 01/01/2024 | | | | |
| 07/01/2024 | | | | |
| 01/01/2025 | | | | |
| 07/01/2025 | | | | |
| | | | | |
| Total | | | | |

*Preliminary; subject to change.

# APPENDIX B

## COMPREHENSIVE ANNUAL FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED JUNE 30, 2012

*(See "Statistical Section" which begins on page 128 of the Comprehensive Annual Financial Report for Financial, Economic, Tax Base and Debt Information of the Lexington Fayette Urban County Government)*

# APPENDIX C

## LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
## STATEMENT OF INDEBTEDNESS
## KY CONST. §§157 AND 158
## KRS §66.041

The undersigned Commissioner of Finance of the Lexington-Fayette-Urban County Government (the "LFUCG"), Commonwealth of Kentucky, does hereby certify that the following statements concerning the financial condition of LFUCG are true and correct as they appear from records of LFUCG:

1. The assessed valuation of all the taxable property in the County as estimated on the last certified assessment is .......... $27,278,231,000

2. The current population of the LFUCG is .......... 295,803

3. The total of *all* bonds, notes and other obligations currently issued and outstanding, including the present issues of $37,065,000* is .......... $552,387,009*

4. Bonds, notes and other obligations excluded from the calculation of net indebtedness are as follows:

   (a) Obligations issued in anticipation of the levy or collection of special assessments which are payable solely from those assessments or are otherwise self-supporting obligations .......... $0

   (b) Obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal year .......... $0

   (c) Obligations, which are not self-supporting obligations, issued after July 15, 1996 by any instrumentality of the LFUCG created for the purpose of financing public projects for which there has been no pledge to the payment of debt charges of any tax of the LFUCG or for which there is no covenant by the LFUCG to collect or levy *a* tax to pay debt charges .......... $0

   (d) Self-supporting obligations and other obligations for which there has been no pledge to the payment of debt charges of any tax of the LFUCG or for which there is no covenant by the LFUCG to collect or levy a tax to pay debt charges .......... $0

   (e) Obligations issued to pay costs of public projects to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year .......... $0

   (f) Leases entered into under KM 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases .......... $151,214,009

   (g) Bonds issued in the case of an emergency, when the public health or safety should so require .......... $0

* Preliminary; subject to change.

(h) Bonds issued to fund a floating indebtedness ............................................................................ $0

Total Exempt Obligations ........................................................................................................ $151,214,009

5. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (3 minus 4) is ..................................................................$370,863,000*

6. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 5 above, does not exceed 10%* of the assessed valuation of all the taxable property in the LFUCG or $2,547,017,247

7. The current tax rate of the LFUCG, for other than school purposes, upon the value of the taxable property therein is $0.2535 (which includes 0.1735 which is dedicated for specific purposes) per $100 for real and personal property which does not exceed the maximum permissible tax rate for the LFUCG as set forth in Section 157 of the Kentucky Constitution.

8. The issuance of the bonds, notes or other obligations set forth in 3 hereof will not cause the tax rate set forth in 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the LFUCG as set forth in Section 157 of the Kentucky Constitution.

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* 10% for cities having a population of fifteen thousand or more; 5% for cities having a population of less than fifteen thousand but not less than three thousand; and 3% for cities having a population of less than three thousand.

**IN WITNESS WHEREOF,** I have hereunto set my hand this _____ day of March, 2013.

/s/ William O'Mara

William O'Mara
Acting Commissioner of Finance
Lexington-Fayette Urban County Government

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* Preliminary; subject to change.

## APPENDIX D

## FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL (SERIES 2013 BONDS)

*The form of the legal approving opinion of Peck, Shaffer & Williams LLP, bond counsel, is set forth as follows. The actual opinion will be delivered on the date of delivery of the Series 2013 Bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the Final Official Statement shall create no implication that Peck, Shaffer & Williams LLP has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.*

Ladies and Gentlemen:

We have examined the transcript submitted relating to the issuance by the Lexington-Fayette Urban County Government of its $14,000,000* Various Purpose General Obligation Bonds, Series 2013A (the "Series 2013A Bonds") and its$6,065,000* Various Purpose General Obligation Refunding Bonds, Series 2013B (the "Series 2013B Bonds" and collectively with the Series 2013A Bonds, the "Series 2013 Bonds"), dated their date of initial issuance and delivery, numbered BR-1 upward, and of the denomination of $5,000 and any integral multiple thereof. The Series 2013 Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen of the Series 2013A Bond and the Series 2013B Bond.

Based on this examination, we are of the opinion, based upon laws, regulations, rulings and decisions in effect on the date hereof, that:

1. The Series 2013 Bonds constitute valid obligations of the Issuer in accordance with their terms, which unless paid from other sources, are payable from taxes to be levied by the Issuer without limitation as to rate.

2. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Series 2013 Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Series 2013 Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding or disposing of the Series 2013 Bonds.

3. The interest on the Series 2013 Bonds is exempt from income taxation and the Series 2013 Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

The Issuer has <u>not</u> designated the Series 2013 Bonds as "qualified tax-exempt obligations" with respect to certain financial institutions under Section 265 of the Internal Revenue Code of 1986, as amended.

In giving this opinion, we have relied upon covenants and certifications of facts, estimates and expectations made by officials of the Issuer and others contained in the transcript which we have not independently verified. It is to be understood that the enforceability of the Series 2013 Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and to the exercise of judicial discretion.

Very truly yours,

## APPENDIX E

## OFFICIAL TERMS AND CONDITIONS OF BOND SALE

[SEE ATTACHED]