

**ORDINANCE NO. 140-2014**

**AN ORDINANCE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT AUTHORIZING THE ISSUANCE OF ITS (I) VARIOUS PURPOSE GENERAL OBLIGATION BONDS, SERIES 2014B, IN ONE OR MORE SUBSERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$29,000,000; AND (II) ENERGY CONSERVATION GENERAL OBLIGATION BONDS, SERIES 2014C (FEDERALLY TAXABLE - QUALIFIED ENERGY CONSERVATION BOND – DIRECT PAYMENT TO THE ISSUER) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$3,000,000; APPROVING A FORM OF EACH SERIES OF SERIES 2014 BONDS; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE SERIES 2014 BONDS; AUTHORIZING AND DIRECTING THE FILING OF NOTICE WITH THE STATE LOCAL DEBT OFFICER; PROVIDING FOR THE PAYMENT AND SECURITY OF THE SERIES 2014 BONDS; CREATING A SINKING FUND; CREATING A BOND PAYMENT FUND FOR EACH SERIES OF SERIES 2014 BONDS; AUTHORIZING ACCEPTANCE OF THE BID(S) OF THE BOND PURCHASER(S) OF THE SERIES 2014 BONDS; AND REPEALING INCONSISTENT ORDINANCES.**

WHEREAS, the Lexington-Fayette Urban County Government has previously determined the necessity of financing the acquisition of various equipment for departments within the Lexington-Fayette Urban County Government, including, but not limited to, (i) managed email solution/exchange, storage area network, new tax revenue system, procurement website upgrade, Accela software, network infrastructure remediation, police patrol transport wagon, general repairs, life safety, autos vehicle replacement, pothole patcher, public safety ops/Lexcall center, sidewalk and catch basin repair, sidewalks, jail management system, public safety radio system, roof repair and replacement, HVAC repair and replacement, infrastructure improvements, Shillito multipurpose sports fields, Carver Center improvements, dugout replacement, aquatics improvements, Kentucky Theatre concession renovation, fire training tower, land acquisition and fire station design #24 and relocation of fire station #2, (ii) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights, and (iii) construction of a new senior

center (collectively, the “Series 2014B Project”); and

**WHEREAS**, the Lexington-Fayette Urban County Government, has previously determined the necessity of financing energy conservation measures and other qualifying projects at the Fayette County Detention Center, a publicly-owned building, including but not limited to LED lighting retrofits, chiller plant optimization, intake HVAC retrofit, inner ring HVAC retrofits, constant-volume reheat fan reset, controls upgrade, demand controlled ventilation, Variable-Air-Volume (VAV) box occupancy controls, energy efficient motors, demand controlled ventilation, kitchen hoods and install new walk-in refrigeration (collectively, the “Series 2014C Project” and with the Series 2014B Project the “Series 2014 Project”); and

**WHEREAS**, licensed professional engineers who conducted an investment grade energy audit pursuant to a guaranteed energy savings performance contract have determined that the Series 2014C Project will reduce energy consumption by at least twenty percent; and

**WHEREAS**, pursuant to the Constitution and laws of the Commonwealth of Kentucky, and particularly KRS 66.011 *et. seq.* (the “Act”), an urban county government may issue bonds, subject to the requirements of the Act, to pay all or any portion of the costs of the Series 2014 Project; and

**WHEREAS**, the Lexington-Fayette Urban County Government has determined that it is in the best interests of the Lexington-Fayette Urban County Government that the Series 2014B Project should be financed and refinanced through the issuance of Lexington-Fayette Urban County Government Various Purpose General Obligation Bonds, Series 2014B, in one or more subseries as hereinafter provided, in an aggregate principal amount not to exceed \$29,000,000 (collectively, the “Series 2014B Bonds”) to be sold and awarded to the successful bidder(s) (the “Purchaser(s)”) at public, competitive sale in accordance with the provisions of Chapter 424 of the Kentucky Revised Statutes, as amended;

**WHEREAS**, the Lexington-Fayette Urban County Government has determined that it is in the best interests of the Lexington-Fayette Urban County Government that the Series 2014C Project should be financed and refinanced through the issuance of Lexington-Fayette Urban County Government Energy Conservation General Obligation Bonds, Series 2014C (Federally Taxable - Qualified Energy Conservation Bond – Direct Payment to the Issuer), in one or more subseries as hereinafter provided, in an aggregate principal amount not to exceed \$3,000,000 (collectively, the “Series 2014C Bonds”) to be sold and awarded to the successful bidder(s) (the “Purchaser(s)”) at public, competitive sale in accordance with the provisions of Chapter 424 of the Kentucky Revised Statutes, as amended;

**WHEREAS**, pursuant to Section 54D of the Internal Revenue Code of 1986, as amended (the “Code”) and Internal Revenue Service Notice 2009-29, the Lexington-Fayette Urban County Government has received an allocation as a large local government for the issuance of Qualified Energy Conservation Bonds in the amount of \$2,900,000, which the Lexington-Fayette Urban County Government hereby determines should be allocated to the Series 2014C Bonds to assist with the financing of the Series 2014C Project.

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

**SECTION 1. Necessity, Authorization and Purpose of General Obligation Bonds.**

The Lexington-Fayette Urban County Government hereby declares that it is necessary to issue and authorizes the issuance of its (i) Various Purpose General Obligation Bonds, Series 2014B, in one or more subseries, in a principal amount not to exceed \$29,000,000, and (ii) Energy Conservation General Obligation Bonds, Series 2014C (Federally Taxable - Qualified Energy Conservation Bond – Direct Payment to the Issuer), in one or more subseries, in a principal amount not to exceed \$3,000,000. The exact principal amount of the Series 2014B Bonds and

the Series 2014C Bonds and the designation of one or more subseries shall be set forth the Certificate of Award to be executed by the Mayor of the Lexington-Fayette Urban County Government (the “Certificate of Award”) awarding the Series 2014B Bonds and the Series 2014C Bonds to the respective Purchaser(s) and establishing the interest rate or rates on the Series 2014B Bonds and the Series 2014C Bonds. The Series 2014B Bonds are being issued for the purpose of (i) financing the Series 2014B Project and (ii) paying certain costs of issuance with respect to the Series 2014B Bonds. The Series 2014C Bonds are being issued for the purpose of (i) financing the Series 2014C Project and (ii) paying certain costs of issuance with respect to the Series 2014C Bonds.

**SECTION 2. Issuance of the Series 2014C Bonds as Qualified Energy Conservation Bonds.** The Lexington-Fayette Urban County Government hereby designates all of the Series 2014C Bonds as “Qualified Energy Conservation Bonds” pursuant to Section 54D(a)(3) of the Code. Pursuant to Sections 54A and 54D of the Code, the Lexington-Fayette Urban County Government, by the adoption of this ordinance, certifies that: (1) no less than 100% of the “available project proceeds” (as defined in Section 54A(e)(4) of the Code) of the Series 2014C Bonds will be used for a “qualified conservation purpose” (as defined in 54D(f) of the Code) within three (3) years from the issue date of the Series 2014C Bonds; (2) it will enter into a binding commitment with a third party to spent at least ten percent (10%) of the available project proceeds within the six-month period beginning on the issue date of the Series 2014C Bonds; (3) the Series 2014C Project will be completed with due diligence and the available project proceeds will be spent with due diligence; and (4) the issue price of the Series 2014C Bonds will not have more than a de minimis amount of premium over the stated principal amount of such bonds, as determined under rules similar to the rules of Section 1273(a)(3) of the Code governing original issue discount. The Lexington-Fayette Urban County Government hereby certifies that the

Series 2014C Project will be located within a publicly-owned building and that it has relied upon certain determinations by licensed professional engineers who conducted an investment grade energy audit pursuant to a guaranteed energy savings performance contract that upon the completion of the Series 2014C Project energy consumption will be reduced by at least twenty percent. The Lexington-Fayette Urban County Government covenants that it shall not, at any time or times, use any of the “available project proceeds” of the Series 2014C Bonds directly or indirectly to acquire any facilities not located within a publicly-owned building or the acquisition of which does not constitute a “qualified conservation purpose” within the meaning of Section 54D(f) of the Code. The Lexington-Fayette Urban County Government further covenants that it shall at all times do and perform all acts and things permitted or required by law and necessary or desirable in order to assure that the Series 2014C Bonds shall at all times constitute qualified energy conservation bonds within the meaning of Section 54D of the Code.

The Lexington-Fayette Urban County Government covenants that prior to the issuance of the Series 2014C Bonds, and as a condition precedent to such issuance, that it shall certify by issuance of a tax compliance certificate signed by the Mayor that on the basis of the facts, estimates and circumstances in existence on the date of issuance of the Series 2014C Bonds, the proceeds of the Series 2014C Bonds will be used in a manner to satisfy the requirements of Sections 54A, 54D and 6431 of the Code and any federal regulations applicable to the Series 2014C Bonds.

The Series 2014C Bonds shall bear interest which shall be included in gross income of bondholders for federal income tax purposes and shall bear such distinctive subseries designations as to further distinguish such bonds from any other bonds.

With respect to the Series 2014C Bonds, the Lexington-Fayette Urban County Government hereby makes an irrevocable election to have Section 6431(f) of the Code apply to

such bonds and accepts and acknowledges that the United States Treasury will pay to the Lexington-Fayette Urban County Government 70% of the lesser of (a) the amount of interest payable on such Series 2014C Bonds, or (b) the amount of interest that would have been payable under such Series 2014C Bonds on the interest payment date if the interest was determined at the applicable credit rate determined under Code Section 54A(b)(3) with respect to such Series 2014C Bonds (the “Qualified Energy Conservation Payments”), so long as such Series 2014C Bonds so designated comply with all federal tax requirements of Qualified Energy Conservation Bonds.

The Mayor or his designee is hereby authorized and directed to execute and file on behalf of the Lexington-Fayette Urban County Government a “Return for Credit Payments to Issuers of Qualified Bonds” (Form 8038-CP) with the United States Department of the Treasury on the dates and at the place designated in Form 8038-CP and applicable provisions of the Code and Treasury Regulations issued thereunder for the Series 2014C Bonds. Funds received by the Lexington-Fayette Urban County Government pursuant to the filing of Form 8038-CP shall be deposited to the credit of the Lexington-Fayette Urban County Government's General Fund or the Sinking Fund, hereinafter defined, as appropriate, to provide for the timely payment of principal or interest on any Series 2014C Bonds.

**SECTION 3. Form.** The Series 2014B Bonds shall be issued in fully registered form, shall be designated “Various Purpose General Obligation Bonds, Series 2014B,” shall express upon their faces the purpose for which they are issued and that they are issued under the Act and shall be substantially in the form set forth in *Annex A*, in accordance with the terms set forth in the Certificate of Award. The Series 2014C Bonds shall be issued in fully registered form, shall be designated “Energy Conservation General Obligation Bonds, Series 2014C (Federally Taxable - Qualified Energy Conservation Bond – Direct Payment to the Issuer),” shall express

upon their faces the purpose for which they are issued and that they are issued under the Act, and shall be substantially in the form set forth in *Annex B*, in accordance with the terms set forth in the Certificate of Award.

The Series 2014 Bonds shall be in denominations as requested by the respective Purchaser(s), which shall be in multiples of five thousand dollars (\$5,000) or any integral multiple thereof. The Series 2014 Bonds shall be dated their date of issuance and delivery or such other date as is determined in the respective Certificate of Award.

Interest on the Series 2014 Bonds shall be payable no less frequently than semi-annually on the dates set forth in the respective Certificate of Award (an "Interest Payment Date") at the stated interest rate or rates on the principal amount thereof. The Series 2014 Bonds shall be serial or term bonds maturing, or subject to optional and/or mandatory sinking fund redemption annually on the dates, in the years and in the amounts to be established in the respective Certificate of Award after advertised competitive sale of the Series 2014 Bonds based on the interest rates bid in the successful bids (the "Bids") and the provisions of this Section 3, provided that the final maturity date of the Series 2014 Bonds shall be as set forth in the respective Certificate of Award but shall be no later than thirty years from their date of initial issuance and delivery and further provided that the final maturity date of the Series 2014C Bonds shall not exceed the maximum term as determined pursuant to Section 54A(d)(5) of the Code. The interest rate or rates on the Series 2014 Bonds shall be determined in the respective Certificate of Award based on the Bids; provided that the aggregate net interest cost of the Series 2014 Bonds shall not exceed eight percent (8.00%).

The Series 2014 Bonds may contain such additional extraordinary optional or mandatory redemption provisions as may, upon the advice of the Lexington-Fayette Urban County Government's financial advisors and bond counsel, be necessary to accomplish the financial

objectives of the Lexington-Fayette Urban County Government and/or achieve compliance with any provisions of the Code. The Mayor is hereby authorized and directed to administratively approve any such additional extraordinary optional or mandatory redemption provisions, and the execution of the respective Certificate of Award shall constitute conclusive evidence of the approval of such additional provisions.

The Lexington-Fayette Urban County Government shall redeem a portion of the Series 2014C Bonds in an amount to be determined in the same manner as the amount of nonqualified bonds required to be redeemed under Section 142 of the Code is determined within 90 days after the date that is three (3) years from the issuance of the Series 2014C Bonds (or if an extension has been obtained as provided in Section 54A(d)(2)(B)(iii) of the Code, the last date of such extension) if the Lexington-Fayette Urban County Government has expended less than 100 percent of the available project proceeds for one or more qualified conservation purposes on such date; provided, however, that the redemption to be made hereunder shall only be made upon the delivery of an opinion of nationally-recognized bond counsel that such redemption is necessary to maintain the status of the Series 2014C Bonds as “qualified energy conservation bonds” for purposes of Sections 54D and 6431 of the Code.

At least thirty (30) days before the redemption date of any Series 2014 Bonds subject to optional or mandatory redemption, the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar (as hereinafter defined), to be mailed, first class, postage prepaid, to all registered owners of the Series 2014 Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Series 2014 Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption



price to be paid and, if less than all of the Series 2014 Bonds of a subseries being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Series 2014 Bonds to be redeemed.

On the date so designated for redemption, notice having been mailed in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held in the applicable bond payment fund by the Paying Agent and Registrar for the registered owners of the Series 2014 Bonds to be redeemed, the Series 2014 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2014 Bonds on such date, interest on the Series 2014 Bonds so called for redemption shall cease to accrue, and the registered owners of such Series 2014 Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

**SECTION 4. Execution and Delivery.** The Series 2014 Bonds shall be executed by the manual or facsimile signature of the Mayor and duly attested by the manual or facsimile signature of the Urban County Council Clerk (which, together with any other person as may be authorized by resolution are referred to as “Designated Officers”) and shall bear the manual authenticating signature of an authorized representative of the bank designated in the Certificate of Award as the Paying Agent and Registrar for the Series 2014 Bonds (the “Paying Agent and Registrar”). The Designated Officers are further authorized and directed to deliver the Series 2014 Bonds to the respective Purchasers, upon the terms and conditions provided herein, in the Certificate of Award and in the Bids, receive the proceeds therefor, execute and deliver such certificates and other closing documents and take such other action as may be necessary or appropriate in order to effectuate the proper issuance, sale and delivery of the Series 2014 Bonds.

The Lexington-Fayette Urban County Government authorizes and directs the Paying Agent and Registrar to authenticate the Series 2014 Bonds and to deliver the Series 2014 Bonds

to the respective Purchasers following execution of the Certificate of Award and payment of the respective purchase price thereof.

**SECTION 5. Payment.** Payment of or on account of the interest on and principal of the Series 2014 Bonds shall be made directly to the Paying Agent and Registrar for the account of the registered owner. Interest on the Series 2014 Bonds shall be payable by check, mailed to the person whose name appears on the fifteenth day preceding an Interest Payment Date on the bond registration records as the registered owner, on each Interest Payment Date or by other transfer of funds acceptable to such registered owner and the Paying Agent and Registrar. Principal shall be payable in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment upon delivery of the Series 2014 Bonds to the Paying Agent and Registrar or by other transfer of funds acceptable to the Paying Agent and Registrar and such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2014 Bonds to the extent of the sum or sums so paid.

**SECTION 6. Filing and Approvals.** The Designated Officers are hereby authorized to undertake and cause all filings of notices or information, which may be required by law to be filed or obtained by the Lexington-Fayette Urban County Government, including, but not limited to, filings with the State Local Debt Officer as required by law.

**SECTION 7. Bond Payment Fund, Payment of Series 2014 Bonds.** There is hereby established with the Paying Agent and Registrar a bond payment fund in the name of the Lexington-Fayette Urban County Government to be known as (i) Various Purpose General Obligation Bonds, Series 2014B Bond Payment Fund (the "Series 2014B Bond Payment Fund"), and (ii) Energy Conservation General Obligation Bonds, Series 2014C (Federally Taxable - Qualified Energy Conservation Bond – Direct Payment to the Issuer) Bond Payment Fund (the

“Series 2014C Bond Payment Fund” and collectively with the Series 2014B Bond Payment Fund, the “Bond Payment Fund”), into which the Lexington-Fayette Urban County Government covenants to deposit, and into which the Designated Officers are hereby authorized and directed to deposit from the Sinking Fund (hereinafter defined), on or before the twenty-fifth day of each month which precedes an Interest Payment Date, the amount required to pay principal of (except as otherwise provided with respect to the principal of the Series 2014C Bonds) and interest due on the respective Series 2014 Bonds on such Interest Payment Date. The Paying Agent and Registrar is further directed to establish such additional subaccounts within the Bond Payment Fund as may be necessary in connection with the issuance of multiple subseries of the Series 2014 Bonds. The Paying Agent and Registrar shall, without further authorization from the Lexington-Fayette Urban County Government, withdraw from the Bond Payment Fund, on such Interest Payment Date, the amounts necessary to pay principal of, and interest on the respective Series 2014 Bonds to the registered owners of the same.

The Lexington-Fayette Urban County Government may establish a sinking fund with respect to the Series 2014C Bonds (the “Series 2014C QECB Fund”) provided that the Series 2014C QECB Fund shall satisfy the following requirements as set forth by Section 54A(d)(4)(C) of the Code: (1) the Series 2014C QECB Fund is funded at a rate not more rapid than equal annual installments; (2) the Series 2014C QECB Fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the Series 2014C Bonds; and (3) the yield on the Series 2014C QECB Fund is not greater than the maximum discount rate as determined by the Secretary of Treasury on the sale date of the Series 2014C Bonds. Payments of principal shall be deposited into the Series 2014C QECB Fund on such dates and in the amounts as set forth in the Certificate of Award.

The Paying Agent and Registrar is hereby appointed depository of the Bond Payment Funds with respect to the Series 2014 Bonds.

If the Lexington-Fayette Urban County Government shall fail or refuse to make any required deposit in the respective Bond Payment Fund from the Sinking Fund, the Paying Agent and Registrar shall (i) notify any agency of the Commonwealth of Kentucky or any political subdivision thereof which may collect and distribute taxes or revenues for the Lexington-Fayette Urban County Government to seek any available necessary or proper remedial action; and (ii) upon being indemnified against cost and expense, exercise any remedy provided in the Act or at law or in equity for the benefit of the owner of the respective Series 2014 Bonds or its assignee, and shall disburse all funds so collected to the owners of the respective Series 2014 Bonds as payment of the Series 2014 Bonds.

**SECTION 8. General Obligation; Maintenance of Sinking Fund.** The Series 2014 Bonds shall be full general obligations of the Lexington-Fayette Urban County Government and, for the payment of said Series 2014 Bonds and the interest thereon, the full faith, credit and revenue of the Lexington-Fayette Urban County Government are hereby pledged for the prompt payment thereof. During the period the Series 2014 Bonds are outstanding, there shall be and there hereby is levied on all the taxable property in Lexington, Fayette County, Kentucky in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the principal of and interest on the respective Series 2014 Bonds when and as due, it being hereby found and determined that current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof

provided, however, that in each year to the extent that the other lawfully available funds of the Lexington-Fayette Urban County Government are available for the payment of the respective Series 2014 Bonds and are appropriated for such purpose, including the proceeds of the respective Series 2014 Bonds, the amount of such direct tax upon all of the taxable property in the Lexington-Fayette Urban County Government shall be reduced by the amount of such other funds so available and appropriated.

There is hereby established with the Lexington-Fayette Urban County Government a sinking fund (the "Sinking Fund"). The funds derived from said tax levy hereby required or other lawfully available funds shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of the interest on and principal of all bonds issued under the Act and Tax-Supported Leases, as defined in the Act, when and as the same fall due. Amounts shall be transferred from the Sinking Fund to each Bond Payment Fund at the times and in the amounts required by Section 7.

**SECTION 9. Sale of Bonds; Certificate of Award.** The Designated Officers are hereby directed to sell the Series 2014 Bonds to the respective Purchasers at advertised competitive sale, the final principal amount of, the principal amortization of and the interest rate or rates on the Series 2014 Bonds to be established in accordance with the requirements of Sections 1, 2 and 3 hereof and the respective Certificate of Awards.

**SECTION 10. Registered Owner; Transfer; Exchange.** As long as the Series 2014 Bonds executed and delivered hereunder shall remain outstanding, the Paying Agent and Registrar shall maintain an office for the registration of such Series 2014 Bonds and shall also keep at such office books for such registration and transfers. The registered owner of the respective Series 2014 Bonds, as set forth in the registration books maintained by the Paying Agent and Registrar on the fifteenth day preceding an Interest Payment Date, or its assignees, for

purposes of this Bond Ordinance, to the extent of its interest, shall be treated as the owner of the respective Series 2014 Bonds and shall be entitled to all rights and security of the owner of the respective Series 2014 Bonds hereunder.

Upon surrender for registration of transfer of the Series 2014 Bonds at the office of the Paying Agent and Registrar with a written instrument of transfer satisfactory to the Paying Agent and Registrar, duly executed by the registered owner or the registered owner's duly authorized attorney, the Paying Agent and Registrar shall execute and deliver, in the name of the designated transferee or transferees, one or more Series 2014 Bonds of the same series or subseries of any authorized denomination and of a like tenor and effect.

All Series 2014 Bonds, upon surrender thereof at the office of the Paying Agent and Registrar, may, at the option of the registered owner thereof be exchanged for an equal aggregate principal amount of Series 2014 Bonds of the same series or subseries of any authorized denomination.

In all cases in which the privilege of exchanging or transferring Series 2014 Bonds is exercised, the Paying Agent and Registrar shall execute and deliver Series 2014 Bonds in accordance with the provisions of this Section. Every such exchange or transfer of Series 2014 Bonds, whether temporary or definitive, shall be without charge; provided that the Paying Agent and Registrar may impose a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

**SECTION 11. Book-entry System.** For purposes of this Bond Ordinance, the following terms shall have the following meanings:

“Book entry form” or “book entry system” means a form or system under which (i) the

beneficial right to payment of principal of and interest on the Series 2014 Bonds may be transferred only through a book entry, and (ii) physical Bond certificates in fully registered form are issued only to the Depository or its nominee as registered owner, with the Series 2014 Bonds “immobilized” to the custody of the Depository, and the book entry maintained by others than the Lexington-Fayette Urban County Government or the Paying Agent and Registrar is the record that identifies the owners of beneficial interests in those Bonds and that principal and interest.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, together with its Participants or otherwise, a book entry system to record ownership of beneficial interests in Series 2014 Bonds or principal and interest, and to effect transfers of Series 2014 Bonds, in book entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Participant” means any participant contracting with a Depository under a book entry system and includes security brokers and dealers, banks and trust companies, and clearing corporations.

All or any portion of the Series 2014 Bonds may be initially issued to a Depository for use in a book entry system, and the provisions of this Section 11 shall apply to such Series 2014 Bonds, notwithstanding any other provision of this Bond Ordinance. If and as long as a book entry system is utilized with respect to any such Bonds: (i) there shall be such number of Series 2014 Bonds of each maturity as the Depository shall specify; (ii) those Series 2014 Bonds shall be registered in the name of the Depository or its nominee, as registered owner, and immobilized in the custody of the Depository; (iii) the beneficial owners of Series 2014 Bonds in book entry form shall have no right to receive Series 2014 Bonds in the form of physical securities or certificates; (iv) ownership of beneficial interests in any Series 2014 Bonds in book entry form

shall be shown by book entry on the system maintained and operated by the Depository and its Participants, and transfers of the ownership of beneficial interests shall be made only by book entry by the Depository and its Participants; and (v) the Series 2014 Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Urban County Council. Debt service charges on Series 2014 Bonds in book entry form registered in the name of a Depository or its nominee shall be payable in the manner provided in the Lexington-Fayette Urban County Government's agreement with the Depository to the Depository or its authorized representative (i) in the case of interest, on each Interest Payment Date, and (ii) in all other cases, upon presentation and surrender of Series 2014 Bonds as provided in this Bond Ordinance.

The Paying Agent and Registrar may, with the approval of the Lexington-Fayette Urban County Government, enter into an agreement with the beneficial owner or registered owner of any Bond in the custody of a Depository providing for making all payments to that owner of principal and interest on that Series 2014 Bond or any portion thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner (including wire transfer of federal funds) other than as provided in this Bond Ordinance, without prior presentation or surrender of the Series 2014 Bond, upon any conditions which shall be satisfactory to the Paying Agent and Registrar and to the Lexington-Fayette Urban County Government. That payment in any event shall be made to the person who is the registered owner of that Series 2014 Bond on the date that principal is due, or, with respect to the payment of interest, as of the applicable date agreed upon as the case may be. The Paying Agent and Registrar shall furnish a copy of each of those agreements, certified to be correct by the Paying Agent and Registrar, to any other paying agents for Series 2014 Bonds and to the Lexington-Fayette Urban County Government. Any payment of principal or interest pursuant to such an agreement shall constitute payment thereof



pursuant to, and for all purposes of, this Bond Ordinance.

The Mayor of the Lexington-Fayette Urban County Government is authorized and directed to execute, acknowledge and deliver, in the name of and on behalf of the Lexington-Fayette Urban County Government a letter agreement among the Lexington-Fayette Urban County Government, the Paying Agent and Registrar and The Depository Trust Company, as Depository, to be delivered in connection with the issuance of the Series 2014 Bonds to the Depository for use in a book entry system.

If any Depository determines not to continue to act as depository for the Series 2014 Bonds for use in a book entry system, the Lexington-Fayette Urban County Government and the Paying Agent and Registrar may attempt to establish a securities depository/book entry relationship with another qualified Depository under this Bond Ordinance. If the Lexington-Fayette Urban County Government and the Paying Agent and Registrar do not or are unable to do so, the Lexington-Fayette Urban County Government and the Paying Agent and Registrar, after the Paying Agent and Registrar has made provision for notification of the beneficial owners by the then Depository, shall permit withdrawal of the Series 2014 Bonds from the Depository and authenticate and deliver Series 2014 Bond certificates in fully registered form to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing definitive Bonds), if the event is not the result of action or inaction by the Urban County Council or the Paying Agent and Registrar, of those persons requesting such issuance.

**SECTION 12. Disposition of Proceeds.** The proceeds of the sale of the Series 2014B Bonds and the Series 2014C Bonds shall be deposited, together with other available funds of the Lexington-Fayette Urban County Government, as follows: (a) accrued interest, if any, shall be deposited to the Series 2014B Bond Payment Fund created in Section 7 hereof; (b) into an acquisition account for the Series 2014B Bonds (the “Lexington-Fayette Urban County

Government Series 2014B Acquisition Account”) to be held by the Lexington-Fayette Urban County Government and used to pay the costs of the Series 2014B Project; (c) an amount sufficient to pay the costs of issuing the Series 2014B Bonds shall be deposited to a special cost of issuance fund hereby directed to be established and designated as the “Lexington-Fayette Urban County Government Various Purpose General Obligation Bonds, Series 2014B Cost of Issuance Fund” (the “Series 2014B Cost of Issuance Fund”), hereby authorized and directed to be established and held by the Paying Agent and Registrar and used to pay the costs of issuance of the Series 2014B Bonds; (d) accrued interest, if any, shall be deposited to the Series 2014C Bond Payment Fund created in Section 7 hereof; (e) into an acquisition account for the Series 2014C Bonds (the “Lexington-Fayette Urban County Government Series 2014C Acquisition Account”) to be held by the Lexington-Fayette Urban County Government and used to pay the costs of the Series 2014C Project; and (f) an amount sufficient to pay the costs of issuing the Series 2014C Bonds shall be deposited to a special cost of issuance fund hereby directed to be established and designated as the “Lexington-Fayette Urban County Government Energy Conservation General Obligation Bonds, Series 2014C (Federally Taxable - Qualified Energy Conservation Bond – Direct Payment to the Issuer) Cost of Issuance Fund” (the “Series 2014C Cost of Issuance Fund”), hereby authorized and directed to be established and held by the Paying Agent and Registrar and used to pay the costs of issuance of the Series 2014C Bonds. In the event of the issuance of the Series 2014 Bonds in multiple subseries, the depository of the Cost of Issuance Fund shall establish subaccounts within the Cost of Issuance Fund to distinguish the sources of funds therein deposited by subseries of the Series 2014 Bonds.

**SECTION 13. Appointment and Engagement of Bond Counsel.** This Urban County Council hereby retains Peck, Shaffer & Williams, a division of Dinsmore & Shohl, LLP, as its bond counsel (“Bond Counsel”), to provide the Issuer with its services in connection with

the issuance, sale, and delivery of the Series 2014 Bonds. Bond Counsel shall be paid a fee of \$3.60 per \$1,000 of Series 2014B Bonds issued, \$0.80 per \$1,000 of Series 2014C Bonds issued, inclusive of related expenses, provided, however, that publication expenses incurred by Bond Counsel shall be reimbursed separately. Such services as Bond Counsel shall include (i) the drafting of the new continuing disclosure guidelines for general obligation bonds for the Lexington-Fayette Urban County Government, (ii) the drafting of responses to the Division of Enforcement of the Securities and Exchange Commission (“SEC”) with respect to the Municipalities Continuing Disclosure Cooperation (“MCDC”) Initiative, and (iii) review of the official statements and continuing disclosure certificates from 2009 to 2014 with respect to the general obligation bonds issued by the Lexington-Fayette Urban County Government. A Designated Officer is hereby authorized and directed to execute and deliver on behalf of the Issuer any appropriate agreements and/or engagement letters in connection with such appointment.

**SECTION 14. Financial Advisor.** Civic Finance Advisors, LLC (the “Financial Advisor”) is hereby appointed Financial Advisor to the Lexington-Fayette Urban County Government in connection with the issuance, sale and delivery of the Series 2014 Bonds. The Financial Advisor shall be paid a fee as provided on the attached *Annex C* for financial advisory services. A Designated Officer is hereby authorized and directed to execute and deliver on behalf of the Issuer any appropriate agreements and/or engagement letters in connection with such appointment.

**SECTION 15. Discharge of Bond Ordinance.** If the Lexington-Fayette Urban County Government shall pay or cause to be paid, or there shall otherwise be paid, to the owners of the respective Series 2014 Bonds the total principal and interest due or to become due thereon through maturity, in the manner stipulated therein and in this Bond Ordinance, then the pledges

made under this Bond Ordinance, and all covenants, agreements and other obligations of the Lexington-Fayette Urban County Government hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

**SECTION 16. Restriction on Use of Proceeds.** This Urban County Council for and on behalf of the Lexington-Fayette Urban County Government hereby covenants that it will restrict the use of the proceeds of the respective Series 2014 Bonds hereby authorized in such manner and to such extent, if any, and take such other action as may be necessary, after taking into account reasonable expectations at the time the debt is incurred, so that they will not constitute obligations the interest on which is subject to federal income taxation or “arbitrage bonds” under Sections 103(b)(2) and 148 of the Code, and the regulations prescribed thereunder. The Mayor or any other officer having responsibility with respect to the issuance of the certificates, is authorized and directed to give an appropriate certificate on behalf of the Lexington-Fayette Urban County Government, on the date of delivery of the respective Series 2014 Bonds, for inclusion in the transcript of proceedings, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to the use of the proceeds thereof and the provisions of said Sections 103(b)(2) and 148 and regulations thereunder.

These Series 2014 Bonds are not designated “qualified tax-exempt obligations” for the purposes set forth Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

**SECTION 17. Severability.** If any one or more of the provisions of this Bond Ordinance should be determined by a court of competent jurisdiction to be contrary to law, then such provisions shall be deemed to be severable from all remaining provisions and shall not affect the validity of such other provisions.

**SECTION 18. Inconsistent Actions.** All prior ordinances, resolutions or parts thereof inconsistent herewith are hereby repealed.

**SECTION 19. Open Meetings Compliance.** All meetings of the Urban County Council Court and of its committees and any other public bodies, at which the formal actions in connection with the issuance of the Series 2014 Bonds were taken, or at which deliberations that resulted in such formal actions were held, were open meetings, and such formal actions were taken and any such deliberations took place while such meetings, after proper notice, were open to the public, in compliance with all legal requirements including KRS Sections 61.810, 61.815, 61.820 and 61.825.

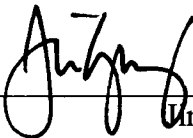
**SECTION 20. Effective Date.** This Ordinance shall become effective immediately upon adoption and publication of a summary thereof, as provided by law.

[Remainder of page intentionally left blank]

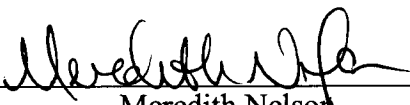
**INTRODUCED AND GIVEN FIRST READING** at a duly convened meeting of the Urban County Council of the Lexington-Fayette Urban County Government on the 13 day of November, 2014.

**GIVEN SECOND READING, ENACTED AND ADOPTED** at a duly convened meeting of the Urban County Council of the Lexington-Fayette Urban County Government on the 20 day of November, 2014.

**LEXINGTON-FAYETTE URBAN COUNTY  
GOVERNMENT**

By:  \_\_\_\_\_  
Jim Gray  
Mayor

**ATTEST:**


By:  \_\_\_\_\_  
Meredith Nelson  
Urban County Council Clerk

Published: November 26, 2014

**CERTIFICATION**

I, the undersigned, do hereby certify that I am the duly qualified and acting Urban County Council Clerk of the Lexington-Fayette Urban County Government, and as such Urban County Council Clerk, I further certify that the foregoing is a true, correct and complete copy of a Bond Ordinance duly enacted by the Urban County Council of the Lexington-Fayette Urban County Government at a duly convened meeting held on the 20 day of November, 2014, signed by the Mayor and now in full force and effect, all as appears from the official records of the Lexington-Fayette Urban County Government in my possession and under my control.

WITNESS my hand and the seal of said Lexington-Fayette Urban County Government as of the 1<sup>st</sup> day of December, 2014.

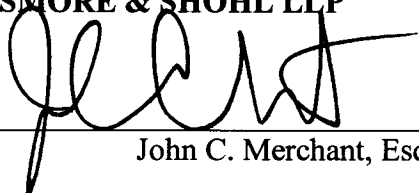
  
Meredith Nelson  
Urban County Council Clerk

[SEAL]

**CERTIFICATE**

I do hereby certify that the title to this enactment contains an accurate synopsis of the contents thereof and may be used to satisfy the reading and publication requirements of law.

**PECK, SHAFFER & WILLIAMS, A DIVISION  
OF DINSMORE & SHOHL LLP**

By:   
John C. Merchant, Esq.

ANNEX A

COMMONWEALTH OF KENTUCKY  
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
VARIOUS PURPOSE GENERAL OBLIGATION BOND,  
SERIES 2014B

No. BR-\_\_

<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Interest Rate</u>	<u>Bond Date</u>	<u>Interest Payment Dates</u>
January 1, _____	_____	_____ %	December __, 2014	July 1 and January 1

REGISTERED HOLDER: \_\_\_\_\_

PRINCIPAL AMOUNT: \$ \_\_\_\_\_  
\_\_\_\_\_ DOLLARS

**KNOW ALL PERSONS BY THESE PRESENTS:** That the Lexington-Fayette Urban County Government for value received, hereby acknowledges itself obligated to, and promises to pay to the registered holder identified above, or registered assigns, the principal sum identified above (or, if any part thereof has been paid, the balance thereof remaining unpaid), on the maturity date specified above, and to pay interest on said principal sum (or, if any part thereof has been paid, the balance thereof remaining unpaid) from the date hereof, payable each July 1 and January 1, commencing July 1, 2015, at the Interest Rate per annum identified above, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto. The principal of and interest on this bond are payable, without deduction for exchange, collection, or service charges, in lawful money of the United States of America. Principal is payable at the principal office of the \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, or any successor (the "Paying Agent and Registrar") or by other transfer of funds acceptable to the Paying Agent and Registrar and such owner. All interest on this bond and principal payable prior to the final maturity date shall be payable by check or draft mailed or via wire transfer to the record date registered holder hereof at the address shown on the registration records kept by the Paying Agent and Registrar or by other transfer of funds acceptable to the Paying Agent and Registrar and such owner. The record date shall be the fifteenth day of the month preceding each interest payment date.

This bond is one of an issue of Various Purpose General Obligation Bonds, Series 2014B (the "Series 2014B Bonds") of like tenor and effect, except as to denomination and maturity, numbered from R-1 upward, inclusive, of the denomination of \$5,000 or any integral multiple thereof originally aggregating \_\_\_\_\_ dollars (\$ \_\_\_\_\_) in principal amount, issued for the purpose of (i) financing the acquisition of various equipment for departments within the Lexington-Fayette Urban County Government, including, but not limited to, managed email solution/exchange, storage area network, new tax revenue system, procurement website upgrade, Accela software, network infrastructure remediation, police patrol transport wagon, general repairs, life safety, autos vehicle replacement, pothole patcher, public



safety ops/Lexcall center, sidewalk and catch basin repair, sidewalks, jail management system, public safety radio system, roof repair and replacement, HVAC repair and replacement, infrastructure improvements, Shillito multipurpose sports fields, Carver Center improvements, dugout replacement, aquatics improvements, Kentucky Theatre concession renovation, fire training tower, land acquisition and fire station design #24 and relocation of fire station #2, (ii) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights, (iii) financing the construction of a new senior center (collectively, the “Series 2014B Project”); and (iv) paying the costs of issuance of the Series 2014B Bonds, all pursuant to and in full compliance with the general laws of the Commonwealth of Kentucky and particularly Chapter 66 of the Kentucky Revised Statutes, and pursuant to an ordinance duly adopted by the Urban County Council of the Lexington-Fayette Urban County Government on the \_\_\_\_ day of November, 2014 (the “Bond Ordinance”) upon the affirmative vote of at least a majority of the members of its Urban County Council at a public meeting duly and regularly held and after filing proper notice with the State Local Debt Officer of the Commonwealth of Kentucky.

This Series 2014B Bond and the issue of which it forms a part is a general obligation of the Lexington-Fayette Urban County Government and the full faith, credit and revenue of the Lexington-Fayette Urban County Government are pledged to the payments due hereunder. THIS SERIES 2014B BOND IS CONTINUALLY SECURED BY THE FAITH, CREDIT AND REVENUE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT.

[Remainder of page intentionally left blank]

The Series 2014B Bonds mature on the first day of January of the following years, in the respective principal amounts and bear interest at the following rates of interest:

<b>Year (January 1)</b>	<b>Amount</b>	<b>Interest Rate</b>
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
TOTAL		

\*\*\*\*\*

**Optional Redemption.** The Series 2014B Bonds maturing on and after January 1, \_\_\_\_\_ shall be subject to optional redemption prior to their maturity on any date on or after January 1, \_\_\_\_\_, in whole or in part, in inverse order of maturity and by lot within a maturity, at the election of the Lexington-Fayette Urban County Government upon 45 days' written notice to the Paying Agent and Registrar at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption.

**Redemption Provisions.** At least thirty (30) days before the optional redemption date of any Series 2014B Bonds the Paying Agent and Registrar shall cause a notice of such redemption signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Series 2014B Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Series 2014B Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2014B Bonds being payable by

their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Series 2014B Bonds to be redeemed.

On the date so designated for redemption, notice having been published in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held in the Bond Payment Fund by the Paying Agent and Registrar for the registered owners of the Series 2014B Bonds to be redeemed, the Series 2014B Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2014B Bonds on such date, interest on the Series 2014B Bonds so called for redemption shall cease to accrue, and the registered owners of such Series 2014B Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

\*\*\*\*\*

No recourse shall be had for the payment of the principal of or the interest on this Series 2014B Bond, or for any claim based hereon, against any officer, agent or employee, past, present or future, of the Lexington-Fayette Urban County Government, as such, either directly or through the Lexington-Fayette Urban County Government, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; all such liability of such officers, agents or employees is hereby renounced, waived and released as a condition of and as consideration for the issuance, execution and acceptance of this Series 2014B Bond.

It is hereby certified that all acts, conditions and things required to be done, to occur or be performed precedent to and in the issuance of this Series 2014B Bond, or in the creation of the obligations of which this Series 2014B Bond is evidence, have been done, have occurred and have been performed in regular and due form and manner as required by law; that the faith, credit and revenue of the Lexington-Fayette Urban County Government are hereby irrevocably pledged for the prompt payment of the principal hereof and interest hereon; that the repayment obligation represented by this Series 2014B Bond is not in excess of any constitutional or statutory limitation; and that due provision has been made for the levy and collection of a tax sufficient in amount to pay the interest on this Series 2014B Bond as it falls due and to provide for the redemption of this Series 2014B Bond at maturity or upon earlier redemption.

[Remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, the Lexington-Fayette Urban County Government has caused this Series 2014B Bond to be signed either manually or by facsimile in its name by its Mayor and duly attested either manually or by facsimile by its Urban County Council Clerk and an impression or facsimile of the Lexington-Fayette Urban County Government's seal to be imprinted hereon, as of the date set forth above.

**LEXINGTON-FAYETTE COUNTY  
GOVERNMENT**

\_\_\_\_\_  
Mayor

[SEAL]

Attest:

\_\_\_\_\_  
Urban County Council Clerk

**CERTIFICATE OF AUTHENTICATION**

This is to certify that this Series 2014B Bond is one of the Series 2014B Bonds described hereinabove.

**[PAYING AGENT]**, \_\_\_\_\_, Kentucky

By: \_\_\_\_\_

Name:

Title:

Date of Authentication: \_\_\_\_\_

*Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & Co or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to CEDE & Co, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & Co, has an interest herein.*

## **CERTIFICATE**

It is hereby certified that the following is a correct and complete copy of the text of the legal opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, Attorneys, Lexington, Kentucky, regarding the issue of which the within Series 2014B Bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for said issue and a copy of which is on file with the undersigned.

---

Urban County Council Clerk

[INSERT FORM OF APPROVING OPINION]

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

---

(please print or typewrite social security number or other identifying number and name and address of transferee)

the within Series 2014B Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ or its successor as Paying Agent and Registrar to transfer the said Series 2014B Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

---

Notice: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Series 2014B Bond in every particular, without alteration or enlargement or any change whatever.

ANNEX B

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
ENERGY CONSERVATION  
GENERAL OBLIGATION BOND, SERIES 2014C  
(FEDERALLY TAXABLE - QUALIFIED ENERGY CONSERVATION BOND –  
DIRECT PAYMENT TO THE ISSUER)

No. CR-\_\_

<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Interest Rate</u>	<u>Bond Date</u>	<u>Interest Payment Dates</u>
June 1, _____	_____	_____ %	December __, 2014	June 1 and December 1

REGISTERED HOLDER: \_\_\_\_\_

PRINCIPAL AMOUNT: \$ \_\_\_\_\_  
\_\_\_\_\_ DOLLARS

**KNOW ALL PERSONS BY THESE PRESENTS:** That the Lexington-Fayette Urban County Government, for value received, hereby acknowledges itself obligated to, and promises to pay to the registered holder identified above, or registered assigns, the principal sum identified above (or, if any part thereof has been paid, the balance thereof remaining unpaid), on the maturity date specified above, and to pay interest on said principal sum (or, if any part thereof has been paid, the balance thereof remaining unpaid) from the date hereof, payable each June 1 and December 1, commencing June 1, 2015, at the Interest Rate per annum identified above, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto. The principal of and interest on this bond are payable, without deduction for exchange, collection, or service charges, in lawful money of the United States of America. Principal is payable at the principal office of [PAYING AGENT], [LOCATION], or any successor (the "Paying Agent and Registrar") or by other transfer of funds acceptable to the Paying Agent and Registrar and such owner. All interest on this Taxable Series 2014C Bond and principal payable prior to the final maturity date shall be payable by check or draft mailed or via wire transfer to the record date registered holder hereof at the address shown on the registration records kept by the Paying Agent and Registrar or by other transfer of funds acceptable to the Paying Agent and Registrar and such owner. The record date shall be the fifteenth day of the month preceding each interest payment date.

This bond is one of an issue of Energy Conservation General Obligation Bonds, Series 2014C (Federally Taxable - Qualified Energy Conservation Bond – Direct Payment to the Issuer) (the "Taxable 2014C Bonds") of like tenor and effect, except as to denomination and maturity, numbered from CR-1 upward, inclusive, of the denomination of \$5,000 or any integral multiple thereof originally aggregating in the principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), issued for the purpose of (i) financing energy conservation measures at the Fayette County Detention Center including LED

lighting retrofits, chiller plant optimization, intake HVAC retrofit, inner ring HVAC retrofits, constant-volume reheat fan reset, controls upgrade, demand controlled ventilation, Variable-Air-Volume (VAV) box occupancy controls, energy efficient motors, demand controlled ventilation, kitchen hoods and install new walk-in refrigeration (collectively, the "Series 2014C Project"), and (iv) paying certain costs related to the issuance of the Taxable Series 2014C Bonds, all pursuant to and in full compliance with the general laws of the Commonwealth of Kentucky and particularly Chapter 66 of the Kentucky Revised Statutes, and pursuant to an ordinance duly adopted by the Council of the Lexington-Fayette Urban County Government (the "Urban County Council") on the \_\_\_ day of November, 2014 (the "Bond Ordinance") upon the affirmative vote of at least a majority of the members of its Urban County Council at a public meeting duly and regularly held, and after filing proper notice with the State Local Debt Officer of the Commonwealth of Kentucky.

This Taxable Series 2014C Bond and the issue of which it forms a part is a general obligation of the Lexington-Fayette Urban County Government and the full faith, credit and revenue of the Lexington-Fayette Urban County Government are pledged to the payments due hereunder. THIS TAXABLE SERIES 2014C BOND IS CONTINUALLY SECURED BY THE FAITH, CREDIT AND REVENUE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT.

\*\*\*\*\*

**Mandatory Sinking Fund Deposits.** Although the Series 2014C Bonds are not subject to mandatory sinking fund redemption, the Lexington-Fayette Urban County Government has covenanted to set aside amounts required to maintain a specific sinking fund balance, annually on the dates set forth below, commencing June 1, \_\_\_ into the Series 2014C Sinking Fund Account, to be held by the Paying Agent and Registrar, to be applied to the payment of the principal amount of the Series 2014C Bonds at maturity. Payments shall be made by the Lexington-Fayette Urban County Government annually in the amounts as needed so that the balance in the sinking fund (after taking into account the interest earned on such fund) shall equal, but not exceed, the Mandatory Sinking Fund Balance on the dates listed below:

Date	Mandatory Sinking Fund Balance*
June 1, _____	
June 1, _____	
June 1, _____	
June 1, _____ **	

\*The annual payments into the sinking fund shall be as follows: (1) June 1, \_\_\_ in the amount of \$ \_\_\_\_\_; (2) June 1, \_\_\_ in the amount of \$ \_\_\_\_\_; (3) June 1, \_\_\_ in the amount of \$ \_\_\_\_\_; and (4) June 1, \_\_\_ in the amount of \$ \_\_\_\_\_.

\*\* Maturity

A sinking fund may be established, provided that the following requirements are satisfied pursuant to Section 54A(d)(4)(C) of the Code: (a) such fund is funded at a rate not more rapid than equal annual installments; (b) such fund is funded in a manner reasonably expected to result



in an amount not greater than an amount necessary to repay the Series 2014C Bonds; and (c) the yield on such fund is not greater than the maximum discount rate as determined by the Secretary of the U.S. Treasury on the sale date of the Series 2014C Bonds.

The current applicable credit rate under Code Section 54A(b)(3) as of the sale date of the Series 2014C Bonds is \_\_\_\_%.

\*\*\*\*\*

***Redemption Provisions.*** The Series 2014C Bonds are subject to ordinary optional, extraordinary mandatory and extraordinary optional redemption prior to stated maturity, as well as mandatory sinking fund deposits, all as set forth below.

*Ordinary Optional Redemption.* The Taxable Series 2014C Bonds maturing on and after June 1, \_\_\_\_ shall be subject to optional redemption prior to their maturity on any date on or after June 1, \_\_\_\_, in whole or in part, in inverse order of maturity and by lot within a maturity, at the election of the Lexington-Fayette Urban County Government upon 45 days' written notice to the Paying Agent and Registrar at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption.

*Extraordinary Mandatory Redemption.* To the extent that the Lexington-Fayette Urban County Government fails to expend all of the proceeds of the Series 2014C Bonds within the three-year period beginning on the date of delivery of the Series 2014C Bonds (or, if an extension of the expenditure period has been received by the Lexington-Fayette Urban County Government from the Secretary of the Treasury, at the close of the extended period), the Series 2014C Bonds are subject to extraordinary mandatory redemption, in whole or in part (in amounts of \$5,000 or any whole multiple thereof) at a redemption price equal to 100% of the principal amount redeemed, plus any interest accrued to the redemption date, to the extent necessary, in the opinion of nationally recognized bond counsel rendered at the request of the Lexington-Fayette Urban County Government or pursuant to a final determination by the Internal Revenue Service or court of competent jurisdiction in the United States, to preserve the federal tax status of the Series 2014C Bonds as Qualified Energy Conservation Bonds.

[**TO BE DETERMINED** - *Extraordinary Optional Redemption.* The Series 2014C Bonds are subject to extraordinary optional redemption by the Lexington-Fayette Urban County Government prior to maturity, in whole at any time or in part on any date, at a redemption price of 100% (expressed as a percentage of the principal amount), plus interest accrued to the date fixed for redemption in the event that the Qualified Energy Conservation Payments from the federal government cease or are reduced.]

***Redemption Procedure.*** At least thirty (30) days before the redemption date of any Taxable Series 2014C Bonds the Paying Agent and Registrar shall cause a notice of such redemption signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Taxable Series 2014C Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail

any such notice shall not affect the validity of the proceedings for such redemption of Taxable Series 2014C Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Taxable Series 2014C Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Series 2014C Bonds to be redeemed.

\*\*\*\*\*

No recourse shall be had for the payment of the principal of or the interest on this Taxable Series 2014C Bond, or for any claim based hereon, against any officer, agent or employee, past, present or future, of the Lexington-Fayette Urban County Government, as such, either directly or through the Lexington-Fayette Urban County Government, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; all such liability of such officers, agents or employees is hereby renounced, waived and released as a condition of and as consideration for the issuance, execution and acceptance of this Taxable Series 2014C Bond.

It is hereby certified that all acts, conditions and things required to be done, to occur or be performed precedent to and in the issuance of this Taxable Series 2014C Bond, or in the creation of the obligations of which this Taxable Series 2014C Bond is evidence, have been done, have occurred and have been performed in regular and due form and manner as required by law; that the faith, credit and revenue of the Lexington-Fayette Urban County Government are hereby irrevocably pledged for the prompt payment of the principal hereof and interest hereon; that the repayment obligation represented by this Taxable Series 2014C Bond is not in excess of any constitutional or statutory limitation; and that due provision has been made for the levy and collection of a tax sufficient in amount to pay the interest on this Taxable Series 2014C Bond as it falls due and to provide for the redemption of this Taxable Series 2014C Bond at maturity.

[Remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, the Lexington-Fayette Urban County Government has caused this Taxable Series 2014C Bond to be signed either manually or by facsimile in its name by its Mayor and duly attested either manually or by facsimile by its Urban County Council Clerk and an impression or facsimile of the Lexington-Fayette Urban County Government's seal to be imprinted hereon, as of the date set forth above.

**LEXINGTON-FAYETTE COUNTY  
GOVERNMENT**

\_\_\_\_\_  
Mayor

[SEAL]

Attest:

\_\_\_\_\_  
Urban County Council Clerk

**CERTIFICATE OF AUTHENTICATION**

This is to certify that this Taxable Series 2014C Bond is one of the Taxable Series 2014C Bonds described hereinabove.

\_\_\_\_\_,  
Louisville, Kentucky

By: \_\_\_\_\_  
Name:  
Title:

*Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & Co or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to CEDE & Co, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & Co, has an interest herein.*

**CERTIFICATE**

It is hereby certified that the following is a correct and complete copy of the text of the legal opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, Lexington, Kentucky, regarding the issue of which the within Taxable Series 2014C Bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for said issue and a copy of which is on file with the undersigned.

\_\_\_\_\_  
Urban County Council Clerk

**[INSERT FORM OF APPROVING OPINION]**

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

\_\_\_\_\_  
(please print or typewrite social security number or other identifying number and name and address of transferee)

the within Taxable Series 2014C Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ or its successor as Paying Agent and Registrar to transfer the said Taxable Series 2014C Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Notice: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Taxable Series 2014C Bond in every particular, without alteration or enlargement or any change whatever.

## ANNEX C

### FEE SCHEDULE OF THE FINANCIAL ADVISOR

The Financial Advisor shall be paid a fee for financial advisory services in accordance with the following schedule.

\$2.50 per bond for the first \$5,000,000
\$1.50 per bond for the second \$5,000,000
\$1.00 per bond for the next \$15,000,000
\$0.75 per bond on anything greater than \$25,000,000