

**LEXINGTON-FAYETTE
URBAN COUNTY GOVERNMENT**

POST-ISSUANCE

CONTINUING DISCLOSURE COMPLIANCE

POLICIES AND PROCEDURES

Adopted _____, 2014

This Continuing Disclosure Policy (“Disclosure Policy”) of the Lexington-Fayette Urban County Government (the “Issuer”), is intended to ensure that the Disclosure Documents, as listed in Exhibit A to this Disclosure Policy, are accurate and comply with all applicable federal and state securities laws in connection with the issuance of the Issuer’s debt offerings. In the event this Disclosure Policy conflicts, in whole or in part, with the continuing disclosure certificate executed by the Issuer in connection with the issuance of its debt offerings (a “Disclosure Certificate”), the terms of the applicable Disclosure Certificate will control.

In addition, the Issuer intends to comply with its obligations under each Disclosure Certificate to provide annual financial information and notices of the occurrence of certain events set forth in Rule 15c2-12, promulgated by the SEC under the Securities and Exchange Act of 1934 (the “Rule”).

ARTICLE I **DEFINITIONS**

Section 1.1 General. The definitions set forth herein shall apply to any capitalized term used in this Disclosure Policy unless otherwise defined herein. In addition, such terms and the terms defined above, as used in this Disclosure Policy, the following capitalized terms shall have the following meanings:

“*CAFR*” means the Comprehensive Annual Financial Report annually prepared by the Issuer, which shall include, if prepared, a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flow. All such financial information shall be prepared using generally accepted accounting principles and audited by a certified public accountant.

“*Disclosure Documents*” means the list of documents attached hereto as Exhibit A.

“*Division*” means the Division of Enforcement of the SEC.

“*EMMA*” means the Electronic Municipal Market Access system of the MSRB.

“*Department of Finance*” means the Issuer’s Department of Finance.

“*Commissioner of Finance*” means the Issuer’s Commissioner of Finance.

“*Initiative*” means the Municipal Continuing Disclosure Cooperation Initiative or a subsequent similar initiative of the Division.

“*Commissioner of Law*” means the Issuer’s Commissioner of Law.

“*Urban County Council*” means the Lexington-Fayette Urban County Council.

“*MSRB*” means the Municipal Securities Rulemaking Board or any other board or entity which succeeds to the functions currently delegated to the Municipal Securities Rulemaking Board by the Rule.

“*Operating Data*” means the Issuer’s financial information and operating data disclosed pursuant to its Disclosure Certificates, and which shall consist of the information contained in the offering document distributed in connection with the issuance of the Obligations, to the extent such information is contained in the Issuer’s CAFR.

“*SEC*” means the U.S. Securities and Exchange Commission and any successor federal agency having jurisdiction over the purchase, sale and offering by broker-dealers of securities such as those issued by the Issuer.

ARTICLE II

PARTICIPANTS AND RESPONSIBILITIES

Section 2.1 Disclosure Coordinator. The Commissioner of Finance shall select and appoint a disclosure coordinator (the “Disclosure Coordinator”).

- (a) **Responsibilities.** The Disclosure Coordinator is responsible for:
- (i) Serving as a “point person” for personnel to communicate issues or information that should be or may need to be included in any Disclosure Document;
 - (ii) Reviewing and approving any Disclosure Documents before such documents are released;
 - (iii) Monitoring compliance by the Issuer with this Disclosure Policy, including timely dissemination of the annual report and Listed Event filings;
 - (iv) Evaluating the effectiveness of and recommending changes to this Disclosure Policy to the Commissioner of Finance as necessary or appropriate;
 - (v) Communicating with third parties, including coordination with the Issuer’s disclosure or bond counsel, in the preparation and dissemination of Disclosure Documents to make sure that the filings are made on a timely basis and are accurate;
 - (vi) In anticipation of preparing Disclosure Documents, soliciting “material” information (as defined for purposes of federal securities law) from departments of the Issuer;
 - (vii) Reviewing annually the Issuer’s status and compliance with continuing disclosure undertakings including filings of Disclosure Documents pursuant to Section 4.4 of this Disclosure Policy; and
 - (viii) Ensuring compliance with training procedures as described below.

The Disclosure Coordinator may file with the MSRB those Disclosure Documents that the Issuer is contractually obligated to file with the MSRB as a result of the occurrence of a Listed Event (as defined in Section 4.3) or as a result of the timely failure to file the required annual report. The Disclosure Coordinator shall consult with the Issuer's disclosure or bond counsel to the extent the Disclosure Coordinator considers appropriate. Whether or not a particular document or other communication is a Disclosure Document shall be determined by the Disclosure Coordinator. Following receipt of a Disclosure Document from the Financing Group (as defined in Section 2.3), the Disclosure Coordinator shall evaluate the Disclosure Document for accuracy and compliance with federal and state securities laws.

(b) **Training.** The Issuer will encourage the Disclosure Coordinator to attend continuing education events and conferences, as needed, pertaining to the Issuer's continuing disclosure obligations under the Rule. In addition, separate training sessions shall be conducted by the Issuer's disclosure or bond counsel, with the assistance of the Commissioner of Law, for the members of the Urban County Council and/or the Department of Finance. The Disclosure Coordinator shall ensure that the Urban County Council and/or the Department of Finance are properly trained and educated to understand and perform their responsibilities.

Section 2.2 Financing Group. The Commissioner of Finance shall identify a Financing Group (the "Financing Group") for each debt offering (the composition of which may differ for each such offering), which may include the following:

- (a) Commissioner of Law (or a deputy to the Commissioner of Law designated by the Commissioner of Law);
- (b) Commissioner of Finance;
- (c) The Issuer's outside bond counsel and disclosure counsel;
- (d) The Issuer's financial advisor (if any);
- (e) The Issuer's underwriter (if any); and
- (f) Such other members that the Commissioner of Finance determines to be appropriate.

It is the Issuer's policy to establish continuing working relationships with professional advisors with expertise in the area of public finance and federal securities laws applicable to the issuance of securities by the Issuer.

ARTICLE III

REVIEW AND APPROVAL OF DISCLOSURE DOCUMENTS

Section 3.1 Responsibilities of the Financing Group. The Financing Group shall (i) confirm that the Official Statement accurately states all material information relating to the Issuer and that all such information has been critically reviewed by an appropriate person, (ii) confirm that all information in the Official Statement other than the information described in the previous clause (i) will be addressed by a closing certificate or opinion by an appropriate person,

(iii) report any significant disclosure issues and concerns to the Financing Group, and (iv) confirm that the Official Statement is in substantially final form and is in a form ready to be “deemed final” by the Urban County Council and/or the Commissioner of Finance pursuant to the Rule.

Section 3.2 Responsibilities of the Commissioner of Law. The Commissioner of Law (or a designee) shall review the Official Statement and shall draft for the Official Statement descriptions of (i) any material current, pending, or threatened litigation, (ii) any material settlements or court orders and (iii) any other legal issues that are material information for purposes of the Official Statement.

Section 3.3 Responsibilities of the Commissioner of Finance. The Commissioner of Finance shall review the Official Statement, identify any material difference in presentation of financial information from the CAFR, and ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the Commissioner of Finance (or the Department of Finance) or of relevance to the finances of the Issuer.

Section 3.4 Review and Approval by the Financing Group. The Financing Group shall evaluate the Official Statement for accuracy and compliance with federal and state securities laws.

ARTICLE IV

CONTINUING DISCLOSURE FILINGS

Section 4.1 General. Under each Disclosure Certificate the Issuer has entered into in connection with its debt offerings, the Issuer is required each year to file annual reports with the MSRB through EMMA. Such annual reports are required to include the Issuer’s audited financial statements and the Operating Data (if any). The Issuer is also required under each Disclosure Certificate to file notices of certain events with EMMA.

Section 4.2 Manner of Submission. The Disclosure Documents required to be submitted to the MSRB through EMMA pursuant to each Disclosure Certificate shall be submitted in an electronic format, and shall be accompanied by identifying information, in the manner prescribed by the MSRB, or in such other manner as is consistent with the Rule.

Section 4.3 Disclosure of Listed Events. Pursuant to the Rule, the Issuer is obligated to disclose to the MSRB notice of certain specified events with respect to the Issuer’s securities (a “Listed Event”). The Financing Group may meet to discuss any event and determine, in consultation with the Issuer’s disclosure or bond counsel to the extent determined by the Disclosure Coordinator, whether a filing is required or is otherwise desirable. If such a filing is deemed necessary, the Disclosure Coordinator shall cause a notice of the Listed Event (a “Listed Event Notice”) that complies with the Rule to be prepared, and the Disclosure Coordinator shall file the Listed Event Notice as required by the Rule. For securities issued December 1, 2010, and variable rate demand obligations issued at any time but which convert from a mode exempted from the Rule to a mode not so exempted on or after December 1, 2010, each such related

Disclosure Certificate should contain Listed Events as listed in Exhibit B to this Disclosure Policy.

Section 4.4 Noncompliance with the Rule. From time to time, the Disclosure Coordinator and the Commissioner of Finance, in consultation with the Issuer’s disclosure or bond counsel, shall determine whether the Issuer has materially complied or failed to comply with its obligations under the Rule. The failure of the Issuer to comply with such obligations constitutes a “Material Lapse.” Upon the determination that a Material Lapse has occurred, the Disclosure Coordinator or the Commissioner of Finance shall present such findings to the Financing Group within ten (10) days of such determination. Upon review and a majority consensus of the Financing Group that a Material Lapse has occurred, the Commissioner of Finance shall be authorized to report such Material Lapse by submitting a completed Questionnaire for Self-Reporting Entities (a “Questionnaire”) to the Division under the Initiative. The Commissioner of Finance shall consult with the Issuer’s disclosure or bond counsel in completing any such Questionnaire.

ARTICLE V

PUBLIC STATEMENTS REGARDING FINANCIAL INFORMATION

Section 5.1 Financial Statements. Whenever the Issuer makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets (including, without limitation, all Listed Event Notices, statements in the CAFR, and other financial reports and statements of the Issuer), the Issuer is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Issuer’s Website. Conspicuously on the Issuer’s website and in association with other financial information thereon, the Issuer shall post and maintain the following paragraph:

“No information on this website is posted with the intention of reaching the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community. All such information is filed with and posted to the Electronic Municipal Marketplace Access (“EMMA”) website. Because each security issued by the Lexington-Fayette Urban County Government or its related entities may involve different sources of payment and security, you should refer for additional information to the official statement and continuing disclosure filings for the particular security.”

Section 6.2 Amendments. Any provision of this Disclosure Policy may be waived or amended at any time by written confirmation by the Commissioner of Finance.

EXHIBIT A

DISCLOSURE DOCUMENTS

1. Preliminary and final official statements, private placement memoranda and remarketing memoranda relating to the Issuer's securities, together with any supplements.
2. Financial Statements.
3. Filings made by the Issuer with the MSRB, whether made pursuant to a Disclosure Certificate to which the Issuer is a party or otherwise.
4. Any other communications that are reasonably expected, in the determination of the Disclosure Coordinator, in consultation with the Issuer's disclosure or bond counsel, to reach investors and the trading markets for municipal securities.

EXHIBIT B
LISTED EVENTS

The Disclosure Coordinator should review this list at least once each week to determine whether any event has occurred that may require a filing with the MSRB through EMMA.

For securities (subject to the Rule) issued on or after December 1, 2010, or for variable rate demand bonds that are converted from a mode currently exempted from the Rule to a mode not so exempted on or after December 1, 2010, the following events automatically trigger a requirement to file on EMMA within ten (10) business days of their occurrence, without regard to the materiality of the event:

1. Principal and interest payment delinquencies
2. Unscheduled draws on debt service reserves reflecting financial difficulty
3. Unscheduled draws on credit enhancements reflecting financial difficulty
4. Substitution of credit or liquidity providers, or their failure to perform
5. Adverse tax opinions or events affecting the tax-exempt status of the security
6. Tender offers
7. Defeasances
8. Rating changes
9. Bankruptcy, insolvency, receivership or similar event of the Issuer
10. Failure to provide in a timely manner notice to provide required annual financial information by the date specified in any Disclosure Certificate

The following events trigger a requirement to file notice of their occurrence on EMMA within a reasonable period of time after their occurrence, once they are determined to be material by the Financing Group:

1. Non-payment related defaults
2. Modifications to the rights of security holders
3. Bond calls
4. Release, substitution or sale of property securing repayments of the securities
5. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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

6. Appointment of a successor or additional trustee or the change of name of a trustee