

RESOLUTION NO. _____

A RESOLUTION OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT AUTHORIZING THE ADVERTISEMENT FOR BIDS AND THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT FOR THE PURCHASE OF THE PRINCIPAL AMOUNT OF ITS (I) \$31,000,000 TAXABLE GENERAL OBLIGATION PENSION FUNDING BONDS, SERIES 2012A (WHICH AMOUNT MAY BE INCREASED OR DECREASED BY AN AMOUNT OF UP TO TEN PERCENT (10%)); AND (II) VARIOUS PURPOSE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012B IN A PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000.

WHEREAS, pursuant to actuarial reports the Lexington-Fayette Urban County Government has previously determined that unfunded liabilities to the Policemen's and Firefighters' Retirement Fund of the Lexington-Fayette Urban-County Government (the "Pension Fund") exist and that there is a need to fund such unfunded liabilities (the "Series 2012 Project"); and

WHEREAS, the Lexington-Fayette Urban County Government has determined to proceed with the advertisement of bids for the purchase of its Taxable General Obligation Pension Funding Bonds, Series 2012A (the "Series 2012A Bonds") in the principal amount of \$31,000,000 (which amount may be increased or decreased by an amount of up to ten percent (10%)), in order to provide funds to (i) fund a portion of such unfunded liabilities to the Pension Fund and (ii) pay the costs of issuing the Series 2012A Bonds.

WHEREAS, the Lexington-Fayette Urban County Government, heretofore issued its \$4,570,000 Lexington-Fayette Urban County Government General Obligation Bonds, Series 2002C (the "Series 2002C Prior Bonds"), the proceeds of which were used to finance (i) road improvements, consisting of enlargements to a planned two-lane boulevard to alternatively provide a four-lane boulevard and (ii) improvements to storm and surface water collection, drainage and control facilities (the "Series 2002C Project"); and

WHEREAS, the Lexington-Fayette Urban County Government, heretofore issued its \$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 Prior Bonds," and together with the Series 2002C Prior Bonds, the "Prior 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," and together with the Series 2002C Project, the "Prior Project"); and

WHEREAS, the Lexington-Fayette Urban County Government has determined that due to the present conditions of the municipal market it is advantageous and in the best interests of the Lexington-Fayette Urban County Government for the purpose of realizing interest cost savings (as determined by the Director of Finance) to proceed with the advertisement of bids for the purchase of its Various Purpose General Obligation Refunding Bonds, Series 2012B (the "Series 2012B Refunding Bonds" and together with the Series 2012A Bonds, the "Series 2012 Bonds") in one or more subseries, in a principal amount not to exceed \$10,000,000, in order to provide funds to (i) refund all or a portion of the Prior Bonds and (ii) pay the costs of issuing the Series 2012B Refunding Bonds; and

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (THE "URBAN COUNTY COUNCIL"):

SECTION 1. The Lexington-Fayette Urban County Government, an urban county government and political subdivision of the Commonwealth of Kentucky, shall issue its Series 2012A Bonds in one or more subseries in the principal amount of \$31,000,000 (which amount

may be increased or decreased by an amount of up to ten percent (10%)), in order to provide funds to (i) fund a portion of such unfunded liabilities to the Pension Fund and (ii) pay the costs of issuing the Series 2012A Bonds. The Lexington-Fayette Urban County Government shall also issue its Series 2012B Refunding Bonds in a principal amount not to exceed \$10,000,000 (provided that the refunding of the Series 2002C Prior Bonds and/or the Series 2004C Prior Bonds shall result in debt service savings for the Lexington-Fayette Urban County Government as determined by the Commissioner of Finance and the financial advisors to the Lexington-Fayette Urban County Government) in order to provide funds to (i) refund all or a portion of the Prior Bonds and (ii) pay the costs of issuing the Series 2012B Refunding Bonds.

SECTION 2. The Lexington-Fayette Urban County Government shall comply with the requirements of KRS Chapter 66 by advertising for bids for the purchase of the Series 2012 Bonds. The Mayor, the Clerk of the Urban County Council and the Commissioner of Finance are hereby authorized to prepare such instruments and to distribute such information as shall be necessary to accomplish the foregoing, including preparation of a Preliminary Official Statement (the "Preliminary Official Statement") which Preliminary Official Statement is to be deemed final in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). In order to enable prospective purchasers to submit bids for the purchase of the Series 2012 Bonds, the Lexington-Fayette Urban County Government hereby covenants and agrees that it will execute, comply with and carry out all of the provisions of a continuing disclosure certificate (the "Continuing Disclosure Certificate") in connection with the issuance of the Series 2012 Bonds. Failure to comply with any such provisions of the Continuing Disclosure Certificate shall not constitute a default on the Series 2012 Bonds; however, any holder of the Series 2012 Bonds, including the beneficial owners of the Series 2012 Bonds, may take such action as may

be necessary and appropriate, including seeking specific performance, to cause the Lexington-Fayette Urban County Government to comply with its obligations under the Continuing Disclosure Certificate. Further the Mayor is hereby authorized and directed on behalf of the Lexington-Fayette Urban County Government to execute all such instruments as shall be necessary to accomplish all of the foregoing.

SECTION 3. Such proposals shall be opened and reviewed by the Commissioner of Finance, and shall be acted upon by the Mayor on that same day in accordance with the terms of the bond ordinance with respect to the Series 2012A Bonds and the bond ordinance with respect to the Series 2012B Refunding Bonds. The Lexington-Fayette Urban County Government hereby approves the "Notice of Bond Sale," substantially in the form attached hereto to be published as required by law.

SECTION 4. The Mayor shall, in a certificate of award accepting the successful bid for the Series 2012 Bonds (the "Certificate of Award"), determine the exact principal amount of Series 2012 Bonds to be issued, the subseries designations of the Series 2012 Bonds, the rate or rates of interest which said Series 2012 Bonds shall bear, redemption provisions and the interest rate or rates on said Series 2012 Bonds shall be automatically fixed at the rate or rates set out in the successful bid accepted by said Certificate of Award. The proceeds of the sale of the Series 2012A Bonds shall be applied to the costs of the Series 2012 Project and paying the costs of issuance of the Series 2012A Bonds, and shall be expended as provided in the bond ordinance authorizing the Series 2012A Bonds. The proceeds of the sale of the Series 2012B Refunding Bonds shall be applied to the costs of the refunding of all or a portion of the Prior Bonds and paying the costs of issuance of the Series 2012B Refunding Bonds, and shall be expended as provided in the bond ordinance authorizing the Series 2012B Refunding Bonds.

SECTION 5. In the event that no bid shall be accepted for the purchase of the Series 2012 Bonds, bids may again be solicited for the purchase of the Series 2012 Bonds at a future date and hour at the discretion of the Mayor and the Commissioner of Finance, without the necessity of further authorization by the Urban County Council of the Lexington-Fayette Urban County Government.

SECTION 6. All resolutions or orders or parts thereof, if any, in conflict with the provisions of this Resolution, are to the extent of such conflict, hereby repealed.

SECTION 7. This Resolution shall become effective upon the date of its passage.

[Remainder of page intentionally left blank]

INTRODUCED AND GIVEN FIRST READING AND SECOND READING AND ADOPTED at a duly convened meeting of Urban County Council of the Lexington-Fayette Urban County Government held on the ____ day of _____, 2012, signed by the Mayor, attested under seal by the Clerk of Urban County Council, and ordered to be published, filed and indexed as provided by law.

Jim Gray
Mayor

ATTEST:

Susan Lamb
Urban County Council Clerk

CERTIFICATE

I, the undersigned, Urban County Council Clerk of the Lexington-Fayette Urban County Government, do hereby certify that the foregoing Resolution is a true and complete copy of a certain Resolution duly adopted by the Urban County Council of said Lexington-Fayette Urban County Government at a lawfully convened meeting of the Urban County Council of the Lexington-Fayette Urban County Government held on _____, 2012, 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.

I do hereby further certify that said Resolution has not been amended, modified, superseded or repealed and that same remains in full force and effect as of the date of this Certificate.

WITNESS my hand as of this ____ day of _____, 2012.

Susan Lamb
Urban County Council Clerk

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 LLP

John C. Merchant, Esq.

EXHIBIT A

FORM OF NOTICE OF BOND SALE

Notice is hereby given that electronic bids will be received by the Commissioner of Finance of the Lexington-Fayette Urban County Government until 11:00 A.M., E.D.T., on June 5, 2012 (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system) for the purchase of its (i) approximately \$31,000,000 of Taxable General Obligation Pension Funding Bonds, Series 2012A (the "Series 2012A Bonds"); and (ii) approximately \$10,000,000 of Various Purpose General Obligation Refunding Bonds, Series 2012B (the "Series 2012B Refunding Bonds" and together with the Series 2012A Bonds, the "Series 2012 Bonds"). The Series 2012 Bonds will be dated their date of initial delivery, being fully registered bonds in denominations in multiples of \$5,000 (within the same maturity). The Series 2012A Bonds mature as to principal in varying amounts on October 1 in each of the years 2013 through 2032. The Series 2012B Bonds mature as to principal in varying amounts on July 1 in varying amounts in each of the years 2013 through 2024. Electronic bids may be submitted via BiDCOMP™/PARITY™, in the manner described below.

Bids must be on the Official Bid Form contained in the Preliminary Official Statement, available from the undersigned, at www.idealprospectus.com, or from the co-Financial Advisors: (i) Civic Finance Advisors, LLC, 333 West Vine Street, Suite 1610, Lexington, KY 40509, Telephone: (855) 211-1525, Attention: Keith Brock; and (ii) Morgan Keegan & Company, Inc., 489 East Main Street, Lexington, Kentucky 40507, telephone (859) 232-8211, Attn: Bob Pennington. The Preliminary Official Statement has been deemed "final" by the Corporation within the meaning of Securities and Exchange Commission Rule 15c2-12. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. In order to assist bidders in complying with the continuing disclosure requirements of the Rule, the Lexington-Fayette Urban County Government will undertake in a Continuing Disclosure Certificate to be delivered at closing, to provide to the applicable repositories annual reports and notices of certain material events with respect to the Series 2012 Bonds. Reference is made to the Official Terms and Conditions of Bond Sale contained in the Preliminary Official Statement for further details and bidding conditions.

Sale of the Series 2012 Bonds subject to the approving legal opinions of Peck, Shaffer & Williams LLP, Bond Counsel, Covington, Kentucky. The Series 2012B Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of §265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Lexington-Fayette Urban County Government reserves the right to reject any and all bids or to waive informality.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: /s/ Jim Gray

Mayor