

ORDINANCE NO. _____-2012

AN ORDINANCE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT AUTHORIZING THE ISSUANCE OF TAXABLE GENERAL OBLIGATION PENSION FUNDING BONDS, SERIES 2012A IN THE AGGREGATE PRINCIPAL AMOUNT OF \$31,000,000 (WHICH AMOUNT MAY BE INCREASED OR DECREASED BY AN AMOUNT OF UP TO TEN PERCENT (10%)) FOR THE PURPOSE OF FINANCING THE COSTS OF FUNDING UNFUNDED LIABILITIES OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT; APPROVING THE FORM OF THE SERIES 2012A BONDS; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE SERIES 2012A BONDS; AUTHORIZING AND DIRECTING THE FILING OF NOTICE WITH THE STATE LOCAL DEBT OFFICER; PROVIDING FOR THE PAYMENT AND SECURITY OF THE SERIES 2012A BONDS; CREATING BOND PAYMENT FUNDS; MAINTAINING THE HERETOFORE ESTABLISHED SINKING FUND; AUTHORIZING A CERTIFICATE OF AWARD FOR THE ACCEPTANCE OF THE BID OF THE BOND PURCHASER FOR THE PURCHASE OF THE SERIES 2012A BONDS; AND REPEALING INCONSISTENT ORDINANCES.

WHEREAS, the Lexington-Fayette Urban County Government (the "Lexington-Fayette Urban County Government"), pursuant to actuarial reports prepared for the Lexington-Fayette Urban County Government, has previously determined that there exist unfunded liabilities to the Policemen's and Firefighters' Retirement Fund of the Lexington-Fayette Urban-County Government (the "Pension Fund") and that there is a need to fund such unfunded liabilities (the "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 Project be financed through the issuance by the Lexington-Fayette Urban County Government of its Taxable General Obligation Pension Funding Bonds, Series 2012A in the principal amount of \$31,000,000 (which amount may be increased or decreased by an amount of up to ten percent (10%)) (the "Series 2012A Bonds"); 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 fund unfunded liabilities; and

WHEREAS, the Lexington-Fayette Urban County Government desires to finance the Project through the issuance of the Series 2012A Bonds, to be sold and awarded to the successful bidder (the "Purchaser") at public, competitive sale in accordance with the provisions of Section 66.141 et seq. and Chapter 424 of the Kentucky Revised Statutes.

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

SECTION 1. Necessity, Authorization and Purpose. The Lexington-Fayette Urban County Government hereby declares that it is necessary to issue and authorizes the issuance of its Taxable General Obligation Pension Funding Bonds, Series 2012A, in an aggregate principal amount of \$31,000,000 (which amount may be increased or decreased by an amount of up to ten percent (10%)) (the "Permitted Adjustment") for the purpose of (i) funding unfunded liabilities to the Policemen's and Firefighters' Retirement Fund of the Lexington-Fayette Urban-County Government and (ii) paying the costs of issuance of the Series 2012A Bonds.

The Series 2012A Bonds shall be offered for sale in accordance with the provisions hereof, and the determination of the best bids for the Series 2012A Bonds shall be made on the basis of all bids submitted for \$31,000,000 principal amount of Series 2012A Bonds; provided however, the Permitted Adjustments are reserved by the Lexington-Fayette Urban County Government hereunder, with such increases or decreases to be made in any principal maturity so that the total principal amount of Series 2012A Bonds awarded to the best bidder may be a maximum of \$34,100,000 or a minimum of \$27,900,000. In the event of any such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted; the

price at which such adjusted principal amount of Series 2012A Bonds will be sold shall be at the same price per \$1,000 of Series 2012A Bonds as the price per \$1,000 of the \$31,000,000 of Series 2012A Bonds bid. The exact principal amount of Series 2012A Bonds to be issued shall be established in the Certificate of Award to be executed by the Mayor of the Lexington-Fayette Urban County Government (the "Certificate of Award") awarding the Series 2012A Bonds to the Purchaser.

SECTION 2. Form. The Series 2012A Bonds shall be issued as fully registered bonds, shall be designated "Taxable General Obligation Pension Funding Bonds, Series 2012A", shall express upon their faces the purpose for which they are issued, that they are issued under the Act and shall be substantially in the form set forth in *Annex A*.

The Series 2012A Bonds shall be in denominations as requested by the Purchaser, which shall be in integral multiples of five thousand dollars (\$5,000). The Series 2012A Bonds shall each be dated their date of initial issuance and delivery, or such other date as is determined in the Certificate of Award.

Interest on the Series 2012A Bonds shall be payable each April 1 and October 1 (an "Interest Payment Date"), commencing October 1, 2012, at the stated interest rate or rates on the principal amounts thereof.

The Series 2012A Bonds shall be serial or term bonds maturing, on the basis of substantially level debt service, on October 1 in the years and in the amounts to be established in the Certificate of Award after advertised competitive sale of the Series 2012A Bonds based on the interest rates set forth in the successful bid (the "Series 2012A Bid") and the provisions of this Section 2, provided that the final maturity date of the Series 2012A Bonds shall be as set forth in the Certificate of Award but shall be no later than October 1, 2032. The interest rate or rates on the Series 2012A Bonds shall be determined in the Certificate of Award based on the

Series 2012A Bid; provided that the aggregate true interest cost of the Series 2012A Bonds shall not exceed ten percent (10.0%).

The Series 2012A Bonds shall be subject to optional and/or mandatory redemption as provided in the Certificate of Award. At least thirty (30) days before any optional or mandatory sinking fund redemption date of any Series 2012A Bonds, the Paying Agent and Registrar (as hereinafter defined) shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Series 2012A 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 2012A 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 2012A Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive series, number or letters, if any, of such Series 2012A 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 Series 2012A Bond Payment Fund by the Paying Agent and Registrar for the registered owners of the Series 2012A Bonds to be redeemed, the Series 2012A Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2012A Bonds on such date, interest on the Series 2012A Bonds so called for redemption shall cease to accrue, and the registered owners of such Series 2012A Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

The Series 2012A Bonds may be issued in book-entry-only form through the services of the Depository Trust Company ("DTC"). If the Lexington-Fayette Urban County Government determines to issue the Series 2012A Bonds in book-entry-only form the Designated Officers (hereinafter defined) are authorized to execute all documents necessary to accomplish such form of issuance.

SECTION 3. Execution and Delivery. The Series 2012A 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"), shall have the seal of the Lexington-Fayette Urban County Government or a facsimile thereof affixed thereto, 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 2012A Bonds (the "Paying Agent and Registrar"). The Designated Officers are further authorized and directed to deliver the Series 2012A Bonds to the Purchaser, upon the terms and conditions provided herein, in the Certificate of Award and in the Bid, 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 2012A Bonds.

The Lexington-Fayette Urban County Government hereby authorizes and directs the Paying Agent and Registrar to authenticate the Series 2012A Bonds and to deliver the Series 2012A Bonds to the Purchaser upon payment of the purchase price thereof.

SECTION 4. Filing. 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 by the

Lexington-Fayette Urban County Government, including, but not limited to, the filing with the State Local Debt Officer required by law.

SECTION 5. Series 2012A Bond Payment Fund; Payment of Series 2012A 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 Taxable General Obligation Pension Funding Bonds, Series 2012A Bond Payment Fund (the "Series 2012A 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 (heretofore established or created), on or before the twenty-fifth day of each month which precedes an Interest Payment Date, the amounts required to pay principal of and interest due on the Series 2012A Bonds on such Interest Payment Date. The Paying Agent and Registrar shall, without further authorization from the Lexington-Fayette Urban County Government withdraw from the Series 2012A Bond Payment Fund, on such Interest Payment Date, the amounts necessary to pay principal of, and interest on, the Series 2012A Bonds to the registered owner of the same.

Payment of or on account of the interest on and principal of the Series 2012A Bonds shall be made directly to the Paying Agent and Registrar for the account of the registered owner. Interest on the Series 2012A 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 2012A 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 2012A Bonds to the extent of the sum or sums so paid.

The Paying Agent and Registrar is hereby appointed depository of the Series 2012A Bond Payment Fund with respect to the Series 2012A Bonds.

If the Lexington-Fayette Urban County Government shall fail or refuse to make any required deposit in the Series 2012A 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 Series 2012A Bonds or its assignee, and shall disburse all funds so collected to the owners of the Series 2012A Bonds as payment of the Series 2012A Bonds.

SECTION 6. General Obligation. The Bonds shall be full general obligations of the Lexington-Fayette Urban County Government and, for the payment of said 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 2012A Bonds are outstanding, there shall be and there hereby is levied on all the taxable property in the Lexington-Fayette Urban County Government, 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 Series 2012A 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 Series 2012A Bonds and are appropriated for such purpose, including the proceeds of the Series 2012A 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.

SECTION 7. Maintenance of Sinking Fund. There has heretofore been established with the Lexington-Fayette Urban County Government a sinking fund (the "Sinking Fund"), which is hereby ordered maintained so long as any of the Series 2012A Bonds shall remain outstanding. The funds derived from the tax levy required by Section 7 hereof 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 the Series 2012A Bond Payment Fund at the times and in the amounts required by Section 6 hereof.

SECTION 8. Sale of Bonds; Certificate of Award. The Designated Officers are hereby directed to sell the Series 2012A Bonds to the Purchaser at advertised competitive sale, the final principal amount of, the principal amortization of and the interest rate or rates on the Series 2012A Bonds to be established in accordance with the requirements of Sections 1 and 2 hereof by adoption of the Certificate of Award. The Mayor of the Lexington-Fayette Urban County Government is hereby authorized to execute the Certificate of Award establishing the

terms of the Series 2012A Bonds described herein and any other provisions required by and not inconsistent with this Bond Ordinance without any further action by the Urban County Council.

SECTION 9. Registered Owner; Transfer; Exchange. As long as the Series 2012A Bonds executed and delivered hereunder shall remain outstanding, the Paying Agent and Registrar shall maintain an office for the registration of such Series 2012A Bonds and shall also keep at such office books for such registration and transfers. The registered owners of the Series 2012A Bonds, as set forth in the registration books maintained by the Paying Agent and Registrar on the fifteenth day preceding the 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 applicable Series 2012A Bonds and shall be entitled to all rights and security of the owner of the applicable Series 2012A Bonds hereunder.

Upon surrender for registration of transfer of Series 2012A 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 2012A Bonds of any authorized denomination and of a like tenor and effect.

All Series 2012A 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 2012A Bonds of the same series of any authorized denomination.

In all cases in which the privilege of exchanging or transferring Series 2012A Bonds is exercised, the Paying Agent and Registrar shall execute and deliver Series 2012A Bonds in accordance with the provisions of this Section. Every such exchange or transfer of Series 2012A Bonds, whether temporary or definitive, shall be without charge; provided that the Paying Agent

and Registrar may impose a charge sufficient to reimburse it or the Lexington-Fayette Urban County Government 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 10. 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 2012A Bonds may be transferred only through a book entry, and (ii) physical Series 2012A Bond certificates in fully registered form are issued only to the Depository or its nominee as registered owner, with the Series 2012A 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 Series 2012A 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 2012A Bonds or principal and interest, and to effect transfers of Series 2012A 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 2012A Bonds may be initially issued to a Depository for

use in a book entry system, and the provisions of this Section 10 shall apply to such Series 2012A 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 Series 2012A Bonds: (i) there shall be such number of Series 2012A Bonds of each maturity as the Depository shall specify; (ii) those Series 2012A 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 2012A Bonds in book entry form shall have no right to receive Series 2012A Bonds in the form of physical securities or certificates; (iv) ownership of beneficial interests in any Series 2012A 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 2012A 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 2012A 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 2012A 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 Series 2012A Bond in the custody of a Depository providing for making all payments to that owner of principal and interest on that Series 2012A 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 2012A 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 2012A 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 2012A 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 2012A 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 2012A 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 2012A Bonds from the Depository and authenticate and deliver Series 2012A 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 Series 2012A 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 11. Disposition of Proceeds. The proceeds of the sale of the Series 2012A 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 2012A Bond Payment Fund created in Section 5 hereof, (b) an amount to fund a portion of the unfunded liabilities in the Pension Fund shall be deposited therein; and (c) the remainder of the proceeds shall be deposited to a special cost of issuance account (the "Series 2012A 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 2012A Bonds.

SECTION 12. Appointment and Engagement of Bond Counsel. Peck, Shaffer & Williams LLP, Covington, Kentucky ("Bond Counsel") is hereby appointed as bond counsel for the Series 2012A Bonds. Bond Counsel shall be paid a fee equal to \$0.80 per \$1,000 of Series 2012A Bonds issued for bond counsel services. The Mayor and/or the Commissioner of Finance of the Lexington-Fayette Urban County Government is hereby authorized and directed to execute an engagement letter with Bond Counsel substantially in the form of the engagement letter presented to Urban County Council, with such changes therein as shall not be materially adverse to the Lexington-Fayette Urban County Government, the execution of such engagement letter by the Mayor and/or the Commissioner of Finance to constitute conclusive evidence of approval of the engagement letter.

SECTION 13. Financial Advisor. Civic Finance Advisors, LLC and Morgan Keegan & Company, Inc. (or its successor in interest) (together, the "Financial Advisor") are appointed co-Financial Advisors to the Lexington-Fayette Urban County Government in connection with the issuance, sale and delivery of the Series 2012A Bonds. The Financial Advisor shall be paid a fee as provided on the attached *Annex B* for financial advisory services. The Mayor and/or the Commissioner of Finance of the Lexington-Fayette Urban County Government is hereby authorized and directed to execute a engagement letter with the Financial Advisor substantially in the form of the engagement letter presented to Urban County Council, with such changes therein as shall not be materially adverse to the Lexington-Fayette Urban County Government, the execution of such engagement letter by the Mayor and/or the Commissioner of Finance to constitute conclusive evidence of approval of the engagement letter.

SECTION 14. 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 Series 2012A 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 15. 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 16. Inconsistent Actions. All prior ordinances, resolutions, orders or parts thereof inconsistent herewith are hereby repealed.

SECTION 17. Open Meetings Compliance. All meetings of the Urban County Council and of its committees and any other public bodies, at which the formal actions in connection with the issuance of the Series 2012A 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 and 61.820.

SECTION 18. Effective Date. This Bond Ordinance shall become effective immediately upon the date of its passage.

INTRODUCED AND GIVEN FIRST READING at a duly convened meeting of the Urban County Council of the Lexington-Fayette Urban County Government on the ____ day of _____, 2012.

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 ____ day of _____, 2012.

**LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT**

By: _____
Jim Gray
Mayor

ATTEST:

By: _____
Susan Lamb
Urban County Council Clerk

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 ____ day of _____, 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.

WITNESS my hand and the seal of said Lexington-Fayette Urban County Government as of the ____ day of _____, 2012.

Susan Lamb
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 LLP

By: _____
John C. Merchant, Esq.

ANNEX A

COMMONWEALTH OF KENTUCKY
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
TAXABLE GENERAL OBLIGATION FUNDING BOND,
SERIES 2012A

No. R-__

<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Interest Rate</u>	<u>Bond Date</u>	<u>Interest Payment Dates</u>
October 1, _____	_____	_____%	June ____, 2021	April 1 and October 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 April 1 and October 1, commencing October 1, 2012, 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 Series 2012A 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 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 Series 2012A Bond is one of an issue of Series 2012A 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 paying (i) the costs of the funding of unfunded liabilities to the Policemen's and Firefighters' Retirement Fund of the Lexington-Fayette Urban-County Government and (ii) the costs of issuance of the Series 2012A 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 _____, 2012 (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 2012A 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 2012A BOND IS CONTINUALLY SECURED BY THE FAITH, CREDIT AND REVENUE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT.

The Series 2012A Bonds mature on the first day of October of the following years, in the respective principal amounts and bear interest at the following rates of interest:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate Per Annum</u>
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The Series 2012A Bonds maturing on and after October 1, 2022 shall be subject to optional redemption prior to their maturity on any date on or after October 1, 2021, in whole or in part, in such order of maturity as shall be designated in writing by the Lexington-Fayette Urban County Government, 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 (hereinafter defined) at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption.

At least thirty (30) days before the redemption date of any Series 2012A 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 2012A 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 2012A 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 2012A 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 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 Series 2012A Bond Payment Fund by the Paying Agent and Registrar for the registered owners of the Series 2012A Bonds to be redeemed, the Series 2012A Bonds so called for redemption shall become and be due and payable at the redemption price provided for

redemption of such Bonds on such date, interest on the Series 2012A Bonds so called for redemption shall cease to accrue, and the registered owners of such Series 2012A 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 2012A 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 2012A 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 2012A Bond, or in the creation of the obligations of which this Series 2012A 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 2012A 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 2012A Bond as it falls due and to provide for the redemption of this Series 2012A 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 2012A 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 2012A Bond is one of the Series 2012A 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 LLP, Attorneys, Covington, Kentucky, regarding the issue of which the within Series 2012A 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 2012A Bond and does hereby irrevocably constitute and appoint _____ or its successor as Paying Agent and Registrar to transfer the said Series 2012A 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 2012A Bond in every particular, without alteration or enlargement or any change whatever.

ANNEX B

FEE SCHEDULE OF THE FINANCIAL ADVISOR

[SEE ATTACHED]