

ORDINANCE NO. _____

AN ORDINANCE OF LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT AUTHORIZING THE ISSUANCE OF LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT VARIOUS PURPOSE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012B, IN ONE OR MORE SUBSERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000, FOR THE PURPOSE OF ADVANCE REFUNDING (I) ALL OR A PORTION OF THE OUTSTANDING PRINCIPAL AMOUNT OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT GENERAL OBLIGATION BONDS, SERIES 2002C, THE PROCEEDS OF WHICH WERE USED TO FINANCE (A) ROAD IMPROVEMENTS AND (B) IMPROVEMENTS TO STORM AND SURFACE WATER COLLECTION, DRAINAGE AND CONTROL FACILITIES AND (II) ALL OR A PORTION OF THE OUTSTANDING PRINCIPAL AMOUNT OF LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT GENERAL OBLIGATION BONDS (DAY TREATMENT CENTER, MULTI-USE FACILITY AND EXPANSION AREA BOULEVARD PROJECTS), SERIES 2004C, THE PROCEEDS OF WHICH WERE USED TO FINANCE THE (A) ACQUISITION, CONSTRUCTION AND EQUIPPING OF A DAY TREATMENT FACILITY, (B) ACQUISITION, RENOVATION AND EQUIPPING OF A MULTI-USE FACILITY AND (C) ACQUISITION OF RIGHTS OF WAY AND CONSTRUCTION OF ROAD IMPROVEMENTS; APPROVING A FORM OF BOND; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE BONDS; PROVIDING FOR THE PAYMENT AND SECURITY OF THE BONDS; CREATING A BOND PAYMENT FUND AND ESCROW 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 2012B REFUNDING BONDS; AUTHORIZING AN ESCROW TRUST AGREEMENT; AND REPEALING INCONSISTENT ORDINANCES.

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 the present conditions of the municipal market are much more favorable than at the time the Prior Bonds were issued and that it is therefore advantageous and in the best interests of the Lexington-Fayette Urban County Government to proceed with the issuance of its Various Purpose General Obligation Refunding Bonds, Series 2012B (the "Series 2012B Refunding Bonds"), in one or more subseries, in a principal amount not to exceed \$10,000,000, in order to advance refund a portion of the Prior Bonds and enable the Lexington-Fayette Urban County Government to realize debt service savings, provided that the final maturity of the Series 2012B Refunding Bonds shall be not later than July 1, 2024, and provided the refunding of the 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 advisor to the Lexington-Fayette Urban County Government; 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 refund outstanding bonds or obligations issued to pay

all or any portion of the costs of any public project that an urban county government is authorized to acquire, improve or construct; and

WHEREAS, the Lexington-Fayette Urban County Government desires to refund the Prior Bonds through the issuance of the Series 2012B Refunding Bonds to be sold and awarded to the successful bidder (the "Purchaser") at public, competitive sale in accordance with the provisions of Chapter 424 of the Kentucky Revised Statutes.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Lexington-Fayette Urban County Government (the "Urban County Council"), 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 Various Purpose General Obligation Refunding Bonds, Series 2012B, in one or more subseries, in a principal amount not to exceed \$10,000,000, for the purpose of (i) advance refunding all or a portion of the Series 2002C Prior Bonds, (ii) advance refunding all or a portion of the Series 2004C Prior Bonds; and (iii) paying the costs of issuance of the Series 2012B Refunding Bonds.

The Series 2012B Bonds shall be offered for sale in accordance with the provisions hereof, and the determination of the best bids for the Series 2012B Bonds shall be made on the basis of all bids submitted for a principal amount not to exceed \$10,000,000 of Series 2012B Bonds. The exact principal amount of Series 2012B Refunding Bonds to be issued and the determinations as to which Prior Bonds shall be refunded 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 2012B Refunding Bonds to the Purchaser.

SECTION 2. Form. The Series 2012B Refunding Bonds shall be issued as fully registered Bonds, shall be designated "Various Purpose General Obligation Refunding Bonds, Series 2012B," 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 2012B Refunding Bonds shall be in denominations as requested by the Purchaser, which shall be in integral multiples of five thousand dollars (\$5,000). The Series 2012B Refunding Bonds shall be dated their date of issuance and delivery or such other date as is determined in the Certificate of Award. Interest on the Series 2012B Refunding Bonds shall be payable each January 1 and July 1 (an "Interest Payment Date"), commencing January 1, 2013 at the stated interest rate or rates on the principal amount thereof or as otherwise provided in the Certificate of Award. The Series 2012B Refunding Bonds shall be serial or term bonds maturing, on the basis of substantially level debt service, on July 1 of the years and in the amounts to be established in the Certificate of Award after advertised competitive sale of the Series 2012B Refunding Bonds based on the interest rates bid in the successful bid (the "Bid") and the provisions of this Section 2, provided that the final maturity date of the Series 2012B Refunding Bonds shall be as set forth in the Certificate of Award but shall be no later than July 1, 2024. The interest rate or rates on the Series 2012B Refunding Bonds shall be determined in the Certificate of Award based on the Bid; provided that the aggregate true interest cost of the Series 2012B Refunding Bonds shall not exceed six percent (6.0%).

The Series 2012B Refunding 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 2012B Refunding Bonds, 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, to be mailed, first class, postage prepaid, to all registered owners of the Series 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 Bond Payment Fund (as defined herein) by the Paying Agent and Registrar for the registered owners of the Series 2012B Refunding Bonds to be redeemed, the Series 2012B Refunding Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2012B Refunding Bonds on such date, interest on the Series 2012B Refunding Bonds so called for redemption shall cease to accrue, and the registered owners of such Series 2012B Refunding Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

SECTION 3. Execution and Delivery. The Series 2012B Refunding Bonds shall be executed by the manual or facsimile signature of the Mayor and duly attested by the manual or facsimile signature of the Clerk of the Urban County Council (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 Bonds (the "Paying Agent and Registrar"). The Designated Officers are further authorized and directed to deliver the Series 2012B Refunding 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 2012B Refunding Bonds.

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

SECTION 4. Payment. Payment of or on account of the interest on and principal of the Series 2012B Refunding Bonds shall be made directly to the Paying Agent and Registrar for the account of the registered owner. Interest on the Series 2012B Refunding 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 2012B Refunding 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 Bonds to the extent of the sum or sums so paid.

SECTION 5. Bond Payment Fund, Payment of 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 the Various Purpose General Obligation Refunding Bonds, Series 2012B 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 established), on or before the twenty-fifth (25th) day of each month which precedes an Interest Payment Date on the Series 2012B Refunding Bonds, the amount required to pay principal of and interest due on the Series 2012B Refunding 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 Bond Payment Fund, on such Interest Payment Date of the Series 2012B Refunding Bonds, the amounts necessary to pay principal of, and interest on, the Series 2012B Refunding Bonds to the registered owner of the same.

The Paying Agent and Registrar is hereby appointed Bond Payment Fund Depository with respect to the Series 2012B Refunding Bonds.

If the Lexington-Fayette Urban County Government shall fail or refuse to make any required deposit in the 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 2012B Refunding Bonds or its

assignee, and shall disburse all funds so collected to the owners of the Series 2012B Refunding Bonds as payment of the Series 2012B Refunding Bonds.

SECTION 6. General Obligation; Maintenance of Sinking Fund. The Series 2012B Refunding Bonds shall be full general obligations of the Lexington-Fayette Urban County Government and, for the payment of said Series 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding Bonds and are appropriated for such purpose, 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.

Pursuant to an ordinance of the Lexington-Fayette Urban County Government adopted on December 5, 2002, with respect to the Series 2002C Prior Bonds, there has heretofore been

established with the Lexington-Fayette Urban County Government a sinking fund (the "Series 2002C Sinking Fund"), which Series 2002C Sinking Fund is hereby ordered to be maintained and continued. The funds derived from said tax levy hereby required or other lawfully available funds shall be placed in the Series 2002C 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 Series 2002C Sinking Fund to the Bond Payment Fund at the times and in the amounts required by Section 5 hereof.

Pursuant to an ordinance of the Lexington-Fayette Urban County Government adopted on July 8, 2004, with respect to the Series 2004C Prior Bonds, there has heretofore been established with the Lexington-Fayette Urban County Government a sinking fund (the "Series 2004C Sinking Fund"), which Series 2004C Sinking Fund is hereby ordered to be maintained and continued. The funds derived from said tax levy hereby required or other lawfully available funds shall be placed in the Series 2004C 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 when and as the same fall due. Amounts shall be transferred from the Series 2004C Sinking Fund to the Bond Payment Fund at the times and in the amounts required by Section 5 hereof.

SECTION 7. Award; Certificate of Award. The Designated Officers are hereby directed to sell the Series 2012B Refunding 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 2012B Refunding Bonds to be established in accordance with the requirements of Sections 1 and 2 hereof and the Certificate of Award. The Mayor is hereby authorized to execute

the Certificate of Award without further action of the Urban County Council setting forth the terms of the Series 2012B Refunding Bonds and any other provisions required by and not inconsistent with this Bond Ordinance.

SECTION 8. Registered Owner; Transfer; Exchange. As long as the Series 2012B Refunding Bonds executed and delivered hereunder shall remain outstanding, the Paying Agent and Registrar shall maintain an office for the Registration of such Series 2012B Refunding Bonds and shall also keep at such office books for such registration and transfers. The registered owner of the Series 2012B Refunding Bonds, as set forth in the registration books maintained by the Paying Agent and Registrar on the fifteenth (15th) 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 Series 2012B Refunding Bonds and shall be entitled to all rights and security of the owner of the Series 2012B Refunding Bonds hereunder.

Upon surrender for registration of transfer of the Series 2012B Refunding 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, or, so long as the Series 2012B Refunding Bonds are in book-entry from in accordance with the Operational Arrangements of DTC, the Paying Agent and Registrar shall execute and deliver, in the name of the designated transferee or transferees, one or more Bonds of the same series of any authorized denomination and of a like tenor and effect.

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

In all cases in which the privilege of exchanging or transferring Series 2012B Refunding Bonds is exercised, the Paying Agent and Registrar shall execute and deliver Series 2012B Refunding Bonds in accordance with the provisions of this Section. Every such exchange or transfer of Series 2012B Refunding 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 9. 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 2012B Refunding Bonds may be transferred only through a book entry, and (ii) physical Series 2012B Refunding Bond certificates in fully registered form are issued only to the Depository or its nominee as registered owner, with the Series 2012B Refunding 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 2012B Refunding 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 2012B Refunding Bonds or principal and interest, and to effect transfers of Series 2012B Refunding 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 2012B Refunding Bonds may be initially issued to a Depository for use in a book entry system, and the provisions of this Section 9 shall apply to such Series 2012B Refunding 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 2012B Refunding Bonds: (i) there shall be such number of Series 2012B Refunding Bonds of each maturity as the Depository shall specify; (ii) those Series 2012B Refunding 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 2012B Refunding Bonds in book entry form shall have no right to receive Series 2012B Refunding Bonds in the form of physical securities or certificates; (iv) ownership of beneficial interests in any Series 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding Bond in the custody of a Depository providing for making all payments to that owner of principal and interest on that Series 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding Bonds from the Depository and authenticate and deliver Series 2012B Refunding 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 2012B Refunding 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 10. Disposition of Proceeds. The proceeds of the sale of the Series 2012B Refunding Bonds, except premium and accrued interest, if any, shall be deposited as follows: (a) premium and accrued interest, if any, shall be deposited to the Bond Payment Fund created in Section 5 hereof; (b) an amount sufficient, to refund the Series 2002C Prior Bonds to be refunded, as set forth in the Certificate of Award (the "Refunded Series 2002C Prior Bonds"), shall be deposited to the Escrow Fund created by the Escrow Trust Agreement, authorized in Section 11 hereof and used to redeem the Refunded Series 2002C Prior Bonds on December 1, 2012, (c) an amount sufficient to refund the Series 2004C Prior Bonds to be refunded, as set

forth in the Certificate of Award (the "Refunded Series 2004C Prior Bonds"), shall be deposited in the Escrow Fund created by the Escrow Trust Agreement authorized in Section 11 hereof and used to redeem the Refunded Series 2004C Prior Bonds on July 1, 2014; and (d) the remainder of the proceeds shall be deposited to a special cost of issuance account in the name of Lexington-Fayette Urban County Government to be known as the Various Purpose General Obligation Refunding Bonds, Series 2012B Costs of Issuance Fund (the "Costs of Issuance Fund") hereby established and directed to be held by the Paying Agent and Registrar and used to pay the costs of issuance of the Series 2012B Refunding Bonds.

SECTION 11. Authorization of Escrow Trust Agreement. The Lexington-Fayette Urban County Government shall enter into an escrow trust agreement (the "Escrow Trust Agreement") with the escrow trustee named therein (the "Escrow Trustee"), for the purpose of providing sufficient funds to advance refund the Refunded Series 2002C Prior Bonds and the Refunded Series 2004C Prior Bonds. The Escrow Trustee shall receive compensation for its services in accordance with the Escrow Trust Agreement. The Designated Officers are hereby each separately authorized and directed to execute said Escrow Trust Agreement on behalf of the Lexington-Fayette Urban County Government.

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 2012B Refunding Bonds. Bond Counsel shall be paid a fee equal to \$.80 per \$1,000 of bonds issued for bond counsel services. The Mayor 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 to constitute conclusive evidence of approval of the engagement letter.

SECTION 13. Financial Advisor. Civic Finance Advisors, LLC and Morgan Keegan and Company, Inc. (or its successor in interest) (together, the "Financial Advisor") are hereby appointed co-Financial Advisors to the Lexington-Fayette Urban County Government in connection with the issuance, sale and delivery of the Series 2012B Refunding Bonds. The Financial Advisor shall be paid a fee as provided on the attached *Annex B* for financial advisory services.

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 2012B Refunding 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. 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 Series 2012B Refunding 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 Series 2012B Refunding 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 2012B Refunding 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 16. 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 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 and of its committees and any other public bodies, at which the formal actions in connection with the issuance of the Series 2012B Refunding 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 Bond Ordinance shall become effective immediately upon the date of its passage.

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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 COUNTY
GOVERNMENT**

Approved: _____
Jim Gray
Mayor

Attest:

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 an 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, on the same occasion signed by the Mayor is evidence of her approval, 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 County 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

John C. Merchant

ANNEX A

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
VARIOUS PURPOSE GENERAL OBLIGATION REFUNDING BOND,
SERIES 2012B

No. BR-__

<u>Maturity</u> <u>Date</u>	<u>CUSIP</u> <u>Number</u>	<u>Interest</u> <u>Rate</u>	<u>Bond</u> <u>Date</u>	<u>Interest</u> <u>Payment Dates</u>
July 1, 20__	_____	_____%	June __, 2012	January 1 and July 1, commencing January 1, 2013

REGISTERED HOLDER: _____

PRINCIPAL AMOUNT: \$ _____
_____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS: That the Lexington-Fayette Urban County Government (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 January 1 and July 1, commencing January 1, 2013, 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 and interest of 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**], 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 owner 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 Trustee and such owner. The record date shall be the fifteenth day of the month preceding each interest payment date.

This Series 2012B Refunding Bond is one of an issue of Series 2012B Refunding Bonds of like tenor and effect, except as to denomination and maturity, numbered from BR-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) advance refunding all or a portion of the Series 2002C Prior Bonds, (ii) advance refunding all or a portion of the Series 2004C Prior Bonds; and (iii) paying the costs of issuance of the Series 2012B Refunding 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 _____, 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 approval by the State Local Debt Officer of the Commonwealth of Kentucky.

This Series 2012B Refunding 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 2012B REFUNDING BOND IS CONTINUALLY SECURED BY THE FAITH, CREDIT AND REVENUE OF LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT.

The Series 2012B Refunding Bonds mature on the 1st day of July of the following years, in the respective principal amounts and bear interest at the following rates of interest:

<u>Maturity Date</u> <u>(July 1)</u>	<u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
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The Series 2012B Refunding Bonds maturing on and after July 1, _____ shall be subject to optional redemption prior to their maturity on any date on or after July 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 of 100% of the principal amount of the Series 2012B Refunding Bonds to be redeemed, plus accrued interest to the date of redemption.

At least thirty (30) days before the redemption date of any Series 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding Bonds to be redeemed, the Series 2012B Refunding Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2012B Refunding Bonds on such date, interest on the Series 2012B Refunding Bonds so called for redemption shall cease to accrue, and the registered owners of such Series 2012B Refunding 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 2012B Refunding 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 2012B Refunding 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 2012B Refunding Bond, or in the creation of the obligations of which this 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 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 2012B Refunding Bond as it falls due and to provide for the redemption of this Series 2012B Refunding 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 2012B Refunding 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 URBAN COUNTY
GOVERNMENT**

Jim Gray
Mayor

(SEAL)

Attest:

Susan Lamb
Urban County Council Clerk

CERTIFICATE OF AUTHENTICATION

This is to certify that this Series 2012B Refunding Bond is one of the Series 2012B Refunding Bonds described hereinabove.

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**, 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 LLP, Covington, Kentucky, regarding the issue of which the within 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.

Susan Lamb
Urban County Council Clerk

[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 2012B Refunding Bond and does hereby irrevocably constitute and appoint the _____ or its successor as Paying Agent and Registrar to transfer the said Series 2012B Refunding Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Note: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Series 2012B Refunding Bond in every particular, without alteration or enlargement or any change whatever.

ANNEX B
FEE SCHEDULE OF THE FINANCIAL ADVISOR
[SEE ATTACHED]