

**OFFICIAL TERMS AND CONDITIONS OF BOND SALE**  
**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (KENTUCKY)**  
**\$57,625,000\*\*†**  
**GENERAL OBLIGATION BONDS**

**\$7,805,000\*\*†**  
**Various Purpose General Obligation Bonds**  
**Series 2020A**

**\$19,840,000\*\*†**  
**Taxable General Obligation Pension Funding**  
**Refunding Bonds, Series 2020B**

**\$11,610,000\*\*†**  
**Various Purpose General Obligation**  
**Refunding Bonds, Series 2020C**  
**(Federally Taxable)**

**\$18,370,000\*\*†**  
**Various Purpose General Obligation**  
**Refunding Bonds, Series 2020D**  
**(Federally Taxable)**

**SERIES 2020A BONDS**

***SALE: THURSDAY, SEPTEMBER 17, 2020, AT 11:15 A.M., E.T.***

**SERIES 2020B BONDS**

***SALE: THURSDAY, SEPTEMBER 17, 2020, AT 11:45 A.M., E.T.***

**SERIES 2020C BONDS**

***SALE: THURSDAY, SEPTEMBER 17, 2020, AT 12:30 P.M., E.T.***

**SERIES 2020D BONDS**

***SALE: THURSDAY, SEPTEMBER 17, 2020, AT 1:00 P.M., E.T.***

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\* Preliminary; subject to change.

† Preliminary; subject to the respective Permitted Adjustment for such Series. See "BIDDING CONDITIONS AND RESTRICTIONS – (D) *Determination of Best Purchase Bid*" herein.

## BIDS SUBMITTED THROUGH BIDCOMP™/PARITY®

Notice is hereby given that electronic bids will be received by Lexington-Fayette Urban County Government for the purchase of the following series of bonds until Thursday, September 17, 2020 at the times set forth below (or at such later times and/or date announced by 12:00 p.m., E.T. on the day preceding the Bid Opening via the BiDCOMP™/Parity® system or *The Municipal Market Monitor (TM3)*):

Series	Time on Thursday, September 17, 2020
<b>Series 2020A Bonds:</b> Approximately \$7,805,000*† Various Purpose General Obligation Bonds, Series 2020A	11:15 a.m., E.T.
<b>Series 2020B Bonds:</b> Approximately \$19,840,000*† Taxable General Obligation Pension Funding Refunding Bonds, Series 2020B	11:45 a.m., E.T.
<b>Series 2020C Bonds:</b> Approximately \$11,610,000*† Various Purpose General Obligation Refunding Bonds, Series 2020C (Federally Taxable)	12:30 p.m., E.T.
<b>Series 2020D Bonds:</b> Approximately \$18,370,000*† Various Purpose General Obligation Refunding Bonds, Series 2020D (Federally Taxable)	1:00 p.m., E.T.

The Series 2020A Bonds, the Series 2020B Bonds, the Series 2020C Bonds, and the Series 2020D Bonds are referred to collectively herein as the “Series 2020 Bonds.” The Series 2020B Bonds, the Series 2020C Bonds, and the Series 2020D Bonds are referred to collectively herein as the “Series 2020 Taxable Refunding Bonds.”

The Series 2020 Bonds are more fully described in the Preliminary Official Statement dated September 9, 2020 (the “POS”), available at [www.i-dealprospectus.com](http://www.i-dealprospectus.com). Prior to opening the bids, the Lexington-Fayette Urban County Government reserves the right to change the principal amount and terms related to the Series 2020 Bonds, cancel the sale, or change the sale date. Any such notice of change will be posted via the BiDCOMP™/Parity® system or [www.i-dealprospectus.com](http://www.i-dealprospectus.com). Electronic bids must be submitted through the BiDCOMP™/Parity® system as described herein and no other form of bid or provider of electronic bidding services will be accepted. Bids will be opened and acted upon later that same day.

The Lexington-Fayette Urban County Government shall comply with the Notice of Sale requirements of Chapter 424 of the *Kentucky Revised Statutes* by advertising for bids for the purchase of the Series 2020 Bonds. The advertisement may consist of newspaper publication in *The Courier-Journal*, published in Louisville, Kentucky, the *Lexington Herald-Leader*, published in Lexington, Kentucky, and *The Bond Buyer*, published in New York City, New York or, in the alternative, or the posting of a notice of sale via a nationally recognized electronic bidding system.

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\* Preliminary; subject to change.

† Preliminary; subject to the respective Permitted Adjustment for such Series. See “BIDDING CONDITIONS AND RESTRICTIONS – (D) *Determination of Best Purchase Bid*” herein.

## STATUTORY AUTHORITY AND SECURITY

### Statutory Authority

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.191 of the *Kentucky Revised Statutes* and (i) with respect to the Series 2020A Bonds Ordinance No. 078-2020 adopted by the Lexington-Fayette Urban County Council (the “Urban County Council”) on August 27, 2020 (the “Series 2020A Authorizing Ordinance”) and (ii) with respect to the Series 2020 Taxable Refunding Bonds, Ordinance No. 39-2020 adopted by the Urban County Council on May 7, 2020 (the “Refunding Ordinance” and together with the Series 2020A Authorizing Ordinance the “Authorizing Ordinance”). The Series 2020 Bonds are general obligation bonds and constitute a direct indebtedness of the Lexington-Fayette Urban County Government.

### Security

The Series 2020 Bonds are secured by the ability of the Lexington-Fayette Urban County Government to levy and its pledge to levy an ad valorem tax on all property within Lexington-Fayette County in a sufficient amount to pay the principal of and interest on the Series 2020 Bonds when due.

## PURPOSE; PLAN OF REFUNDING

### Purpose

**Series 2020A Bonds.** The Series 2020A Bonds are being issued for the purpose of financing various projects for departments within the Lexington-Fayette Urban County Government, including, but not limited to (i) the installation, renovation, repair and upgrades and equipping of safety operations and other safety related projects, new police equipment, new police cars, road resurfacing, road maintenance, road upgrades, street scapes, traffic engineering and sidewalk improvements, renovations, repairs and upgrades related to public buildings and various other improvements within departments of the Lexington-Fayette Urban County Government (the “Series 2020A Project”); and (ii) paying certain costs related to the issuance of the Series 2020A Bonds.

**Series 2020B Bonds.** The Series 2020B Bonds are being issued for the purpose of (i) refunding a portion in the principal amount of \$17,875,000\* of the outstanding principal amount of the Lexington-Fayette Urban County Government Taxable General Obligation Pension Funding Bonds, Series 2012A, originally issued in the principal amount of \$31,000,000 (as originally issued, the “Series 2012A Bonds” and the portion of such Series 2012A Bonds to be refunded is referred to herein as the “Refunded Series 2012A Bonds”) as further described in the POS), the proceeds of which were used for the purpose of funding certain unfunded liabilities to the Policemen's and Firefighters' Retirement Fund of the Lexington-Fayette Urban County Government (the “Series 2012A Project”), based on computations set forth in actuarial reports dated July 1, 2011 prepared by Cavanaugh Macdonald Consulting LLC (the “Actuaries”). The

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\* Preliminary; subject to change.

refunding plan is being undertaken to provide net debt service savings to the Lexington-Fayette Urban County Government.

**Series 2020C Bonds.** The Series 2020C Bonds are being issued for the purpose of (i) refunding a portion in the principal amount of \$10,080,000\* of the outstanding principal amount of the Lexington-Fayette Urban County Government Various Purpose General Obligation Bonds, Series 2013C, originally issued in the principal amount of \$17,035,000 (as originally issued, the “Series 2013C Bonds” and the portion of such Series 2013C Bonds to be refunded is referred to herein as the “Refunded Series 2013C Bonds” as further described in the POS), the proceeds of which were used for the purpose of (a) financing the acquisition of various equipment for departments within the Lexington-Fayette Urban County Government, including, but not limited to, communications and computer equipment and other equipment, traffic engineering equipment, police and fire equipment, police and fire vehicles, and golf carts; (b) financing various projects for departments within the Lexington-Fayette Urban County Government, including, but not limited to, remodeling and renovation of public safety buildings, Kentucky Theatre, maintenance building, fire stations, street and sidewalk improvements, various park projects and improvements, HVAC system maintenance and weather and emergency systems upgrades; (c) financing the redesign of Rupp Arena and Convention Center; and (d) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights (collectively, the “Series 2013C Project”); and (ii) paying certain costs related to the issuance of the Series 2020C Bonds. The refunding plan is being undertaken to provide net debt service savings to the Lexington-Fayette Urban County Government.

**Series 2020D Bonds.** The Series 2020D Bonds are being issued for the purpose of (i) refunding a portion in the principal amount of \$15,040,000\* of the outstanding principal amount of the Lexington-Fayette Urban County Government Various Purpose General Obligation Bonds, Series 2014B, originally issued in the principal amount of \$24,245,000 (as originally issued, the “Series 2014B Bonds” and the portion of such Series 2014B Bonds to be refunded is referred to herein as the “Refunded Series 2014B Bonds” as further described in the POS), the proceeds of which were used for the purpose of (a) financing managed email solution/exchange, storage area network, new tax revenue system, procurement website upgrade, Accela software, network infrastructure remediation, police patrol transport wagon, general repairs, life safety, autos vehicle replacement, pothole patcher, public safety ops/Lexcall center, sidewalk and catch basin repair, sidewalks, jail management system, public safety radio system, roof repair and replacement, HVAC repair and replacement, infrastructure improvements, Shillito multipurpose sports fields, Carver Center improvements, dugout replacement, aquatics improvements, Kentucky Theatre concession renovation, fire training tower, land acquisition and fire station design #24 and relocation of fire station #2, (b) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights, (c) construction of a new senior center (collectively, the “Series 2014B Project”); and (ii) paying certain costs related to the issuance of the Series 2020D Bonds.

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\* Preliminary; subject to change

## **Plan of Refunding**

A portion of the proceeds of each series of the Series 2020 Taxable Refunding Bonds, together with other available moneys of the Lexington-Fayette Urban County Government, if any, will be deposited in a separate and distinct escrow fund(s) (the “Escrow Fund(s)”) to be held by U.S. Bank, National Association, Louisville, Kentucky, in its capacity as escrow trustee (the “Escrow Trustee”), under an Escrow Trust Agreement, dated as of September 30, 2020 (the “Escrow Agreement”), by and between the Lexington-Fayette Urban County Government and the Escrow Trustee. Such proceeds will be used immediately to purchase direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing (the “Escrow Securities”), in such amounts and maturities, and bearing interest at rates, so as to provide sufficient moneys, together with any cash remaining in such Escrow Fund(s) to: (i) pay the principal of and interest on each series of the Refunded Bonds when due and (ii) redeem the respective Refunded Bonds on the following redemption dates: October 1, 2022 (with respect to the Refunded Series 2012A Bonds), October 1, 2023 (with respect to the Refunded Series 2013C Bonds), and January 1, 2025 (with respect to the Refunded Series 2014B Bonds), at the respective redemption prices equal to the principal amount of the applicable Refunded Bonds, plus accrued interest thereon to the respective redemption dates (each a “Redemption Price”). Upon the making of the foregoing deposits with the Escrow Trustee, the Refunded Bonds will no longer be deemed to be outstanding.

## **Verification of Mathematical Accuracy**

AMTEC (the “Verification Agent”) will deliver to the Lexington Fayette Urban County Government, on or before the settlement date of the Series 2020 Bonds, its report indicating that it has examined the information and assertions provided by the Lexington Fayette Urban County Government and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of the computations of the adequacy of the cash and the maturing principal of and interest on the Escrow Securities deposited with the Escrow Agent to pay (i) the maturing principal of and interest on each series of the Refunded Bonds when due and (ii) the respective Redemption Prices on the applicable Redemption Dates. The Verification Agent will express no opinion as to the assumptions provided to them.

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## BOND MATURITIES, REDEMPTION PROVISIONS AND PAYING AGENT

### Maturity Schedules

(a) **Series 2020A Bonds.** The Series 2020A Bonds will be dated their date of initial delivery, bearing interest from such date, payable on each May 1 and November 1, commencing May 1, 2021.

#### \$7,805,000<sup>\*†</sup> Series 2020A Bonds

<b>Year (November 1)</b>	<b>Amount</b>
2021	\$ 760,000
2022	765,000
2023	765,000
2024	770,000
2025	775,000
2026	780,000
2027	785,000
2028	795,000
2029	800,000
2030	<u>810,000</u>
<b>TOTAL</b>	<u><b>\$7,805,000</b></u>

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\* Preliminary; subject to change.

† Preliminary; subject to the respective Permitted Adjustment for such Series. See “BIDDING CONDITIONS AND RESTRICTIONS – (D) *Determination of Best Purchase Bid*” herein.

(b) **Series 2020B Bonds.** The Series 2020B Bonds will be dated their date of initial delivery, bearing interest from such date, payable on first day of each April 1 and October 1, commencing April 1, 2021.

**\$19,840,000<sup>\*†</sup> Series 2020B Bonds**

<b>Year (October 1)</b>	<b>Amount</b>
2021	\$ 330,000
2022	330,000
2023	1,835,000
2024	1,845,000
2025	1,860,000
2026	1,875,000
2027	1,895,000
2028	1,915,000
2029	1,940,000
2030	1,975,000
2031	2,000,000
2032	<u>2,040,000</u>
<b>TOTAL</b>	<b><u>\$19,840,000</u></b>

(c) **Series 2020C Bonds.** The Series 2020C Bonds will be dated their date of initial delivery, bearing interest from such date, payable on each May 1 and November 1, commencing May 1, 2021.

**\$11,610,000<sup>\*†</sup> Series 2020C Bonds**

<b>Year (November 1)</b>	<b>Amount</b>
2021	\$ 205,000
2022	205,000
2023	205,000
2024	1,050,000
2025	1,055,000
2026	1,060,000
2027	1,070,000
2028	1,085,000
2029	1,100,000
2030	1,115,000
2031	1,135,000
2032	1,155,000
2033	1,170,000
<b>TOTAL</b>	<b><u>\$11,610,000</u></b>

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\*Preliminary; subject to change.

† Preliminary; subject to the respective Permitted Adjustment for such Series. See “BIDDING CONDITIONS AND RESTRICTIONS – (D) Determination of Best Purchase Bid” herein.

(d) The Series 2020D Bonds will be dated their date of initial delivery, bearing interest from such date, payable on each May 1 and November 1, commencing May 1, 2021.

**\$18,370,000<sup>\*†</sup> Series 2020D Bonds**

<b>Year (November 1)</b>	<b>Amount</b>
2021	\$ 380,000
2022	380,000
2023	385,000
2024	385,000
2025	1,590,000
2026	1,605,000
2027	1,620,000
2028	1,640,000
2029	1,660,000
2030	1,685,000
2031	1,715,000
2032	1,740,000
2033	1,775,000
2034	<u>1,810,000</u>
<b>TOTAL</b>	<b><u>\$18,370,000</u></b>

**Optional Redemption**

**Series 2020A Bonds.** The Series 2020A Bonds maturing November 1, 2028 and thereafter are subject to ordinary optional redemption prior to maturity, commencing November 1, 2027. The Series 2020A Bonds are subject to such optional redemption prior to maturity, in whole or in part, in any order of maturity and by lot within any maturity at the election of the Lexington-Fayette Urban County Government upon 45 days’ written notice to the Series 2020 Paying Agent and Registrar, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date of redemption.

**Series 2020B Bonds.** The Series 2020B Bonds maturing October 1, 2028 and thereafter are subject to ordinary optional redemption prior to maturity, commencing October 1, 2027. The Series 2020B Bonds are subject to such optional redemption prior to maturity, in whole or in part, in any order of maturity and by lot within any maturity at the election of the Lexington-Fayette Urban County Government upon 45 days’ written notice to the Series 2020 Paying Agent and Registrar, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date of redemption.

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\*Preliminary; subject to change.

† Preliminary; subject to the respective Permitted Adjustment for such Series. See “BIDDING CONDITIONS AND RESTRICTIONS – (D) Determination of Best Purchase Bid” herein.



**Series 2020C Bonds.** The Series 2020C Bonds maturing November 1, 2028 and thereafter are subject to ordinary optional redemption prior to maturity, commencing November 1, 2027. The Series 2020C Bonds are subject to such optional redemption prior to maturity, in whole or in part, in any order of maturity and by lot within any maturity at the election of the Lexington-Fayette Urban County Government upon 45 days' written notice to the Series 2020 Paying Agent and Registrar, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date of redemption.

**Series 2020D Bonds.** The Series 2020D Bonds maturing November 1, 2028 and thereafter are subject to ordinary optional redemption prior to maturity, commencing November 1, 2027. The Series 2020D Bonds are subject to such optional redemption prior to maturity, in whole or in part, in any order of maturity and by lot within any maturity at the election of the Lexington-Fayette Urban County Government upon 45 days' written notice to the Series 2020 Paying Agent and Registrar, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date of redemption.

### **Notice of Redemption**

At least thirty (30) days before the redemption date of any Series 2020 Bonds, the Series 2020 Paying Agent and Registrar (as defined below) shall cause a notice of such redemption either in whole or in part, signed by the Series 2020 Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Series 2020 Bonds to be redeemed at their addresses as they appear on the registration books kept by the Series 2020 Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Series 2020 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 2020 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 2020 Bonds to be redeemed.

### **Series 2020 Paying Agent and Registrar and Escrow Agent**

U.S. Bank, National Association, Louisville, Kentucky, has been appointed paying agent and registrar for the Series 2020 Bonds (the "Series 2020 Paying Agent and Registrar"). U.S. Bank, National Association, Louisville, Kentucky, will also serve as Escrow Agent in connection with the refunding of the Refunded Bonds (see "PURPOSE; PLAN OF REFUNDING – Plan of Refunding" herein).

### **BIDDING CONDITIONS AND RESTRICTIONS**

The terms and conditions of the sale of the Series 2020 Bonds are as follows:

(A) **Electronic Bidding Process.** Bids may be made for any series of the Series 2020 Bonds. Electronic bids for the Series 2020 Bonds must be submitted through BiDCOMP<sup>TM</sup>/Parity<sup>®</sup> system and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP<sup>TM</sup>/Parity<sup>®</sup> Competitive Bidding System is required in order to submit an electronic bid. The Lexington-Fayette Urban County Government will neither confirm any subscription nor be responsible for the failure of

any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by BiDCOMP™/Parity® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BiDCOMP™/Parity® conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of BiDCOMP™/Parity® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Lexington-Fayette Urban County Government. The Lexington-Fayette Urban County Government shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/Parity®. The use of BiDCOMP™/Parity® facilities are at the sole risk of the prospective bidders.

(B) ***Underwriter's Discount.***

1. *Series 2020A Bonds.* The Underwriter's Discount as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Series 2020A Bonds submitted by the bidder and the price at which the Series 2020A Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Series 2020A Bonds bid.

2. *Series 2020B Bonds.* The Underwriter's Discount as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Series 2020B Bonds submitted by the bidder and the price at which the Series 2020B Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Series 2020B Bonds bid.

3. *Series 2020C Bonds.* The Underwriter's Discount as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Series 2020C Bonds submitted by the bidder and the price at which the Series 2020C Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Series 2020C Bonds bid.

4. *Series 2020D Bonds.* The Underwriter's Discount as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Series 2020D Bonds submitted by the bidder and the price at which the Series 2020D Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Series 2020D Bonds bid.

(C) ***Minimum and Maximum Purchase Bids.***

1. *Series 2020A Bonds.* Bidders are required to bid for the entire issue of the Series 2020A Bonds at a minimum price of not less than \$7,687,925 (98.50% of par) (excluding original issue discount, if applicable), and a maximum price of not more than \$8,975,750 (115.00% of par) PAYABLE IN IMMEDIATELY AVAILABLE FUNDS. The maximum interest rate for any maturity is 5.000%, and interest rate shall be in multiples of 1/8 or 1/100 of 1%, or both.

2. *Series 2020B Bonds.* Bidders are required to bid for the entire issue of Series 2020B Bonds at a minimum price of not less than \$19,542,400 (98.50% of par) (excluding original issue discount, if applicable), and a maximum price of not more than \$22,816,000 (115.00% of par) PAYABLE IN IMMEDIATELY AVAILABLE FUNDS. The maximum interest rate for any maturity is 5.000%, and interest rate shall be in multiples of 1/8 or 1/100 of 1%, or both.

3. *Series 2020C Bonds.* Bidders are required to bid for the entire issue of Series 2020C Bonds at a minimum price of not less than \$11,435,850 (98.50% of par) (excluding original issue discount, if applicable), and a maximum price of not more than \$13,351,500 (115.00% of par) PAYABLE IN IMMEDIATELY AVAILABLE FUNDS. The maximum interest rate for any maturity is 5.000%, and interest rate shall be in multiples of 1/8 or 1/100 of 1%, or both.

4. *Series 2020D Bonds.* Bidders are required to bid for the entire issue of Series 2020D Bonds at a minimum price of not less than \$18,094,450 (98.50% of par) (excluding original issue discount, if applicable), and a maximum price of not more than \$21,125,500 (115.00% of par) PAYABLE IN IMMEDIATELY AVAILABLE FUNDS. The maximum interest rate for any maturity is 5.000%, and interest rate shall be in multiples of 1/8 or 1/100 of 1%, or both.

(D) ***Determination of Best Purchase Bid.***

1. *Series 2020A Bonds.* The determination of the best purchase bid for the Series 2020A Bonds shall be made on the basis of all bids submitted for exactly \$7,805,000 principal amount of Series 2020A Bonds offered for sale hereunder; but the Lexington-Fayette Urban County Government may adjust the principal amount of Series 2020A Bonds which may be awarded to such best bidder upward by up to 10% of the principal amount of the Series 2020A Bonds (the "Series 2020A Bonds Permitted Adjustment") to a maximum of \$8,585,500. There will be no minimum adjustment. In the event of such Series 2020A Bonds Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted.

2. Series 2020B Bonds. The determination of the best purchase bid for the Series 2020B Bonds shall be made on the basis of all bids submitted for exactly \$19,840,000 principal amount of Series 2020B Bonds offered for sale hereunder; but the Lexington-Fayette Urban County Government may adjust the principal amount of Series 2020B Bonds which may be awarded to such best bidder upward by up to 10% of the principal amount of the Series 2020B Bonds (the “Series 2020B Bonds Permitted Adjustment”) to a maximum of \$21,824,000. There will be no minimum adjustment. In the event of such Series 2020B Bonds Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted.

3. Series 2020C Bonds. The determination of the best purchase bid for the Series 2020C Bonds shall be made on the basis of all bids submitted for exactly \$11,610,000 principal amount of Series 2020C Bonds offered for sale hereunder; but the Lexington-Fayette Urban County Government may adjust the principal amount of Series 2020C Bonds which may be awarded to such best bidder upward by up to 10% of the principal amount of the Series 2020C Bonds (the “Series 2020C Bonds Permitted Adjustment”) to a maximum of \$12,771,000. There will be no minimum adjustment. In the event of such Series 2020C Bonds Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted.

4. Series 2020D Bonds. The determination of the best purchase bid for the Series 2020D Bonds shall be made on the basis of all bids submitted for exactly \$18,370,000 principal amount of Series 2020D Bonds offered for sale hereunder; but the Lexington-Fayette Urban County Government may adjust the principal amount of Series 2020D Bonds which may be awarded to such best bidder upward by up to 10% of the principal amount of the Series 2020D Bonds (the “Series 2020D Bonds Permitted Adjustment”) to a maximum of \$20,207,000. There will be no minimum adjustment. In the event of such Series 2020D Bonds Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted.

(E) **Term Bonds.** Bidders have the option of specifying that any of the Series 2020 Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of such Series 2020 Bonds, as applicable, scheduled to mature in the latest of such years and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts of the applicable term Series 2020 Bonds, scheduled in the year of maturity of the term of the applicable Series 2020 Bonds, which principal amount shall mature in that year.

(F) **CUSIP Numbers.** The successful purchaser(s) shall pay the CUSIP Service Bureau charge with respect to the Series 2020 Bonds purchased. CUSIP identification numbers will be printed on the Series 2020 Bonds at the expense of the Lexington-Fayette Urban County Government. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the

purchaser(s) to accept delivery of and pay for the Series 2020 Bonds in accordance with the terms of any accepted proposal for the purchase of such series of the Series 2020 Bonds.

(G) ***Final Official Statement.*** The Lexington-Fayette Urban County Government will provide to the successful purchaser(s) a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in Electronic Form to the successful bidder(s), in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements, at no cost to the Purchaser(s).

(H) ***Good Faith Amount.*** Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder(s) will be required to wire transfer to the order of the Lexington-Fayette Urban County Government an amount equal to 2% of the amount of the principal amount of the applicable series of the Series 2020 Bonds awarded, by the close of business on the day following the award. Said good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder(s) to take delivery of the applicable series of the Series 2020 Bonds awarded when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the applicable series of Series 2020 Bonds. The successful bidder(s) shall not be required to take delivery and pay for the applicable series of the Series 2020 Bonds awarded, unless delivery is made within 45 days from the date the applicable bid is accepted.

(I) ***DTC.*** The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2020 Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2020 Bond certificate will be issued for each maturity of the Series 2020 Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Series 2020 Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the “Direct Participants”), which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond (a “Beneficial Owner”) is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the “Indirect Participants”). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued. The successful bidder(s) may also elect to notify the Financial Advisor within twenty-four (24) hours of the award that standard bond certificates be issued. In the event that

certificated Series 2020 Bonds are to be issued at the election of a successful bidder(s), the costs of printing such Series 2020 Bond Certificates shall be borne by such bidder.

(J) ***Tax Treatment.***

1. *Series 2020A Bonds.* In accordance with the final approving legal opinion of Dinsmore & Shohl LLP, Cincinnati, Ohio (“Bond Counsel”), on the date of the delivery of the Series 2020A Bonds to the successful bidder, under existing law (i) interest on the Series 2020A Bonds will be excludible from gross income of the holders thereof for purposes of federal income taxation and interest on the Series 2020A Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax, and (ii) interest on the Series 2020A Bonds is exempt from Kentucky income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See “TAX TREATMENT” herein.

2. *Series 2020 Taxable Refunding Bonds.* In accordance with the final approving legal opinion of Bond Counsel, on the date of the delivery of the Series 2020 Taxable Refunding Bonds to the successful bidder(s), under existing law (i) interest on the Series 2020 Taxable Refunding Bonds is not excludible from the gross income of the holders thereof for purposes of federal income taxation, and (ii) interest on the Series 2020 Taxable Refunding Bonds is exempt from Kentucky income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See “TAX TREATMENT” herein.

(K) ***Financial Advisor; Certification with respect to Reoffering.*** Bidders are advised that Robert W. Baird & Co. Incorporated has been employed as the financial advisor (the “Financial Advisor”) to the Lexington-Fayette Urban County Government in connection with the issuance of the Series 2020 Bonds. Their fee for services rendered with respect to the sale of the Series 2020 Bonds is contingent upon the issuance and delivery thereof. As required by the Code, the purchaser(s) of the Series 2020A Bonds will be required to certify to the Lexington-Fayette Urban County Government as to certain of their activities regarding any reoffering to the public of the Series 2020A Bonds, including any reoffering prices. This information from the purchasers of the Series 2020A Bonds shall also be made available to the Financial Advisor immediately after the sale of the Series 2020A Bonds.

(L) ***Determination of Best Bid.*** Unless bids for the Series 2020 Bonds are rejected, the determination of the best bids for each series of the Series 2020 Bonds, will be awarded on an all or none basis on the sale date to the bidder whose bid results in the lowest true interest cost (TIC) to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the applicable series of the Series 2020 Bonds (compounded semi-annually from the date of the applicable series of the Series 2020 Bonds), produces an amount equal to the purchase price of the applicable series of the Series 2020 Bonds, exclusive of accrued interest. For purposes of calculating the true interest cost, the principal amount of any Term Bonds

scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year for the applicable series of Series 2020 Bonds. In the event that two or more bidders offer to purchase the applicable series of Series 2020 Bonds at the same lowest true interest rate, the Mayor, upon the advice of the Commissioner of Finance shall determine (in his sole discretion) which of the bidders shall be awarded such series of the Series 2020 Bonds. Lexington-Fayette Urban County Government officials will accept or reject such best bid, provided, however, Lexington-Fayette Urban County Government reserves the right to adjust such principal amounts of the Series 2020 Bonds to determine the maturities of its final bond issue and thereafter to increase or decrease the total amount of Series 2020 Bonds sold to such best bidder (in \$5,000 denominations), so that the total amount of Series 2020 Bonds awarded to such best bidder will not exceed (i) a maximum principal amount of \$8,585,500 for the Series 2020A Bonds, (ii) a maximum principal amount of \$21,824,000 for the Series 2020B Bonds, (iii) a maximum principal amount of \$12,771,000 for the Series 2020C Bonds, and (iv) a maximum principal amount of \$20,207,000 for the Series 2020D Bonds. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required and the underwriting discount bid by the successful bidder shall be held constant. Underwriting discount is hereby defined as the difference between the purchase price of the Series 2020 Bonds submitted by the successful bidder and the price at which the Series 2020 Bonds are reoffered to the public, divided by the par amount of the Series 2020 Bonds which were bid. Underwriting discount shall be calculated from information submitted by the successful bidder. The Lexington-Fayette Urban County Government expressly reserves the right: (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein, and (iii) to solicit new bids or proposals for the sale of either series of the Series 2020 Bonds or otherwise provide for the public sale of either series of the Series 2020 Bonds if all bids are rejected or the winning bidder defaults, such action to be consistent with Kentucky law.

(M) ***Additional Information.*** Additional information, including the Preliminary Official Statement and the Official Terms and Conditions of Bond Sale, may be obtained from the Corporation's Financial Advisor, Robert W. Baird & Co. Incorporated, 500 West Jefferson Street, Louisville, Kentucky 40202, Attention Mr. Chip Sutherland (502) 588-8462 or at <http://www.rwbaird.com/public-finance/Baird-Forward-Competitive-Calendar>. Further information regarding BiDCOMP<sup>TM</sup>/Parity<sup>®</sup> may be obtained from Ipreo, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (877) 588-5030 / (212) 849-5021.

(N) ***Bid Award.*** The Lexington-Fayette Urban County Government expects to award the bid no later than 5:00 p.m. E.T. on Thursday, September 17, 2020.

**(O) Establishment of Issue Price with respect to the Series 2020A Bonds (Hold-the-Offering-Price Rule May Apply if Competitive Sale Requirements are Not Satisfied).**

1. The winning bidder for the Series 2020A Bonds shall assist the Lexington-Fayette Urban County Government in establishing the issue price of the Series 2020A Bonds and shall execute and deliver to the Lexington-Fayette Urban County Government at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2020A Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Exhibit A-1*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Lexington-Fayette Urban County Government and Bond Counsel. All actions to be taken by the Lexington-Fayette Urban County Government under these Official Terms and Conditions of Bond Sale to establish the issue price of the Series 2020A Bonds may be taken on behalf of the Lexington-Fayette Urban County Government by the Lexington-Fayette Urban County Government’s financial advisor identified herein and any notice or report to be provided to the Lexington-Fayette Urban County Government shall be provided to the Lexington-Fayette Urban County Government’s Financial Advisor.

2. The Lexington-Fayette Urban County Government intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2020A Bonds) will apply to the initial sale of the Series 2020A Bonds (the “competitive sale requirements”) because:

(i) the Lexington-Fayette Urban County Government shall disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(ii) all bidders shall have an equal opportunity to bid;

(iii) the Lexington-Fayette Urban County Government may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(iv) the Lexington-Fayette Urban County Government anticipates awarding the Series 2020A Bonds to the r bidder who submits a firm offer to purchase the Series 2020A Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

3. Any bid submitted pursuant to this these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the Series 2020A Bonds, as specified in the bid.



4. Unless bids for the Series 2020A Bonds are rejected, the Series 2020A Bonds will be awarded on an all or none basis on the sale date to the bidder whose bid results in the lowest true interest rate for the Series 2020A Bonds of such series to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the Series 2020A Bonds (compounded semi-annually from the date of the Series 2020A Bonds), produces an amount equal to the purchase price of the Series 2020A Bonds, exclusive of accrued interest. For purposes of calculating the true interest cost, the principal amount of any term Series 2020A Bonds scheduled for mandatory sinking fund redemption as part of the term Series 2020A Bond shall be treated as a serial maturity in such year for the Series 2020A Bonds. In the event that two or more bidders offer to purchase the Series 2020A Bonds at the same lowest true interest rate, the Lexington-Fayette Urban County Government, upon the advice of the Financial Advisor shall determine (in its sole discretion) which of the bidders shall be awarded the Series 2020A Bonds.

5. In the event that the competitive sale requirements are not satisfied, the Lexington-Fayette Urban County Government shall so advise the winning bidder. The Lexington-Fayette Urban County Government may determine to treat (i) the first price at which 10% of a maturity of the Series 2020A Bonds, (the “10% test”), is sold to the public as the issue price of that maturity of the Series 2020A Bonds and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Series 2020A Bonds, as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Lexington-Fayette Urban County Government if any maturity of the Series 2020A Bonds satisfies the 10% test as of the date and time of the award of the Series 2020A Bonds. The Lexington-Fayette Urban County Government shall promptly advise the winning bidder, at or before the time of award of the Series 2020A Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Series 2020A Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the Lexington-Fayette Urban County Government determines to apply the hold-the-offering-price rule to any maturity of the Series 2020A Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Series 2020A Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Series 2020A Bonds.

6. If the competitive sale requirements are not satisfied, the winning bidder for the Series 2020A Bonds shall assist the Lexington-Fayette Urban County Government in establishing the issue price of the Series 2020A Bonds and shall execute and deliver to the Lexington-Fayette Urban County Government at Closing an “issue price” or similar certificate setting forth (i) the 10% test as the issue price of that maturity and/or (ii) the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if

different interest rates apply within a maturity, to each separate CUSIP number within that maturity), substantially in the form attached hereto as *Exhibit A-2*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Lexington-Fayette Urban County Government and Bond Counsel.

7. By submitting a bid, the winning bidder shall (i) confirm that the underwriter has offered or will offer the Series 2020A Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by such winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2020A Bonds, that the underwriters will neither offer nor sell unsold Series 2020A Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (i) the close of the fifth (5<sup>th</sup>) business day after the sale date; or (ii) the date on which the underwriters have sold at least 10% of that maturity of the Series 2020A Bonds to the public at a price that is no higher than the initial offering price to the public.

8. The winning bidder shall promptly advise the Lexington-Fayette Urban County Government when the underwriters have sold 10% of that maturity of the Series 2020A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date.

9. If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Series 2020A Bonds, the winning bidder agrees to promptly report to the Lexington-Fayette Urban County Government the prices at which the unsold Series 2020A Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Series 2020A Bonds of that maturity or until all Series 2020A Bonds of that maturity have been sold.

10. The Lexington-Fayette Urban County Government acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2020A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2020A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution

agreement and the related pricing wires. The Lexington-Fayette Urban County Government further acknowledges that the underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2020A Bonds.

11. By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2020A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2020A Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Series 2020A Bonds of that maturity or all Series 2020A Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Series 2020A Bonds to the public, together with the pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2020A Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2020A Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Series 2020A Bonds of that maturity or all Series 2020A Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

12. Sales of any Series 2020A Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of these Official Terms and Conditions of Bond Sale. Further, for purposes of these Official Terms and Conditions of Bond Sale:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Lexington-Fayette Urban County Government (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2020A Bonds to

the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2020A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2020A Bonds to the public),

(iii) a purchaser of the Series 2020A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means September 17, 2020.

13. If the successful bidders desire to obtain insurance guaranteeing the payment of the principal and/or interest on the Series 2020A Bonds, the Lexington-Fayette Urban County Government agrees that it will cooperate with the successful bidders in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidders and the Lexington-Fayette Urban County Government shall not be liable to any extent therefor. The Lexington-Fayette Urban County Government has applied for ratings on the Bonds from Moody's Investors Service, Inc. and S&P Global Ratings, a division of S&P Global, Inc., and will pay the fees associated therewith.

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## CONTINUING DISCLOSURE

In the Approving Ordinance, the Lexington-Fayette Urban County Government covenants to annually provide certain financial information and operating data (the “Annual Financial Information and Operating Data”) and other information necessary to comply with the requirements of Rule 15c-12 of the Securities and Exchange Commission (the “Rule”), and to transmit the same to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”). Each covenant is for the benefit of and is enforceable by the owners of the Bonds. The specific nature of the Annual Financial Information and Operating Data and a listing of events for which notices shall be provided are set forth in *Appendix E* – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the original purchaser of the Bonds in complying with the Rule.

### Compliance with Previous Undertakings

#### (a) *Undertakings by the Lexington-Fayette Urban County Government*

The Lexington-Fayette Urban County Government is currently in compliance with respect to its undertakings pursuant to certain continuing disclosure agreements with respect to its outstanding general obligation bonds and sewer system revenue bonds (the “Existing LFUCG Disclosure Agreements”). The Lexington-Fayette Urban County Government filed its annual financial information and operating data, consisting of its Comprehensive Annual Financial Report, including its audited annual financial statements (the “LFUCG CAFR”) with the MSRB through EMMA over the past five years as follows:

<u>Fiscal Year</u>	<u>Filing Date</u>
2014	November 24, 2014
2015	November 30, 2015
2016	January 24, 2017
2017	January 2, 2018
2018	February 11, 2019
2019	February 3, 2020

Each such filing was made within nine months after the end of the respective fiscal year, as required by the Existing LFUCG Disclosure Agreements.

#### (b) *Undertakings related to Agencies and Instrumentalities of the Lexington-Fayette Urban County Government*

(i) *Bonds issued by the Corporation.* The Corporation has previously entered into certain continuing disclosure agreements in connection with the issuance of revenue bonds (the “Existing Corporation Disclosure Agreements”). While the Corporation is currently in compliance with respect to its undertakings pursuant to the Existing Corporation Disclosure Agreements, the Corporation did not file certain prior annual financial information and operating data and Event notices over the past five years in a timely manner, as set forth below:

(A) The LFUCG CAFRs for fiscal years 2011, 2012 and 2013 were not filed on the CUSIP prefix for the Corporation at the times that such filings were initially made by the Lexington-Fayette Urban County Government with respect to its other outstanding bonds, as applicable. The LFUCG CAFRs for fiscal years 2011, 2012 and 2013 were re-filed on the CUSIP prefix for the Corporation on August 31, 2016 and the Lexington-Fayette Urban County Government filed a notice of such late filing with the MSRB through EMMA on September 7, 2016.

(B) The Corporation did not file notices of certain Events in a timely manner as required under the related Existing Corporation Disclosure Agreements as follows:

(1) On September 7, 2016, the Lexington-Fayette Urban County Government, for itself and on behalf of the Corporation, filed an “Event Notice: Rating Change (Downgrades)” with the MSRB through EMMA related to a downgrade by Moody’s of its rating of the bond insurance provider related to the \$66,725,000 Lexington-Fayette Urban County Government Mortgage Revenue Refunding Bonds (Courthouse Facilities Project), Series 2006 (the “2006 Corporation Bonds”) and its underlying rating of such 2006 Corporation Bonds, which filing was not made in a timely manner as required by the undertaking for such 2006 Corporation Bonds; and

(2) On October 11, 2019, the Lexington-Fayette Urban County Government, for itself and on behalf of the Corporation, filed an “Event Notice: Rating Changes/Downgrade (2018)” with the MSRB through EMMA with respect to a downgrade by Moody’s on February 2, 2018, of the rating from “Aa3” to “A1” with respect to the Corporation’s \$42,590,000 Mortgage Revenue Refunding Bonds (Court Facilities Project), Series 2016 (the “2016 Corporation Bonds”), which filing was not made in a timely manner as required by the undertaking for such 2016 Corporation Bonds.

(ii) *Bonds issued by LCC.* LCC has previously entered into certain continuing disclosure agreements in connection with the issuance of revenue bonds by itself and by the Kentucky Bond Development Corporation for its benefit (the “Existing LCC Disclosure Agreements”). While LCC is currently in compliance with respect to its undertakings pursuant to the Existing LCC Disclosure Agreements, LCC did not file certain prior annual financial information and operating data over the past five years in a timely manner, as set forth below:

(A) On January 9, 2017, LCC made supplemental filings related to its annual financial information for the fiscal years ending June 30, 2012, June 30, 2013, June 30, 2014, June 30, 2015 and June 30, 2016. Such filing was past the January 1 deadline for the preceding fiscal year, as required by the Existing LCC Disclosure Agreements.

(B) LCC filed its annual financial information for the (i) fiscal year ending June 30, 2017 on September 29, 2017; (ii) fiscal year ending June 30, 2018 on September 21, 2018, and (iii) fiscal year ending June 30, 2019 on September 19, 2019. Such filings were within the January 1 deadline for the preceding fiscal year, as required by the Existing LCC Disclosure Agreements.

(C) On January 17, 2018, LCC filed notice of the following Events, which filings were not made in a timely manner as required by the Existing LCC Disclosure Agreements: (i) an “Event Notice: Ratings Downgrades (2017)” with respect to a downgrade by Moody’s and S&P of their respective ratings of the bond insurance provider related to the \$20,370,000 Lexington Center Corporation Mortgage Revenue Refunding Bonds, Series 2008A (the “2008A LCC Bonds”); (ii) an “Event Notice: Ratings Changes (2010)” with respect to a recalibration by Moody’s on April 23, 2010 of its rating from “A1” to “Aa3” on the 2008A LCC Bonds; and (iii) an “Event Notice: Ratings Changes/Downgrade (2011)” with respect to a downgrade by Moody’s on April 18, 2011 of its rating from “Aa3” to “A1” on the 2008A LCC Bonds.

(D) A notice of redemption with respect to the remaining outstanding 2008A LCC Bonds was sent by the related trustee to DTC on August 2, 2018 and the 2008A LCC Bonds were redeemed on September 4, 2018, however a notice of such bond call was not posted with the MSRB through EMMA in a timely manner, as required by the Existing LCC Disclosure Agreements. On September 25, 2018, LCC posted a notice of such bond call with the MSRB through EMMA and a notice of failure to file with respect thereto.

(E) On July 24, 2020, LCC filed two Voluntary Disclosure Notices with the MSRB through EMMA, in connection with the Series 2018 Revenue Bonds and the Series 2018 Transient Room Tax Bonds, respectively. LCC voluntarily submitted the Notices in order to keep the marketplace apprised regarding the collateral effects of the COVID-19 Pandemic on its operations and the sources of payment for each respective Series and the proposed debt restructuring through the issuance of the Bonds.

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(iii) *Bonds issued by the Lexington-Fayette Urban County Airport Board.* The Lexington-Fayette Urban County Airport Board (the “Airport Board”)<sup>1</sup> has previously entered into certain continuing disclosure agreements in connection with the issuance of airport revenue bonds (the “Existing Airport Disclosure Agreements”). While the Airport Board is currently in compliance with respect to its undertakings pursuant to the Existing Airport Disclosure Agreements, the Airport Board did not file certain prior annual financial information and operating data over the past five years in a timely manner, as set forth below:

(A) On December 22, 2011, the Airport Board filed its audited financial statements for its fiscal year ended June 30, 2011. The deadline for such filing was November 19, 2011. On September 7, 2016, the Airport Board filed a notice of such late filing with the MSRB through EMMA.

(B) On December 28, 2012, the Airport Board filed its audited financial statements for its fiscal year ended June 30, 2012. The deadline for such filing was October 26, 2012. On September 7, 2016, the Airport Board filed a notice of such late filing with the MSRB through EMMA.

(C) On February 4, 2014, the Airport Board filed its audited financial statements for its fiscal year ended June 30, 2013. The deadline for such filing was October 25, 2013. On September 7, 2016, the Airport Board filed a notice of such late filing with the MSRB through EMMA.

(D) On February 4, 2014, the Airport Board filed the annual financial information with respect to the Airport Board required pursuant to the previous undertakings (the “Board Annual Financial Information”) for its fiscal year ended June 30, 2013. The deadline for such filing was January 26, 2014. On September 7, 2016, the Airport Board filed a notice of such late filing with the MSRB through EMMA.

(E) On July 20, 2016, the Airport Board filed the Airport Board Annual Financial Information for its fiscal year ended June 30, 2015. The deadline for such filing was January 26, 2016. On July 23, 2016, the Airport Board filed a notice of such late filing with the MSRB through EMMA.

## **Current and Future Disclosure**

The Lexington-Fayette Urban County Government and its agencies listed above have procedures in place to assure compliance with the Rule and the respective continuing disclosure agreements in the future and, except for the late filings mentioned above, are in compliance with the continuing disclosure undertaking requirements of the Rule in connection with the respective bonds which are subject to such requirements. The Lexington-Fayette Urban County Government and its agencies intend to make timely disclosure in the future.

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<sup>1</sup> The Airport Board is an agency of the Lexington-Fayette Urban County Government.



## TAX TREATMENT

### Series 2020A Bonds

**General.** In the opinion of Bond Counsel for the Series 2020A Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series 2020A Bonds is excludible from gross income for Federal income tax purposes. Bond Counsel for the Series 2020A Bonds is also of the opinion that interest on the Series 2020A Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. The Lexington-Fayette Urban County Government has not designated the Series 2020A Bonds as “qualified tax-exempt obligations” with respect to certain financial institutions under Section 265 of the Code. Furthermore, Bond Counsel for the Series 2020A Bonds is of the opinion that interest on the Series 2020A Bonds is exempt from Kentucky income taxation and the Series 2020A Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A form of the opinion of Bond Counsel regarding the Series 2020A Bonds is attached as **Appendix D-1** to the POS.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series 2020A Bonds. The Issuer has covenanted to comply with certain restrictions designed to ensure that interest on Series 2020A Bonds will not be includible in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2020A Bonds being includible in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series 2020A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2020A Bonds may adversely affect the tax status of the interest on the Series 2020A Bonds.

Certain requirements and procedures contained or referred to in the Series 2020A Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2020A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2020A Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Series 2020A Bonds is of the opinion that interest on the Series 2020A Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Series 2020A Bonds is excludible from gross income for Kentucky income tax purposes, and the Series 2020A Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2020A Bonds may otherwise affect a Holder’s Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Holder or the Holder’s other items of income or deduction. Bond Counsel expresses no opinions regarding any tax

consequences other than what is set forth in its opinion and each Holder or potential Holder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Series 2020A Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership or disposition of the Series 2020A Bonds may result in other collateral federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits, under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Series 2020A Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of Series 2020A Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Series 2020A Bonds.

Prospective purchasers of the Series 2020A Bonds are advised to consult their own tax advisors prior to any purchase of the Series 2020A Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Series 2020A Bonds, as well as pending or proposed federal and state legislation and court proceedings.

### **Series 2020 Taxable Refunding Bonds**

In the opinion of Bond Counsel for the Series 2020 Taxable Refunding Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series 2020 Taxable Refunding Bonds is not excludible from the gross income for Federal income tax purposes. Furthermore, Bond Counsel for the Series 2020 Taxable Refunding Bonds is of the opinion that interest on the Series 2020 Taxable Refunding Bonds is exempt from Kentucky income taxation and the Series 2020 Taxable Refunding Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. The form of the opinion of Bond Counsel regarding the Series 2020 Taxable Refunding Bonds is attached as **Appendix D-2** to the POS. For additional information see “TAX TREATMENT – Series 2020 Taxable Refunding Bonds” in the POS.

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If, prior to the delivery of the Series 2020 Bonds, any event shall occur which alters the tax-status of the Series 2020 Bonds, the purchaser of the Series 2020 Bonds shall have the privilege of voiding the purchase contract by giving immediate written notice to the Lexington-Fayette Urban County Government, whereupon the amount of the good faith deposit of the purchaser of the Series 2020 Bonds will be returned to such purchaser, and all obligations of the parties will be terminated.

These Official Terms and Conditions of Bond Sale have been duly executed and delivered for and on behalf of the Lexington-Fayette Urban County Government by its Mayor.

/s/ Linda Gorton

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Mayor

Lexington-Fayette Urban County Government

**EXHIBIT A-1**

**FORM OF ISSUE PRICE CERTIFICATE  
(IN CASE OF RECEIPT OF AT LEAST 3 QUALIFIED BIDS  
FOR THE SERIES 2020A BONDS)**

**ISSUE PRICE CERTIFICATE**

Re: \$ \_\_\_\_\_ Lexington-Fayette Urban County Government Various Purpose  
General Obligation Bonds, Series 2020A

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

**1. Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Issuer* means Lexington-Fayette Urban County Government.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 17, 2020.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G] and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

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

Dated: [ISSUE DATE]

**SCHEDULE A TO EXHIBIT A-1  
EXPECTED OFFERING PRICES**

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**SCHEDULE B TO EXHIBIT A-1  
COPY OF BID**

**EXHIBIT A-2**

**FORM OF ISSUE PRICE CERTIFICATE  
(IN CASE OF RECEIPT OF LESS THAN 3 QUALIFIED BIDS  
FOR THE SERIES 2020A BONDS)**

**ISSUE PRICE CERTIFICATE**

Re: \$ \_\_\_\_\_ Lexington-Fayette Urban County Government Various Purpose  
General Obligation Bonds, Series 2020A

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([SHORT NAME OF UNDERWRITER])[, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. **Sale of the General Rule Maturities.** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in *Schedule A*.

2. **Initial Offering Price of the Hold-the-Offering-Price Maturities.**

(a) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Schedule A* (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Schedule B*.

(b) As set forth in the Official Terms and Conditions of Bond Sale, [SHORT NAME OF UNDERWRITER] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. **CUSIP Number.** The CUSIP number assigned to the final maturity of the Bonds is [CUSIP NUMBER].

4. **Yield on the Bonds.** It computed the yield on the Bonds, [YIELD%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds is

the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter's discount.

5. **Weighted Average Maturity.** The "weighted average maturity" of the Bonds has been calculated to be \_\_\_\_\_ years. The weighted average maturity is the sum of the products of the respective Initial Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Initial Offering Prices of the Bonds as of the date hereof.

6. **Defined Terms.**

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means Lexington-Fayette Urban County Government.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 17, 2020.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).



The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G] and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER] [REPRESENTATIVE]

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

Dated: [ISSUE DATE]

**SCHEDULE A TO EXHIBIT A-2**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

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**SCHEDULE B TO EXHIBIT A-2**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**