

ORDINANCE NO.16-29
CITY OF RICHMOND, KENTUCKY
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

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ORDINANCE NO. 16-29

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF RICHMOND, KENTUCKY, PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016 FOR THE PURPOSE OF PROVIDING FUNDS NECESSARY TO REFUND CERTAIN OBLIGATIONS OF THE CITY; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE BONDS ARE TO BE ISSUED AND OUTSTANDING; ORDERING AND PROVIDING FOR THE LEVY OF AN ANNUAL TAX, TO THE EXTENT NECESSARY, IN AN AMOUNT SUFFICIENT TO PAY THE INTEREST ON AND PRINCIPAL OF THE BONDS; AND PROVIDING FOR A PUBLIC SALE OF THE BONDS AND THE APPLICATION OF THE PROCEEDS THEREOF

WHEREAS, the City of Richmond, Kentucky (the “City”) on July 17, 2007 issued its City of Richmond, Kentucky Water, Gas and Sewer Revenue Bonds, Series 2007, in the original principal amount of \$3,695,000, which bonds were issued to provide funds to construct a portion of a raw water intake and pumping station and system wide rehabilitation of sources of inflow/infiltration, mainline deficiencies, lift station upgrades and the installation of storm water infrastructure for the City’s combined and consolidated water, gas and sewer system (the “System”), and

WHEREAS, the City deems it necessary to borrow money to finance the cost to refund all or a portion of the City of Richmond, Kentucky Water, Gas and Sewer Revenue Bonds, Series 2007 (the “Refunded Bonds”), to achieve interest cost savings, and

WHEREAS, to refund the Refunded Bonds, the City desires to issue its General Obligation Refunding Bonds, Series 2016, in the amount of \$2,430,000 (subject to adjustment upward by an amount not to exceed 10% or downward by any amount) [the “Bonds”], the payment of the principal thereof and interest thereon is secured by the full faith, credit and resources of the City which is hereby pledged for such purpose, and

WHEREAS, to refund the Refunded Bonds it is now appropriate for the City to cause the sale and issuance of the Bonds according to authority of Chapters 158 and 159 of the Constitution of Kentucky and applicable laws, as amended, including Sections 66.011 through 66.171 of the Kentucky Revised Statutes (the “Act”); and

WHEREAS, upon the issuance of the Bonds the total indebtedness of the City within the meaning of Section 158 of the Constitution of Kentucky, as amended, and the total net indebtedness of the City within the meaning of the Act, do not exceed 10% of the total value of taxable property within the City, as determined by the last certified assessment with respect to such property; and

WHEREAS, it is the desire and intent of the City at this time to adopt this Ordinance that, among other things, authorizes and provides for the issuance of the Bonds for the purposes aforesaid and sets forth the restrictions and conditions on which the Bonds are to be issued and outstanding;

NOW, THEREFORE BE IT ORDAINED BY THE CITY OF RICHMOND, BOARD OF COMMISSIONERS, AS FOLLOWS:

- (1) The City of Richmond Board of Commissioners does hereby authorize and provide for the issuance of General Obligation Refunding Bonds in the principal amount of \$2,430,000 (subject to adjustment upward by an amount not to exceed 10% or downward by any amount) to refund all or a portion of the City of Richmond, Kentucky Water, Gas and Sewer Revenue Bonds, Series 2007 to achieve interest cost savings.
- (2) The Bond Ordinance is attached hereto.

This Ordinance shall be in full force and effect upon second reading and adoption by the City of Richmond Board of Commissioners.

Date of First Reading: October 11, 2016
Motion By: Commissioner Baird
Seconded By: Commissioner Blythe

Date of Second Reading: October 25, 2016
Motion By: Commissioner Blythe
Seconded By: Commissioner Baird

Vote:	Yes	No
Commissioner Baird	x	
Commissioner Blythe	x	
Commissioner Morgan	x	
Commissioner Newby	x	
Mayor Barnes	x	

Mayor

Attest:

City Clerk

Section 1. Definitions.

As used in this Ordinance, unless the context requires otherwise, the following terms shall have the following respective meanings:

“*Act*” refers to Chapter Sections 66.011 through 66.171, inclusive, of the Kentucky Revised Statutes.

“*Bond Counsel*” refers to Rubin & Hays, 450 South Third Street, Louisville, Kentucky, or any other nationally recognized individual or firm in the field of municipal bond law.

“*Bond Register*” means the books and records maintained by the Bond Registrar as to the registered ownership and transfers of ownership of the Bonds from time to time.

“*Bond Registrar*” or “*Registrar*” or “*Paying Agent*” or “*Transfer Agent*” refers to the bank that constitutes the Bond Registrar, Paying Agent and Transfer Agent with respect to the Bonds, which bank will have the duties and responsibilities of (a) issuing semiannual checks in payment of interest requirements as to the Bonds, (b) paying the principal of same at maturity or applicable mandatory redemption or optional redemption prior to maturity upon surrender of the Bonds, (c) authenticating, issuing and delivering the Bonds to the original purchasers of same in accordance with the sale of the Bonds, at the written direction of the City, (d) maintaining the Bond Register, and (e) handling exchanges, cancellations, reissuance, redemption and all apparent duties of a Bond Registrar, Paying Agent and Transfer Agent with respect to the Bonds, as hereinafter set out. The Bond Registrar, Paying Agent and Transfer Agent hereby designated is U.S. Bank National Association, Louisville, Kentucky. Provided, however, it is understood that the City reserves the right to designate a different Federal Deposit Insurance Corporation instrumentality to perform any and all of such functions of Bond Registrar, Paying Agent and Transfer Agent as to the Bonds.

“*Bondholder*” or “*Holder*” refers to the registered owner of any of the Bonds.

“*Bonds*” refers to the City of Richmond, Kentucky General Obligation Refunding Bonds, Series 2016, dated the date of initial delivery thereof.

“*Book-Entry Form*” means, with respect to the Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in Bonds and bond service charges may be transferred only through a book-entry and (ii) physical Bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as Holder, with the physical Bond certificates in the custody of a Securities Depository.

“*Board*” or “*Richmond Utilities Board*” refers to the Richmond Utilities Board created by ordinance enacted by the City of Richmond on November 29, 1954, vesting the management, control and operation of the municipal water, gas and sewer system in such Board.

“*Business Day*” means any day other than a Saturday, Sunday or holiday or a day on which banks located in the city or cities in which the designated corporate trust office of the

Paying Agent is located are required or authorized to close for general banking business or on any day on which the New York Stock Exchange is closed.

“*City*” refers to the City of Richmond, Kentucky.

“*City Attorney*” refers to the appointed City Attorney of the City.

“*City Manager*” refers to the appointed City Manager of the City.

“*City Commission*” shall mean the City Commission of the City.

“*Code*” refers to the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

“*Costs of Issuance Fund*” refers to the City of Richmond, Kentucky General Obligation Refunding Bonds Cost of Issuance Fund created in Section 18 of this Ordinance.

“*Costs of the Refunding Program*” means and includes the following:

- (a) the cost of publishing any proceedings, if any, as may be required by law;
- (b) the fee and out-of-pocket expenses of Bond Counsel, the fee and out-of-pocket expenses of the City Attorney, the fee and out-of-pocket expenses of the Escrow Agent and its counsel, the fee and out-of-pocket expenses of the Paying Agent and its counsel, and the fee and out-of-pocket expenses of the Financial Advisor;
- (c) any discount below par, as determined at the public sale of the Bonds;
- (d) the costs of refunding the Refunded Bonds; and
- (e) all other costs and expenses, necessary to be incurred in connection with the Refunding Program.

“*Depository*” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“*Escrow Agreement*” refers to the agreement between the City and the Escrow Bank, authorized pursuant to this Ordinance, providing for the deposit of sufficient funds in the Escrow Account created in the Escrow Agreement to provide for the payment of principal of and interest on the Refunded Bonds as same mature and/or as same may be called for redemption prior to maturity.

“*Escrow Bank*” refers to The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, where funds will be escrowed to pay all principal and interest on the Refunded Bonds as same become due and/or as such Refunded Bonds may be called for redemption in advance of maturity.

“*Escrow Fund*” refers to the City of Richmond, Kentucky General Obligation Bond Series 2007 Escrow Fund created in the Escrow Agreement, and discussed in detail in Section 18 of this Ordinance.

“*Final Maturity Date*” refers to July 1, 2027.

“*Financial Advisor*” refers to Civic Finance Advisors, LLC, Lexington, Kentucky.

“*Funds*” refers to the Sinking Fund, the Costs of Issuance Fund and the Escrow Fund.

“*General Obligation Debt*” means, collectively, the Bonds as may be Outstanding from time to time, as well as all other general obligation debt of the City (including bonds, notes, commercial paper and any other debt instruments in writing, authorized by or issued as general obligations of the City pursuant to or in accordance with the Act) and bond anticipation notes of the City, if any, as may be issued and outstanding from time to time under the Act.

“*Interest Payment Date*” shall mean January 1 and July 1 of each year, commencing July 1, 2017 and continuing through and including the Final Maturity Date or until the Bonds have been paid in full.

“*KRS*” refers to the Kentucky Revised Statutes, as amended.

“*Mayor*” refers to the elected Mayor of the City.

“*Outstanding*” or “*Bonds Outstanding*” means all Bonds that have been authenticated and delivered by the Paying Agent under this Ordinance, except:

(a) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds and/or noncallable U.S. Obligations have been theretofore deposited with the Paying Agent (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption has been given or arrangements satisfactory to the Paying Agent has been made therefor, or waiver of such notice satisfactory in form to the Paying Agent, has been filed with the Paying Agent; and

(c) Bonds paid or deemed to be paid pursuant to Section 19 of this Ordinance; and

(d) Bonds in lieu of which others have been authenticated under Section 13 of this Ordinance.

“*Participants*” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository and for whom the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

“*Paying Agent*” refers to U.S. Bank National Association, Louisville, Kentucky, which has been designated to serve as Paying Agent under this Ordinance.

“*Permitted Investments*” refers to the following:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in the Commonwealth of Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- i. United States Treasury;
- ii. Export-Import Bank of the United States;
- iii. Farmers Home Administration;
- iv. Government National Mortgage Corporation; and
- v. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including but not limited to:

- i. Federal Home Loan Mortgage Corporation;
- ii. Federal Farm Credit Banks;
- iii. Bank for Cooperatives;
- iv. Federal Intermediate Credit Banks;
- v. Federal Land Banks;
- vi. Federal Home Loan Banks;
- vii. Federal National Mortgage Association; and
- viii. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated on one (1) of the three (3) highest categories by a nationally recognized rating agency;

(f) Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

(g) Commercial paper rated in the highest category by a nationally recognized rating agency;

(h) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

(j) Shares of mutual funds, each of which shall have the following characteristics:

- i. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
- ii. The management company of the investment company shall have been in operation for at least five (5) years; and
- iii. All of the securities in the mutual fund shall be eligible investments under this section.

Investments in the above instruments are subject to the following conditions and limitations:

(a) The amount of money invested at any time by a local government or political subdivision in one (1) or more of the categories of investments authorized by subsection (e), (f), (g), and (i) of this definition shall not exceed twenty percent (20%) of the total amount of money invested by the local government; and

(b) No local government or political subdivision shall purchase any investment authorized herein on a margin basis or through the use of any similar leveraging technique.

“Pledged Receipts” means amounts received by or on behalf of the City (including but not limited to ad valorem property taxes as permitted by law, occupational license fees, insurance premium taxes, excises, utility and service revenues and any other receipts from taxes, excises, permits, licenses, fines or other source of revenue of, or of revenue distributions to, the City).

“*Project*” refers to the construction of a portion of a raw water intake and pumping station and system wide rehabilitation of sources of inflow/infiltration, mainline deficiencies, lift station upgrades and the installation of storm water infrastructure, the cost of which was financed with the proceeds of the Series 2007 Bonds.

“*Record Date*” shall mean with respect to any Interest Payment Date, the close of business on December 15 or June 15, as the case may be, next preceding such Interest Payment Date, whether or not such December 15 or June 15 is a business day.

“*Refunded Bonds*” refers to some or all of the maturities of the outstanding Series 2007 Bonds.

“*Refunding Program*” refers to refunding the Refunded Bonds with the proceeds of the Bonds.

“*Regulations*” refers to the applicable Federal income tax regulations issued by the Department of Treasury of the United States of America interpreting the Code.

“*Securities Depository*” means any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

“*Securities Depository Nominee*” means any nominee of a Securities Depository and will initially mean Cede & Co., New York, New York, as nominee of The Depository Trust Company.

“*Series 2007 Bonds*” refers to the City of Richmond, Kentucky Water, Gas and Sewer Revenue Bonds, Series 2007, dated July 17, 2007, in the original principal amount of \$3,695,000.

“*Sinking Fund*” refers to the City of Richmond, Kentucky General Obligation Refunding Bonds Sinking Fund, created in Section 18 of this Ordinance.

“*System*” or “*Combined Utility System*” refers to the combined and consolidated water, gas and sewer system of the City.

“*Term Bonds*” refers to the Bonds, if any, which are required to be mandatorily redeemed in accordance with the provisions of Section 14 hereof.

“*U.S. Obligations*” means bonds or notes that are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

Section 2. Words of Masculine Gender; Plural as Well as Singular Form.

Words of the masculine gender will be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words and terms herein defined will be equally applicable to the plural as well as to the singular form of any of such words and terms. All words and terms used in this Ordinance have the meaning set forth therein. Unless otherwise indicated, references to Articles or Sections refer to those in this Ordinance.

Section 3. Authorization of Bonds.

For the purpose of defraying the Costs of the Refunding Program under the Act, the City is authorized to issue and sell its negotiable Bonds, dated the date of initial delivery thereof, in the principal amount of \$2,430,000 (subject to adjustment upward by an amount not to exceed 10% or downward by any amount), numbered consecutively beginning with R-1 and issued as fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. Said Bonds will bear interest payable semiannually at a rate or rates to be fixed as a result of the public sale of the Bonds as required by law.

Section 4. Interest Payable Semiannually.

The Bonds will bear interest, to be set by a public sale, from the date of initial delivery thereof, payable semiannually as anticipated on the Interest Payment Date.

Section 5. Place of Payment.

Interest on each Bond not registered in Book-Entry Form to a Securities Depository will be payable by check mailed by the Bond Registrar to the Holder thereof as of the Record Date, at the address shown on the registration books kept by the Bond Registrar or at such other address as is furnished to the Bond Registrar in writing by such Holder. The principal of and premium, if any, on the Bonds not registered in Book-Entry Form to a Securities Depository will be payable, without exchange or collection charges, in lawful money of the United States of America on their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption or acceleration, at the designated corporate trust office of the Bond Registrar.

Principal of, premium, if any, and interest on Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee will be payable by wire transfer from the Bond Registrar to the Securities Depository or its nominee. So long as any Bonds remain Outstanding, the Bond Registrar shall keep and maintain at its designated corporate trust office complete registration records in respect of the Bonds and shall provide for the registration of transfer and exchange of the Bonds in accordance with the terms of this Ordinance, subject to such reasonable procedures and regulations as the Bond Registrar may prescribe.

Section 6. Principal Amount and Maturities.

The total principal amount and the maturities of said Bonds will be finally determined by the Mayor in accordance with the provisions of Section 14 hereof; provided that the Bonds will mature no later than the Final Maturity Date.

Subject to the provisions of this Section, (i) the principal of and any premium on any Bond will be payable when due (a) on any Bond held in a Book-Entry Form, registered in the name of a Depository or its nominee, in next day or federal funds by check or wire transfer delivered or transmitted to the Depository or its authorized representative upon presentation and surrender of such Bond at the designated office of the Paying Agent or at the office, designated by the Paying Agent, of any Paying Agent, and (b) on any Bond not in a Book-Entry Form, to a Holder upon presentation and surrender of such Bond at the principal office of the Paying Agent or at the office designated by the Paying Agent, and (ii) interest on any Bond will be paid on each Interest Payment Date (a) on any Bond held in a Book-Entry Form, registered in the name of a Depository or its nominee, in next day or federal funds by check or wire transfer delivered or transmitted to the Depository or its authorized representative and (b) on any Bond not in a Book-Entry Form, to the person in whose name the Bond is registered at the close of business on the Record Date applicable to that Interest Payment Date on the Register at the address appearing therein by check or draft, which the Paying Agent shall cause to be mailed on the Interest Payment Date when such interest is due.

Anything herein to the contrary notwithstanding, in the case of any Bonds registered in the name of the Depository or its nominee, the Paying Agent shall comply with the requirements stated in the Depository Operational Arrangements memorandum dated June 29, 1987 (as it may be amended, modified or superseded) and with the provisions of the Letter of Representations from each of them to the Depository executed and delivered with respect to the Bonds. Specifically, the Paying Agent shall make payments on the Bonds and will provide notices of redemption to the Depository in the manner and at the times set forth in such memorandum and shall regard the Depository as the Holder of such Bonds for all purposes hereunder, except for the purpose of giving any consent requested of Holders of Bonds pursuant to this Ordinance, in which case the Depository will mail an Omnibus Proxy to the City that assigns the Depository's or its nominee's voting rights to the participants in the Depository having the Bonds credited to their accounts as of the record date for mailing of requests for consents (who are identified in a list attached to the Omnibus Proxy). The City agrees hereby to promptly provide the Omnibus Proxy to the Paying Agent, which shall then treat the Participants as Holders of Bonds for purposes of obtaining such consents.

Section 7. Redemption Provisions.

(a) *Optional Redemption.* The Bonds will not be subject to optional redemption prior to maturity.

(b) *Mandatory Redemption.* The Term Bonds, if any, must be mandatorily redeemed on July 1 in each of the respective years set forth in the mandatory redemption schedule set forth in the Sale Certificate. The Term Bonds to be so redeemed will be selected by the Bond Registrar by lot in such manner as may be determined in the discretion of the Bond Registrar. Such Term Bonds due will be so mandatorily redeemed at 100% of the aggregate principal

amounts specified in accordance with the provisions of Section 14 hereof for each year plus accrued interest to the respective dates of mandatory redemption.

At the option of the City, to be exercised at least 45 days prior to the date for application of the mandatory redemption of the Term Bonds, if any, the City may receive a credit against the mandatory redemption requirement for Term Bonds subject to the application of such mandatory redemption requirement which, prior to the date for application of such requirement (and for which a credit has not previously been taken) (i) have been redeemed other than through the application of such mandatory redemption procedure, and cancelled by the Bond Registrar, or (ii) have been delivered to the Bond Registrar by the City for cancellation.

(c) *Redemption of Less Than All of a Single Bond.* In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a denomination equal to \$5,000 or any integral multiple thereof, if the Bond is one of the maturities or amounts or part of the maturities or amounts called for redemption. Upon surrender of any Bond for redemption in part, the Registrar shall authenticate and deliver an exchange Bond or Bonds in an aggregate denomination equal to the unredeemed portion of the Bond so surrendered.

(d) *Notice of Redemption.* The Paying Agent shall give notice of redemption by first class mail, postage prepaid, mailed not less than 25 nor more than 60 days prior to the redemption date to each Bondholder to be redeemed or tendered at the address of such Bondholder appearing in the Bond Register, and also to such other Persons as the City shall deem appropriate.

Neither the failure of any Bondholder to receive notice mailed as provided herein nor any defect in notice so mailed will affect the validity of the proceedings for redemption in accordance with this Ordinance.

All notices of redemption shall state:

- (i) the redemption date;
- (ii) the redemption price (including premium, if any);
- (iii) the name of the Bonds to be redeemed, the principal amount of Bonds to be redeemed, and, if less than all Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (iv) that on the redemption date, the redemption price, as appropriate, of each such Bond will become due and payable, that interest on each such Bond will cease to accrue on and after such date, and that each such Bond will be deemed to have been redeemed;
- (v) the place or places where such Bonds must be surrendered for payment of the redemption price thereof; and
- (vi) such additional information as the City or the Paying Agent shall deem appropriate.

Notice of redemption having been given as aforesaid, the Bonds so to be redeemed will become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the City defaults in the payment of the redemption price) such Bonds will cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond will be paid at the redemption price thereof.

Section 8. Tax Levy and Pledge; Sinking Fund.

The Bonds are general obligations of the City and the full faith, credit and taxing power of the City are hereby irrevocably pledged to the prompt payment of the principal of and interest (and premium, if any) on the Bonds when due.

As general obligations of the City, the Bonds will be and hereby are declared to be payable in accordance with the Act from all lawfully available Pledged Receipts (including, but not by way of limitation, any moneys attributable to Bond proceeds or the income from the temporary investment thereof, moneys held in the Funds and any other moneys held by the Paying Agent for the benefit of the Bonds); provided there will be no impairment of the express contract rights, if any, of the holders of outstanding bonds of the City. No liability will attach to the officials or representatives of the City for the payment of principal of or interest (or premium, if any) on the Bonds.

For the purpose of providing funds required to pay the interest on the Bonds (as well as all other General Obligation Debt, if any) as and when the interest becomes due and in order to create a sinking fund to pay and discharge the principal thereof (and premium, if any) as the Bonds and any other General Obligation Debt become due, and pursuant to and in compliance with (i) Section 159 of the Constitution of the Commonwealth and (ii) the Act, there shall be and there is hereby levied on all of the taxable property within the jurisdiction of the City, beginning as of the date hereof and continuing in each year as long as any of the Bonds are Outstanding or any other General Obligation Debt is outstanding, a direct annual tax sufficient, to the extent other lawfully available moneys of the City are not provided, for that purpose, which tax shall be unlimited as to rate or amount. The City hereby covenants and pledges to levy, charge, collect, deposit and apply the proceeds of such special annual tax to the payment of such debt charges on the Bonds and any other General Obligation Debt. The City acknowledges, however, that in the current fiscal year no such special annual tax would actually be required to be levied or collected in order for the City to make payments on the Bonds (and such other General Obligation Debt, if any) when due, there being sufficient other moneys lawfully available to the City for the making of such payments. The City further acknowledges that in no future fiscal year does the City currently expect that a special annual tax would actually be required to be levied or collected for the City to make payments on the Bonds (and such other General Obligation Debt, if any) when due, the City having projected there will be sufficient other moneys lawfully available to the City for the making of such payments.

Any and all proceeds derived from the special annual tax authorized above and levied from time to time, together with other lawfully available moneys of the City provided for the purpose, shall be deposited and carried in a separate and special account of the City (specifically, the Sinking Fund hereinafter provided for), held apart from all other funds of the City, and shall be applied only for the purpose of paying the principal of and interest (and premium, if any) on

the Bonds as provided in this Bond Ordinance and any other General Obligation Debt, if any. The proceeds of the special annual tax and the balances accumulated from time to time in the Sinking Fund are hereby irrevocably pledged for the purpose of paying the principal of and interest (and premium, if any) on the Bonds and any other General Obligation Debt, if any, and shall never be used for any other purpose. The City hereby covenants and pledges with the Bondholders that the City will levy the special annual tax in each year at whatever rates may be necessary from time to time in order to produce the amounts required in each year, to the extent funds are not otherwise provided, to pay the principal of and interest (and premium, if any) on the Bonds and such other General Obligation Debt, if any, when due.

If principal or interest (or premium, if any) on the Bonds or any other General Obligation Debt should fall due in any year at a time when there are insufficient funds on hand, collected by reason of the foregoing special annual tax levy, such principal and interest (and premium, if any) shall be paid from other available funds of the City and reimbursement therefor shall be made out of the special annual tax hereby provided, when the same has been collected.

This Bond Ordinance also constitutes a continuing appropriation from such taxes and all other lawfully available Pledged Receipts, of the sum annually necessary to pay the principal of and interest (and premium, if any) on the Bonds and such other General Obligation Debt when due. The Mayor is hereby authorized to collect taxes and any other amounts received by or on behalf of the City, and to apply the same to the payment of debt charges on the Bonds and such other General Obligation Debt and all other obligations due or coming due under the Bond Ordinance or otherwise with respect to such General Obligation Debt.

Payment of the principal of and interest (and premium, if any) on the Bonds and such other General Obligation Debt when due in accordance with the foregoing provisions is subject only to the prior application of the Pledged Receipts in accordance with the express contract rights, if any, of the holders of outstanding bonds of the City, as provided pursuant to the Act.

All moneys held in the Sinking Fund shall be deposited in a bank or banks that are members of the Federal Deposit Insurance Corporation ("FDIC"), and all such deposits that cause the aggregate deposits of the City in any one bank to be in excess of the amount insured by FDIC shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Sinking Fund may be invested in Permitted Investments, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Sinking Fund.

Section 9. Bond Form.

The Bonds will be in substantially the form set forth in Exhibit A attached hereto.

Section 10. Execution of the Bonds.

The Bonds will be executed on behalf of the City and signed with the facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk.

Section 11. Bonds Will Be Fully Registered.

The Bonds will be fully registered and transferred and assigned in accordance with the written authorized instruction of the registered Holder by the Bond Registrar. The Bond Registrar will establish and maintain a list of the registered Holders.

Section 12. Authentication of Bonds by Paying Agent.

The Bonds herein authorized will, upon the signing and execution thereof, be duly authenticated by the Paying Agent, and delivered by it pursuant to the written order of the Mayor, and only such Bonds as are authenticated by the Paying Agent or by any successor Paying Agent by the signing of the Paying Agent's Certificate of Authentication endorsed thereon will be secured by this Ordinance and be entitled to any benefit or pledge herein; and such duly executed Certificate will be conclusive evidence that the Bonds so authenticated have been duly issued, are authentic, and are entitled to the benefit of the trust hereby created.

Section 13. Registration and Payment.

All Bonds shall be registered as to both principal and interest on the books of the City maintained at the designated corporate trust office of the Paying Agent. No transfer of any Bonds shall be valid unless made on said books at the request of the registered Holder in person or by his attorney duly authorized in writing, and similarly noted on such Bond. The Paying Agent, as Registrar, shall not be required to transfer or exchange any Bond on any date that is after the fifteenth day of the month preceding any Interest Payment Date, or during any period beginning 15 days prior to the selection by the Paying Agent of Bonds to be redeemed prior to maturity and ending on the date of mailing of notice of any such redemption. The person in whose name a Bond is registered upon the books of the City shall be deemed the Holder thereof for all purposes.

The Bonds may be issued in printed form or may be issued solely in Book-Entry Form in the name of the Securities Depository to be held in a book-entry system in which event: (i) the Bonds shall be registered in the name of the Securities Depository or the Securities Depository Nominee, as Bondholder, and immobilized in the custody of the Securities Depository; (ii) there shall, unless otherwise requested by the Securities Depository, be a single Bond certificate representing the aggregate principal amount of the Bonds; and (iii) the Bonds shall not be transferable or exchangeable, except for transfer to another Securities Depository or the Securities Depository Nominee without further action by the City as set forth in the next succeeding paragraph of this Section.

If any Securities Depository determines not to continue to act as a Securities Depository for the Bonds held in a Book-Entry Form, the City may attempt to have established a securities depository/Book-Entry system relationship with another Securities Depository under this Ordinance. If the City does not or is unable to do so, the City and the Paying Agent, after the Paying Agent has made provision for notification of the Holders of Book-Entry interests by appropriate notice to the then Securities Depository, shall permit withdrawal of the Bonds from the Securities Depository and shall authenticate and deliver Bond certificates in fully registered form to the assignees of the Securities Depository or its nominee based on information provided to the Paying Agent by the Securities Depository. If the event is not the result of City action or

inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Bonds), of those persons requesting that authentication and delivery. Such replacement Bonds shall be in the denominations specified in Section 3.

Section 14. Conditions of Sale of Bonds.

The Bonds will be sold at public sale immediately after public advertisement as required by Chapter 424 of the Kentucky Revised Statutes, and the Mayor is authorized and directed to make such advertisement of a Notice of Bond Sale in such form as may be prepared by Bond Counsel and as may be recommended by the Financial Advisor.

Said bids will be received in the office of the Mayor and the Mayor will accept the successful bid for the respective Bonds, determine the exact principal amount, principal maturities, Term Bonds, if any, at the amounts and maturity dates, and rates of interest that said respective Bonds shall bear, provided that the true interest cost on the respective Bonds shall not exceed 6%, and the principal amount, principal maturities and interest rates of said Bonds shall be automatically fixed at the principal amount, principal maturities and interest rates set out in said successful bid accepted by the Mayor in a certificate, without the necessity of any further action by the Mayor or the City Commission fixing said principal amount, principal maturities and interest rates.

Forms of "Notice of Bond Sale," "Official Terms and Conditions of Sale of Bonds" and "Bid Form" in substantially the forms attached hereto as Exhibits B, C, and D, respectively, are hereby approved. The Notice of Bond Sale will be used for the purpose of publishing notice of the sale of the Bonds. Copies of the Official Terms and Conditions of Sale of Bonds and Bid Form shall be furnished to a list of interested bidders and to any interested parties who may request the same.

If for any reason it is determined that no bid should be accepted when the Bonds are first offered for public sale, then, upon recommendation of the Financial Advisor, the Mayor is authorized to re-advertise, if required, such Bonds for public sale and to approve a revised Notice of Bond Sale, Bid Form and Official Terms and Conditions of Sale of Bonds, and to distribute same to prospective bidders, without the necessity of the City Commission taking any further action or granting any further authority for such proceedings.

Upon the date and at the hour set forth for the opening and consideration of purchase bids, as provided in the instruments hereinabove approved, the sealed bids theretofore received by the Mayor shall be publicly opened and publicly read by the Mayor. If there shall be one or more bids that conform in all respects to the prescribed terms and conditions, the Mayor shall, on the same day that such bids are received or as soon thereafter as reasonably possible, reject all bids or accept the best of such bids, as measured in terms of the lowest true interest cost to the City, as calculated in the manner prescribed in the "Official Terms and Conditions of Sale of Bonds," as is deemed in the best interest of the City.

If the Mayor accepts a purchase bid for the Bonds, the Mayor shall issue a Sale Certificate to that effect, supply proper evidence of such acceptance to the bidder submitting the

accepted bid, and thereupon arrangements shall be made for the Bonds to be printed and delivered in accordance therewith and with the Official Terms and Conditions of Sale of Bonds. The proceeds of the sale of said Bonds shall be used only for the purposes herein described.

Section 15. Disposition of Proceeds of Sale of Bonds.

(a) Upon the sale and delivery of the Bonds and upon receipt by the City of the purchase price thereof, the proceeds shall be applied as follows:

- (1) To deposit an amount equal to any collected accrued interest and any surplus funds on the Bonds for the period from the date thereof to the date of delivery thereof into the Sinking Fund,
- (2) To deposit such moneys in the Costs of Issuance Fund, as are necessary to pay the issuance expenses of the Bonds, and
- (3) There shall next be deposited with the Escrow Bank, in the Escrow Fund created in the Escrow Agreement between the City and the Escrow Bank, which Escrow Agreement is hereby authorized to be executed by the Mayor following the acceptance by the City of the successful bid for the purchase of the Bonds, a portion of the proceeds of the Bonds, which, when added to whatever sums are otherwise transferred into such Escrow Fund at that time, together with the contractual investment income to be realized from such total amount, will be sufficient to provide for the payment of the principal of and interest on the Refunded Bonds at maturity and/or upon redemption in advance of maturity.

(b) Pending disbursement for the authorized purposes, the proceeds of the Bonds shall be subject to a first and paramount lien and charge in favor of the owners of the Bonds and for their further security, and shall be invested by the Paying Agent as directed by the Mayor or the City Manager, who are jointly and severally charged with the responsibility for issuing the Bonds, in Permitted Investments. The investment of funds may be made or transacted by the Paying Agent through the Paying Agent's, or its affiliates', investment department.

Section 16. Arbitrage Limitation.

The City covenants that sums derived from the proceeds of the Bonds and from the revenues of the Project shall not be invested in investments that will produce a net adjusted yield that is in excess of the yield of the Bonds if such investment would cause such Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable Regulations thereunder; provided, however, that such proceeds may be invested to whatever extent and whenever such Code and/or applicable Regulations permit same to be invested without causing the Bonds to be treated as "arbitrage bonds".

The City further covenants to the Bondholders that:

(a) the City will make no use of the proceeds of the Bonds, or of the revenues of the Project that, if such use had been reasonably expected on the date of issuance of such Bonds, would have caused such Bonds to be "arbitrage bonds"; and

(b) that the City will comply with:

(i) all of the requirements of Section 148 of the Code; and

(ii) all of the requirements of the applicable Regulations thereunder, to whatever extent is necessary to assure that the Bonds shall not be treated as “arbitrage bonds”.

On the basis of known facts, circumstances and reasonable expectations in existence on the date of approval of this Ordinance, the City certifies as follows:

(a) that it is not expected that the proceeds of the Bonds, or the revenues of the Project, will be used in a manner that would cause such Bonds to be “arbitrage bonds”;

(b) that it is anticipated that amounts on deposit in the Sinking Fund will be used within thirteen (13) months from the date of deposit for the payment of debt service on the Bonds, and that, except for an amount equal to not more than the greater of (i) one-twelfth (1/12) of debt service requirements of the Bonds for the then ensuing year or (ii) one year’s earnings on the Sinking Fund, such Sinking Fund will be depleted through such application for current debt service requirements of the Bonds;

(c) that it is not anticipated that amounts will be accumulated in any reserve fund anticipated to be used for debt service on the Bonds in excess of 10% of the total issued principal amount of the Bonds; and

(d) that the original proceeds of the Bonds will not exceed by more than 5%, the amount required for the Refunding Program, and that there has therefore been no overissuance of the Bond.

Prior to or at the time of delivery of the Bonds, the Mayor and/or Treasurer of the City are authorized, based on information furnished to the City, to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by the Regulations, in order to assure that interest on the Bonds will be excludable from gross income for Federal income tax purposes and that the Bonds will not be treated as “arbitrage bonds”.

Section 17. Bank Eligibility and Rebate Provisions.

The City hereby certifies that it does not reasonably anticipate issuing “qualified tax-exempt obligations” during the calendar year in which the Bonds are being issued in excess of \$10,000,000, and, therefore, the City does hereby designate the Bonds as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3) of the Code.

The City covenants and agrees that in the event it is subsequently determined by the City, upon advice of nationally recognized bond counsel, that the Sinking Fund, or any other fund

established under this Ordinance, is subject to said rebate requirements and does, in fact, generate earnings from “non-purpose investments” in excess of the amount which said investments would have earned at a rate equal to the “yield” on the Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Paying Agent to be designated as the “City of Richmond, Kentucky General Obligation Refunding Bonds Rebate Fund,” which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America until the final retirement of the Bonds; the installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Bonds are deposited with the Paying Agent or any escrow agent.

Section 18. Creation of Funds.

(a) *Sinking Fund.* There is hereby created the “City of Richmond, Kentucky General Obligation Refunding Bonds Sinking Fund” (the “Sinking Fund”) to be deposited with the Paying Agent, into which there shall be set aside out of the proceeds of the sale of the Bonds the amount of any accrued interest accruing on said Bonds from their issuance date to their date of delivery and any surplus funds resulting from the sale of the Bonds. The Sinking Fund shall be used solely and only and is hereby pledged for the payment of the interest on and principal of the Bonds.

Funds on deposit in the Sinking Fund may be invested at the written direction of the City in accordance with KRS 66.480, in Permitted Investments. The Paying Agent may rely on such written directions as to both the suitability and the legality of the directed investment. All income earned from investment of moneys in the Sinking Fund (including the capitalized interest, if any, deposited therein) shall, as earned, be used to pay principal and interest on the Bonds.

No further payments need be made into the Sinking Fund whenever and so long as such amount of the Bonds shall have been retired that the amount then held in the Sinking Fund is equal to (or sufficient to defease) the entire amount of the interest and principal (and redemption premium, if any) that will be payable to and at the time of the retirement and/or maturity of all the Bonds then remaining outstanding.

(b) *Costs of Issuance Fund.* There is hereby separately created the “City of Richmond, Kentucky General Obligation Refunding Bonds Costs of Issuance Fund” (the “Costs of Issuance Fund”), which shall also be deposited with the Paying Agent as and when needed, into which Costs of Issuance Fund there shall be set aside and deposited the issuance costs of the Bond. Funds on deposit in the Costs of Issuance Fund shall not be invested and shall be held by the Paying Agent without liability for interest. On the payment or reimbursement of all costs of issuance of the Bonds, any proceeds of such Bonds or any investment earnings thereof remaining in the Cost of Issuance Account shall be transferred by the City Manager to the Sinking Fund.

The investment of funds shall be made by the Paying Agent upon and at the direction of the City. The investment of funds may be made or transacted by the Paying Agent through the Paying Agent’s, or its affiliates’, investment department.

(c) *Escrow Fund.* A special Escrow Fund to be maintained on deposit at the Escrow Bank shall be created in the Escrow Agreement, which Escrow Fund shall be designated and known as the City of Richmond, Kentucky General Obligation Bond Series 2007 Escrow Fund (the “Escrow Fund”). It is provided herein that there shall be deposited into said Escrow Fund whatever portion of the proceeds of the Bonds will be sufficient, when added to other funds, if any, made available by the City and deposited into said Escrow Fund (hereinafter collectively referred to as the “Escrowed Proceeds”) together with the contractual investment income to be realized from such Escrowed Proceeds, to provide for the payment of the principal of and interest on the Refunded Bonds at maturity and/or upon redemption in advance of maturity. An amount may be deposited in the Escrow Fund to pay the fee of the Escrow Bank.

Amounts on deposit in the Escrow Fund shall be earmarked, pledged, and held for credit to the account of the Escrow Fund created in the Escrow Agreement and shall be applied in accordance therewith.

(d) *Authorization to Subscribe for Government Securities and/or to Purchase Other Investments.* The City hereby gives authority to Mr. Charles S. Musson and Mr. Christian L. Juckett of Rubin & Hays, 450 South Third Street, Louisville, Kentucky 40202, Mr. Chris Bowling, Civic Finance Advisors, LLC, 360 E. Vine Street, Suite 110, Lexington, Kentucky 40507, and to any one of them, to act on behalf of the City in signing upon behalf of the City subscriptions for the purchase and issue of United States Treasury Certificates, Notes, or Bonds - State and Local Government Series, and/or other Investments, to be issued to the Escrow Bank, in connection with the application of the proceeds of the Bonds. The Mayor and/or the City Manager are authorized to send a letter to the Securities Division, Federal Reserve Bank, Louisville, Kentucky, or any other branches of the Federal Reserve Bank, and/or FDIC Banks, certifying as to the authority of such individuals.

Section 19. Defeasement.

If the City pays or cause to be paid, or there is otherwise paid as hereinafter set out in this Section, the principal and interest due or to become due thereon, at the times and in the manner provided herein, and all other amounts due to the Paying Agent shall have been paid, and if the City keeps, performs, and observes all and singular the covenants and promises in the Bonds and expressed herein to be kept, performed, and observed by it or on its part, then these presents, and the pledge, lien and other rights hereby granted shall cease, terminate, and be void, and thereupon the Paying Agent shall execute and deliver to the City such instruments in writing as shall be requisite to cancel the lien hereof, and assign and deliver to the City any pertinent property encumbered hereby that may then be in its possession, except funds, or securities in which such funds are invested, held by the Paying Agent and earmarked for the payment of principal of and interest on the Bonds.

All Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City has given to the Paying Agent in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said date as provided herein, (b) there has been deposited with the Paying Agent (1) moneys in an amount which shall be sufficient, and/or (2) U. S. Obligations, the principal of

which, with or without the interest on such principal, as the case may be, will provide moneys which together with other moneys, if any, deposited with the Paying Agent at the same time, is sufficient, to pay when due the principal and the interest due and to become due (and, where applicable, the redemption premium) on the Bonds on and prior to the redemption date and/or the maturity date thereof, as the case may be, and (c) in the event any of the Bonds are not to be redeemed in accordance with the redemption provisions hereof within the next succeeding 60 days, the City has given the Paying Agent, in form satisfactory to it, irrevocable instruction to give, as soon as practicable, in the same manner as a notice of redemption is required to be given herein, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Paying Agent, that said Bonds are deemed to have been paid in accordance with this Section, and stating such maturity and/or redemption date upon which moneys are to be available for the payment of the principal of and interest on said Bonds.

Nothing contained in this Section requires that any Bonds be redeemed in advance of maturity without the written consent of the City unless (a) such redemption is then considered by the Paying Agent to be in the best interests of the City and the Bondholders and (b) no right to defease the Bonds without redemption in advance of maturity has become vested.

No investment may be made by the City under this Section that would cause the Bonds to become “arbitrage bonds” within the meaning of Section 148 of the Code or the applicable Regulations thereunder.

Section 20. Escrow of Proceeds of Bonds will Fully Provide for Refunded Bonds.

Provisions thus having been made for the orderly payment until maturity and/or redemption of all of the principal of, premium, if any, and interest on the Refunded Bonds, as same are scheduled to mature and/or are called for prior redemption according to their terms, it is hereby recognized and acknowledged that as of the date of delivery of the Bonds, provision will have been made for the performance of all covenants and agreements of the City incident to the issuance of the respective Refunded Bonds, and that accordingly, and in compliance with all that has been heretofore provided, the City will have no further obligation with reference to the Refunded Bonds, except to assure that the Refunded Bonds are paid from the funds so escrowed in accordance with the provisions of the Escrow Agreement.

It is expressly provided and covenanted that all of the provisions for the payment of the principal of, premium, if any, and interest on the Refunded Bonds from the Escrow Fund, shall be strictly observed and followed in all respects, and the income from the Escrow Fund shall not be applied for any purpose other than the payment of principal of and interest on the Refunded Bonds at maturity and/or with full redemption in advance of maturity according to their terms until the date of scheduled final payment of the Refunded Bonds that have matured and/or have been called for prior redemption, after which time any surplus then remaining in the Escrow Fund in excess of the amount earmarked for matured and/or called Refunded Bonds not yet presented for payment, shall be treated as current revenues of the City and so applied.

Section 21. Covenant as to Insurance and Audits.

The City agrees that so long as any of the Bonds are outstanding it will cause the following covenants to be complied with:

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the City shall, upon receipt of the proceeds of the sale of the Bonds, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Bonds are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the City shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) *Liability Insurance on Facilities.* So long as any of the Bonds are outstanding, the City shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the City from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the City's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the City owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Bonds, the City shall, if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the City from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the City.

(d) *Audits.* It will, as soon as may be feasible after the close of each fiscal year, in any event, not later than two hundred ten (210) days thereafter, cause an audit of the financial affairs of the City to be made by a Certified Public Accountant or the State Auditor.

It will promptly mail or cause to be mailed, to the original purchaser of the Bonds, a copy of such audit report and will cause a copy of such audit report to be kept on file with the Paying Agent, where such copy will be subject to inspection at any reasonable time by or on behalf of any Holder of Outstanding Bonds. It will furnish or cause to be furnished a copy of such audit report to any Holder of said Bonds who shall request same in writing.

All expenses incurred in causing such audits to be made and copies distributed, shall constitute proper expenses of operating and maintaining said Project and shall be paid by the City as an expense of the Project in addition to the rentals and amounts otherwise required to be paid hereunder.

Section 22. Default; Remedies.

(a) The following shall be considered an “Event of Default” under this Ordinance:

(1) Failure to pay any installment of interest on the Bonds when the same becomes due and payable or within thirty (30) days thereafter (or within such period, shorter than thirty (30) days, if any, as may be permitted in the Bonds);

(2) Failure to pay the principal of, or premium, if any, on any Bond when due and payable, at maturity or on redemption; and

(3) Default by the City in the due or punctual performance or observance of any other covenants, pledges, conditions, provisions or agreements of the City contained in this Ordinance or in the Bonds, and the continuance thereof for a period of thirty (30) days; provided that if such default can be corrected but not within such thirty-day period, it will not constitute an Event of Default if corrective action is instituted by the City within such period and diligently pursued until the default no longer exists.

(b) Upon the happening and continuance of any Event of Default, the Paying Agent may proceed to protect and enforce its rights.

(c) The Bondholders may proceed to protect and enforce their rights by any one or more of the following remedies:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the City to enforce fully the Ordinance and to charge, collect and fully account for the City revenues and to require the City to carry out any and all other covenants or agreements with the Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, require the City to account as if it were the Paying Agent of an express trust for the Bondholders;

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders;

(5) by declaring all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding Bonds, by annulling such declaration and its consequences; or

(6) in the event that all Bonds are declared due and payable, by selling Permitted Investments of the City (to the extent not theretofore set aside for redemption

of Bonds for which call has been made), and enforcing all courses in action of the City to the fullest legal extent in the name of the City for the use and benefit of the Bondholders.

The City expressly waives any right to claim a trespass in connection with any such action.

In the event of default, each defaulted Bond shall continue to bear interest after maturity at the interest rate applicable to such respective Bonds until the necessary funds are made available for the payment thereof.

Section 23. Rights of Bondholders.

Notwithstanding any other provisions herein contained, the Bondholders shall have all of the rights provided for thereunder to require the City to operate the Project and to charge whatever rents and rates are necessary for the services provided by such facilities and to levy such taxes as provided for in the Act, within any limitations imposed by law, in order that all of the interest on and the principal of such Bonds shall be paid in full.

The Holders of such Bonds shall be secured to the full extent provided by law by a pledge of the tax and other revenues of the City in accordance with the terms of the Act.

Section 24. Ordinance is Contractual With Bondholders.

The provisions of this Ordinance and of any authorized supplemental Ordinance entered into prior to the delivery and payment of the Bonds to the successful purchaser(s), shall constitute a contract between the City, the Paying Agent and the Holders of any Bonds, no change in the provisions of this Ordinance or of any supplemental Ordinance shall be made in any manner except as herein provided until such time as all of the Bonds and the interest thereon have been paid in full; provided:

(a) the City may adopt a supplemental Ordinance for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any proceedings pertaining hereto, provided no change may be made which would impair the security or interests of the Bondholders in any way, without (1) the consent in writing of the original successful purchaser of the Bonds, if the Bonds have not yet been delivered or (2) the consent of 75% in amount of the Holders of the Outstanding Bonds, if the Bonds have been delivered; and

(b) the Holders of seventy-five percent (75%) in principal amount of the Bonds at any time outstanding shall have the right to consent to, and approve the adoption of resolutions, ordinances or other proceedings, modifying or amending any of the terms or provisions contained in this Ordinance; provided, however, that no such modifications or amendments shall be made which will permit: (1) an extension of the maturity of any of the Bonds, or any parity bonds, or (2) a reduction in the principal of any Bond, or any parity bonds, or the redemption premium or the rate of interest thereon, or (3) a preference or priority of any Bond or parity bonds over any other bond or bonds, or (4) a reduction in the percentage of the aggregate principal amount of the Bonds required to consent to any modification or amendment, or (5) impair in any way the rights of the Holders of the Bonds.

Section 25. Annual Disclosure Requirements.

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “Commission”), the City agrees to enter into a Continuing Disclosure Agreement dated as of the date of original issuance of the Bonds (the “Disclosure Certificate”), setting forth the undertaking of the City to provide certain annual financial reports and notices of the occurrence of certain events. The City will deliver the Disclosure Certificate at the closing of the Bonds.

Financial information regarding the City can be obtained from the Finance Director of the City at the City’s offices.

The obligations of the City described above will remain in effect only for such period that (i) the Bonds are outstanding in accordance with their terms and (ii) that the City remains an obligated person with respect to the Bonds within the meaning of the Rule. The City reserves the right to terminate its obligation to provide notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this Section is intended to be for the benefit of the Bondowners (including holders of beneficial interests in the Bonds).

In the event of a failure of the City to comply with any provision of this Section, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Section. A default under this Section will not be deemed an Event of Default under the Ordinance, and the sole remedy under this Section, in the event of any failure of the City to comply with this Section, will be an action to compel performance.

Section 26. Acceptance of Paying Agent.

The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing this Ordinance and by executing the Paying Agent’s Certificate of Authentication endorsed upon each of the Bonds.

Section 27. Duties and Responsibilities of Paying Agent.

The duties of such Paying Agent are as follows:

- (a) To receive such funds of which it is hereby designated depository and to transfer and disburse moneys received by it in strict accordance with the provisions hereof; but such Paying Agent will not be liable for the payment of any moneys by the City, and will be liable only to account for the moneys actually received by it;
- (b) To authenticate the Bonds as herein provided; and
- (c) To pay the interest on and principal of the Bonds as same fall due, if and to the extent that there are moneys in the Sinking Fund sufficient for such purposes.

Section 28. Immunities and Other Rights of Paying Agent.

The acceptance by the Paying Agent of the duties and responsibilities herein is subject to the following immunities and other rights of the Paying Agent:

(a) The Paying Agent will not be required to take notice or be deemed to have notice of any default hereunder, except failure by the City to cause to be made any of the payments to the Paying Agent required to be made by this Ordinance, or failure by the City to file with the Paying Agent any document required by this Ordinance to be so filed, unless the Paying Agent shall be notified of such default by the City or by the Holders of 25% in aggregate principal amount of Bonds then outstanding.

(b) The Paying Agent may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Paying Agent may act upon an opinion of its counsel and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith and in reliance upon such opinion.

(c) The Paying Agent shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Paying Agent and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Paying Agent, and may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Paying Agent.

(d) The Paying Agent shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Paying Agent pursuant to this Ordinance upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper, or proceeding, the Paying Agent shall be entitled to rely upon a certificate signed on behalf of the City by its Mayor and attested by its City Clerk under its seal, or by such other person or persons as may be designated for such purposes by resolution of the City, as sufficient evidence of the facts therein contained; and prior to the occurrence of a default of which the Paying Agent has been notified as provided in Section 22 hereof, or of which by said provision it is deemed to have notice, may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion

secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Paying Agent may accept a certificate of the City Clerk of the City under its seal to the effect that a resolution in the form therein set forth has been adopted by the City as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(f) The permissive right of the Paying Agent to do things or to take actions enumerated in this Ordinance shall not be construed as a duty and the Paying Agent shall not be answerable for other than its negligence or willful misconduct. No provision of this Ordinance shall require the Paying Agent to risk or to expend its own funds.

(g) The Paying Agent shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Project as provided in this Ordinance.

(h) The Paying Agent shall not be required to give any bond or surety in respect of the execution of such powers or otherwise in respect of the premises.

(i) Notwithstanding anything elsewhere contained in this Ordinance, the Paying Agent shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Ordinance, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof, as a condition of establishing the right of the City to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Paying Agent.

(j) Before taking any action under this Ordinance, the Paying Agent may require that satisfactory indemnity be furnished to it for the reimbursement of all fees and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

(k) All moneys received by the Paying Agent shall, until used, be applied or invested as herein provided, be held in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Ordinance or by law. The Paying Agent shall not be under any liability for interest on any moneys received thereunder except as such may be agreed upon.

(l) The Paying Agent agrees to accept and act upon instructions or directions pursuant to this Ordinance sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the instructions or directions shall be signed by a person as may be designated and authorized to sign for the City or in the name of the City, by an authorized representative of the City, and the City shall provide to the Paying Agent an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Paying Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Paying Agent in its discretion elects to act upon such instructions, the Paying Agent's

understanding of such instructions shall be deemed controlling. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 29. Fees, Charges and Expenses of Paying Agent.

The Paying Agent shall be entitled to payment of and reimbursement for reasonable fees for its services rendered hereunder and for all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Paying Agent in connection with such services. The Paying Agent shall be entitled to payment and reimbursement for the reasonable fees and charges of the Paying Agent as paying agent for the Bonds, if any, as hereinabove provided.

Section 30. Merger or Consolidation of Paying Agent.

Any corporation or association into which the Paying Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Paying Agent hereunder and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 31. Replacement of Paying Agent.

In case the Paying Agent hereunder shall resign or be removed, or be dissolved, or otherwise become incapable of acting hereunder, a successor may be appointed by the Holders of a majority in principal amount of the Bonds hereby secured and then outstanding by an instrument or concurrent instruments in writing, signed by such Holders, or their duly authorized agents, provided that in any such event, the City may appoint a temporary Paying Agent, which may immediately act until a permanent successor Paying Agent is appointed. No successor Paying Agent shall act without signing a written acceptance of the appointment. Such successor Paying Agent shall be entitled to receive an instrument from the Paying Agent transferring the trust, but shall be fully authorized to act without such instrument.

Any Paying Agent appointed under the provisions of this Section as successor to the Paying Agent appointed at the issuance of the Bonds shall be a trust company or bank having the powers of a trust company within or outside the Commonwealth of Kentucky having capital and surplus aggregating at least Ten Million Dollars (\$10,000,000) if there be such a trust company or bank, willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Ordinance.

Section 32. Agreement with Richmond Utilities Board.

The City is authorized to issue either revenue bonds or general obligation bonds to refund the Refunded Bonds. However, issuing revenue bonds to refund the Refunded Bonds would require that the City fund a debt service reserve account. The cost of funding a debt service reserve account, with cash or with a reserve account insurance policy, decreases the savings that can be achieved from refunding the Refunded Bonds. To avoid the cost of funding a debt service reserve account and thereby increase the debt service savings from refunding the Refunded Bonds, the City has agreed issue its general obligation bonds to refund the Refunded Bonds.

In consideration of the City issuing its general obligation bonds to refund the Refunded Bonds, and recognizing that the Richmond Utilities Board will no longer have to pay debt service on the Refunded Bonds from revenues of the System once the Refunded Bonds are defeased, the City and the Richmond Utilities Board have agreed to enter into an agreement whereby the Richmond Utilities Board will pay to the City, from revenues of the System, a sum sufficient to pay the debt service on the Bonds.

The City Commission hereby authorizes the Mayor, in consultation with the City Attorney and Bond Council, to enter into an Assistance Agreement (the “Assistance Agreement”) with the Richmond Utilities Board for the purpose of documenting the agreement of the Richmond Utilities Board to make payments to the City in the amount of the debt service on the Bonds from the revenues of the System. The Assistance Agreement may include such terms as the Mayor deems reasonably necessary, in consultation with the City Attorney and Bond Counsel, to ensure the ongoing financial viability of the Richmond Utilities Board. The terms of the Assistance Agreement shall be made a part hereof and incorporated herein by reference.

Section 33. Signatures of Officers.

If any of the officers whose signatures or facsimile signatures appear on any of the Bonds cease to be such officers before delivery of the Bonds, such signatures shall nevertheless be valid for all purposes the same as if said officers had remained in office until delivery, as provided in KRS 61.390.

Section 34. Terms of Bonds and this Ordinance May be Revised Before Issuance.

The City reserves the right, prior to the issuance of the Bonds, to amend this Ordinance as to the date, amount, maturities, redemption premiums and other provisions of the Bonds, consistent with market conditions and other pertinent factors at the time of such issuance.

Section 35. Severability Clause.

If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 36. Captions of Clauses.

The captions and headings of this Ordinance are for convenience only and are not to be construed as part of this instrument nor as defining or limiting in any way the scope or intent of the provisions hereof.

Section 37. Effective Date of Ordinance; Publication of Summary.

This Ordinance shall be introduced at a meeting of the City Commission and shall remain on file for public inspection in the office of the City Clerk until the next following regular, adjourned regular or called, special session of the City Commission, in the completed form in which it shall be put on its final enactment. If enacted, this Ordinance shall be in full force and effect immediately, and a Notice of Enactment and Summary of the provisions of this Ordinance, in the form submitted to the City Commission, and approved hereby, shall be published as required by law.

[Signature Page Follows]

Introduced and given first reading by the City Commission on October 11, 2016.

Given second reading and enacted by the City Commission on October 25, 2016.

Mayor

Attest:

City Clerk

CERTIFICATE OF CITY CLERK

I, Lisa Cassity, certify that I am the duly qualified and acting City Clerk of the City of Richmond, Kentucky, that the foregoing Ordinance is a true and correct copy of an Ordinance authorizing the issuance of the City of Richmond, Kentucky General Obligation Refunding Bonds, Series 2016, which Ordinance was duly enacted by the City Commission of said City, signed by the Mayor of said City, and attested me as City Clerk at a properly convened meeting of the City Commission held on October 25, 2016, as shown by the official records of the City in my custody and under my control, that said Ordinance has been ordered to be published by title and summary as required by law, and that said Ordinance has been recorded in the official Ordinance Book of the City.

IN TESTIMONY WHEREOF, witness my signature as City Clerk this October 25, 2016.

City Clerk

ACCEPTANCE BY
U.S. BANK NATIONAL ASSOCIATION
LOUISVILLE, KENTUCKY, AS BOND REGISTRAR,
PAYING AGENT AND TRANSFER AGENT

The undersigned hereby agrees to the provisions of the foregoing Ordinance to the extent there are contained therein provisions as to the rights and duties of it as Bond Registrar, Paying Agent and Transfer Agent.

Dated: _____, 2016.

U.S. BANK NATIONAL ASSOCIATION,
Louisville, Kentucky

By _____
Signature

Title

EXHIBIT A
UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CITY OF RICHMOND, KENTUCKY
GENERAL OBLIGATION REFUNDING BOND
SERIES 2016

NO. _____ \$ _____

Interest Rate	Maturity Date	Original Issue Date	CUSIP #:
_____ %	_____	_____	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Richmond, Kentucky (the “City”), a political subdivision of the Commonwealth of Kentucky (the “Commonwealth”), acknowledges itself to owe, and for value received hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Original Issue Date hereof at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), payable semiannually, on January 1 and July 1 of each year commencing July 1, 2017 (each an “Interest Payment Date”), until payment of the Principal Amount on the Maturity Date, except as the provisions hereinafter set forth with respect to prior redemption or purchase may be and become applicable hereto.

This Bond is one of a duly authorized series of fully registered bonds, numbered consecutively and designated as above, issued by the City, the terms of which are more fully identified in a Bond Ordinance (the “Bond Ordinance”) duly enacted by the City on October 25, 2016. Capitalized words and terms that are not defined here are defined in the Bond Ordinance, to which reference is hereby made.

The Bonds are issued or entered into under or pursuant to authorizing provisions of law, including: (i) the Bond Ordinance, (ii) authorizing provisions of the Constitution and laws of the Commonwealth, including Sections 66.011 through 66.191 of the Kentucky Revised Statutes, as amended (the “Act”), and Kentucky Constitution Sections 158 and 159 and (iii) applicable decisions of the appellate courts of the Commonwealth. Acceptance of the terms and conditions of the Bond Ordinance and the Act are a material part of the consideration for the issuance of this Bond, and each holder hereof by acceptance of this Bond hereby assents to all of such terms and conditions. This Bond does not constitute the personal obligation, either jointly or severally, of the members of the Board of Commissioners of or the officers of the City or its employees.

This Bond, by the terms of the law pursuant to which it has been issued, shall be fully negotiable.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Authentication Certificate hereon has been executed by the Bond Registrar.

Bonds issued under the Bond Ordinance will be issued and reissued from time to time only as fully registered bonds without coupons in denominations of \$5,000 or any multiple of \$5,000.

Pursuant to the Bond Ordinance, the Bonds are general obligations of the City and the full faith, credit and taxing power of the City are irrevocably pledged to the prompt payment of the principal of and interest (and premium, if any) on the Bonds when due. Reference is made to the Bond Ordinance, for the provisions with respect to the nature and extent of the security, the rights, duties and obligations of the City, the Bond Registrar and the Bondholders, the terms on which the Bonds are issued and the terms and conditions on which this Bond will be deemed to be paid at or prior to its scheduled maturity or redemption on the making of provision for the payment thereof in the manner set forth in the Bond Ordinance.

Pursuant to the Act and the Bond Ordinance, the Bond Registrar is appointed as Bond Registrar, having the duties set forth in the Bond Ordinance. The fifteenth day of the month prior to each date established for payment of principal, interest or premium on the Bonds, whether by maturity, acceleration or redemption, is in the Bond Ordinance established as the record date for the Bonds (the "Record Date"). The Bond Registrar may treat for all purposes the person in whose name any Bond is registered on the Record Date, on the registration books kept by the Bond Registrar, as the absolute owner thereof.

Interest on each Bond not registered in Book-Entry Form to a Securities Depository shall be payable by check mailed by the Bond Registrar to the Holder thereof as of the Record Date, at the address shown on the registration books kept by the Bond Registrar or at such other address as is furnished to the Bond Registrar in writing by such Holder. The principal of and premium, if any; on the Bonds not registered in Book-Entry Form to a Securities Depository shall be payable, without exchange or collection charges, in lawful money of the United States of America on their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption or acceleration, at the designated trust office of the Bond Registrar. On request of a Holder of at least \$1,000,000 in aggregate principal amount of the Bonds, all payments of principal of, premium, if any, or interest on the Bonds shall be paid by wire transfer in immediately available funds to an account designated by such Holder.

Principal of, premium, if any, and interest on Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee shall be payable by wire transfer from the Bond Registrar to the Securities Depository or its nominee. So long as any Bonds remain Outstanding, the Bond Registrar shall keep and maintain at its designated corporate trust office complete registration records in respect of the Bonds and shall provide for the registration of transfer and exchange of the Bonds in accordance with the terms of the Bond Ordinance, subject to such reasonable procedures and regulations as the Bond Registrar may prescribe.

Payment of principal, premium, if any, and interest on any Bonds shall be made as provided in the Bond Ordinance.

Each Bond is transferable or exchangeable only, on the presentation and surrender thereof at the designated corporate trust office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Holder or his authorized representative. Bonds shall be exchangeable for a Bond or Bonds of the same maturity and interest rate and in Authorized Denominations, within a single maturity in an aggregate principal amount or amounts equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Bond Registrar will be and is authorized to authenticate, deliver and exchange Bonds in accordance with the Bond Ordinance. Each Bond delivered in exchange for a surrendered Bond will constitute an original contractual obligation of the City and will be entitled to the benefits and security of the Bond Ordinance to the same extent as the Bond or Bonds in lieu of which any Bond is delivered in exchange. Any Bonds surrendered for exchange shall be cancelled by the Bond Registrar and the Bond Registrar shall maintain a complete record of all exchanges, transfers and cancellations of Bonds and shall make a report thereof to the City on request.

No service charge or other transfer fee shall be charged in connection with any transfer or exchange of a Bond; however, the registered owner of any Bond may be required to pay an amount equal to any tax or other governmental charge, if any, that may be imposed in connection with the transfer or exchange of any Bond.

The Bond Registrar will not be required to transfer or exchange any Bond for the period beginning fifteen (15) days prior to the selection by the Bond Registrar of Bonds to be redeemed prior to maturity and ending on the date of mailing of notice of any such redemption.

The Bonds will not be subject to optional redemption prior to maturity.

The Bond Registrar shall give notice of redemption by first class mail, postage prepaid, mailed not less than 25 nor more than 60 days prior to the redemption date to each Holder of Bonds to be redeemed or tendered at the address of such Holder appearing in the Bond Register, and also to such other Persons as the City deems appropriate.

Neither the failure of any Holder to receive notice mailed as provided herein nor any defect in notice so mailed will affect the validity of the proceedings for redemption in accordance with the Bond Ordinance.

Notice of redemption having been given as aforesaid, the Bonds so to be redeemed will become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the City defaults in the payment of the redemption price) such Bonds will cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof.

The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986 and the Bonds will not be

required to be included by financial institutions in calculating the disallowance of the deduction for interest expense allocable to tax-exempt interest under such Section.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution, delivery and issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the City, does not exceed or violate any limitations prescribed by the Constitution or laws of the Commonwealth; that provision has been made for the levying and collection of an annual tax, unlimited as to rate or amount, sufficient, to the extent other lawfully available moneys of the City are not provided for the purpose, to pay the principal of and interest on this Bond and the series of which it is a part as and when the several Bonds and interest thereon become due and payable; and that the full faith, credit and taxing power of the City are hereby irrevocably pledged for the prompt payment of this Bond and the series of which it forms a part, and the interest thereon, as the same from time to time become due and payable.

IN WITNESS WHEREOF, the City of Richmond, Kentucky has caused this Bond to be executed on its behalf with the duly authorized reproduced facsimile signature of its Mayor and attested by the reproduced facsimile signature of the City Clerk of the City, and this Bond is to be dated as of the date set forth above.

CITY OF RICHMOND, KENTUCKY

Mayor

Attest:

City Clerk

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the series of Bonds in the aggregate principal sum of _____ Dollars (\$_____) referred to in the within mentioned Ordinance and of record in the office of the City Clerk of the City of Richmond, Kentucky.

U.S. BANK NATIONAL ASSOCIATION,
Louisville, Kentucky, Paying Agent

By _____
Signature

Title

Date of Authentication: _____

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books kept for registration and transfer of this Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Social Security Number or
other taxpayer
identification number:

EXHIBIT B

NOTICE OF BOND SALE

The City of Richmond, Kentucky will, until _____ A.M./P.M. E.T. on _____, 2016, receive at the Mayor's office, 239 West Main Street, Richmond, Kentucky (via PARITY®) competitive bids for the purchase of tax-exempt "City of Richmond, Kentucky General Obligation Refunding Bonds, Series 2016", in the amount of \$_____ (subject to adjustment upward by an amount not to exceed 10% or downward by any amount), dated date of delivery, maturing July 1 of 2017 to _____, inclusive. Minimum bid is \$_____ (98.75%). The City reserves the right prior to sale to change the time and date of sale via the Official Terms and Conditions of Bond Sale and Bloomberg and the principal amount and the years of maturities via PARITY®. Bonds issued subject to legal opinion of Rubin & Hays, Louisville. Official Statement and bid documents, may be obtained from Civic Finance Advisors (855) 211-1525, www.civic-finance.com.

EXHIBIT C

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

1. Date and Hour of Award. The City of Richmond, Kentucky (the “City”) will, until _____ A.M./P.M. E.T. on _____, 2016, receive in the office of the Mayor, 239 West Main Street, Richmond, Kentucky, electronic or sealed competitive bids for the purchase of **City of Richmond, Kentucky General Obligation Refunding Bonds, Series 2016**, in the principal amount of _____ Thousand Dollars (\$_____) (subject to adjustment upward by an amount not to exceed 10% or downward by any amount), dated the date of initial delivery thereof (the “Bonds”), maturing on July 1 of the years 2017 to _____, inclusive, as set forth in the Official Statement. Minimum bid is \$_____ (98.75%). Bids will be opened by the Mayor of the City, at the time stated above and will be acted upon by the Mayor on the same date immediately following the bid opening. Prior to the sale, sealed bids can be submitted via electronic transmission through PARITY[®], in accordance with section 6(K) hereof.

2. Description and Maturities of Bonds. The Bonds will bear interest from the date of initial delivery thereof, payable semiannually, on January 1 and July 1 of each year, beginning on July 1, 2017, will be in the denomination of \$5,000 or any multiple thereof within the same maturity (as designated by the purchasers), are numbered R-1 and upward, and will be scheduled to mature on July 1 in each of the respective years as set forth in **Exhibit A** attached hereto (subject to adjustment as hereinafter provided in the sole discretion of the City).

The Bonds are to be issued in fully registered form (both principal and interest). Upon their issuance, the Bonds will be issued in book-entry form, registered in the name of Cede & Co. as the nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds, as described in the Preliminary Official Statement. Purchases of beneficial interests in the Bonds may be made in book-entry form only, in the principal amount of \$5,000 or any multiple of \$5,000. U.S. Bank National Association, Louisville, Kentucky, the Registrar, Transfer Agent, and Paying Agent, will pay principal of, premium, if any, and interest on the Bonds by wire transfer to DTC or its nominee.

3. Optional Redemption. The Bonds will not be subject to optional redemption prior to maturity.

4. Authority and Purpose. The Bonds have been authorized by an Ordinance (the “Ordinance”), duly enacted by the Board of Commissioners of the City, under authority of the Constitution of the Commonwealth of Kentucky, particularly Sections 158 and 159 thereof, and Sections 66.011 through 66.171 of the Kentucky Revised Statutes, as amended (the “Act”), for the purpose of providing funds necessary to refund all or a portion of the City of Richmond, Kentucky Water, Gas and Sewer Revenue Bonds, Series 2007 (the “Refunded Bonds”).

5. Legal Opinion. The Bonds are offered for sale on the basis of the principal of the Bonds not being subject to Kentucky ad valorem taxation and on the basis of interest on the Bonds, with certain exceptions, not being subject to federal or Kentucky income taxation on the

date of their delivery to the successful bidder, and subject to the final approving Legal Opinion of Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky, based on the assumption that the City complies with the covenants made by the City with respect to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and based on the assumption of compliance by the City with the requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Bonds, if such requirements become applicable to such Bonds. Based on the foregoing assumptions, Bond Counsel is of the opinion that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code. The Purchaser will be furnished said Opinion, printed bond forms, and the usual closing documents, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the issue affecting the validity of the Bonds.

In order to assure Purchasers of the Bonds that interest thereon will continue to be excludable from gross income for federal and Kentucky income taxation (subject to certain exceptions set out below), the City covenants to and with the Holders of such Bonds that (1) the City will take all actions necessary to comply with the provisions of the Code, (2) the City will take no actions that will violate any of the provisions of the Code, or would cause the Bonds to become “private activity bonds” within the meaning of the Code, (3) none of the proceeds of the Bonds will be used for any purpose that would cause the interest on the Bonds to become subject to federal income taxation, and the City will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of certain investment earnings on the proceeds of the Bonds.

The City certifies that these Bonds are not “private activity bonds” within the meaning of the Code, and the City has been advised by Bond Counsel and therefore believes that interest on the Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals.

The City, and all subordinate entities thereof, does not reasonably anticipate issuing “qualified tax-exempt obligations” (other than private activity bonds) during the calendar year in which the Bonds are being issued in excess of \$10,000,000, and, therefore, the City will designate the Bonds as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3) of the Code.

If, prior to the delivery of the Bonds, any event should occur which alters the tax-exempt status of the Bonds, the Purchaser will have the privilege of voiding the purchase contract by giving immediate written notice to the City, whereupon the amount of the good faith deposit of the purchaser will be returned to the Purchaser, and all respective obligations of the parties will be terminated.

6. Bidding Requirements. The terms and conditions of the sale of the Bonds are as follows:

- A. Bids will be required to be submitted upon a standard official “Bid Form” in order to provide for the uniformity in submission of bids and ready determinations of the best bid.

B. A minimum price is required for the entire issue of not less than \$_____ (98.75% of par).

C. The determination of the best bid will be made on the basis of the lowest true interest cost (“TIC”) of all bids submitted for exactly \$_____ of Bonds as offered for sale under the terms and conditions herein specified. The City will accept or reject such best bid, provided, however, the City reserves the right to decrease the total amount of Bonds sold to such best bidder (in \$5,000 denominations), so that the total amount of bonds awarded to such best bidder will be a maximum of \$_____. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required. If two or more bidders offer bids at the same lowest true interest cost and the City wishes to award the Bonds, the City will determine by lot which bidder will be awarded such Bonds.

The City also has the right to adjust individual principal maturity amounts, even if the total amount of the Bonds does not change, in order to promote desired annual debt service levels. In the event that the principal amount of any maturity of the Bonds is revised after the award, the interest rate and reoffering price for each maturity and the Underwriter’s Discount on the Bonds as submitted by the successful bidder will be held constant. The “Underwriter’s Discount” will be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

D. The successful bidder will be required to deposit with U.S. Bank National Association, Louisville, Kentucky, immediately available funds in the amount of \$_____, prior to the close of business on _____, 2016, which amount will represent the good faith deposit. The amount of the good faith deposit will be deducted from the purchase price at the time of delivery of the Bonds.

E. Bidders for the Bonds may require that a portion of the Bonds be term bonds maturing on one or more dates (the “Term Bonds”); provided, however, that the City may require such Term Bonds to be subject to mandatory redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on July 1 of the years and in the principal amounts set forth on the Bid Form executed by the Mayor awarding the purchase of the Bonds to the successful bidder.

F. Bidders must state an interest rate or rates in a multiple of 1/8 or 1/20 of 1%, or all.

- G. There is no limit on the number of different rates that may be specified by any bidder and there is no maximum differential between the highest and lowest interest rates stipulated in any bid.
- H. Interest rates must be on an ascending scale, in that the interest rate for Bonds of any maturity may not be less than the interest rate stipulated for any preceding maturity.
- I. All Bonds of the same maturity will bear the same and a single interest rate from the date thereof to maturity.
- J. The right to reject bids for any reason deemed advisable to the City, and the right to waive any possible informalities, irregularities or defect in any bid which, in the judgment of the City, are minor or immaterial, are expressly reserved.
- K. Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The City 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 PARITY® will 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 PARITY® conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale will prevail. Electronic bids made through the facilities of PARITY® will be deemed an offer to purchase in response to the Notice of Bond Sale and will be binding upon the bidders as if made by signed, sealed written bids delivered to the City. The City will 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 PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (800) 850-7422.

In the event of a system malfunction in the electronic bidding process or at the sole discretion of a bidder, bids must be made on forms which, together with an Official Statement, may be obtained at the office of the Financial Advisor, Civic Finance Advisors, LLC, 360 E. Vine Street, Suite 110, Lexington, Kentucky 40507, telephone: (855) 211-1525. Bids must be enclosed in sealed envelopes marked "Bid for City of Richmond, Kentucky General Obligation Refunding Bonds, Series 2016" and bids must be received by the Mayor prior to the date and hour set for the sale.

- L. The City will provide to the successful purchaser of the Bonds a final Official Statement in accordance with SEC Rule 15c2-12 in portable document format (".pdf"), in sufficient time to meet the delivery requirements of the

successful purchaser under SEC or Municipal Securities Rulemaking Board Delivery Requirements.

- M. The Purchasers of the Bonds will pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the Bonds at no expense or cost to the Purchasers. Neither the failure to print a CUSIP number on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchasers thereto to accept delivery of and pay for the Bonds in accordance with the terms of the purchase agreement.
- N. The closing will be on or about _____, 2016, provided, however, the Purchasers shall bear any bank service charge, if any, for processing the delivery of the Bonds and closing the transaction. If the Purchaser desires the Bonds to be shipped to Depository Trust Corporation, New York, New York, it will be at the expense of the Purchaser. It will also pay any charges of Depository Trust Corporation.
- O. The Bonds will be registered in the name of CEDE & CO., as nominee of The Depository Trust Company (“DTC”), New York, New York. Purchases will be made in book-entry form only, except as permitted by the Ordinance. Purchasers of the Bonds will not receive physical delivery of bond certificates. So long as CEDE & CO. is the registered owner of the Bonds, as nominee of DTC, interest, together with the principal of and redemption premium, if any, on the Bonds will be paid directly to DTC by the Paying Agent.
- P. Upon wrongful refusal of the Purchasers to take delivery of and pay for the Bonds when tendered for delivery, the amount of the good faith deposit shall be forfeited by such Purchasers, and such amount shall be deemed liquidated damages for such default, provided, however, if said Bonds are not ready for delivery and payment within forty-five (45) days from the date of sale herein provided for, said Purchasers shall be relieved of any liability to accept the Bonds hereunder.
- Q. The Purchasers will have no expense in connection with the purchase of the Bonds other than the bid price and the items referred to in M, N and P above, and, if any, printed bond certificates. The City will furnish to the Purchasers, without expense to the Purchasers, the customary non-litigation certificate, the final, approving Legal Opinion of Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky, approving the legality of the Bonds, and opining that the interest on the Bonds is exempt from gross income for federal tax purposes and exempt from Kentucky income taxation, as more specifically provided in Section 5 hereof.
- R. Said Bonds are offered for sale on the basis of the principal of said Bonds not being subject to Kentucky ad valorem taxation (except inheritance taxes) and on the basis of the interest on said Bonds not being subject to Kentucky

income taxation and not being includable in gross income for purposes of Federal income taxation, on the date of their delivery to the Purchasers, as more specifically provided in Section 5 hereof.

- S. If, prior to the delivery of the Bonds, any event occurs which alters the tax-exempt status of the Bonds, or excludability status of the interest thereon, the Purchasers will have the privilege of avoiding the purchase contract by giving immediate written notice to the Mayor, whereupon the amount of the good faith deposit (without interest) of the Purchasers will be returned to the Purchasers, and all respective obligations of the parties will be terminated. The Mayor will accept a bid or reject all bids on the date stated at the beginning of this instrument.

- T. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the Bonds, the City agrees that it will cooperate with such successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith will be borne by such bidder (with the exception of the costs of a rating by Moody's Investors Service), and the City will not be liable to any extent therefor.

Bond Counsel has reviewed the information contained in the Official Statement describing the Bonds and the provisions of the Ordinance and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections and general information concerning the City, and expresses no opinion thereon, assumes no responsibility for same, and has not undertaken independently to verify any information contained therein. Jim Barnes, Mayor of the City of Richmond, Kentucky.

EXHIBIT A
OFFICIAL TERMS AND CONDITIONS OF BOND SALE

Re: City of Richmond, Kentucky General Obligation Refunding Bonds, Series 2016.

Maturity July 1	Principal Amount*
2017	\$
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	

**Amounts Subject to Revision*

**EXHIBIT D
 BID FORM**

Subject to the terms and conditions of the City of Richmond, Kentucky providing for the sale of \$2,430,000 (subject to adjustment upward by an amount not to exceed 10% or downward by any amount) of City of Richmond, Kentucky General Obligation Refunding Bonds, Series 2016, dated the date of initial delivery thereof, and in accordance with the Official Terms and Conditions of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$_____ * principal amount of Bonds, the total sum of \$_____ (not less than \$_____) at the following annual rate(s), payable semiannually:

Maturity July 1	Principal Amount	Interest Rate
2017	\$_____	_____ %
2018	_____	_____ %
2019	_____	_____ %
2020	_____	_____ %
2021	_____	_____ %
2022	_____	_____ %
2023	_____	_____ %
2024	_____	_____ %
2025	_____	_____ %
2026	_____	_____ %
2027	_____	_____ %

* *Subject to Adjustment*

Bidder's Term Bonds Option: We hereby elect to specify that all the principal amount of Bonds stated to mature on the following two or more consecutive maturity dates will be combined to comprise the maturities of Term Bonds indicated below:

<u>Bonds Maturing</u>	<u>Term Bonds Maturing</u>
July 1, ____ through July 1, ____	July 1, ____
July 1, ____ through July 1, ____	July 1, ____
July 1, ____ through July 1, ____	July 1, ____

It is understood that the City will furnish the final, approving Legal Opinion of Rubin & Hays, Municipal Bond Attorneys, of Louisville, Kentucky, subject to the provisions as set out in detail in the Official Terms and Conditions of Bond Sale. It is understood that if we are the successful bidder, we will deposit for the account of the City with U.S. Bank National Association, Louisville, Kentucky prior to the close of business on _____, 2016 a good faith deposit in the amount of \$_____. The amount of the good faith deposit will be deducted (without interest) from the purchase price at the time of delivery of the Bonds. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms of the sale.

Respectfully submitted,

 Name of Firm
 By _____
 Phone No. _____

Total interest cost from the date of initial delivery to final maturity	\$ _____
Plus discount/less premium, if any	\$ _____
Net interest cost (Total interest cost plus discount)	\$ _____
True interest cost (i.e. TIC)	_____ %

The above computation of true interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid. The determination of the best bid will be made on the basis of the lowest true interest cost (TIC).

Maturity July 1	Principal Amount	Interest Rate
2017	\$ _____	_____ %
2018	_____	_____ %
2019	_____	_____ %
2020	_____	_____ %
2021	_____	_____ %
2022	_____	_____ %
2023	_____	_____ %
2024	_____	_____ %
2025	_____	_____ %
2026	_____	_____ %
2027	_____	_____ %

ACCEPTANCE OF BID

Accepted by the City of Richmond, Kentucky, on this _____, 2016, for a total of \$ _____ of Bonds at an adjusted price of \$ _____, with the maturities set out above.

CITY OF RICHMOND, KENTUCKY

Mayor

Attest:

City Clerk