

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 14, 2001

(Bonds to be sold September 25, 2001, 11:00 a.m. E.D.S.T.)

BANK INTEREST DEDUCTION ELIGIBLE

Moody's Rating: " "
(See "Rating" Herein)

BOOK-ENTRY-ONLY SYSTEM

\$9,800,000*

**CITY OF VERSAILLES, KENTUCKY
WATER AND SEWER REVENUE BONDS
SERIES OF 2001**

Dated: September 15, 2001

Due: As shown below

The Bonds will be issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal, interest and premium, if any, on the Bonds will be paid by Central Bank & Trust Co., Lexington, Kentucky, as Paying Agent and Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal, interest or premium to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof, and will bear interest payable on June 1, 2002 and thereafter semiannually on each December 1 and June 1.

The Bonds maturing on and after December 1, 2012, shall be subject to prior redemption at the option of the City on and after December 1, 2011, as discussed herein.

SCHEDULE OF MATURITIES

<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Cusip #</u>	<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Cusip #</u>
12/1/2002	\$330,000			12/1/2012	\$475,000		
12/1/2003	340,000			12/1/2013	500,000		
12/1/2004	350,000			12/1/2014	520,000		
12/1/2005	365,000			12/1/2015	545,000		
12/1/2006	375,000			12/1/2016	570,000		
12/1/2007	390,000			12/1/2017	600,000		
12/1/2008	405,000			12/1/2018	630,000		
12/1/2009	420,000			12/1/2019	660,000		
12/1/2010	440,000			12/1/2020	695,000		
12/1/2011	460,000			12/1/2021	730,000		

(Plus accrued interest-when issued)

Purchaser's Option - The Purchaser of the Bonds may specify to the Financial Advisor that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein being subject to mandatory redemption in such maturities for such Term Bond(s).

The Bonds are issued pursuant to authority contained in Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes. The Bonds are not obligations of the City under any Constitutional or statutory limitation of the Commonwealth of Kentucky, but are special obligations payable only from and secured by a pledge of a fixed portion of the gross income and revenues to be derived from the operation of the combined and consolidated municipal water and sewer system (the "System").

In the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes under existing law, regulations and court decisions, except as to certain recipients, and the Bonds and interest thereon are exempt from income taxes and ad valorem taxes in the Commonwealth of Kentucky and any political subdivision thereof. See "Tax Exemption" herein.

The Bonds are issued subject to approval of legality by Henry M. Reed III, Louisville, Kentucky, Bond Counsel to the City. Delivery of the Bonds is expected on or about October 9, 2001.

*Preliminary, Subject to Permitted Adjustment.

FIRST KENTUCKY SECURITIES CORPORATION
Financial Advisor

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the applicable securities laws of such jurisdiction.

CITY OF VERSAILLES

The Honorable Fred Siegelman, Mayor
Allison B. White, Clerk/Treasurer
William Moore, Attorney
Bart Miller, Public Works Director

Council Members

Geoffrey Reid
Mary Ellen Bradley
Luther Bland, Jr.
Nickie Shryrock
Owen Roberts
Roy Benson

BOND COUNSEL

Henry M. Reed III
Louisville, Kentucky

FINANCIAL ADVISOR

First Kentucky Securities Corporation
Frankfort, Kentucky

TRUSTEE/ PAYING AGENT/BOND REGISTRAR/CONSTRUCTION DEPOSITORY

Central Bank & Trust Co.
Lexington, Kentucky

BOOK-ENTRY-ONLY SYSTEM

No dealer, broker, salesman, or other person has been authorized by the City of Versailles, Kentucky, or First Kentucky Securities Corporation, the Financial Advisor, to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except where otherwise indicated, the information set forth herein has been obtained from the City of Versailles, Kentucky, and is believed to be reliable; however, such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Financial Advisor, or by Bond Counsel. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to the date hereof.

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**Bid Form
Official Terms and Conditions of Bond Sale**

PRELIMINARY OFFICIAL STATEMENT

\$9,800,000*

**CITY OF VERSAILLES, KENTUCKY
WATER AND SEWER REVENUE BONDS
SERIES OF 2001**

Dated September 15, 2001

This Official Statement, which includes the cover page, is being distributed by the City of Versailles, Kentucky, (the "City") to furnish pertinent information to all who may become holders of its Water and Sewer Revenue Bonds, Series of 2001, dated September 15, 2001 (the "Bonds") being offered hereby pursuant to the provisions of Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, and pursuant to the terms of a Bond Ordinance adopted by the City.

The summaries and references to Sections of the Kentucky Revised Statutes, the Bond Ordinance, as included in this Official Statement, do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document.

DESCRIPTION OF THE BONDS

Authorization

Pursuant to Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the City Council of the City adopted a Bond Ordinance (i) authorizing the issuance of \$9,800,000* Water and Sewer Revenue Bonds; (ii) approving the publication of a Notice of Sale of Bonds; (iii) approving the terms and conditions of bond sale; and (iv) authorizing the Mayor of the City to execute the Official Statement related to the Bonds.

Terms

The Bonds will be dated September 15, 2001, will bear interest payable June 1, 2002, and thereafter semiannually on each December 1 and June 1 at the rates established upon acceptance of a bid for said Bonds and, will mature on the dates and in the amounts set forth on the cover page.

Book Entry

The following information regarding DTC and Cede & Co. will be applicable to the Bonds as long as a book entry system is utilized. The City does not assume any responsibility for the accuracy or completeness of the information set forth under this caption "Book Entry", and the City is not required to supervise, and will not supervise, the operation of the book entry system described herein.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, 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 of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Upon issuance of the Bonds, DTC Participants shall receive a credit balance in the records of DTC. ***The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") will be recorded through the records of the applicable DTC Participant.*** Beneficial Owners will receive a written confirmation of their purchase provided by the applicable DTC Participant, providing details of the Bonds acquired. Transfers of ownership interests in the Bonds ("Beneficial Ownership Interests") will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will **not** receive certificates representing their ownership interest in the Bonds, except as specifically provided in the Ordinance.

The City has no responsibility or liability for any aspects of the records relative to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership.

Principal, sinking fund, and interest payments on the Bonds will be made to DTC or its nominee, as registered owner of the Bonds. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its DTC Participant, to the Paying Agent and Registrar, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the DTC Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Paying Agent and Registrar, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

The Paying Agent and Registrar, so long as a book entry method is used for the Bonds, will send only to DTC any notice of redemption or other notices required to be sent to Bondholders. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.

Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

The City and the Paying Agent and Registrar cannot and do not represent or give any assurances that DTC, the DTC Participants or Indirect Participants or others will distribute payments of debt service charges on the Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

Optional Redemption Provision

The Bonds maturing on and after December 1, 2012, are subject to redemption prior to their stated maturities on any date falling on or after December 1, 2011, in whole, or from time to time, in part, in any order of maturities (less than all of a single maturity to be selected by lot), at the option of the City at the following redemption prices (expressed as percentages of principal amount), plus accrued interest to the redemption date, all in the manner provided by the Resolution:

<u>If Redeemed:</u>	<u>Redemption Price</u>
December 1, 2011 through November 30, 2012	101.0%
December 1, 2012 through November 30, 2013	100.5%
December 1, 2013 and thereafter	100.0%

Statutory Authority, Purpose of Issue and Security

The Bonds are authorized pursuant to the provisions of Chapter 58 of the Kentucky Revised Statutes, including KRS 58.010 through 58.140, and a Bond Ordinance passed and adopted by the City Council of the City. The Bonds are revenue bonds and do not constitute a direct indebtedness of the City but are payable solely from and secured by a pledge of the first gross revenues derived from the operation of the combined and consolidated municipal water and sewer system ("System").

In addition to the Outstanding Bonds identified below, the City presently has outstanding \$4,310,000 of its Water Revenue Bond Anticipation Notes, Series of 2000, dated October 1, 2000 ("Notes"). Said Notes are payable from (i) the proceeds of the City's Water and Sewer Revenue Bonds, Series of 2003 to be issued on the basis of parity with these Bonds and the Outstanding Bonds, (ii) the proceeds of Renewal Notes, or (iii) the revenues of the System

The Series 2001 Bonds will rank on the basis of parity as to security and source of payment with certain of the City's outstanding Water and Sewer Refunding Revenue Bonds, Series of 1996, dated October 1, 1996; and Water and Sewer Refunding Revenue Bonds, Series of 1999, dated January 1, 1999 ("Outstanding Bonds"). Prior to the delivery of the Series 2001 Bonds, the City will obtain the required certification that the net income and revenues of the combined and consolidated municipal water and sewer System for twelve consecutive months out of the eighteen months preceding the issuance of the Series 2001 Bonds were equal to at least 1.30 times the maximum amount of principal and interest that will become due in any System fiscal year on all Outstanding Bonds and these Series 2001 Bonds.

The proceeds of the Bonds are being issued to meet the costs associated with the first phase of the expansion of the water plant, upgrading and expanding the capacity of the sewage treatment plant and financing various other improvements to the System, including rehabilitation of certain portions of the sewer lines. This process was begun in 1999, and the expansion and upgrade is expected to be approximately \$20,000,000. The City has secured a \$1,000,000 grant from the State of Kentucky for application to the completion of the Project and is pursuing other potential sources of grant moneys. The City anticipates issuing additional bonds sufficient to complete the Project as needed, and expects that a System rate increase will be required prior to issuance of the additional bonds.

ESTIMATED USES AND SOURCES OF FUNDS

Estimated Uses of Funds:

Project Costs
Underwriting Discount
Debt Service Reserve
Costs of Bond Issuance
Contingency

Total Estimated Project Costs

Sources of Funds

Par Amount of Bonds

Total Sources of Funds

DISPOSITION OF BOND PROCEEDS

Upon issuance and delivery of the Bonds, all sums representing accrued interest received from the purchaser(s) shall be deposited in the Bond Fund (hereinafter described) and shall be used for payment of interest coming due on the Bonds.

Next, there shall be set aside and paid from the proceeds of the Bonds all expenses incident to the authorization, sale and delivery thereof.

Next, there shall be set aside and paid from the proceeds of the Bonds a Debt Service Reserve which is based on the minimum of the following: 10% of the Bond size, 100% of the maximum annual debt service, or 125% of the average annual debt service.

The entire remaining proceeds of the Bonds shall be deposited, until needed for construction purposes, with the Construction Depository (Central Bank & Trust Co., Lexington, Kentucky), into a special account called "City of Versailles Water & Sewer System Series 2001 Construction Fund" (the "Construction Fund").

Flow of Funds

The income and revenues of the combined and consolidated Water and Sewer System shall be collected, segregated, accounted for and distributed as follows:

Revenue Fund - A separate and special fund or account of the City has heretofore been created and shall be continued and is designated the "City of Versailles Water and Sewer Revenue Fund" (the "Revenue Fund") into which the City has pledged to deposit promptly as received all cash revenues of the System. The moneys in this Fund shall be applied by the City only for the purposes and in the order of priorities as described below.

Bond Fund - There has previously been created with the Depository a separate account designated the "Water and Sewer Revenue Bond and Interest Redemption Fund of 1960" (the "Bond Fund") and such account shall continue to be maintained so long as any Bonds are outstanding. Within the Bond Fund there is, and shall continue to be maintained, the "Water and Sewer Debt Reserve Fund of 1960" (the "Debt Reserve Fund") into which there shall be deposited and maintained an amount equal to the maximum amount of principal of and interest on all outstanding Water and Sewer Revenue Bonds in any year (the "Required Minimum Balance") including any parity bonds issued in the future, so long as any Bonds remain outstanding.

At any time when the Debt Reserve Fund contains an amount below the required minimum balance, whether because of the issuance of parity bonds or because of authorized withdrawals, there shall be transferred to the Bond Fund from the Revenue Fund, and as a first charge thereon, on or before the 20th day of each month, a sum equal to one-fifth (1/5) of the interest becoming due on the next succeeding interest due date plus one-tenth (1/10) of the principal becoming due on the next succeeding December 1.

At any time when the Required Minimum Balance has been accumulated in the Debt Reserve Fund, the transfers from the Revenue Fund to the Bond Fund on or before the 20th day of each month shall be equal to one-sixth (1/6) of the interest to become due on the next succeeding interest due date plus one-twelfth (1/12) of the principal becoming due on the next succeeding December 1.

All provisions relating to deposits and accumulations in the Bond Fund shall be cumulative, and if there be failure to deposit the prescribed amounts in any one or more months, a sum equal to the deficiency shall be deposited as soon as available, and the same shall be in addition to the amounts otherwise prescribed to be deposited in the Bond Fund for the succeeding month or months.

Moneys held in the Debt Reserve Fund may, upon order of the City Council, be invested in bonds, notes or certificates of indebtedness of the United States Government maturing not later than three (3) years from date of investment. Income from any such investments shall be accumulated in the Debt Reserve Fund.

Amounts on deposit in the Bond Fund and the Debt Reserve Fund are irrevocably pledged solely for the payment of the principal of and interest on such Water and Sewer Revenue Bonds as may be outstanding from time to time and for no other purpose.

Withdrawals from the Debt Reserve Fund may be made if and to the extent at any time required to prevent default in the payment of principal of or interest on any bonds which by their terms are payable from the Bond Fund and for no other purpose.

Following the required deposits to the Bond Fund and Debt Service Reserve Fund, monthly transfers shall be made in amounts equal to one-sixth (1/6) of the interest becoming due on the City's outstanding Notes which shall be deposited in the Water and Sewer Revenue Bond Anticipation Note Fund ("Note Fund").

Following the required deposits to the Bond Fund, Debt Reserve Fund and Note Fund monthly transfers shall be made from the Revenue Fund sufficient to meet the City's obligations under its Loan Agreement with the Kentucky Infrastructure Authority ("KIA") which shall be deposited in the KIA Loan Fund.

Maintenance and Operation Fund - A separate fund or account of the City has previously been created and shall continue to be maintained so long as any bonds are outstanding, such account designated the "Maintenance and Operation Fund". After observing the priority of deposits into the Bond Fund and KIA Loan Fund, there shall be deposited each month in the Maintenance and Operation Fund a sum equal to the anticipated expenses of operating and maintaining the System for the next ensuing month.

Depreciation Fund - The City has created and maintains a special account with the Depository Bank identified as the "Depreciation Fund" which shall continue to be maintained so long as any of the Water and Sewer Revenue Bonds are outstanding. The City covenants that, after observing the priorities of deposits into the Bond Fund and KIA Loan Fund, it will transfer monthly into the Depreciation Fund an amount equal to ten percent (10%) of the funds remaining in the Revenue Fund, so long as the unexpended balance remaining in the Depreciation Fund is less than \$100,000. The City further covenants that it will additionally deposit into the Depreciation Fund the proceeds from the sale of any equipment no longer usable or needed, all fees or charges collected from potential customers to aid in the financing of the cost of extensions and improvements, and any proceeds received from property damage insurance.

Moneys in the Depreciation Fund may be withdrawn and used by the City for (a) paying the costs of unusual or extraordinary repairs, renewals or replacements; (b) paying the costs of constructing additions and improvements to the System which will either enhance its revenue producing capacity or provide a higher degree of service; or the prevention of default in the payment of interest on and/or principal of any bonds outstanding from time to time.

Surplus in Revenue Fund - Whenever all specified and required transfers and payments into the above special funds have been made, and the prescribed reserves have been accumulated to the required amounts and there is a balance in the Revenue Fund in excess of the estimated amount required to be transferred and paid into the special funds during the next succeeding three (3) months, such excess may be transferred to the Depreciation Fund, or may be used to purchase or retire bonds, or for the payment of payment of the interest on or principal of other obligations of the City incurred in connection with the System, or for any other lawful purpose.

CERTAIN PROVISIONS OF THE BOND ORDINANCE

The Bond Ordinance contains various covenants of the City and provisions for the payment of the Bonds in accordance with their terms, certain of which are summarized below. Reference is made to the Bond Ordinance for a full and complete statement of its provisions.

The City has authorized the issuance of its City of Versailles, Kentucky, Water and Sewer Revenue Bonds, in an aggregate amount of \$9,800,000. The Bonds are fully registered and in denominations in multiples of \$5,000. The Bonds bear interest payable on June 1 and December 1 in each year, beginning June 1, 2002, at such interest rate or rates as may be fixed by the City, as a result of an advertised sale of said Bonds in competitive bidding therefor. Said Bonds shall mature on December 1, 2002 and each December 1 thereafter of the respective years as provided in the Bond Ordinance and elsewhere herein.

Paying Agent and Registrar

Central Bank & Trust Co., Lexington, Kentucky, has been named Paying Agent and Bond Registrar. Interest and principal payments will be made by the Paying Agent by wire transfer to DTC on each due date. Please see "Book Entry" supra.

Parity Bonds

The City reserves the right to issue additional bonds in the future in order to pay the costs of additions, extensions and improvements to the System ranking on parity with these 2001 Revenue Bonds, together with the Outstanding Bonds. Neither these Bonds, the Outstanding Bonds previously issued and presently outstanding, nor bonds issued in the future in accordance with the restrictions and conditions contained in the Ordinance shall be entitled to priority, one over the other, in the application of the revenues pledged.

Prior to the issuance of such parity bonds, there shall be procured and filed with the City Clerk a statement by an independent public accountant not in the regular employ of the City reciting the conclusion that the net revenues of the System during a period of twelve consecutive months out of the eighteen months immediately preceding the issuance of such parity bonds were equal to at least 1.30 times the maximum amount that will become due in any succeeding fiscal year of the System for both principal of and interest on all Bonds then outstanding and also the parity bonds then proposed to be issued. In the event that the net revenues for such period were inadequate to meet the foregoing requirements; the amount of gross revenues reflected in such certificate may be adjusted to reflect any revision in the schedule of rates being imposed at the time and also reflect the additional estimated net revenues to be realized through the extensions; betterments and improvements of the System to be acquired or constructed through the issuance of such additional bonds, such adjustments to be based upon certification by a consulting engineer of national reputation not in the regular employ of the City.

The City further reserves the right to issue additional bonds payable from the revenues pledged but not ranking on parity with these 2001 Bonds and the Outstanding Bonds.

Upon the retirement of the Outstanding Bonds, the required parity coverage requirement shall be reduced from 1.30 to 1.20 times the maximum annual debt service for these Series 2001 Bonds and any parity bonds.

Arbitrage Provisions

The City shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the City on the Bonds shall, for the purpose of Federal income taxation, be excludable from the gross income of the recipients under any valid provision of law.

The City shall not permit at any time any of the proceeds of the Bonds or other funds of the City to be used to acquire any securities or obligations the acquisition of which would cause any such Bond to be an "arbitrage bond", as defined in the Internal Revenue Code of 1986, as amended (the "Code"), unless under any valid provision of law hereafter enacted, the interest paid by the City on the Bonds shall be excludable from the gross income of a recipient thereof for Federal income tax purposes without regard to compliance with the Code.

Ordinance to Constitute a Contract

The provisions of the Ordinance shall constitute a contract between the City and the Registered Owners of any Bonds from time to time outstanding and, after the sale of such Bonds, no change in the provisions of the Resolution shall be permitted while any of said Bonds remain outstanding and unpaid, except as expressly authorized in the Ordinance.

Other Covenants

The City further covenants that so long as any of the bonds issued pursuant to the authority of the 2001 Ordinance remain outstanding and unpaid:

- (A) It will perform all duties required by law and by the terms of the Ordinance.
- (B) It will maintain the System in good condition and will make renewals and replacements as same may be required.
- (C) It will not sell, mortgage, pledge, lease or in any manner dispose of the System or the revenues thereof, except as permitted by the Ordinance.
- (D) It will establish, enforce and collect reasonable rates and charges to be adequate at all times to operate and maintain the System, provide for depreciation thereof and for orderly payment of principal and interest on all outstanding bonds.
- (E) It will adopt, by July 1 of each year, a budget of current expenses for the System and an estimate of gross revenues for the ensuing fiscal year, and to the extent that gross revenues are insufficient, it will revise its rates and charges.
- (F) It will not at any time reduce the prevailing schedule of rates and charges without first obtaining the written determination of a consulting engineer that the proposed reduction will not adversely affect the ability of the City to meet all the requirements set forth in the Ordinance.
- (G) It will at all times segregate and regularly make application of the revenues of the System in accordance with the Ordinance.
- (H) It will keep proper books of record, separate from all other municipal records.
- (I) It will within 90 days after the end of each fiscal year cause an audit to be made of the books of record by an independent accountant.
- (J) Any Registered Owner of 2001 Bonds may enforce and compel performance by the City of all duties imposed by law or the Ordinance.
- (K) If there be any default in the payment of the principal of or interest on any of the 2001 Bonds, any Registered Owner of said bonds may file suit and any court having jurisdiction may appoint a receiver to administer the System on behalf of the City with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System and for payment of operating expenses and to apply the revenues in conformity with the Ordinance.
- (L) It will cause each municipal officer or other person (other than depository banks) having custody of any moneys administered under the provisions of the Ordinance to be bonded at all times in a amount at least equal to the maximum amount of such moneys in custody at any time.
- (M) It will maintain at all times insurance of all insurable properties constituting parts of the System to the full insurable value thereof against damage or destruction by fire, windstorm and the hazards covered by the standard "extended coverage" policy endorsements.
- (N) Pursuant to KRS 95.934 rates and charges for sewer service provided by the System shall be billed simultaneously with rates for water service provided by the System and water service will be discontinued to any premises where there is failure to pay any part of the aggregate charges so billed including such interest, penalties and fees for disconnection and/or reconnection as may be prescribed from time to time.

CONTINUING DISCLOSURE

As a result of the City and issuing agencies acting on behalf of the City having outstanding, at the time the Bonds referred to herein are offered for public sale, municipal securities in excess of \$10,000,000, the City will enter into a written agreement for the benefit of all parties who may become Registered Owners or Beneficial Owners of the Bonds whereunder said City shall be obligated to (i) supply to the repositories designated under said Rule by the Municipal Securities Rule Making City notice of any of the "material events" outlined in said Rule should same occur and (ii) supply financial information on an annual basis. A draft of said agreement is attached hereto as Appendix C.

Financial Information regarding the City may be obtained from the City Clerk, City of Versailles, Kentucky, Post Office Box 625, Versailles, Kentucky, 40383 (phone number: (859) 873-4581).

TAX EXEMPTION

With regard to the Internal Revenue Code of 1986, as amended, Bond Counsel advises as follows:

- (A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.
- (B) The interest income from the Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes under existing law; provided, that the corporate entities noted below are advised of certain tax consequences as follows:
 - 1) In the computation of the corporate minimum tax, earnings and profits may include otherwise tax-exempt interest on the Bonds; this provision applies to corporations only.
 - 2) Property and casualty insurance companies may be denied certain loss reserve deductions to the extent of otherwise tax-exempt interest on the Bonds.
- (C) As a result of designations and certifications by the City, indicating the issuance of less than \$10,000,000 of "qualified tax-exempt obligations" during the calendar year ending December 31, 2001, the Bonds may be treated by financial institutions as if they were acquired before August 8, 1986.
- (D) The interest income from the Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes under existing law for individuals; however, said income must be included in the calculation of "modified adjusted gross income" in the determination of whether and to what extent Social Security benefits are subject to Federal income taxation.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Henry M. Reed III, Louisville, Kentucky, Bond Counsel to the City. The approving legal opinion of Bond Counsel will be printed on the Bonds and will contain a statement of tax exemption as represented herein. Bond Counsel has reviewed the information herein pertaining to the Bonds under the headings "Description of the Bonds", "Certain Provisions of the Bond Ordinance", "Continuing Disclosure" and "Tax Exemption" and is of the opinion that such information is a fair summary of the principal provisions of the instruments and information therein described. Bond Counsel has not otherwise participated in the preparation of the Official Statement and has not verified the accuracy or completeness of any financial information, projections, or computations related thereto, and therefore can make no representation with respect to such information.

FINANCIAL ADVISOR

The Bonds will be sold on a publicly advertised, competitive basis. First Kentucky Securities Corporation, Frankfort, Kentucky, Financial Advisor to the City, has requested and received permission and approval of the City to bid, either alone or in conjunction with others, on the Bonds. The Financial Advisor has expressed its intent to so bid.

First Kentucky Securities Corporation will receive a fee, subject to sale and delivery of the Bonds, for its advisory services. Said fee is separate from and in addition to compensation received, if any, for underwriting of the Bonds.

RATING

Moody's Investors Service has given the Bonds the rating set forth on the cover page of this Official Statement. Such rating reflects only the opinion of such organization. There can be no assurance that such rating will be maintained for any given period of time or that it will not be revised or withdrawn entirely. Any downward revision or withdrawal of such rating may have a material adverse effect on the market price of the Bonds.

This Official Statement does not, as of its date, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading in any material respect.



All quotations from, and summaries and explanations of, the Kentucky Revised Statutes and the Bond Ordinance contained herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of the Bond Ordinance may be obtained from First Kentucky Securities Corporation, P. O. Box 554, Frankfort, Kentucky 40602-0554.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holder of any of the Bonds.

CITY OF VERSAILLES, KENTUCKY

/s/ Fred Siegelman
Mayor

ATTEST:

/s/ Allison B. White
City Clerk

APPENDIX A

*City of Versailles, Kentucky
Water and Sewer System*

CITY OF VERSAILLES KENTUCKY
WATER AND SEWER SYSTEM

The City of Versailles owns and operates a combined water and sewer utility serving approximately 5,245 water customers and 4,475 sewer customers. Improvements have been made to meet the demands of continued growth of the area. Funds for financing the improvements were derived from revenues of the system, water and sewer revenue bond issues and from federal and state grants for the sewerage facilities.

The City's water distribution system includes adequate mains, services and elevated treated water storage at the present time.

Water Connections and Water Pumpage

<u>Year</u>	<u>Average Daily Pumpage (Gals.) *</u>	<u>Maximum Daily Pumpage (Gals.)</u>	<u>Average Number Water Services</u>
2000	2,811,899	3,600,000	5,395
1999	2,971,773	3,600,000	5,245
1998	2,939,281	3,600,000	5,095
1997	2,567,890	3,600,000	4,955
1996	2,508,308	3,600,000	4,834

* "Average Daily Pumpage" includes water bought as needed from Kentucky American Water.

Sewer Connections and Sewer Pumpage

<u>Year</u>	<u>Average Daily Wastewater Pumpage (Gals.)</u>	<u>Average Number Sewer Customers</u>
2000	1,870,000	4,605
1999	1,790,000	4,475
1998	2,250,000	4,453
1997	2,320,000	4,323
1996	2,330,000	4,129

Water and Sewer Service Rates (effective July 1, 2000)

Water Service

	<u>Inside City</u>		<u>Outside City</u>
Minimum Monthly Charge	\$3.50	Minimum Monthly Charge	\$5.50
First 1,000 gal.	\$3.50 minimum	First 1,000 gal.	\$5.50 minimum
Next 9,000 gal.	\$1.72	Next 9,000 gal.	\$2.15
Next 15,000 gal.	\$1.67	Next 15,000 gal.	\$2.09
Next 75,000 gal.	\$1.64	Next 75,000 gal.	\$2.05
Next 900,000 gal.	\$1.62	Next 900,000 gal.	\$2.03
All Over 1,000,000 gal.	\$1.60	All Over 1,000,000 gal.	\$2.00

Sewer Service

	<u>Inside City</u>		<u>Outside City</u>
Minimum Monthly Charge	\$3.30	Minimum Monthly Charge	\$5.95
First 1,000 gal.	\$3.30	First 1,000 gal.	\$5.59
Next 9,000 gal.	\$1.42	Next 9,000 gal.	\$2.46
Next 15,000 gal.	\$1.31	Next 15,000 gal.	\$2.33
Next 75,000 gal.	\$1.25	Next 75,000 gal.	\$2.18
Next 900,000 gal.	\$1.20	Next 900,000 gal.	\$2.13
All Over 1,000,000 gal.	\$1.18	All Over 1,000,000 gal.	\$2.11

Ten Largest Users of Water System

<u>Customer's Name</u>	<u>Total Consumption</u>
Northeast Woodford Water District	\$9,229,700
South Woodford Water District	8,129,100
United L-N Glass, Inc.	5,536,600
Osram Sylvania Products	2,320,700
World Color (Quebecor)	1,746,300
Y H America, Inc.	1,132,700
Osram Sylvania Products	928,300
Texas Instruments, Inc.	596,000
Methodist Home	332,300
Versailles Municipal Housing Authority	326,800

Assessment of Taxable Property

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>	<u>Bank Franchise & Deposit Tax</u>
2000	\$351,415,244	\$264,300,296
1999	358,987,315	249,081,825
1998	320,835,049	228,746,696
1997	312,453,349	134,223,070
1996	284,244,084	190,033,009

Property Tax Rates (Per \$100 of Assessed Value)

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>	<u>Bank Shares</u>
2000	.047	.224
1999	.044	.224
1998	.048	.224
1997	.046	.224
1996	.050	.224

Taxes Levied and Collected (Includes Bank Shares)

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>
1999	\$158,106.75	\$205,975.87
1998	153,942.23	189,998.00
1997	142,122.04	196,538.00

Outstanding Water and Sewer Revenue Bonds

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Amount of Original Issue</u>	<u>Outstanding September 15, 2001</u>
October 1, 1996	12/1/05	\$ 710,000	\$ 565,000
January 1, 1999	12/1/10	2,715,000	2,300,000

Outstanding Water and Sewer Bond Anticipation Notes

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Amount of Original Issue</u>	<u>Outstanding September 15, 2001</u>
October 1, 2000	10/1/03	\$4,310,000	\$4,310,000

Debt Service Coverage

The Bond Ordinance requires that, prior to the issuance of parity bonds, a certification by a Certified Public Accountant, not in the regular employ of the City, be obtained to the effect that the net revenues of the System are no less than 1.30 times the maximum amount of principal of and interest on the Prior Bonds and the bonds proposed to be issued in any year prior to the final maturities.

Following is the calculation of estimated coverage of maximum debt service by net revenues, as adjusted, after issuance of the 2001 Bonds, using amounts for the fiscal year ended June 30, 2000:

Gross Revenues		\$3,751,252
Operating Expenses	2,158,348	
Less Depreciation	<u>(433,138)</u>	
Total Operating Revenues		<u>1,725,210</u>
Net Operating Revenues		2,026,042
Debt Service - Estimated Maximum Principal and Interest in 2011		1,102,180
Debt Service Covered		1.84x

General Information

Located in the heart of thoroughbred country, Woodford County is the home of many beautiful horse farms. Woodford County, with a land area of 191 square miles, had an estimated 1998 population of 22,830.

Versailles, the county seat of Woodford County, is located in central Kentucky's famous Bluegrass Region. Versailles is located 15 miles west of Lexington, Kentucky; 63 miles southeast of Louisville, Kentucky; 88 miles south of Cincinnati, Ohio; and 186 miles north of Knoxville, Tennessee. Versailles had an estimated 1998 population of 8,233.

Woodford County firms employed 9,569 people in 1997. Contract construction firms provided 351 jobs; manufacturing firms in the county reported 3,797 employees; wholesale and retail trade provided 1,514 jobs; 1,384 were employed in the service industry; and state and local government accounted for 949 jobs.

Major highways serving Versailles and Woodford County are U.S. Highways 60 and 62, both "AAA"-rated trucking highways. The Blue Grass Parkway is located three miles south of Versailles. Thirty-one common carrier trucking companies provide interstate and/or intrastate service to Versailles. The Lexington and Ohio Railroad provides branch line rail service to Versailles. Scheduled commercial airline service is available at Blue Grass Airport, eight miles east of the city.

Largest Manufacturing Employers in Versailles

The following represents the largest manufacturing firms in Versailles in 1999:

<u>Firm, Year Established and Product</u>	<u>1999 Employment</u>
Quebecor World Book Publishing and printing; staple, saddle Stitch and perfect binding	1,500
Texas Instruments, Inc. (1954) Thermostats, relays, pressure switches and motor protectors; control circuit boards	800
Osram Sylvania, Inc. (1964) Fluorescent lamps	690
Osram Sylvania, Inc., Glass Plant (1972) Glass tubing	300
YH America, Inc.-Div. 1 (1989) Automotive air conditioning and power steering hoses; fittings and assembly	300
Kuhlman Electric Corporation (1969) Instrument transformers	190
United L-N Glass, Inc. (1987) Automobile windshield and side window glass	100
Ruggles Sign Co. (1946) Electric, fluorescent, metal, neon, plastic and wooden signs	40
Woodford Feed Company (1940) Feed and fertilizer grinding, mixing and Blending	35
McKinney Production Coating (1991) Production spray painting service of steel or Postal baskets and small automobile parts	25

Source: Kentucky Cabinet for Economic Development, Division of Research and Planning.

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Woodford County Municipal Bond Debt (as of June 30, 1999)

	<u>Original Amount Issued</u>	<u>Principal Amount Outstanding</u>
<u>Woodford County</u>		
Courthouse Public Corporation	\$4,735,000	\$3,995,000
Public Project Public Corporation	2,660,000	1,360,000
Lease Purchase Public Corporation	387,000	349,000
<u>City of Versailles</u>		
Water & Sewer Revenue	4,780,000	3,070,000
Kentucky Infrastructure Loan	220,819	56,760
<u>City of Midway</u>		
Industrial Facility Revenue	2,230,000	2,230,000
Sewer Revenue	800,000	680,000
Kentucky Infrastructure Loan	648,538	564,088
<u>Northeast Woodford County Water District</u>		
Water Revenue	787,000	671,000
<u>North Woodford County Water District</u>		
Water Revenue	370,000	108,000
<u>South Woodford County Water District</u>		
Water Revenue	1,070,000	922,000
<u>Woodford County School District</u>		
School Building Revenue	16,710,000	8,370,000

Source: 1999 Kentucky Local Debt Report

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APPENDIX B

*Estimated Debt Service Requirements
on
Series 2001 Revenue Bonds*

**CITY OF VERSAILLES, KENTUCKY
WATER AND SEWER REVENUE BONDS
SERIES OF 2001**

ESTIMATED DEBT SERVICE REQUIREMENTS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
6/1/02		\$ 303,045.33	\$ 303,045.33	\$303,045.33
12/1/02	\$ 330,000	213,078.75	543,078.75	
6/1/03		207,881.25	207,881.25	750,960.00
12/1/03	340,000	207,881.25	547,881.25	
6/1/04		202,186.25	202,186.25	750,067.50
12/1/04	350,000	202,186.25	552,186.25	
6/1/05		196,148.75	196,148.75	748,335.00
12/1/05	365,000	196,148.75	561,148.75	
6/1/06		189,670.00	189,670.00	750,818.75
12/1/06	375,000	189,670.00	564,670.00	
6/1/07		182,826.25	182,826.25	747,496.25
12/1/07	390,000	182,826.25	572,826.25	
6/1/08		175,513.75	175,513.75	748,340.00
12/1/08	405,000	175,513.75	580,513.75	
6/1/09		167,717.50	167,717.50	748,231.25
12/1/09	420,000	167,717.50	587,717.50	
6/1/10		159,422.50	159,422.50	747,140.00
12/1/10	440,000	159,422.50	599,422.50	
6/1/11		150,512.50	150,512.50	749,935.00
12/1/11	460,000	150,512.50	610,512.50	
6/1/12		140,967.50	140,967.50	751,480.00
12/1/12	475,000	140,967.50	615,967.50	
6/1/13		130,873.75	130,873.75	746,841.25
12/1/13	500,000	130,873.75	630,873.75	
6/1/14		119,998.75	119,998.75	750,872.50
12/1/14	520,000	119,998.75	639,998.75	
6/1/15		108,428.75	108,428.75	748,427.50
12/1/15	545,000	108,428.75	653,428.75	
6/1/16		95,893.75	95,893.75	749,322.50
12/1/16	570,000	95,893.75	665,893.75	
6/1/17		82,498.75	82,498.75	748,392.50
12/1/17	600,000	82,498.75	682,498.75	
6/1/18		68,098.75	68,098.75	750,597.50
12/1/18	630,000	68,098.75	698,098.75	
6/1/19		52,663.75	52,663.75	750,762.50
12/1/19	660,000	52,663.75	712,663.75	
6/1/20		36,163.75	36,163.75	748,827.50
12/1/20	695,000	36,163.75	731,163.75	
6/1/21		18,615.00	18,615.00	749,778.75
12/1/21	<u>730,000</u>	<u>18,615.00</u>	<u>748,615.00</u>	748,615.00
Totals	<u>\$9,800,000</u>	<u>\$5,488,286.58</u>	<u>\$15,288,286.58</u>	

Source: Financial Advisor

APPENDIX C

Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement ("Agreement") made and entered into as of the 15th day of September, 2001 by and between the City of Versailles, Kentucky ("City"), Central Bank & Trust Co., Lexington, Kentucky ("Bank") and the Registered and Beneficial Owners hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

The City has never failed under previous written agreements to comply in all material respects with any previous undertaking with regard to the Rule to provide required financial reports or notices of material events.

WITNESSETH:

WHEREAS, the City pursuant to the provisions of Sections 58.010 through 58.150 of the Kentucky Revised Statutes ("KRS") and the City's Bond Ordinance has authorized the issuance, sale and delivery of \$9,800,000 of the City's Water and Sewer Revenue Bonds, Series of 2001, dated September 15, 2001 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by First Kentucky Securities Corporation, Frankfort, Kentucky ("Financial Advisor") and approved by the authorized representatives of the City, and

WHEREAS, the Securities and Exchange Commission ("SEC"), pursuant to the Securities and Exchange Act of 1934, has amended the provisions of SEC Rule 15c2-12 relating to financial disclosures by the issuers of municipal securities under certain circumstances ("Rule"), and

WHEREAS, it is intended by the parties to this Agreement that all terms utilized herein shall have the same meanings as defined by the Rule, and

WHEREAS, the City is an "obligated person" as defined by the Rule and subject to the provisions of said Rule, and

WHEREAS, failure by the City to observe the requirements of the Rule will inhibit the subsequent negotiation, transfer and exchange of the Bonds with a resulting diminution in the market value thereof to the detriment of the Registered and Beneficial Owners of said Bonds and the City;

NOW, THEREFORE, in order to comply with the provisions of the Rule and in consideration of the purchase of the Bonds by the Registered and Beneficial Owners, the parties hereto agree as follows:

1. ANNUAL FINANCIAL INFORMATION.

The City agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the City for its fiscal years ending June 30 of each year to the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRS") as specified by SEC Regulations and the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

For the purposes of the Rule "annual financial information" means financial information or operating data provided annually, of the type included in the FOS with respect to the Assessments and the Bonds, and shall include annual audited financial statements for the City in order that the recipients will be provided with ongoing information regarding revenues and operating expenses of the City.

The annual financial information shall be prepared in accordance with Generally Accepted Accounting Principles, Generally Accepted Auditing Standards or in accordance with the appropriate sections of KRS or Kentucky Administrative Regulations.

The parties hereto agree that this Agreement is entered into among them for the benefit of those who become Registered and Beneficial Owners of the Bonds as third party beneficiaries to said Agreement.

2. MATERIAL EVENTS NOTICES.

Under the Rule, Section 15c2-12(b)(5)(i)(C), the following eleven (11) events must be disclosed to the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRS") or to the Municipal Securities Rule Making Board ("MSRB") and to the SID, if any:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of Bondholders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing the repayment of the Bonds; and
- (11) Rating changes.

Notice of said material events shall be given to the entities identified in this Section by the City on a timely basis in light of the date of occurrence of the material events. Notwithstanding the foregoing, the provisions of the documents under which the Bonds are authorized and issued do not provide for a debt service reserve, credit enhancements or credit or liquidity providers.

In accordance with Rule Section 15c2-12(b)(5)(i)(D), the City agrees that in the event of a failure to provide the financial information required under Section 1 of this Agreement, it will notify each NRMSIR or MSRB and SID of such failure in a timely manner.

3. SPECIAL REQUESTS FOR INFORMATION.

Upon the request of any Registered or Beneficial Owner of the Bonds or the original purchaser of the Bonds or any subsequent broker-dealer buying or selling said Bonds on the secondary market ("Underwriters"), the City shall cause financial information or operating data regarding the City to be made available on a timely basis following such request as set forth in Section 1.

4. DISCLAIMER OF LIABILITY.

The City hereby disclaims any liability for monetary damages for any breach of the commitments set forth in this Agreement and remedies for any breach of the continuing disclosure undertaking shall be limited to an action for specific performance or mandamus in a court of competent jurisdiction in Kentucky following notice and an opportunity to cure such a breach.

5. FINAL OFFICIAL STATEMENT.

That the Final Official Statement prepared by the Financial Advisor and approved by the authorized representatives of the City is hereby incorporated in this Agreement as fully as if copied herein and the "financial information" required under Section 1 hereof shall in summary form update the specific information set forth in said FOS.

6. DURATION OF THE AGREEMENT.

This Agreement shall be in effect so long as any of the Bonds remain outstanding and unpaid; provided, however, that the right is reserved in the City to delegate its responsibilities under the Agreement to a competent agent or trustee, or to adjust the format of the presentation of annual financial information so long as the intent and purpose of the Rule to present adequate and accurate financial information regarding the City is served.

7. AMENDMENT; WAIVER

Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 1, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Bond Ordinance for amendments to the Bond Ordinance with the consent of the holders of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Section 15c2-12(b)(5)(i)(C) of the Rule, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

8. DEFAULT

In the event of a failure of the City to comply with any provision of this Agreement, the Bank may and, at the request of any Underwriter or any Registered or Beneficial Owner of Bonds, shall, or any Registered or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Bond Ordinance, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

In witness whereof the parties hereto have executed this Agreement as of the date first above written.

CITY OF VERSAILLES, KENTUCKY

Mayor

Attest:

City Clerk

**CENTRAL BANK & TRUST CO.
LEXINGTON, KENTUCKY**

Vice President

OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$9,800,000 City of Versailles (Kentucky) Water and Sewer Revenue Bonds, Series of 2001, dated September 15, 2001 ("Bonds"), and in accordance with the Notice of Bond Sale, as advertised, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$9,800,000 principal amount of Bonds, the total sum of \$ _____ (not less than \$9,677,500), plus accrued interest from September 15, 2001, at the following annual rate(s), payable semiannually (rates on ascending scale; number of interest rates unlimited) and maturing on December 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2002	\$ 330,000	_____%	2012	\$ 475,000	_____%
2003	340,000	_____	2013	500,000	_____
2004	350,000	_____	2014	520,000	_____
2005	365,000	_____	2015	545,000	_____
2006	375,000	_____	2016	570,000	_____
2007	390,000	_____	2017	600,000	_____
2008	405,000	_____	2018	630,000	_____
2009	420,000	_____	2019	660,000	_____
2010	440,000	_____	2020	695,000	_____
2011	460,000	_____	2021	730,000	_____

It is understood that the City will furnish the final, approving Legal Opinion of Henry M. Reed III, Bond Counsel, Louisville, Kentucky.

The successful bidder may elect to notify the Financial Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on December 1 in accordance with the maturity schedule setting the actual size of the issue.

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through Central Bank & Trust Co., Lexington, Kentucky, - (859) 253-6247. Attention: Douglas E. Fritz, Vice President.

Bids must be submitted only on this form and must be fully executed.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within forty-five (45) days of sale; delivery now anticipated for October 9, 2001.

Respectfully submitted,

Bidder

By _____
Authorized Officer (Signature)

Address

Total interest cost from September 15, 2001 to final maturity \$ _____

Plus discount \$ _____

Net interest cost (Total interest cost plus discount) \$ _____

Average interest rate or cost _____ %

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted by the Mayor of the City of Versailles, Kentucky for \$ _____ amount of Bonds at a price of \$ _____ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2002	\$ _____,000	_____ %	2012	\$ _____,000	_____ %
2003	_____,000	_____ %	2013	_____,000	_____ %
2004	_____,000	_____ %	2014	_____,000	_____ %
2005	_____,000	_____ %	2015	_____,000	_____ %
2006	_____,000	_____ %	2016	_____,000	_____ %
2007	_____,000	_____ %	2017	_____,000	_____ %
2008	_____,000	_____ %	2018	_____,000	_____ %
2009	_____,000	_____ %	2019	_____,000	_____ %
2010	_____,000	_____ %	2020	_____,000	_____ %
2011	_____,000	_____ %	2021	_____,000	_____ %

Dated: September 25, 2001.

Mayor

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

**\$9,800,000 City of Versailles (Kentucky)
Water and Sewer Revenue Bonds, Series of 2001
Dated September 15, 2001**

DATE OF SALE: 11:00 A.M., E.D.S.T., SEPTEMBER 25, 2000

As advertised in The Courier-Journal, published in Louisville, Kentucky, the City of Versailles, Kentucky, will until the 25th day of September, 2001, at the hour of 11:00 A.M., E.D.S.T., in the office of the City Clerk, City Hall, Versailles, Kentucky 40383, receive sealed competitive bids for the Water and Sewer Revenue Bonds, Series of 2001, dated September 15, 2001 ("Bonds" or "Series 2001 Bonds") herein described. To be considered, a proposal for the purchase of such Bonds must be submitted on an Official Bid Form and must be delivered on the date of sale no later than the hour indicated.

STATUTORY AUTHORITY, PURPOSE OF ISSUE, AND SECURITY

These Bonds are authorized pursuant to the provisions of Chapter 58 of the Kentucky Revised Statutes, including KRS 58.010 through 58.140, and a Bond Ordinance passed and adopted by the City Council of the City of Versailles, Kentucky ("City"). The Bonds are revenue bonds and do not constitute a direct indebtedness of the City but are payable solely from and secured by a pledge of the first gross revenues derived from the operation of the combined and consolidated municipal water and sewer system (the "System").

In addition to the Outstanding Bonds identified below, the City presently has outstanding \$4,310,000 of its Water Revenue Bonds Anticipation Notes, Series of 2000, dated October 1, 2000 ("Notes"). Said Notes are payable from (i) the proceeds of the City's Water and Sewer Revenue Bonds, Series of 2003 to be issued on the basis of parity with these Bonds and the Outstanding Bonds, (ii) the proceeds of Renewal Notes, or (iii) the revenues of the System

The Series 2001 Bonds will rank on the basis of parity as to security and source of payment with certain of the City's outstanding Water and Sewer Refunding Revenue Bonds, Series of 1996, dated October 1, 1996; and Water and Sewer Refunding Revenue Bonds, Series of 1999, dated January 1, 1999 ("Outstanding Bonds"). Prior to the delivery of the Series 2001 Bonds, the City will obtain the required certification that the net income and revenues of the combined and consolidated municipal water and sewer System for twelve consecutive months out of the eighteen months preceding the issuance of the Series 2001 Bonds were equal to at least 1.30 times the maximum amount of principal and interest that will become due in any System fiscal year on all Outstanding Bonds and these Series 2001 Bonds.

THE BONDS

The Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bearing interest from September 15, 2001, payable June 1, 2002 and semiannually thereafter, maturing on December 1 in each of the years as follows:

<u>YEAR</u>	<u>PRINCIPAL MATURITIES</u>	<u>YEAR</u>	<u>PRINCIPAL MATURITIES</u>
2002	\$ 330,000	2012	\$ 475,000
2003	340,000	2013	500,000
2004	350,000	2014	520,000
2005	365,000	2015	545,000
2006	375,000	2016	570,000
2007	390,000	2017	600,000
2008	405,000	2018	630,000
2009	420,000	2019	660,000
2010	440,000	2020	695,000
2011	460,000	2021	730,000

The Bonds maturing on or after December 1, 2012 are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after December 1, 2011, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent by regular United States Mail to the Registered Owners of the Bonds so selected not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, plus a redemption premium equal to 1% of the face amount so redeemed if the date of redemption is on or before November 30, 2012 and on the same terms if redeemed thereafter and on or before November 30, 2013 except that the redemption premium shall then be ½ of 1%, and without redemption premium if redeemed thereafter and prior to maturity.

All of the Bonds, together with the interest thereon, and any additional bonds ranking on a parity therewith heretofore issued and outstanding or as may be hereafter issued and outstanding from time to time under the conditions and restrictions set forth in the Bond Ordinance, shall be payable only out of the Bond Fund established by the Ordinances authorizing the Outstanding Bonds and these Bonds, and shall be a valid claim of the Registered Owner thereof only against said Bond Fund and the portion or amount of the revenues of the combined and consolidated municipal water and sewer System of said City pledged to said Bond Fund.

The Bond Ordinance requires that there be established and maintained within the Bond Fund a Debt Service Reserve with a "required minimum balance" equal to the maximum annual principal and interest requirements of the Outstanding Bonds, these Bonds, and any parity bonds subsequently issued.

ADDITIONAL PARITY BONDS

The City has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said combined and consolidated municipal water and sewer System when the net annual revenues of said System for twelve consecutive months out of the eighteen months preceding the issuance of additional bonds, including the amount of increased net annual revenues by reason of rate changes or additional revenues generated by the extensions, betterments or improvements constructed from the proceeds of said additional bonds, are equal to at least 1.20 times the maximum amount of principal and interest that will become due in any System fiscal year on all Bonds then outstanding and the bonds proposed to be issued; all as certified by an independent state licensed accountant not in the regular employ of the City; provided, however, until such time as the Outstanding Bonds have been retired or defeased said net annual revenues shall be not less than 1.30 times the maximum debt service requirements.

BOND REGISTRAR/BOOK-ENTRY-ONLY-SYSTEM

The Bonds are to be issued in fully registered form (both principal and interest) in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC") under DTC's Book-Entry-Only-System as hereinafter set forth. Central Bank & Trust Co., Lexington, Kentucky, the Bond Registrar and Paying Agent, shall remit interest and principal by wire transfer to DTC on each due date and DTC shall be responsible for the distribution thereof to the Beneficial Owners of the Bonds. DTC shall administer the transfer of ownership of the Bonds.

BIDDING CONDITIONS AND RESTRICTIONS

Bids must be on Official Bid Form, contained in Information for Bidders available from the undersigned or First Kentucky Securities Corporation, Suite 400, State National Bank Building, Frankfort, P.O. Box 554, Kentucky 40602-0554, or electronically at <http://www.firstky.com>, enclosed in sealed envelopes marked "Bid for Water and Sewer Revenue Bonds".

The minimum bid shall be not less than \$9,677,500 (98.75% of par), plus accrued interest. Interest rates shall be multiples of 1/8, 1/10 or 1/20 of 1%. Only one interest rate shall be permitted per maturity.

The successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded to the Paying Agent by close of business on the day following the sale. Wire transfer should be arranged through Central Bank & Trust Co., Bond Registrar/Paying Agent, Attn: Doug Fritz, Vice President (859-253-6247).

CUSIP identification numbers will be printed on the Bonds at the expense of the City. The purchaser shall pay the CUSIP Service Bureau Charge and the cost of printing the Final Official statement. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for said Bonds in accordance with the terms of any accepted proposal for the purchase of said Bonds.

The City shall provide to the successful purchaser a final Official Statement in accordance with SEC Rule 15c2-12. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

The City reserves the right to reject any or all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest not being subject to Federal or Kentucky ad valorem or income taxation on the date of their delivery to the successful bidder.

The City will furnish the Purchaser with the final approving Legal Opinion of Henry M. Reed III, Bond Counsel, Louisville, Kentucky, subject to whose approving Legal Opinion said Bonds are sold.

CONTINUING DISCLOSURE

As a result of the City and agencies acting on behalf of the City at the time the Bonds referred to herein are offered for public sale having outstanding municipal securities in excess of \$10,000,000, the City and the Paying Agent will enter into a written agreement for the benefit of all parties who may become Owners of the Bonds whereunder said City shall be obligated to (i) supply to the repositories designated under said Rule by the Municipal Securities Rule Making Board notice of any of the "material events" outlined in said Rule should same occur and (ii) supply financial information upon request

Financial information regarding the City may be obtained from Allison B. White, City Treasurer, City Hall, Versailles, Kentucky 40383 (859-873-5436).

TAX EXEMPTION

Bond Counsel is of the opinion that the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended, and therefore advises as follows:

(A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law; provided, that the corporate entities noted below are advised of certain tax consequences as follows:

(1) In the computation of the corporate minimum tax, earnings and profits may include otherwise tax-exempt interest on the Bonds; this provision applies to corporations only.

(2) Property and casualty insurance companies may be denied certain loss reserve deductions to the extent of otherwise tax-exempt interest on the Bonds.

(C) As a result of designations and certifications by the City, indicating the issuance of less than \$10,000,000 of qualified tax-exempt obligations during the calendar year ending December 31, 2001, the Bonds may be treated by financial institutions as if they were acquired before August 8, 1986.

(D) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law for individuals; however, said income must be included in the calculation of "modified adjusted gross income" in the determination of whether and to what extent Social security benefits are subject to Federal income taxation.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bonds Certificate will be issued, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, 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 of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds ("Beneficial Ownership Interest") are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their Beneficial Ownership interests in Bonds, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Notes with DTC and their registration in the name of Cede & Co., effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if any, shall be sent to Cede & Co.. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments of the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' account on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Trustee, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payment to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its Participant, to the Bond Registrar/Paying Agent, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Bond Registrar/Paying Agent, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Bond Registrar/Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond Certificates are required to be printed and delivered.

NEITHER THE ISSUER NOR THE BOND REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOND REGISTRAR/PAYING AGENT AS BEING AN OWNER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND ORDINANCE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS: OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The Issuer cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner. or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in the Official Statement.

SO LONG AS, THE BONDS ARE HELD BY DTC OR ITS NOMINEE, CEDE & CO., IN BOOK-ENTRY ONLY FORM, THE PAYING AGENT WILL RECOGNIZE AND TREAT DTC OR ITS NOMINEE, CEDE & CO., AS THE HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THE BOND ORDINANCE, PROVIDED THAT THE PAYING AGENT WILL RECOGNIZE BENEFICIAL OWNERS FOR PURPOSES OF THE PURCHASE OF BENEFICIAL OWNERSHIP INTERESTS. CONSEQUENTLY, EACH BENEFICIAL OWNER OF A BOND IS RESPONSIBLE FOR OBSERVING THE PROCEDURES OF THE DIRECT PARTICIPANT OR INDIRECT PARTICIPANT WHICH MAINTAINS A RECORD OF SUCH INTEREST IN THE BONDS IN ORDER TO PERMIT THE TIMELY OBSERVANCE OF THE TENDER PROCESS WITH RESPECT TO AN INTEREST IN THE BONDS OTHER THAN A BENEFICIAL OWNERSHIP INTEREST ABOVE. EACH BENEFICIAL OWNER IS RESPONSIBLE FOR OBSERVING THE PROCEDURES OF THE DIRECT PARTICIPANT, INDIRECT PARTICIPANT AND THE BOND REGISTRAR/PAYING AGENT, AS SET FORTH IN THE BOND ORDINANCE, IN ORDER TO PERMIT THE TIMELY OBSERVANCE OF THE TENDER PROCESS WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS.

CITY OF VERSAILLES, KENTUCKY

By s/ Allison B. White
City Clerk