

# PRELIMINARY OFFICIAL STATEMENT

Dated May 24, 2011

(Bonds to be sold June 2, 2011, 11:00 a.m. E.D.S.T.)

## BOOK-ENTRY-ONLY-SYSTEM

Rating: Moody "Aa3" (See "Ratings" herein)

In the opinion of Bond Counsel, interest on the Bonds is exempt from income taxation by the Commonwealth of Kentucky under the laws of the Commonwealth of Kentucky as presently enacted and construed. *However, interest on the bonds is not excludible from gross income of the holders of the bonds for federal income tax purposes. Owners of the Bonds should consult with their own tax advisors as to the federal, state, local and foreign tax consequences of the acquisition, ownership and disposition of the bonds.*

## ELECTRONIC BIDDING VIA PARITY

\$2,970,000\*

### CITY OF OWENSBORO, KENTUCKY TAXABLE GENERAL OBLIGATION BONDS SERIES 2011

Dated: Date of Delivery (expected June 16, 2011)

Due: June 1, 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 U.S. Bank National Association, Louisville, 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 December 1, 2011 and thereafter semiannually on each June 1 and December 1.

The Bonds maturing on and after June 1, 2022, shall be subject to prior redemption at the option of the City on and after June 1, 2021, as discussed herein.

### SCHEDULE OF MATURITIES

<u>Due</u>	<u>Cusip #</u> <u>690887</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Due</u>	<u>Cusip #</u> <u>690887</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>
06/01/12		\$105,000			06/01/22		\$140,000		
06/01/13		105,000			06/01/23		150,000		
06/01/14		105,000			06/01/24		155,000		
06/01/15		110,000			06/01/25		165,000		
06/01/16		115,000			06/01/26		170,000		
06/01/17		115,000			06/01/27		180,000		
06/01/18		120,000			06/01/28		195,000		
06/01/19		125,000			06/01/29		205,000		
06/01/20		130,000			06/01/30		215,000		
06/01/21		135,000			06/01/31		230,000		

**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 City deems this Official Statement to be final for purposes of Security and Exchange Commission Rule 15c2-12.

The Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Peck, Shaffer & Williams LLP, Bond Counsel, Covington, Kentucky. Certain legal matters have been passed upon for the City by Edward Ray, Esq., City Attorney. The Bonds are expected to be available for delivery on or about June 16, 2011.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

\*Preliminary, Subject to Permitted Adjustment

**FIRST KENTUCKY SECURITIES CORPORATION**  
Financial Advisor

This Preliminary Official Statement and the information contained herein are subject to completion and revision in a final Official Statement. 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 Series 2010 Bonds in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration, qualification, or exemption under the securities laws of such jurisdiction.

**CITY OF OWENSBORO, KENTUCKY**

**Mayor**

Ron Payne

**Board of Commissioners**

Pam Smith-Wright (Mayor Pro-Tem)

Roger Stacy

David Johnson

Jeff Sanford

**City Manager/Administrator**

William Parrish

**Director of Finance and Support Services**

J. T. Fulkerson

**City Attorney**

Edward Ray

**City Clerk**

Beverly Lovan

**BOND COUNSEL**

Peck, Shaffer & Williams LLP

Covington, Kentucky

**FINANCIAL ADVISOR**

First Kentucky Securities Corporation

Frankfort, Kentucky

**PAYING AGENT/BOND REGISTRAR**

U. S. Bank National Association

Louisville, Kentucky

## REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the City. No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Upon issuance, the Bonds will not be registered by the City under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the City will have, at the request of the City, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the City preliminary to sale of the Bonds should be regarded as part of the City's contract with the successful bidder or the holders from time to time of the Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the City's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "City" means the City of Owensboro; and "State" or "Kentucky" means the Commonwealth of Kentucky.

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- Appendix A: City of Owensboro Demographic, Economic and Financial Data
- Appendix B: Estimated Debt Service Requirements for the Series 2011 Bonds
- Appendix C: City of Owensboro, Kentucky Comprehensive Annual Financial Report for Fiscal Year  
Ending June 30, 2010
- Appendix D: Statement of Indebtedness of the City
- Appendix E: Form of Final Approving Legal Opinion of Bond Counsel

Official Terms and Conditions of Bond Sale  
Official Bid Form

**PRELIMINARY OFFICIAL STATEMENT**

**\$2,970,000\***

**CITY OF OWENSBORO, KENTUCKY  
TAXABLE GENERAL OBLIGATION BONDS  
SERIES 2011**

**Dated Date: Date of Delivery**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$2,970,000\* aggregate principal amount of Taxable General Obligation Bonds, Series 2011 (the "Bonds") of the City of Owensboro, Kentucky (the "City") as specified on the cover hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

***The Issuer***

The Bonds are being issued by the City of Owensboro, Kentucky, a municipal corporation and political subdivision of the State of Kentucky. The City is in Daviess County in Central Kentucky.

***Sources of Payment for the Bonds***

The Bonds are general obligation debt of the City. The basic security for the Bonds is the City's ability to levy an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. (See "Security and Source of Payment for the Bonds," herein).

***Purpose of the Bonds***

The Bonds are being issued for the purpose of (i) financing the acquisition, construction, installation and equipping of an approximately 33,000 square foot expansion to a facility to be used to further economic development within the City (see "THE PROJECT" for more detail), and (ii) paying the associated costs of issuing the Bonds.

***Description of the Bonds***

The Bonds mature as indicated on the cover page hereof. The Bonds are being offered in fully registered form in denominations of \$5,000 or any integral multiple thereof (within the same maturity).

***Redemption***

The Bonds maturing on and after June 1, 2022 are subject to optional redemption prior to maturity, commencing June 1, 2021 (see "DESCRIPTION OF THE BONDS - Optional Redemption", herein).

In the event any Bonds are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed (see "DESCRIPTION OF THE BONDS - Notice of Redemption", herein).

***Book Entry***

Unless the successful purchaser notifies the City in writing within twenty-four hours of the award of the Bonds that it has elected (at such purchaser's expense) to take physical delivery of the Bonds, The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds and the Bonds initially will be issued solely in book-entry form to be held in the book-entry only system maintained by DTC. So long as such book-entry system

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Preliminary, Subject to Adjustment

is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to Beneficial Owners (as defined below) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Resolution.

The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the City nor the Paying Agent and Registrar make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for in the aggregate principal amount of the Bonds and will be deposited with DTC.

DTC, the world's largest depository, 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 and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, 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 are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any 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 Direct and Indirect 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For

example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. 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 such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent and Registrar 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent and Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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 or its nominee, the Paying Agent and Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable but neither the City nor the Paying Agent and Registrar take any responsibility for the accuracy thereof.

**NEITHER THE CITY NOR THE PAYING AGENT AND REGISTRAR 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 PAYING AGENT AND REGISTRAR AS BEING A HOLDER 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 RESOLUTION 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 City and the Paying Agent and Registrar cannot and do 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 this Official Statement.

DTC may determine to discontinue providing its service as securities depository with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, the Resolution provides for issuance of fully registered Bonds ("Replacement Bonds") directly to the Beneficial Owners of Bonds, other than DTC or its nominee, only in the event that DTC resigns or is removed as the securities depository for the Bonds. Upon the occurrence of this event, the City and the Paying Agent and Registrar may appoint another qualified depository. If the City and the Paying Agent and Registrar fail to appoint a successor depository, the Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon the City shall execute and the Paying Agent and Registrar, as authenticating agent, shall authenticate and deliver Replacement Bonds in the denomination of \$5,000 or integral multiples thereof. The City will pay for all costs and expenses of printing, executing and authenticating the Replacement Bonds. Transfer and exchange of such Replacement Bonds shall be made as provided in the Resolution.

### ***Tax Treatment***

In the opinion of Bond Counsel, interest on the Bonds is exempt from income taxation by the Commonwealth of Kentucky under the laws of the Commonwealth of Kentucky as presently enacted and construed. ***However, interest on the bonds is not excludible from gross income of the holders of the bonds for federal income tax purposes. Owners of the Bonds should consult with their own tax advisors as to the federal, state, local and foreign tax consequences of the acquisition, ownership and disposition of the bonds.*** See 'LEGAL MATTERS – Tax Treatment' herein. See also Appendix E hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the Bonds.

### ***Parties to the Issuance of the Bonds***

The Registrar and Paying Agent is U.S. Bank National Association, Louisville, Kentucky. Legal matters incident to the issuance of the Bonds subject to the approving legal opinion of Peck, Shaffer & Williams LLP, Covington, Kentucky, Bond Counsel. The Financial Advisor to the City is First Kentucky Securities Corporation.

### ***Authority for Issuance***

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and an ordinance (the "Ordinance") adopted by the Board of Commissioners of the City on May 17, 2011.

### ***Disclosure Information***

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the City are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Bonds, including the Ordinance and the bond forms, are available from the City.

The City deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof, and certain pages herein which have been omitted in accordance with the Rule and will be provided with the final Official Statement.

### ***Additional Information***

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from First Kentucky Securities Corporation, Financial Advisor to the City of Owensboro, 305 Ann Street, Suite 400, Frankfort, Kentucky 40602, telephone (502) 875-4611 Attn: Stan Kramer.



## DESCRIPTION OF THE BONDS

The Bonds are dated the date of delivery (expected June 16, 2011) and bear interest from such date at the rates set forth on the cover page of this Official Statement. The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2011.

### *Optional Redemption*

The Bonds maturing on and after June 1, 2022, shall be subject to redemption by the City prior to maturity, in whole or in part, in any order of their maturities selected by the City (less than all of a single maturity to be selected by lot), on any date, on or after June 1, 2021, at a redemption price equal to the principal amount of the Bonds called for redemption, plus unpaid interest accrued to the date of redemption, without premium.

### *Notice of Redemption*

If less than all Bonds which are payable by their terms on the same date are to be called, the particular Bonds or portions of Bonds payable on such same date and to be redeemed from such series shall be selected by lot by the Registrar and Paying Agent, in such manner as the Registrar and Paying Agent in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Bonds for redemption, the Registrar and Paying Agent shall treat each bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty (30) days before the redemption date of any Bonds the Registrar and Paying Agent shall cause a notice of such redemption either in whole or in part, signed by the Registrar and Paying Agent, to be mailed, postage prepaid, to all registered owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date upon surrender of such Bonds, a new Bond in principal amount equal to the unredeemed portion of such Bonds will be issued.

On the date so designated for redemption, notice having been sent in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Registrar and Paying Agent for the holders of the Bonds or portions thereof to be redeemed, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the holders or registered owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and to receive Bonds for any unredeemed portions of Bonds.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Registrar and Paying Agent for payment of the principal amount hereof so called for redemption, and the City shall execute and the Registrar and Paying Agent shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered a Bond of the same series and maturity and bearing interest at the same rate.

### *Security and Source of Payment for Bonds*

The Bonds are general obligations of the City and the full faith, credit and taxing power of the City is irrevocably pledged to the payment of principal of and interest on the Bonds when due.

The basic security for the general obligation debt of the City, including the Bonds, is the City's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Bonds as well as the principal of and interest on all outstanding general obligation bonds and bond anticipation notes of

the City. The Constitution of the State mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Ordinance levies such annual tax which shall be collected to the extent other lawfully available moneys of the City are not provided. The Ordinance also creates a sinking fund into which the proceeds of such tax or other lawfully available moneys of the City are to be deposited for payment of the interest on and principal of the Bonds and shall not be used for any other purpose.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a State's political subdivisions, public agencies and instrumentalities ("eligible entity"), such as the City. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

## **THE PROJECT**

The Bonds are being issued for the purpose of (i) financing the second phase of an economic development project within the City, and (ii) paying the associated costs of issuing the Bonds. The scope of the project includes, but is not limited to, the addition of 33,000 square feet to the building currently under construction, which will allow for the work force in the building to increase to 600 total employees.

### *Estimated Sources and Uses of Funds*

#### **Sources of Funds**

Par Amount of Bonds

Total

#### **Uses of Funds**

Deposit to Construction Fund

Underwriter's Discount

Costs of Issuance

Rounding Amount

Total

## **INVESTMENT CONSIDERATIONS**

The Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the taxable bond market and/or changes in the financial condition of the City.

Prospective purchasers of the Bonds may need to consult their own tax advisors prior to any purchase of the Bonds as to the impact of the Internal Revenue Code of 1986, as amended, upon their acquisition, holding or disposition of the Bonds.

It is possible under certain market conditions, or if the financial condition of the City should change, that the market price of the Bonds could be adversely affected.

With regard to the risk involved in a lowering of the City's bond rating, see "RATINGS" herein. With regard to creditors' rights, see "SECURITY AND SOURCE OF PAYMENT FOR BONDS" herein.

## **PROFILE OF THE CITY AND SURROUNDING AREA**

Demographic, economic and financial information with respect to the City and the surrounding area is set forth in Appendix A hereto.

### **CITY GOVERNMENT**

#### ***Organization and Major Offices***

The City operates pursuant to the general statutes of the Commonwealth of Kentucky governing municipalities.

#### ***Elected and Appointed Officials***

The City operates under a City Manager form of government. The Owensboro Board of Commissioners (the "Board") is made up of a Mayor and four Commissioners elected at large by the citizens on a non-partisan ballot. The Mayor is elected for a four-year term and Commissioners for a two-year term. The Mayor and Commissioners have equal voting power.

The Board sets the policies that govern the City. It appoints advisory citizen groups that help in the decision making process. The City Manager is hired by the Board and is responsible for the day-to-day operations of the City's employees. The department managers are responsible for their various departments and report to the City Manager.

#### ***Financial Matters***

The Finance Director is the chief fiscal officer of the City, and is appointed by and serves at the pleasure of the Board. The Finance Director is responsible for the accounting, collection, custody and disbursement of the funds of the City.

The City's fiscal year commences July 1 and ends the following June 30.

The administrative functions of the City are performed by or under the supervision of the following:

1. Establishment of overall financial policy, the Board.
2. Planning and development, the Mayor and Manager.
3. Assessment of real and personal property, the Daviess County Property Valuation Administrator.
4. Financial control functions, the Manager and the Finance Director.
5. Inspection and supervision of the accounts and reports of the City as required by law, by the Auditor of Public Accountants and by independent certified public accountants.

#### ***Financial Management***

The Board is responsible for appropriating the funds used to support the various City activities. The Board exercises its legislative powers by budgeting, appropriating, levying taxes, issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

#### ***Financial Reports and Examinations of Accounts***

Each city in the State is required to keep its accounting records and render financial reports in such a way as to: (a) determine compliance with statutory provisions; (b) determine fairly and with full disclosure the financial operations of consistent funds and account groups of the city in conformity with generally accepted governmental accounting principles; and (c) readily provide such financial data as may be required by the federal revenue sharing program.

Municipal accounting systems are required to be organized and operated on a fund basis. The City maintains its accounts and other fiscal records on an appropriation and modified accrual basis in accordance with the procedures established and prescribed by the Kentucky Department for Local Government.

As required by law, financial reports are prepared annually by the City and filed with the Kentucky Department of Local Government. Audits are required to be completed by the February 1st immediately following the fiscal year being audited.

The accounting procedures prescribed by the Kentucky Department of Local Government are generally applicable to all cities in Kentucky and may be different from generally accepted government accounting principles as presented and recommended in the National Council on Governmental Accounting publication "Governmental Accounting Auditing and Financial Reporting," and the Industry Audit Guide of the American Institute of Certified Public Accountants, entitled "Audits of State and Local Governmental Units." Those publications, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service fund, and for a full accrual basis of accounting for all other funds, and further provide for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

### ***Budgeting and Appropriations Procedures***

Detailed provisions for City budgeting, tax levies and appropriations are made in the Kentucky Revised Statutes. Cities are required to operate under an annual budget ordinance and no City may expend any moneys from a governmental or proprietary fund except in accordance with such budget. A budget proposal must be submitted to the City's legislative body no later than 30 days prior to the beginning of the fiscal year covered by the budget. No budget ordinance may be adopted which provides for appropriations to exceed revenues in a fiscal year. The full amount estimated to be required for debt service during the budget year must be appropriated.

### ***Investment Policies***

Section 66.480 of the Kentucky Revised Statutes sets forth the requirements and limitations for investments of the state's political subdivisions, including the City. Under that Section, the City must adopt an investment policy and may invest its funds only in the classifications of obligations which are eligible for investment, which are as follows:

(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 institution 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 41.240(4);

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

- (f) bankers' 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 or 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 investments described in (a) - (i) above.

***Debt Limitation***

Kentucky Constitution Section 158 provides that cities shall not incur indebtedness to an amount exceeding the following maximum percentages on the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness:

- (a) Cities having a population of fifteen thousand (15,000) or more, ten percent (10%);
- (b) Cities having a population of less than fifteen thousand (15,000) but not less than three thousand, five percent (5%); and
- (c) Cities having a population of less than three thousand (3,000), three percent (3%).

Nothing shall prevent the issue of renewal bonds, or bonds to fund the floating indebtedness of any city, county, or taxing district. Subject to the limits and conditions set forth in that section and elsewhere in the Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by cities.

KRS 66.041 provides the same limitations as are set forth in the Constitution except that the limitations apply to "net indebtedness". In calculating "net indebtedness," KRS 66.031 provides that certain obligations of a municipality are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Statement of Indebtedness attached as Appendix D.)

Other infrequently-issued types of obligations are also excluded from the calculation of net indebtedness. The City has no such obligations outstanding. Notes issued in anticipation of bonds excluded from the calculation of net indebtedness are also excluded from such calculation.

Appendix D of this Official Statement is a Statement of Indebtedness for the City, certified by the City, calculating the amount of the outstanding obligations of the City (including the Bonds) which are subject to the total direct debt limit (10% limit). The total principal amount of general obligation debt that could be issued by the City, subject to the 10% total direct debt limitation is \$300,176,195 and the City's net debt subject to such limitation presently outstanding (including the Bonds) is \$53,830,621 leaving a balance of approximately \$246,345,574 borrowing capacity issuable within such limitation.

However, as described below, the City's ability to incur debt in these amounts is restricted by tax limitations. In the case of general obligation debt, both the debt limitations and tax limitations must be met.

### ***Tax Limitation***

The Kentucky Constitution Section 157 also indirectly imposes a debt limitation on general obligation indebtedness of Cities by limiting the tax rates cities may impose upon the value of taxable property, as follows:

- (a) cities having a population of fifteen thousand or more, one dollar and fifty cents on each hundred dollars of assessed value;
- (b) cities having a population of less than fifteen thousand and not less than ten thousand, one dollar on each hundred dollars of assessed value; and
- (c) cities having a population of less than ten thousand, seventy-five cents on the hundred dollars.

Section 159 of the Kentucky Constitution requires the collection of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. The two constitutional provisions operate as a limit on general obligation debt. Because the indirect debt limit results from tax limitations and the requirement to levy taxes to pay debt charges, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not have any application where the type of debt being issued does not pledge the credit of the municipality or when the debt is payable solely out of the revenues of non-tax sources, such as utility income.

Appendix D of this Official Statement contains a Statement of Indebtedness, certified by the City, setting forth the property tax rate currently levied by the City (.2593) and certifying that the issuance of the Bonds will not cause such rate to increase to an amount which would exceed the maximum permissible rate.

### ***Bond Anticipation Notes***

Under Kentucky law, notes, including renewal notes, issued in anticipation of general obligation bonds may be issued from time to time upon the same terms and conditions as bonds except that notes may be sold by private negotiated sale in a manner determined or authorized by the legislative authority.

The ability of the City to retire bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing.

### ***Future Borrowings of the City***

The City anticipates issuing general obligation bonds in 2012 in the amount of approximately \$20,545,000 for the purpose of paying the costs of the third phase of the City's downtown revitalization project, and another financing of approximately \$20,545,000 in 2012 to retire the City's outstanding Series 2009 Bond Anticipation Notes, which were issued for the purpose of paying the costs, on an interim basis, of the first phase of the above mentioned downtown revitalization project.

## **LEGAL MATTERS**

### ***General Information***

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status thereof are subject to the approving legal opinion of Peck, Shaffer & Williams LLP, Bond Counsel. Upon delivery of the Bonds of the City to the successful bidder therefor, the Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Peck, Shaffer & Williams LLP. A draft of such legal opinion for the Bonds is attached as Appendix E.

Said firm as Bond Counsel has performed certain functions to assist the City in the preparation by the City of its Official Statement. However, said firm assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the City or the Bonds that may be made available by the City or others to the bidders or holders of the Bonds or others.

The engagement of said firm as Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings with regard to the Bonds, and an examination of such transcript proceedings incident to rendering its legal opinion. In its capacity as Bond Counsel, said firm has reviewed the information in this Official Statement under Sections entitled "General Information" as to legal matters, "Authority for Issuance", "Security and Source of Payment for Bonds", "Debt Limitation", "Tax Limitation" and "Tax Exemption", which review did not include any independent verification of financial statements and statistical data included therein, if any.

### ***Transcript and Closing Certificates***

A complete transcript of proceedings, a no-litigation certificate and other appropriate closing documents will be delivered by the City when the Bonds are delivered to the original purchaser. The City will also provide to the original purchaser, at the time of such delivery, a certificate from the City's Mayor and or Clerk addressed to such purchaser relating to the accuracy and completeness of this Official Statement.

### ***Litigation***

To the knowledge of the City, no litigation or administrative action or proceeding is pending or threatened directly affecting the Bonds, the security for the Bonds or the improvements being refinanced from the proceeds of the Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the Bonds.

### ***Tax Treatment***

In the opinion of Bond Counsel, interest on the Bonds is exempt from income taxation by the Commonwealth of Kentucky under the laws of the Commonwealth of Kentucky as presently enacted and construed. ***However, interest on the bonds is not excludible from gross income of the holders of the bonds for federal income tax purposes. Owners of the Bonds should consult with their own tax advisors as to the federal, state, local and foreign tax consequences of the acquisition, ownership and disposition of the bonds.***

### **Backup Withholding**

General information reporting requirements will apply to payments of principal and interest made on a Bond and the proceeds of the sale of a Bond to non-corporate holders of the Bonds, and "backup withholding" at a rate of 28% will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Bond that is a U.S. owner can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

### **Nonresident Owners**

Under the Code, interest and original issue discount ("OID") on any Bond whose beneficial owner is a nonresident alien, foreign corporation or other non-United States person (Nonresident) are generally not subject to United States income tax or withholding tax (including backup withholding) if the Nonresident provides the payor of interest on the Bonds with an appropriate statement as to its status as a Nonresident. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the Nonresident conducts a trade or business in the United States and the interest or OID on the Bonds held by the Nonresident is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding).

### **Circular 230**

THE FOREGOING DISCUSSION OF TAX MATTERS WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE BONDS. THE FOREGOING DISCUSSION OF TAX MATTERS WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE BONDS. EACH PROSPECTIVE OWNER OF THE BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE OWNER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

## **RATING**

As noted on the cover page of this Official Statement, Moody's Investor's Service ("Moody's") has assigned its municipal bond rating of "Aa3", to this issue of Bonds.

Such rating reflects only the view of said organization. Any explanation of the significance of such rating may only be obtained from Moody's, at the following address: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the Bonds.

The City presently expects to furnish such rating agency with information and material that it may request on future general obligation bond issues. However, the City assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of the rating agency's ratings on outstanding general obligation bonds.

### **CONTINUING DISCLOSURE**

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Bonds are outstanding the City (the "Obligated Person") will agree pursuant to a Continuing Disclosure Undertaking dated as of June 16, 2011 (the "Disclosure Undertaking"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board (the "MSRB"), certain annual financial information and operating data, including audited financial statements prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in "Appendix A," Appendix C and "Appendix D" ("Financial Data") of the Official Statement; such information shall be provided within 210 days following the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2011, provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditor to the Obligated Person;
- (ii) to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
  - (a) Principal and interest payment delinquencies;
  - (b) Non-payment related defaults, if material;
  - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (e) Substitution of credit or liquidity providers, or their failure to perform;
  - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
  - (g) Modifications to rights of security holders, if material;
  - (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
  - (i) Defeasances;
  - (j) Release, substitution or sale of property securing repayment of the securities;
  - (k) Rating changes;
  - (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal



law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (iii) in a timely manner to the MSRB, notice of a failure (of which the Obligated Person has knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Ordinance. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to material events as defined under the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (b) there are no liquidity providers applicable to the Bonds; and
- (c) there is no property securing the Bonds.

The City has entered into previous disclosure undertakings under the Rule. To the best of the City's knowledge, the City is currently in compliance with its continuing disclosure undertakings.

## **UNDERWRITING**

The Bonds are being purchased for reoffering by \_\_\_\_\_ (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$\_\_\_\_\_ (reflecting the par amount of the Bonds, less underwriter's discount of \$\_\_\_\_\_). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page.

## **FINANCIAL ADVISOR**

The Bonds will be sold by the solicitation and receipt of competitive bids. 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.

## MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

This Official Statement has been duly executed and delivered for and on behalf of the City of Owensboro, Kentucky, by its Mayor.

CITY OF OWENSBORO, KENTUCKY

By: /s/Ronald Payne  
Mayor

*APPENDIX A*

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*City of Owensboro Demographic, Economic and Financial Data*

## ***General Information***

Owensboro, originally known as "Yellowbanks" in reference to the color of the soil along the Ohio River banks, was first settled in 1797. By 1810, David Morton had opened a general store and population of the settlement grew to 100 by 1815. An 1817 Act of the Kentucky Legislature incorporated the town as "Owensborough", later shortened to "Owensboro". The Owensboro area has grown steadily, while retaining the "small town quality" of a friendly city of warm-hearted and hospitable people. Owensboro ranks as Kentucky's third largest city in terms of population and is the industrial and cultural capital of western Kentucky.

## **Location**

Owensboro is the county seat of Daviess County, Kentucky, and lies on the southern banks of the Ohio River, one of the nation's major waterways, in the western Kentucky coal field region. Owensboro is located 32 miles southeast of Evansville, Indiana, 123 miles north of Nashville, Tennessee, and 109 miles southwest of Louisville, Kentucky. The William H. Natcher Bridge, a long awaited new bridge from Owensboro into southern Indiana, provides a direct route to Interstate 64 in Indiana, providing a link from St. Louis to Louisville. The Natcher Bridge opened in October of 2002.

Owensboro is known as "a city of festivals". Each year, the world-famous International Bar-B-Q Festival and the Summer Festival draw thousands of spectators and participants from across the country and around the world.

Owensboro enjoys the luxury of a diverse economic base. As an example, more than 47,000 people earn their living in Daviess County, but the county's 10 largest private companies are responsible for less than 15% of the total employment.

Work has begun on a new four-lane bridge from Owensboro across the Ohio River into southern Indiana. The new span will cost more than \$100 million and be a direct route to I-64 in Indiana, which provides a link from St. Louis to Louisville.

Owensboro-Daviess County is fortunate to own over 500 acres that are available as industrial sites. The acres are located in diversified areas to suit many needs. The MidAmerica Airpark is a 450-acre industrial park adjacent to the Owensboro-Daviess County Regional Airport. Pleasant Valley Industrial Center, a 145-acre site, is located on the east side of Owensboro. The Owensboro Riverport Authority has 65 acres available, and offers access to both rail and the Ohio River.

## **Industry and Economic Development**

The Owensboro area has emerged as an industrial hub of western Kentucky, attracting major manufacturing and processors in aluminum, distilling, coal mining, steel and natural gas transmission corporations. Locally produced commodities include electrical products, chewing tobacco, paper products, tubes, office furniture, wire, plastic, small electric motors, spaghetti sauce, truck frames, and many others.

The City is active in promoting economic development, as new developmental job growth is necessary to ensure the continued stability of the City's revenue base. Economic indicators and trends reflect stabilization in the area's economy compared to the previous year. A regional workforce of more than 275,000 employees provides companies a choice of skilled and available labor with a recognized work ethic. Owensboro offers nationally recognized workforce development initiatives and programs that address a complete range of employer needs, from manufacturing to technology-based.

An aggressive annexation policy is being pursued to insure continued growth and development for the City of Owensboro. Much of the City's long-term growth potential lies in the Carter Road/Airport Corridor, anchored by the 400-acre Mid-America Airpark. The City of Owensboro has coordinated with Industry, Inc., to complete Mid-America AirPark, which includes AirPark, Tamarack, and Unifirst Drives. The Mid-America AirPark is a valuable tool for attracting new industry to Owensboro. The Owensboro-Daviess County Regional Airport recently completed a \$40 million expansion. The overall outlook for the area's economy continues to remain bright.

## Total Population

	2006	2007	2008	2009	2010
Labor Market Area	475,693	478,028	479,547	481,180	482,785
Daviess County	93,365	94,049	94,747	95,512	95,944
Owensboro	55,525	55,398	55,516	55,745	N/A

Source: U.S. Department of Commerce, Bureau of the Census.

## Population by Selected Age Groups, 2009

	Daviess County		Labor Market Area	
	Number	Percent	Number	Percent
Under 16	20,996	22.0	99,951	20.8
16-24	10,822	11.3	55,434	11.5
25-44	23,727	24.9	123,836	25.7
45-64	25,824	27.1	131,968	27.4
65-84	11,928	12.5	59,812	12.4
85 and older	2,097	2.2	10,262	2.1
Median Age	N/A		N/A	

Source: U.S. Department of Commerce, Bureau of the Census.

## Population by Race and Hispanic Origin, 2009

	Daviess County		Labor Market Area	
	Number	Percent	Number	Percent
White	88,655	92.9	444,457	92.4
Black	4,748	5.0	26,503	5.5
Am. Indian & Alaska Native	164	0.2	914	0.2
Asian	633	0.7	3,795	0.8
Native Hawaiian & other Pacific Islander	41	0.0	193	0.0
Other/Multirace	1,153	1.2	5,401	1.1
Hispanic Origin	1,784	1.9	7,842	1.6

Note: Hispanic is not a race category. A person can be white, black, etc. and be of hispanic origin.

Source: U.S. Department of Commerce, Bureau of the Census.

## Population Projections

	2015	2020	2025	2030
Daviess County	96,931	98,507	99,890	100,981

Source: Kentucky State Data Center, University of Louisville.

## Personal Income

	2003	2008	Pct. Change
Daviess County	\$26,620	\$33,278	25.0 %
Kentucky	\$26,299	\$31,936	21.4 %
U.S.	\$32,271	\$40,166	24.5 %
Labor Market Area Range	\$18,870- \$31,956	\$22,276- \$39,211	

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Households

	2005-2009		2009
	Number of Households	Persons Per Household	Median Household Income
Daviess County	39,116	2.40	\$43,031

Source: U.S. Department of Commerce, Bureau of the Census. (Median Household Income)

Bureau of the Census, American Community Survey 5-year estimate (Number of Households, Persons Per Household).

## Total Available Labor

	Available Labor, 2009			Future Labor: Becoming 18 Years of Age (2010-2013)
	Total	Unemployed	Potential Labor Supply	
Labor Market Area	23,624	22,310	1,314	25,176
Daviess County	4,590	4,590	N/A	5,230

Source: U.S. Department of Labor, Bureau of Labor Statistics; Kentucky Cabinet for Economic Development (KCED); U.S.

Department of Commerce, Bureau of the Census.

Note: Total Available Labor = Unemployed + Potential Labor Supply.

Unemployed - people currently not employed, but actively seeking work.

Potential Labor Supply: Determined by the national labor force participation rate minus each county's labor force participation rate. Labor force participation rates are calculated by dividing the labor force by the population. NA (Not Applicable) applies to counties with a labor force participation rate greater than the national average.

Future Labor - people becoming 18 years of age (not part of the total available labor statistics).

## Civilian Labor Force

	Daviness County		Labor Market Area	
	2009	Dec. 2010	2009	Dec.2010
Civilian Labor Force	48,557	49,195	244,695	242,458
Employed	43,967	44,884	222,385	221,369
Unemployed	4,590	4,314	22,310	21,089
Unemployment Rate (%)	9.5	8.8	9.1	8.7

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Unemployment Rate (%)

Year	Daviness County	Labor Market Area	Kentucky	U.S.
2005	5.9	5.6	6	5.1
2006	5.3	5.3	5.7	4.6
2007	4.9	4.9	5.5	4.6
2008	5.7	5.7	6.4	5.8
2009	9.5	9.1	10.5	9.3

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Commuting Patterns

Residents of Daviness County	2000	Percent
Working and Residing In County	36,476	86.2
Commuting Out of County	5,822	13.8
Total Residents	42,298	100.0
Employees in Daviness County		
Working and Residing In County	36,476	84.0
Commuting Into County	6,946	16.0
Total Employees	43,422	100.0

Source: U.S. Department of Commerce, Bureau of the Census.

## Average Weekly Wage, 2009

	<b>Daviess County</b>	<b>Kentucky (Statewide)</b>	<b>U.S.</b>	<b>Ohio</b>
All Industries	\$657	\$731	\$876	\$787
Agriculture, Forestry, Fishing and Hunting	596	582	503	509
Mining	1,014	1,215	1,644	1,190
Construction	686	832	946	907
Manufacturing	862	923	1,056	985
Trade, Transportation, and Utilities	645	674	750	699
Information	698	791	1,330	979
Financial Activities	756	947	1,343	1,032
Services	513	650	791	712
Public Administration	748	802	1,037	994
Other	1,041	961	890	606
	<b>Indiana</b>	<b>Illinois</b>	<b>Tennessee</b>	<b>Virginia</b>
All Industries	\$736	\$931	\$774	\$928
Agriculture, Forestry, Fishing and Hunting	580	597	500	505
Mining	1,112	1,160	1,099	1,158
Construction	905	1,138	823	872
Manufacturing	1,007	1,076	936	962
Trade, Transportation, and Utilities	649	798	732	714
Information	840	1,191	998	1,422
Financial Activities	908	1,533	1,091	1,189
Services	638	842	704	913
Public Administration	772	1,077	787	1,287
Other	667	798	1,185	738

Source: U.S. Department of Labor, Bureau of Labor Statistics.



### Summary of Recent Locations and Expansions, 2008-Present

	Reported		
	Companies	Jobs	Investment
Manufacturing Location	1	28	\$25,000,000
Manufacturing Expansion	21	454-458	\$107,507,986
Supportive/Service Location	1	3	\$8,000,000
Supportive/Service Expansion	5	212-825	\$32,465,075

Note: Totals include announced locations and expansions.

Source: Kentucky Cabinet for Economic Development (4/14/2011).

### Employment by Major Industry by Place of Work, 2009

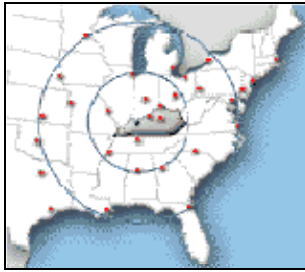
	Davieess County		Labor Market Area	
	Employment	Percent	Employment	Percent
All Industries	42,309	100.0	210,025	100.0
Agriculture, Forestry, Fishing and Hunting	123	0.3	617	0.3
Mining	167	0.4	N/A	N/A
Construction	1,997	4.7	11,430	5.4
Manufacturing	5,547	13.1	32,012	15.2
Trade, Transportation, and Utilities	9,379	22.2	41,575	19.8
Information	504	1.2	3,305	1.6
Financial Activities	2,315	5.5	8,389	4.0
Services	14,645	34.6	77,752	37.0
Public Administration	1,347	3.2	5,228	2.5
Other	8	0.0	N/A	N/A

Source: U.S. Department of Labor, Bureau of Labor Statistics.

**Major Business & Industry** (Manufacturing & Supportive Service Firms Only)

Firm	Product(s)/Service(s)	Emp.	Year Established
<b><i>Owensboro</i></b>			
AT&T	National directory call center (1+411)	158	N/A
Boardwalk Pipeline Partners	Headquarters	228	1960
Daramic Inc	Automotive deep cycle & Industrial battery separators	175	1959
Dart Polymers Inc	Polystyrene pellets & EPS	140	1983
Glenmore Distillery	Whiskey, gin, vodka, wines, brandy & cocktail bottling	185	1869
Kimberly-Clark Corp	Tissue paper & towels	337	N/A
Metalsa Structural Products Inc	Steel pickup truck frames (Tundra and Sequoia)	240	1997
MPD Inc	Commercial tubes & components, microwave & police radar equipment, breath analyzers, ceramics & ceramic to metal seals	230	1987
Omico Plastics Inc	Blow molded plastic parts and assemblies	136	1964
Owensboro Grain Company LLC	Soybean crude oil & meal, biodiesel	159	1906
Sara Lee Bakery Group	Breads & rolls	150	1935
Southern Star Central Gas Pipeline Inc	Headquarters	457	2004
Specialty Foods Group Inc aka Field Packing Division	Processed meat products	450	1915
Swedish Match North America	Smokeless tobacco products	354	1973
Toyotetsu Mid America LLC	Automotive stampings and welded assemblies	389	2002
Unifirst	Uniform distribution	341	1998
Unilever Foods	Pasta sauces and frozen foods	475	1975
US Bank Home Mortgage	Loan processing and underwriting service center, loan servicing center	1022	1992
Yager Materials LLC	Ready-mixed concrete, crushed limestone, sand & gravel	192	1914
<b><i>Philpot</i></b>			
Premium Allied Tool Inc	Precision metal stampings, deep draw stampings, wire forms & strip forms	250	1966

Source: Kentucky Cabinet for Economic Development (4/14/2011).



### Business Cost

	<b>Kentucky Index, 2008 (U.S. = 100)</b>
<b>Labor Cost</b>	93
<b>Energy Cost</b>	71
<b>Overall Business Cost</b>	90

*Kentucky is tied for the 9th lowest overall business cost in the nation.*

	<b>Gross Domestic Product Per Wage, 2009</b>
<b>Kentucky</b>	\$2.22
<b>U.S.</b>	\$2.26

	<b>Industrial Electric Cost Per KWH, 2009</b>
<b>Kentucky</b>	\$0.0491
<b>U.S.</b>	\$0.0670

*Kentucky has the 6th lowest cost for industrial electrical power amongst the 50 states.*

## Daviness County Statistical Summary

	<b>Population 2010</b>
<b>Daviness County</b>	95,944
<b>Labor Market Area</b>	482,785

	<b>Daviness County</b>
<b>Per Capita Income 2008</b>	\$33,278
<b>Median Household Income 2009</b>	\$43,031
<b>Median Home Price 2009</b>	\$108,700

	<b>Total Available Labor 2009</b>
<b>Daviness County</b>	4,590
<b>Labor Market Area</b>	23,624

	<b>Unemployment Rate 2009</b>
<b>Daviness County</b>	9.5%
<b>Labor Market Area</b>	9.1%
<b>U.S.</b>	9.3%

	<b>Average Weekly Wage 2009</b>
<b>Daviness County</b>	\$657
<b>Labor Market Area</b>	\$699
<b>U.S.</b>	\$876

**Tax Base Information**

<u>Year</u>	<u>Real Estate</u>	<u>Tangible Personal (1)</u>	<u>Real Estate Franchise</u>	<u>Tangible Franchise</u>	<u>Total Assessed Value</u>
11/12 (2)	\$2,671,787,810	\$330,000,000	\$23,000,000	\$50,700,000	\$3,075,487,810
10/11 (3)	2,628,105,085	303,456,815	22,800,000	50,500,000	3,004,861,900
09/10	2,602,525,073	326,108,291	22,735,529	50,393,057	3,001,761,950
08/09	2,508,651,235	312,311,411	21,405,897	47,998,887	2,890,167,430
07/08	2,366,775,100	314,983,944	20,230,899	41,050,985	2,743,040,928
06/07	2,240,389,072	307,709,918	20,032,146	50,883,475	2,619,014,611
05/06	2,149,205,217	253,083,835	30,242,635	65,784,833	2,498,316,520

- (1) Includes Motor Vehicles and Watercraft.
- (2) Preliminary.
- (3) Not final as of June 1, 2011.

**Assessment Rates (per \$100.00 assessed valuation)**

<u>Year</u>	<u>Real Estate</u>	<u>Tangible Personal</u>	<u>Real Estate Franchise</u>	<u>Tangible Franchise</u>	<u>Motor Vehicles</u>	<u>Watercraft</u>
10/11	.2593	.2927	.2593	.2927	.3030	.3030
09/10	.2593	.2927	.2593	.2927	.3030	.3030
08/09	.2593	.2927	.2593	.2927	.3030	.3030
07/08	.2601	.2743	.2601	.2743	.3030	.3030
06/07	.2608	.2744	.2608	.2744	.3030	.3030
05/06	.2580	.3072	.2580	.3072	.3030	.3030

**Tax Collections**

<u>Year</u>	<u>Total Charges</u>	<u>Net to City</u>
09/10	\$9,276,874	\$9,157,345
08/09	8,903,740	8,792,417
07/08	8,490,108	8,419,367
06/07	8,129,079	8,045,021
05/06	7,778,567	7,641,239

**Largest City Corporate Taxpayers (for fiscal year ended 6/30/10)**

<u>Name</u>	<u>Assessed Valuation</u>
Wal-Mart Real Estate	\$34,927,601
Toyotetsu Mid America	32,680,313
Towne Square Mall LLC	29,000,000
Ragu/Unilever/Lipton	27,869,740
Boardwalk Pipelines	23,655,600
Unifirst Corporation	18,909,935
Atmos Energy	18,349,934
Bell South/AT&T	16,743,807
Lowe's	15,158,637
Owensboro Towne Center LLC	14,661,964

**APPENDIX B**

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***Estimated Debt Service Requirements for the Series 2011 Bonds***

**CITY OF OWENSBORO, KENTUCKY  
TAXABLE GENERAL OBLIGATION BONDS  
SERIES 2011**

*Estimated Debt Service Requirements*

**TAXABLE**

Maturity Date	Principal	Interest	Principal and Interest Total	Fiscal Year Total
12/01/2011		\$64,126.56	\$64,126.56	
06/01/2012	\$105,000	69,956.25	174,956.25	\$239,082.81
12/01/2012		68,906.25	68,906.25	
06/01/2013	105,000	68,906.25	173,906.25	242,812.50
12/01/2013		67,856.25	67,856.25	
06/01/2014	105,000	67,856.25	172,856.25	240,712.50
12/01/2014		66,675.00	66,675.00	
06/01/2015	110,000	66,675.00	176,675.00	243,350.00
12/01/2015		65,162.50	65,162.50	
06/01/2016	115,000	65,162.50	180,162.50	245,325.00
12/01/2016		63,365.63	63,365.63	
06/01/2017	115,000	63,365.63	178,365.63	241,731.26
12/01/2017		61,353.13	61,353.13	
06/01/2018	120,000	61,353.13	181,353.13	242,706.26
12/01/2018		59,103.13	59,103.13	
06/01/2019	125,000	59,103.13	184,103.13	243,206.26
12/01/2019		56,603.13	56,603.13	
06/01/2020	130,000	56,603.13	186,603.13	243,206.26
12/01/2020		53,840.63	53,840.63	
06/01/2021	135,000	53,840.63	188,840.63	242,681.26
12/01/2021		50,803.13	50,803.13	
06/01/2022	140,000	50,803.13	190,803.13	241,606.26
12/01/2022		47,478.13	47,478.13	
06/01/2023	150,000	47,478.13	197,478.13	244,956.26
12/01/2023		43,728.13	43,728.13	
06/01/2024	155,000	43,728.13	198,728.13	242,456.26
12/01/2024		39,756.25	39,756.25	
06/01/2025	165,000	39,756.25	204,756.25	244,512.50
12/01/2025		35,425.00	35,425.00	
06/01/2026	170,000	35,425.00	205,425.00	240,850.00
12/01/2026		30,750.00	30,750.00	
06/01/2027	180,000	30,750.00	210,750.00	241,500.00
12/01/2027		25,350.00	25,350.00	
06/01/2028	195,000	25,350.00	220,350.00	245,700.00
12/01/2028		19,500.00	19,500.00	
06/01/2029	205,000	19,500.00	224,500.00	244,000.00
12/01/2029		13,350.00	13,350.00	
06/01/1930	215,000	13,350.00	228,350.00	241,700.00
12/01/1930		6,900.00	6,900.00	
06/01/1931	230,000	6,900.00	236,900.00	243,800.00
<b>Totals</b>	<b>\$2,970,000</b>	<b>\$1,885,895.39</b>	<b>\$4,855,895.39</b>	

Source: Fiscal Agent

*APPENDIX C*

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*City of Owensboro, Kentucky Comprehensive Annual Financial Report  
For Fiscal Year Ending June 30, 2010*

To view this report, please use the following link:

<http://www.owensboro.org/sites/default/files/u9/CAFR%20Dec%207%202010%20version.pdf>

*APPENDIX D*

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*Statement of Indebtedness of the City*





(f) Leases entered into under KRS 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases.....	\$ -0-
(g) Bonds issued in the case of an emergency, when the public health or safety should so require .....	\$ -0-
(h) Bonds issued to fund a floating indebtedness.....	\$38,400
TOTAL EXEMPT OBLIGATIONS.....	\$264,114,829

5. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (3 minus 4) is..... \$53,830,621
6. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 5 above, does not exceed 10% of the assessed valuation of all the taxable property in the City.
7. The current tax rate of the City, for other than school purposes, upon the value of the taxable property therein is .2593 which does not exceed the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.
8. The issuance of the bonds, notes or other obligations set forth in 3 hereof will not cause the tax rate set forth in 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.

\*10% for cities having a population of fifteen thousand or more;  
5% for cities having a population of less than fifteen thousand but not less than three thousand; and  
3% for cities having a population of less than three thousand.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of June, 2011.

/S/ J. T. Fulkerson  
Director of Finance and Support Services

PECK, SHAFFER & WILLIAMS LLP  
BOND ATTORNEYS  
Covington, Kentucky

***APPENDIX E***

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***Form of Final Approving Legal Opinion of Bond Counsel***

[Date of Delivery]

City of Owensboro, Kentucky  
Owensboro, Kentucky

Gentlemen:

We have examined the transcript submitted relating to the issue of \$\_\_\_\_\_ Taxable General Obligation Bonds, Series 2011 (the "Bonds") of the City of Owensboro, Kentucky (the "Issuer"), dated June \_\_, 2011, numbered R-1 upward and of the denomination of \$5,000 and any integral multiple thereof. The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

Based on this examination, we are of the opinion, based upon laws, regulations, rulings and decisions in effect on the date hereof, that:

1. The Bonds constitute valid obligations of the Issuer in accordance with their terms, which, unless paid from other sources, are payable from taxes to be levied by the Issuer without limitation as to rate.

2. Under laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the on the Bonds is not excludible from gross income for Federal income tax purposes. We express no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds.

3. The interest on the Bonds is not subject to taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

In giving this opinion, we have relied upon covenants and certifications of facts, estimates and expectations made by officials of the Issuer and others contained in the transcript; which we have not independently verified. It is to be understood that the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and to the exercise of judicial discretion.

Very truly yours,

**OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

**\$2,970,000\***

**City of Owensboro, Kentucky  
Taxable General Obligation Public Project Bonds, Series 2011**

Notice is hereby given that electronic bids will be received by the City of Owensboro, Kentucky (the "City"), until 10:00 a.m., C.T. on June 2, 2011 (or at such later time and date announced at least forty-eight hours in advance via the **BiDCOMP™/PARITY™** system) for the purchase of approximately \$2,970,000\* of the City's Taxable General Obligation Public Project Bonds, Series 2011. Alternatively, written sealed or facsimile bids for the Bonds by the designated time will be received by the Finance Manager, 101 East Fourth Street, Owensboro, Kentucky 42302 (FAX: (270) 687-8526). Electronic bids must be submitted through **BiDCOMP™/PARITY™** as described herein and no other provider of electronic bidding services will be accepted. Bids will be opened and acted upon later that same day.

**STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY**

These Bonds are authorized pursuant to Sections 66.011 to 66.181, inclusive, of the Kentucky Revised Statutes and are being issued in accordance with a Bond Ordinance (the "Bond Ordinance") adopted by the City of Owensboro, Kentucky (the "City") on May 17, 2011. The Bonds are general obligation bonds and constitute a direct indebtedness of the City.

The Bonds are secured by the City's ability to levy and its pledge to levy an ad valorem tax on all property within the City in a sufficient amount to pay the principal of and interest on the Bonds when due.

The Bonds are being issued for the purpose of financing (i) an approximately 33,400 square foot expansion (the "Project") to an approximately 47,900 square foot facility heretofore authorized to be financed and constructed for use in furtherance of economic development within the City and (ii) costs related to the issuance of the Bonds.

**BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT**

The Bonds will be dated their date of initial delivery, bearing interest from such date, payable on the first day of each June and December, commencing December 1, 2011.

The Bonds are scheduled to mature on June 1, in each of the years as follows:

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>MATURITY</u>	<u>AMOUNT*</u>
June 1, 2012	\$105,000	June 1, 2022	\$140,000
June 1, 2013	105,000	June 1, 2023	150,000
June 1, 2014	105,000	June 1, 2024	155,000
June 1, 2015	110,000	June 1, 2025	165,000
June 1, 2016	115,000	June 1, 2026	170,000
June 1, 2017	115,000	June 1, 2027	180,000
June 1, 2018	120,000	June 1, 2028	195,000
June 1, 2019	125,000	June 1, 2029	205,000
June 1, 2020	130,000	June 1, 2030	215,000
June 1, 2021	135,000	June 1, 2031	230,000

\*Preliminary; subject to Permitted Adjustment.

The Bonds maturing on and after June 1, 2022 are subject to optional redemption on any date on and after June 1, 2021 in whole or in part, in such order of maturity as shall be designated in writing by the City and by lot within any maturity, at the election of the City upon 45 days' written notice to the Paying Agent and Registrar (as hereinafter defined) at a redemption prices equal to the par amount thereof, plus accrued interest to the date of redemption.

At least thirty (30) days before the redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Bonds to be redeemed.

U.S. Bank National Association, Louisville, Kentucky, has been appointed Paying Agent and Registrar for the Bonds.

## **BIDDING CONDITIONS AND RESTRICTIONS**

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

- (A) Electronic bids for the Bonds must be submitted through **BiDCOMP™/PARITY™** system and no other provider of electronic bidding services will be accepted. Subscription to the **BiDCOMP™/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 **BiDCOMP™/PARITY™** shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in **BiDCOMP™/PARITY™** conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of **BiDCOMP™/PARITY™** shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by **BiDCOMP™/PARITY™**. The use of **BiDCOMP™/PARITY™** facilities are at the sole risk of the prospective bidders. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Forms. Written sealed bids (in a sealed envelope marked "Official Bid for Bonds") or facsimile bids for the Bonds by the designated time will be received by the Finance Manager, 101 East Fourth Street, Owensboro, Kentucky 42302 (FAX: (270) 687-8526).
- (B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$2,910,600 (98% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.
- (C) Interest rates for the Bonds must be in multiples of one-eighth of one percent (.125%) and/or one-twentieth of one percent (.05%), which rates must be on an ascending scale, in that the rate on the applicable series of Bonds in any maturity is not less than the rate on the applicable series of Bonds for any preceding maturity and all Bonds of the same maturity and all Bonds of the same maturity and series shall bear the same and a single interest rate from the date thereof to maturity.
- (D) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for exactly \$2,970,000 principal amount of Bonds offered for sale hereunder; but the City may adjust the principal amount of Bonds which may be awarded to such best bidder upward by up to \$200,000 or downward by up to \$370,000 (the "Permitted Adjustment") to a maximum of \$3,170,000 or a minimum of \$2,600,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$1,000 of Bonds as the price per \$1,000 for the \$2,970,000 of Bonds bid.

- (E) Bidders have the option of specifying that Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of Bonds scheduled to mature in the latest of such year and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts of such term Bonds scheduled in the year of maturity of the term Bonds, which principal amount shall mature in that year.
- (F) CUSIP identification numbers will be printed on the Bonds at the expense of the City. 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 the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.
- (G) The City will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.
- (H) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer to the order of the City an amount equal to 2% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within 45 days from the date the bid is accepted.
- (I) The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. The successful bidder may also elect to notify the Financial Advisor within twenty-four (24) hours of the award that standard bond certificates be issued. In the event that certificated Bonds are to be issued at the election of a successful bidder, the costs of printing such Bond Certificates shall be borne by such bidder.
- (J) The City reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest on the Bonds not being subject to Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, all in accordance with the final approving legal

opinion of Peck, Shaffer & Williams LLP, Covington, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX TREATMENT.

- (K) Bidders are advised that First Kentucky Securities Corporation has been employed as Financial Advisor in connection with the issuance of the Bonds. Their fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. They may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.
- (L) As required by the Code, the purchasers of the Bonds will be required to certify to the City as to certain of their activities regarding any reoffering to the public of the Bonds, including any reoffering prices. This information from the purchasers of the Bonds shall also be made available to the Financial Advisor immediately after the sale of the Bonds.
- (M) Unless bids for the Bonds are rejected, the Bonds will be awarded on an all or none basis on the sale date to the bidder whose bid result in the lowest net interest cost for each of the Bonds to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds, produces an amount equal to the purchase price of the Bonds, exclusive of accrued interest. For purposes of calculating the net interest cost, the principal amount of any Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year for the respective series of Bonds. In the event that two or more bidders offer to purchase the Bonds at the same lowest net interest cost, the Mayor, upon the advice of the Mayor shall determine (in his sole discretion) which of the bidders shall be awarded the Bonds.
- (N) Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the City's Financial Advisor, First Kentucky Securities Corporation: 305 Ann Street, Suite 400, Frankfort, Kentucky 40602 Telephone: (502) 875-4611. Further information regarding [BiDCOMP™/PARITY™](#) may be obtained from [BiDCOMP™/PARITY™](#), 1359 Broadway - 2<sup>nd</sup> Floor, New York, NY 10018, Telephone: (800) 850-7422.

### **CONTINUING DISCLOSURE**

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the City (the "Obligated Person") will agree pursuant to a Continuing Disclosure Undertaking to be dated as of the date of issuance and delivery of the Bonds (the "Disclosure Undertaking"), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board ("MSRB"), certain annual financial information and operating data, including audited financial statements prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in "Appendix A," "Appendix C," and "Appendix D" of the Official Statement ("Financial Data"); such information shall be provided within 210 days after the end of the fiscal year ending June 30, commencing with the fiscal year ended June 30, 2009; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person;
- (ii) to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
  - (a) Principal and interest payment delinquencies;
  - (b) Non-payment related defaults, if material;



- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (e) Substitution of credit or liquidity providers, or their failure to perform;
  - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
  - (g) Modifications to rights of security holders, if material;
  - (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
  - (i) Defeasances;
  - (j) Release, substitution or sale of property securing repayment of the securities, if material;
  - (k) Rating changes;
  - (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
  - (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (iii) in a timely manner, to the MSRB, notice of a failure (of which the Obligated Persons have knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the

Bond Ordinance. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to material events as defined under the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the Bonds.

#### **TAX TREATMENT**

In the opinion of Bond Counsel for the Bonds, interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions under the laws of the Commonwealth of Kentucky as presently enacted and construed. **HOWEVER, INTEREST ON THE BONDS IS NOT EXCLUDIBLE FROM GROSS INCOME OF THE HOLDERS OF THE BONDS FOR FEDERAL INCOME TAX PURPOSES. OWNERS OF THE BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE BONDS.**

/s/ Ronald Payne

\_\_\_\_\_  
Mayor, City of Owensboro, Kentucky

**OFFICIAL BID FORM  
TAXABLE GENERAL OBLIGATION BONDS, SERIES 2011**

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$2,970,000\* of Taxable General Obligation Bonds, Series 2011, dated their date of initial issuance and delivery (the "Bonds") offered for sale by the City of Owensboro, Kentucky (the "City") in accordance with the Preliminary Official Statement dated May 25, 2011 and the Notice of Bond Sale, as advertised in *The Courier-Journal* and the *Owensboro Messenger-Inquirer* to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$2,970,000\* principal amount of the Bonds, the total sum of \$\_\_\_\_\_ (not less than \$2,910,600) at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>
June 1, 2012	\$105,000	_____ %	June 1, 2022	\$140,000	_____ %
June 1, 2013	105,000	_____	June 1, 2023	150,000	_____
June 1, 2014	105,000	_____	June 1, 2024	155,000	_____
June 1, 2015	110,000	_____	June 1, 2025	165,000	_____
June 1, 2016	115,000	_____	June 1, 2026	170,000	_____
June 1, 2017	115,000	_____	June 1, 2027	180,000	_____
June 1, 2018	120,000	_____	June 1, 2028	195,000	_____
June 1, 2019	125,000	_____	June 1, 2029	205,000	_____
June 1, 2020	130,000	_____	June 1, 2030	215,000	_____
June 1, 2021	135,000	_____	June 1, 2031	230,000	_____

\*Subject to Permitted Adjustment.

The Bonds maturing in the following years: \_\_\_\_\_ are sinking fund redemption amounts for term bonds due \_\_\_\_\_. The Bonds maturing in the following years: \_\_\_\_\_ are sinking fund redemption amounts for term bonds due \_\_\_\_\_.

**Bids may be submitted electronically via BiDCOMP™/PARITY™ pursuant to this Notice until the appointed date and time, but no bid will be received after such time. Notwithstanding the foregoing, completed bid forms may be submitted until the appointed date and time (i) in a sealed envelope marked "Official Bid for Bonds" or (ii) by facsimile transmission, in each case delivered to the office of the Finance Manager of the City of Owensboro, 101 East Fourth Street, Owensboro, Kentucky 42302 (FAX: (270) 687-8526). Neither the City nor the Financial Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all facsimile transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone.**

We understand this bid may be accepted with variations in maturing amounts at the same price per \$1,000 Bond, with the variation in such amount occurring in any maturity of all maturities, such variations to be determined by the City at the time of acceptance of the best bid.

It is understood that the City will furnish the final, approving Legal Opinion of Peck, Shaffer & Williams LLP, Bond Counsel, of Covington, Kentucky.

No certified or bank cashier's check will be required to accompany the 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 day following the award. Said good faith amount will be applied (without interest) to the purchase price when said Bonds are tendered for delivery.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within forty-five (45) days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

\_\_\_\_\_  
Bidder

\_\_\_\_\_  
Address

By: \_\_\_\_\_  
Signature

Total interest cost from date of delivery (estimated June 16, 2011) to final maturity	\$ _____
Plus discount	\$ _____
Net interest cost (Total interest cost plus discount)	\$ _____
Average interest rate or cost (i.e. N.I.C.)	_____ %

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 Owensboro, Kentucky for \$ \_\_\_\_\_ principal amount of Bonds at the price of \$ \_\_\_\_\_ as follows:

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>
June 1, 2012	\$ _____	_____ %	June 1, 2022	\$ _____	_____ %
June 1, 2013	_____	_____	June 1, 2023	_____	_____
June 1, 2014	_____	_____	June 1, 2024	_____	_____
June 1, 2015	_____	_____	June 1, 2025	_____	_____
June 1, 2016	_____	_____	June 1, 2026	_____	_____
June 1, 2017	_____	_____	June 1, 2027	_____	_____
June 1, 2018	_____	_____	June 1, 2028	_____	_____
June 1, 2019	_____	_____	June 1, 2029	_____	_____
June 1, 2020	_____	_____	June 1, 2030	_____	_____
June 1, 2021	_____	_____	June 1, 2031	_____	_____

\_\_\_\_\_  
Mayor  
City of Owensboro, Kentucky

Dated: June 2, 2011