

PRELIMINARY OFFICIAL STATEMENT
(Bonds to be sold February 22, 2022 11:00 a.m. E.S.T.)

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

Bank Qualified

ELECTRONIC BIDDING VIA PARITY

BOOK-ENTRY-ONLY SYSTEM

\$2,210,000*

**CITY OF CARROLLTON, KENTUCKY
COMBINED UTILITY SYSTEM REVENUE BONDS
SERIES OF 2022**

Dated: Date of Delivery

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 Trust Company, National Association, Louisville, Kentucky as Trustee 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, 2022, and thereafter semiannually on each June 1 and December 1. The Bonds shall not be subject to redemption prior to maturity.

SCHEDULE OF MATURITIES

<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Cusip # 145447</u>
06/01/2023	\$430,000		
06/01/2024	435,000		
06/01/2025	440,000		
06/01/2026	450,000		
06/01/2027	455,000		

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 Bonds are issued pursuant to authority contained in Sections 58.010 through 58.140, inclusive of the Kentucky Revised Statutes. The Bonds are not obligations of the City under any Constitutional or statutory limitation of the Commonwealth of Kentucky, but are special obligations payable only from and secured by a pledge of a fixed portion of the gross income and revenues to be derived from the operation of the combined and consolidated municipal utility system (the "System"); provided, however, such pledge of first gross revenues is on parity with a similar pledge on water and sewer revenues related to certain outstanding loans to the Kentucky Infrastructure Authority ("KIA") for various water and sewer improvements to the System.

In the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes under existing law, regulations and court decisions, except as to certain recipients, and is not an item of tax preference for purposes of computing the Federal alternative minimum tax. The Bonds and interest thereon are exempt from income taxes and ad valorem taxes in the Commonwealth of Kentucky and any political subdivision thereof. See "Tax Exemption" herein.

The City has deemed this Preliminary Official Statement to be final within the meaning of Securities and Exchange Commission Rule 15c2-12 (the "Rule") except for certain information omitted in accordance with the Rule which will be provided in the Final Official Statement. The Bonds are issued subject to approval of legality by Steptoe & Johnson PLLC, Louisville, Kentucky, Bond Counsel to the City. Delivery of the Bonds is expected on or about March 10, 2022.

*Preliminary, Subject to Permitted Adjustment.

FIRST KENTUCKY SECURITIES CORPORATION
Financial Advisor

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

CITY OF CARROLLTON

The Honorable Dwight Loudon, Mayor
Melinda Wright-Moore, Clerk/Treasurer
Hon. Jake Thompson, Attorney

Council Members

Kevin Craig
Mike Gordon
Jeff Dickow
Doug Hill
John T. Booth
Hayley Franklin

CARROLLTON UTILITIES COMMISSION

Terry Roach, P.E., General Manager
Sarah Hudgins, Director of Finance

Commission Members

William Welty, Chairman
Gregg Goff
Jay Richter
Chris Cayton

BOND COUNSEL

Step toe & Johnson PLLC
Louisville, Kentucky

FINANCIAL ADVISOR

First Kentucky Securities Corporation
Lexington, Kentucky

PAYING AGENT/REGISTRAR

U.S. Bank Trust Company, National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY SYSTEM

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

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Official Bid Form

PRELIMINARY OFFICIAL STATEMENT

\$2,210,000*

**CITY OF CARROLLTON, KENTUCKY
COMBINED UTILITY SYSTEM REVENUE BONDS
SERIES OF 2022**

Dated the Date of Delivery

This Official Statement, which includes the cover page, is being distributed by the City of Carrollton, Kentucky, (the "City") to furnish pertinent information to all who may become holders of its Combined Utility System Revenue Bonds, Series of 2022, dated the date of delivery (the "Bonds"), being offered hereby pursuant to the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and pursuant to the terms of a Bond Ordinance adopted by the City.

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

POTENTIAL IMPACT OF COVID-19 PANDEMIC

On March 6, 2020, the Commonwealth of Kentucky declared a state of emergency in regards to the outbreak of COVID-19 (the "COVID-19 Pandemic") and the United States subsequently declared a national emergency on March 13, 2020. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit person-to-person interactions, affecting business activities and impacting global, state and local commerce and financial markets. Future tax and other revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the City and its ability to fund debt obligations, including the Bonds in accordance with their terms. The City is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the City's financial position. The long-term effects of the COVID-19 pandemic may be significant and are undetermined at this time.

DESCRIPTION OF THE BONDS

Authorization

Pursuant to Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the City Council of the City adopted a Bond Ordinance (i) authorizing the issuance of \$2,210,000* Combined Utility System Revenue Bonds; (ii) approving the publication of a Notice of Sale of Bonds; (iii) approving the terms and conditions of bond sale; and (iv) authorizing the Mayor of the City to execute the Official Statement related to the Bonds.

Terms

The Bonds will be dated the date of delivery, expected to be March 10, 2022, will bear interest payable December 1, 2022, and thereafter semiannually on each June 1 and December 1 at the rates established upon acceptance of a bid for said Bonds and, will mature on the dates and in the amounts set forth on the cover page. The record dates for June 1 and December 1 interest payment dates shall be the preceding May 15 and November 15, respectively.

Book Entry

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities

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

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

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

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

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

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Bond Registrar. Under such circumstances, in the event that a successor

securities depository is not obtained, Bond certificates are required to be printed and delivered by the Bond Registrar.

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

Statutory Authority, Purpose of Issue and Security

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

The Bonds will rank on the basis of parity as to security and source of payment with the City's outstanding utility revenue loans from Kentucky Infrastructure Authority dated October 18, 2002, March 19, 2003, March 1, 2010, April 1, 2013, June 1, 2015, September 30, 2016, and August 9, 2018. ("Outstanding loans"). Prior to the delivery of the Bonds, the City will obtain the required certification that the net income and revenues of the combined and consolidated municipal utility system for twelve consecutive months out of the eighteen months preceding the issuance of the Bonds were equal to at least 1.10 times the maximum amount of principal and interest that will become due in any System fiscal year on all Outstanding loans and these Bonds.

THE CITY

The City is located in the north central part of Kentucky, situated on the Ohio River, approximately half-way between Cincinnati, Ohio and Louisville, Kentucky. The population is approximately 3,767. See Appendix A attached hereto.

THE UTILITIES COMMISSION

The City established the Utilities Commission of Carrollton ("Utilities Commission") as a natural gas utility pursuant to an Ordinance of the City in 1955. Water and wastewater operations were added later. The Utilities Commission consists of four Commissioners appointed by the Mayor upon approval by the City Council for terms of three years.

The General Manager of the Utilities Commission is charged with the day-to-day operation of the utility system. The Commission can make all rules and regulations regarding the operations of the System except for promulgation of rates to be charged for the services of the System, which are reserved to the City. See Appendix A attached hereto.

THE SYSTEM

The System consists of wastewater collection and water, wastewater and natural gas distribution systems. It serves a variety of residential and commercial customers in the City of Carrollton and in other incorporated and unincorporated areas of Carroll, Trimble, Owen and Gallatin Counties in Kentucky. See Appendix A attached hereto.

THE PROJECT

The Bonds are being issued for the purpose of the "Natural Gas 20/20 Expansion Project," to allow Carrollton Utilities to provide expanded capacity required for recent and anticipated customer expansions. This project will include:

#1: 8,600 linear feet of 10"-.250 wall steel pipe running parallel to the 6" between Dow and 4-Mile road, also known as the West and East Sections;

#2: Blue lick Regulator Station. Construction of a regulator station on the 10" gas pipeline on Blue Lick Road just outside the City of Carrollton. The regulator station will be used to cut the pressure on the 10" back to distribution pressure (<340 psi). Work includes purchase and installation of a prefabricated station, tie-in to the existing 10" line, and site work necessary for the installation.

#3: Ancillary gas work including gas pre-heater installation, Wright's Ridge upgrades, piping and valving.

Estimated Uses and Sources of Funds

On December 1, 2021, the U.S. Secretary of Commerce announced that the U.S. Economic Development Administration (EDA) was awarding a \$1,425,037 grant to the City of Carrollton to support construction of the Utilities Commission's gas pipeline for current and future economic growth.

Sources of Funds

EDA grant funds	\$1,425,000
Local Funds	820,000
Par Amount of Bonds	2,210,000
Total Sources of Funds	4,455,000

Uses of Funds:

Deposit to Construction Fund
Underwriting Discount
Costs of Bond Issuance
Debt Service Reserve
Contingency
Total Uses of Funds

DISPOSITION OF BOND PROCEEDS

Upon issuance and delivery of the Bonds, there shall first be paid all expenses incident to the authorization, sale and delivery of the Bonds. The entire remaining proceeds of the Bonds shall be deposited into The City of Carrollton Combined Utility System Construction Fund of 2022 (the "Construction Fund").

Flow of Funds

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

(A) Revenue Fund - A separate and special fund or account of the City but maintained by the Utilities Commission, distinct and apart from all other funds and accounts of the City, is created, and is designated and identified as the "City of Carrollton Utility Revenue Fund" (the "Revenue Fund"), which shall be maintained with a bank or banks which are members of FDIC; and the City covenants and agrees that it will deposit or cause the

Utilities Commission to deposit therein promptly as received from time to time all cash revenues of the System. The moneys in this Fund from time to time shall be used and disbursed and applied by the Utilities Commission only for the purposes, and in the manner and order of priorities, all as permitted by applicable statutes.

(B) Bond Fund - A separate and special fund or account of the City but maintained by the Utilities Commission, distinct and apart from all other funds and accounts of the City, is created and designated and identified as the "Utility Revenue Bond and Interest Redemption Fund of 2022" (the "2022 Bond Fund" or "Bond Fund"), which shall be maintained so long as any of the Bonds are outstanding, in a Bank which is a member of FDIC, and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal and interest on such Bonds as may be issued and outstanding from time to time including additional parity bonds.

From the Revenue Fund, as a first charge thereon, there shall be set aside and deposited in the Bond Fund in equal monthly deposits on or before the 20th day of each month sums no less than:

(i) a sum equal to one-fifth (1/5) of the interest becoming due on the next succeeding interest due date, with respect to all Bonds issued and outstanding and such additional parity bonds, if any, as may be issued; and

(ii) a sum equal to one-tenth (1/10) of the principal of all such Bonds (including such additional parity bonds, if any, as may be issued) maturing on the next succeeding December 1; until there shall have been accumulated in the Bond Fund a sum sufficient to pay interest to become due on all such Bonds on the next succeeding June 1, and interest and principal to become due on the next succeeding December 1, together with an additional sum equal to the lesser of (a) 10% of the stated principal amount of the Bonds, (b) the maximum amount of principal and interest thereafter becoming due in any one year on the Bonds, or (c) 125% of the average annual principal and interest requirements on the Bonds (the "Required Minimum Balance") such additional sum to be held within the Bond Fund in the "Utility Revenue Debt Service Fund of 2022" (the "2022 Debt Reserve Fund" or "Debt Reserve Fund"); and

(iii) after the accumulation of the Required Minimum Balance in the Debt Reserve Fund, then monthly, on or before the 20th of each month, transfers from the Revenue Fund of sums equal to one-sixth (1/6) of the interest to become due on all Bonds (and any parity bonds) on the next succeeding interest payment date; plus sums equal to one-twelfth (1/12) of the principal to become due on the next principal payment date, provided, however, that if the Debt Reserve Fund shall at any time be reduced below the above-prescribed level, or if additional parity bonds be issued subject to the conditions and restrictions set forth in this Ordinance, then in either of said events the monthly payments or deposits into the Bond Fund shall forthwith be resumed at the rate of one-fifth (1/5) of interest to become due on all such Bonds on the next ensuing interest payment date, plus one-tenth (1/10) of the principal maturing on the next succeeding December 1, until such time as the Debt Reserve Fund shall be restored to an amount equal to the maximum amount of principal and interest thereafter becoming due in any year, and, if such additional Parity Bonds be issued, to accumulate within five (5) years a similarly computed increase of such Debt Reserve Fund, whereupon said monthly deposits may be reduced to 1/6th of next maturing interest, plus 1/12th of next maturing principal, so long as the Debt Reserve Fund shall remain at the prescribed amount of the Required Minimum Balance.

All provisions relating to deposits and accumulations in the Bond Fund shall be cumulative, and if there be failure to deposit the prescribed amounts in any one or more months, a sum equal to the deficiency shall be deposited as soon as available, and the same shall be in addition to the amounts otherwise prescribed to be deposited in the Bond Fund for the succeeding month or months. Notwithstanding the above, the amount deposited in the Debt Reserve Fund from the proceeds of Bonds shall at no time exceed ten percent (10%) of the total principal amount of outstanding Bonds. It is anticipated that the Debt Reserve Fund will be fully funded from the proceeds of the Bonds and that the deposits required by subsections (6)(B) (i) and (ii) above shall only be required if at any time the amounts in such Debt Reserve Fund are less than the Required Minimum Balance, and shall continue until the amount in the Debt Reserve Fund is equal to the Required Minimum Balance.

Moneys from time to time in the Debt Reserve Fund may be held in cash, in which event the same shall be secured (to the extent not insured by FDIC) by a valid pledge of bonds, notes, or certificates of indebtedness of or guaranteed by the United States Government having at all times an equal market value; or the same may, upon order of the City Council, be invested and reinvested in accordance with KRS Section 66.480, maturing not later than five (5) years from date of investment, or not later than final maturity date of outstanding Bonds or the Bonds issued pursuant to this Ordinance, whichever date is the earlier. Income from any such investments shall be accumulated in

the Debt Reserve Fund, and may be invested in the same manner. Withdrawals shall be made from the Debt Reserve Fund, and transferred to the Bond Fund, if and to any extent required at any time to prevent default in the payment of principal and interest on any Bonds which by their terms are payable from the Bond Fund; and if necessary, securities held as investments in the Debt Reserve Fund shall be converted into cash for such purposes; but no withdrawals therefrom shall be made for any other purposes, and the City hereby irrevocably pledges all moneys and securities in the Debt Reserve Fund for such specified purposes only. In the event any such permitted withdrawals are made, the deficiency in said Debt Reserve Fund shall be restored as soon as revenues are available.

(C) Maintenance and Operation Fund - A separate and special fund or account for the City is created and is designated and identified as the "2022 Maintenance and Operation Fund," (the "Maintenance and Operation Fund") and so long as any Bonds are outstanding pursuant hereto, such fund shall continue to be maintained. After observing the priority of payments and deposits set forth in (B) and (C) above, there shall be deposited each month in the Maintenance and Operation Fund, from the Revenue Fund, a sum equal to the anticipated expenses of operating and maintaining the System for the next ensuing month.

(D) Depreciation Fund - A separate and special fund or account of the City is created and is designated and identified as the "2022 Depreciation Fund," (the "Depreciation Fund") which shall be continued and maintained so long as any Bonds are outstanding. Subject to the recognized priority of the foregoing cumulative provisions for deposits into the Bond Fund, Debt Service Reserve Fund and Maintenance and Operation Fund, the City covenants that it will transfer and deposit monthly into the Depreciation Fund not less than ten percent (10%) of the funds remaining in the Revenue Fund, so long as the unexpended balance in the Depreciation Fund is less than \$100,000.

The City further covenants and agrees that it will additionally deposit into the Depreciation Fund the proceeds from the sale of any equipment no longer useable or needed, all fees or charges collected from potential customers to aid in the financing of the cost of extensions and improvements, and any proceeds received from property damage insurance. Moneys in the Depreciation Fund may be withdrawn and used by the City, upon appropriate certification and approval of the Utilities Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements, not included in the Annual Budget of Current Expenses (for which provision is hereinafter made), and of paying the cost of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide a higher degree of service.

In the event the moneys available in the Bond Fund, including the Debt Service Reserve Fund, on any August 30 or February 28 shall be insufficient to pay the next maturing interest on and/or principal of the Bonds or any parity bonds, the City shall transfer from the Depreciation Fund such amounts as are necessary to eliminate the deficiency and avoid default.

(E) Whenever all specified and required transfers and payments into the above special Funds have been made, and the prescribed reserves have been accumulated to the stated amounts, and there is a balance in the Revenue Fund in excess of the estimated amounts required to be transferred and paid into the special Funds during the next succeeding three (3) months, such excess or any part thereof may be transferred to the Depreciation Fund, or may be used to purchase or retire outstanding Bonds, but at a price not exceeding the redemption terms on the next succeeding redemption date, or such excess or any part may be used for the payment of the interest on or principal of other obligations of the City incurred in connection with the System, or for any other lawful purpose upon approval of the Utilities Commission.

All payments into the above special Funds shall be made before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be on a Sunday, or a legal holiday, then such payment shall be made on the next succeeding secular day.

All moneys held in any of the above special Funds shall be kept apart from all other municipal funds and shall be deposited with a bank or banks which are members of FDIC, and all such cash deposits which cause the aggregate deposit of the City in any one bank to be in excess of the amount secured by FDIC shall be secured by a surety bond or bonds or by pledge of direct obligations of or by guaranteed bonds or securities of or guaranteed by the United States Government having a market value equivalent to such deposit. Any amounts in the Bond Fund (other than in the Debt Service Reserve Fund as aforesaid) in excess of the amount of interest and principal becoming due in the next twelve (12) months, or in the Depreciation Fund, may be invested in direct obligations or guaranteed bonds or securities of or guaranteed by the United States Government having a maturity date or being subject to redemption at the option of the holder within five (5) years.

CERTAIN OTHER PROVISIONS OF THE BOND ORDINANCE

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

The City has authorized the issuance of its City of Carrollton, Kentucky, Combined Utility System Revenue Bonds, Series 2022 in a principal amount not to exceed \$12,000,000.* The Bonds are fully registered and in denominations in multiples of \$5,000. The Bonds bear interest payable on June 1 and December 1 each year, beginning December 1, 2022, at such interest rate or rates as may be fixed by the City, as a result of an advertised sale of said Bonds in competitive bidding therefor. Said Bonds shall mature on June 1, 2023 and each June 1 thereafter of the respective years as provided in the Bond Ordinance and elsewhere herein.

Paying Agent and Bond Registrar

The U.S. Bank Trust Company National Association, Louisville, Kentucky, has been named Paying Agent and Bond Registrar. Interest and principal payments will be made by the Paying Agent by wire transfer to DTC on each due date. Please see "Book Entry" supra.

Parity Bonds

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

Arbitrage Provisions

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

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

Ordinance to Constitute a Contract

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

Other Covenants

The City further covenants that so long as any of the Outstanding Bonds and Series 2022 Bonds remain outstanding and unpaid:

- (A) It will perform all duties required by law and by the terms of the Ordinance.
- (B) It will maintain the System in good condition and will make renewals and replacements as same may be required.
- (C) It will not sell, mortgage, pledge, lease or in any manner dispose of the System or the revenues thereof, except as permitted by the Ordinance.
- (D) It will establish, enforce and collect reasonable rates and charges to be adequate at all times to operate and maintain the System, and to provide net income that exceeds the highest annual debt service in any one year by

110%. The Rate Covenant defines “net income” as total system revenue less total system operating expenses plus interest and depreciation.

- (E) It will adopt, by July 1 of each year, a budget of current expenses for the System and an estimate of gross revenues for the ensuing fiscal year, and to the extent that gross revenues are insufficient, it will revise its rates and charges.
- (F) It will not at any time reduce the prevailing schedule of rates and charges without first obtaining the written determination of a consulting engineer that the proposed reduction will not adversely affect the ability of the City to meet all the requirements set forth in the Ordinance.
- (G) It will at all times segregate and regularly make application of the revenues of the System in accordance with the Ordinance.
- (H) It will keep proper books of record, separate from all other municipal records.
- (I) It will within 90 days after the end of each fiscal year cause an audit to be made of the books of record by an independent accountant.
- (J) Any Registered Owner of 2022 Bonds may enforce and compel performance by the City of all duties imposed by law or the Ordinance.
- (K) If there be any default in the payment of the principal of or interest on any of the 2022 Bonds, any Registered Owner of said bonds may file suit and any court having jurisdiction may appoint a receiver to administer the System on behalf of the City with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System and for payment of operating expenses and to apply the revenues in conformity with the Ordinance.
- (L) It will cause each municipal officer or other person (other than depository banks) having custody of any moneys administered under the provisions of the Ordinance to be bonded at all times in a amount at least equal to the maximum amount of such moneys in custody at any time.
- (M) It will maintain at all times insurance of all insurable properties constituting parts of the System to the full insurable value thereof against damage or destruction by fire, windstorm and the hazards covered by the standard “extended coverage” policy endorsements.
- (N) Pursuant to KRS 95.934 rates and charges for sewer service provided by the System shall be billed simultaneously with rates for water service provided by the System and water service will be discontinued to any premises where there is failure to pay any part of the aggregate charges so billed including such interest, penalties and fees for disconnection and/or reconnection as may be prescribed from time to time.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

CONTINUING DISCLOSURE

As a result of the City, and agencies acting on behalf of the City, offering for public sale municipal securities in excess of \$1,000,000, the City and the Paying Agent will enter into a written agreement for the benefit of all parties who may become Owners of the Bonds whereunder the City will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board. The City has not been subject to continuing disclosure undertakings for the past five years, having no outstanding municipal securities. Carrollton Utilities has published annual financial information as a component of the Public Energy Authority of Kentucky for fiscal years 2018, 2019 and 2020.

Financial Information regarding the City, in addition to that contained in Appendices A, B, and C, may be obtained from the City Clerk, City of Carrollton, Kentucky, 750 Clay Street, Carrollton, Kentucky, 41008, telephone number: (502)732-7060.

TAX EXEMPTION

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

- (A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.
- (B) The interest income from the Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes under existing law; and is not an item of tax preference for purposes of calculating the Federal alternative minimum tax.
- (C) As a result of designations and certifications by the City, indicating the issuance of less than \$10,000,000 of "qualified tax-exempt obligations" during the calendar year ending December 31, 2022, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

FINANCIAL ADVISOR

The Bonds will be sold on a publicly advertised, competitive basis. First Kentucky Securities Corporation, Lexington, Kentucky, Financial Advisor to the City will receive a fee, subject to sale and delivery of the Bonds, for its advisory services. The Financial Advisor assisted in the drafting of this Official Statement, but the Financial Advisor has not independently verified any of the data contained in it nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement.

RATING

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

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

All quotations from, and summaries and explanations of, the Kentucky Revised Statutes and the Bond Ordinance contained herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of the Preliminary Official Statement and the Bond Ordinance may be obtained from First Kentucky Securities Corporation, 1500 Leestown Road, Suite 330, Lexington, Kentucky 40511.

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

CITY OF CARROLLTON, KENTUCKY

/s/ Dwight Louden
Mayor

ATTEST:

/s/ Melinda Wright-Moore
City Clerk

APPENDIX A

*City of Carrollton, Kentucky
And Carrollton Utilities System*

APPENDIX A

CITY OF CARROLLTON AND CARROLLTON UTILITIES

GENERAL

Carrollton Utilities (“CU”) is the operating entity for utility services within the City of Carrollton, Kentucky, and surrounding areas. Carrollton is located in north central Kentucky along the Ohio River, approximately 50 miles northeast of Louisville, Kentucky and 60 miles southwest of Cincinnati, Ohio. CU provides natural gas, water and wastewater services. CU operates under the supervision and control of a four-member Utility Commission, which is appointed at the recommendation of the Mayor and approval of the Carrollton City Council. The General Manager is responsible for the day-to-day operations of the utility.

CU has operated its natural gas distribution system since 1955. The gas system includes approximately 167 miles of distribution system piping consisting of cathodically protected steel and polyethylene piping in sizes up to 10 inch diameter. Gas supply for CU is delivered under interstate pipeline transportation contracts with Texas Gas Transmission Corporation at two town border stations.

CU provides natural gas service to residential commercial, and industrial customers located in its service territory under rate schedules (tariffs) of general application. The rates charged by CU are not subject to review by a federal or state agency.

GAS CUSTOMERS

The following table shows the number of natural gas customers by customer class served by CU for its last three years of operations.

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	1,921	1,936	1,952
Commercial	447	453	457
Industrial	<u>26</u>	<u>26</u>	<u>28</u>
Total	2,394	2,415	2,437

GAS SALES

The following table shows CU’s gas sales (in Mcf) by customer class for its last three years of operations.

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	130,485	121,291	129,466
Commercial	101,878	98,143	99,079
Industrial	<u>10,210,537</u>	<u>9,971,502</u>	<u>10,771,625</u>
Total	10,442,900	10,190,936	11,000,170

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information (in \$000) for CU's gas system for its fiscal years ended June 30.

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating revenues	\$37,426	\$26,688	\$33,056
Operating expenses			
Costs of goods sold	34,747	24,327	30,411
Operation & maintenance	560	480	456
General & administrative	1,162	1,305	1,222
Depreciation	654	665	652
Other	0	0	0
Total operating expenses	<u>37,123</u>	<u>26,777</u>	<u>32,741</u>
Net Operating income	303	(89)	315
Non-operating revenues (expenses)	<u>(87)</u>	<u>(202)</u>	<u>38</u>
Change in net position	216	(291)	353
Net position – beginning of year	19,162	19,378	19,087
Restatement of beginning net position -- GASB 75	<u>0</u>	<u>0</u>	<u>0</u>
Net position – end of year	\$19,378	\$19,087	\$19,440

Carrollton Utilities Largest Commercial Customers Annual Usage (MCF)

	FYE <u>2018</u>	FYE <u>2019</u>	FYE <u>2020</u>	FYE <u>2021</u>
Dow Corning/Dow Chemical	2,851,931	2,809,840	2,974,926	2,874,239
Certainteed Gypsum	1,042,129	1,067,609	1,192,748	1,218,683
North American Stainless	4,598,296	4,502,157	4,084,866	4,637,882
Nucor-Gallatin	1,260,164	1,272,579	1,206,812	1,272,579
Other Industrial Commercial & Residential Sales	784,085	790,715	731,584	996,797
Total Sales All Customers	10,536,605	10,442,900	10,190,936	11,000,170

**Carrollton Utilities Largest Commercial Customers
Revenue (Dollars)**

	<u>FYE</u> <u>2018</u>	<u>FYE</u> <u>2019</u>	<u>FYE</u> <u>2020</u>	<u>FYE</u> <u>2021</u>
Dow Corning/Dow Chemical	9,145,038	9,430,635	6,647,749	7,790,243
Certaineed Gypsum	3,458,328	3,459,428	2,965,066	3,264,815
North American Stainless	14,779,279	14,510,711	10,071,971	12,915,933
Nucor-Gallatin	4,028,659	4,256,328	2,725,138	3,446,290
Other Industrial Commercial & Residential Sales	2,853,511	2,827,375	1,840,863	2,892,729
Total Sales All Customers	34,264,816	34,484,477	24,250,787	30,310,010

WATER AND SEWER SYSTEM

Water Connections and Water Production

<u>Year</u>	<u>Average Daily</u> <u>Production (Gals.)</u>	<u>Maximum Daily</u> <u>Production (Gals.)</u>	<u>Average Number</u> <u>Water Services</u>
2021	747,424	1,012,667	2580*
2020	701,436	931,667	1590
2019	729,910	1,033,005	1570
2018	705,877	969,111	1580
2017	700,104	924,161	1599
2016	635,781	916,606	1592
2015	767,394	1,137,916	1600
2014	814,817	1,078,075	1605
2013	703,836	849,791	n/a
2012	786,217	904,941	n/a
2011	864,632	943,166	n/a
2010	759,073	896,166	n/a
2009	680,860	855,583	n/a

n/a- information not available

**Carrollton Utilities acquired West Carroll Water District on July 1, 2021.*

Sewer Connections and Sewer Treatment Volume

<u>Year</u>	<u>Average Daily Wastewater Treatment (Gals.)</u>	<u>Average Number Sewer Customers</u>
2021	1,250,000	3,253
2020	1,210,000	3,244
2019	1,080,000	3,243
2018	1,340,000	3,229
2017	1,140,000	3,246
2016	990,000	3,242
2015	1,130,000	3,230
2014	1,280,000	3,243
2013	1,130,000	n/a
2012	910,000	n/a
2011	1,080,000	n/a
2010	960,000	n/a

Water and Sewer Service Rates

Water Rate Charges - Effective July 1, 2021

	In-Town Rate	Out-of-Town Rate	Gen. Butler Extension⁽²⁾
First 1,000 Gallons	Minimum(see below)	Minimum(see below)	Minimum(see below)
Next 4,000 Gallons	\$5.03 per 1,000	\$6.79 per 1,000	\$8.69 per 1,000
Next 20,000 Gallons	\$4.51 per 1,000	\$6.13 per 1,000	\$8.03 per 1,000
Next 35,000 Gallons	\$4.02 per 1,000	\$5.43 per 1,000	\$7.33 per 1,000
Next 40,000 Gallons	\$3.51 per 1,000	\$4.74 per 1,000	\$6.64 per 1,000
Next 400,000 Gallons	\$3.21 per 1,000	\$4.28 per 1,000	\$6.18 per 1,000
Over 500,000 Gallons	\$3.03 per 1,000	\$4.10 per 1,000	\$6.00 per 1,000
Wholesale rate ⁽¹⁾	\$ 2.14 per 1,000		

⁽¹⁾(Requirement: wholesale customer must maintain an average annual consumption above 1,000,000 gallons per month, per account to be eligible for the wholesale rate)

⁽²⁾ Rate applies to General Butler State Park and all other customers served by the General Butler Booster Station and Tank including but not limited to Deer Run Subdivision and Riverwood Subdivision.

Minimum Charges:

Meter Size	In-Town Rate	Out-of-Town Rate	Gen. Butler Extension⁽²⁾
5/8 or 3/4 inch	\$15.16	\$20.14	\$22.04
1 inch	\$16.85	\$22.30	\$24.20
1.25 or 1.5 inch	\$18.10	\$23.95	\$25.85
2 inch	\$22.50	\$29.81	\$31.71
3 inch	\$29.70	\$39.34	\$41.24
4 inch	\$39.87	\$52.86	\$54.76
6 inch	\$65.78	\$87.37	\$89.27

Water Service Installation Charges

5/8" or 3/4" meter	\$ at cost
1" meter	\$ at cost
2" or larger	\$ cost + 10%

Fire Protection Charges

Sprinkler Systems:

2" service line into building	<u>\$ 25.54</u> per month
4" service line into building	<u>\$ 35.42</u> per month
6" service line into building	<u>\$ 45.35</u> per month
8" or larger service line into building	<u>\$158.09</u> per month

Fire Hydrants:

Fire hydrants maintained by Carrollton Utilities	<u>\$137.52</u> per year
Fire hydrants maintained by customer	<u>\$110.03</u> per year

West Carroll Water Rates Effective 7-01-2021

First 2,000 gallons	\$30.33 min bill
Next 3,000 gallons	\$10.72 per 1,000 gallons
Next 5,000 gallons	\$9.71 per 1,000 gallons
Next 10,000 gallons	\$8.69 per 1,000 gallons
Over 20,000 gallons	\$7.71 per 1,000 gallons

Meter Connection/Tap-On Charges

5/8"x3/4" meter	\$1,160
All larger meters	at cost

Sewer Service

The basic sewer charge based on water consumption effective February 1, 2022 is as follows:

Within the City limits of the City of Carrollton:

First 1,000 gallons	= \$10.93 Minimum
Over 1,000 gallons	= \$5.94 per 1000 gallons

Areas outside the geographical limits of the City of Carrollton (Unless listed below):

First 1,000 gallons	= \$13.74 Minimum
Over 1,000 gallons	= \$7.20 per 1000 gallons

Regional Sewer Project (Glencoe, Sanders, Sparta):

Size of water meter	<u>5/8"-3/4"</u>	<u>1"-2"</u>	<u>Over 2"</u>
First 1,000 gallons	\$11.88	\$24.02	\$29.61 Minimum
Over 1,000 gallons	<u>\$8.84</u>	<u>\$20.99</u>	<u>\$26.57</u> per 1000 gallons

Eagle Creek Campground Extensions

First 1,000 gallons	= <u>\$25.74</u> Minimum
Over 1,000 gallons	= <u>\$7.20</u> per 1,000 gallons

Eagle Creek Resort:

First 1,000 gallons	= <u>\$29.95</u> Minimum
Over 1,000 gallons	= <u>\$7.20</u> per 1,000 gallons

City of Campbellsburg:

First 1,000 gallons = \$31.42 Minimum
 Over 1,000 gallons = \$7.20 per 1000 gallons

Users East (Upstream) of Nucor Lift Station:

First 1,000 gallons = \$15.19 Minimum
 Over 1,000 gallons = \$8.65 per 1000 gallons

Ten Largest Users of Water System (Calendar Year 2020)

<u>Customer's Name</u>	<u>Usage (Gallons)</u>
West Carroll Water District	55,665,200
Matheson Tri-Gas Inc	27,937,900
Dow Silicones Corporation	17,312,900
Kentucky Department of Parks	17,151,800
West Carroll Water District	14,912,300
Kentucky Department of Parks	7,843,200
PMC Organometallic	6,299,600
Carroll Co Fiscal Court	4,318,600
City of Carrollton	3,118,000
Signature Healthcare	2,674,100

**OUTSTANDING WATER AND SEWER REVENUE NOTES
 WITH KENTUCKY INFRASTRUCTURE AUTHORITY**

<u>Date of Issue</u>	<u>Final Maturity</u>	Amount of <u>Original Issue</u>	Outstanding <u>June 30, 2021</u>
10/18/2002	6/01/2032	\$112,200	\$47,473
3/19/2003	12/01/2022	2,518,301	221,741
3/01/2007	12/01/2026	4,288,600	1,277,392
4/01/2013	12/01/2032	867,091	521,048
1/01/2015	12/01/2044	1,977,731	1,038,679
9/30/2016	6/01/2046	1,657,988	1,055,141

DEBT SERVICE COVERAGE

The Bond Ordinance requires that, prior to the issuance of parity bonds, a certification by a Certified Public Accountant, not in the regular employ of the City, be obtained to the effect that the net revenues of the System are no less than 1.10 times the maximum amount of principal of and interest on the Prior Bonds and the bonds proposed to be issued in any year prior to the final maturities.

Following is the calculation of estimated coverage of maximum debt service by net revenues, as adjusted, using amounts for fiscal year ended June 30, 2021 (audited):

Gross Revenues	\$44,808,421
Less Operating Expenses	<u>(42,722,527)</u>
Net Operating Revenues	<u>\$2,085,894</u>
Debt Service - Estimated Maximum	
Principal and Interest in 2023	\$468,725
Debt Service Covered	Senior Debt: 4.450
	All Debt: 2.123

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CITY OF CARROLLTON TAXES

Assessment of Taxable Property

Fiscal Year <u>Ended June 30</u>	<u>Real Property</u>	Bank Franchise <u>& Deposit Tax</u>
2021	\$132,646,113	\$163,177,220
2020	129,417,313	128,815,247
2019	124,107,013	111,673,836
2018	123,586,013	117,004,346
2017	122,423,913	111,275,320
2016	122,121,713	51,609,544
2015	120,483,113	107,241,988
2014	120,077,181	110,129,469
2013	120,617,277	101,508,014
2012	120,735,766	97,283,340
2011	119,752,757	97,100,355

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

Fiscal Year <u>Ended June 30</u>	<u>Real Property</u>	<u>Bank Shares</u>
2021	.298	.000250
2020	.295	.000250
2019	.307	.000250
2018	.308	.000250
2017	.31	.000250
2016	.30	.000250
2015	.30	.000250
2014	.30	.000250
2013	.30	.000250
2012	.29	.000250
2011	.29	.000250

Taxes Levied and Collected (Includes Bank Shares)

Fiscal Year

<u>Ended June 30</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>
2021	\$419,288	\$418,037
2020	417,278	416,998
2019	408,928	416,485
2018	409,895	410,882
2017	407,332	398,257
2016	393,325	383,156
2015	388,260	409,845
2014	387,763	347,891
2013	387,232	382,727
2012	374,453	382,377
2011	371,558	312,265

TOP TAXPAYERS, CITY OF CARROLLTON 2021

<u>Name</u>	<u>Tax Paid</u>	<u>Assessed Value</u>
Carrollton Village Apartments	\$8,642.00	\$2,900,000
Caseys General Store	7,450.00	2,500,000
Walgreens	5,273.74	1,769,713
SS Realty-Advanced Auto Parts	3,209.46	1,077,000
Caseys General Store	2,731.03	746,183
Growers Tobacco Warehouse	2,202.22	739,000
Kentucky National Bank-US Bank	2,090.17	701,400
DRC Properties	11,937.00	650,000
Craig Family Real Estate- Lauren Ave Apts	1,694.13	568,500

TOP TAXPAYERS, CITY OF CARROLLTON 2020

<u>Name</u>	<u>Tax Paid</u>	<u>Assessed Value</u>
Carrollton Village Apartments	\$8,555.00	\$2,900,000
Caseys General Store	7,375.00	2,500,000
Walgreens	5,220.65	1,769,713
Abzac	3,990.60	1,250,972
SS Realty-Advanced Auto Parts	3,177.15	1,077,000
Caseys General Store	2,577.57	808,016
Growers Tobacco Warehouse	2,180.05	739,000
Kentucky National Bank-US Bank	2,069.13	701,400
DRC Properties	1,917.50	650,000
Craig Family Real Estate-	1,377.08	568,500
Lauren Ave Apts		

APPENDIX B

*Estimated Debt Service Requirements
For
Series 2022 Bonds*

**CITY OF CARROLLTON, KENTUCKY
 COMBINED UTILITY SYSTEM REVENUE BONDS
 SERIES OF 2022**

DEBT SERVICE REQUIREMENTS

Date	Principal	Interest	Total	Fiscal Total
09/01/2022				
03/01/2023	435,000			
09/01/2023				
03/01/2024	435,000			
09/01/2024				
03/01/2025	440,000			
09/01/2025				
03/01/2026	445,000			
09/01/2026				
03/01/2027	455,000			
Total	2,210,000			

Source: Financial Advisor

APPENDIX C

Audited Financial Statement as of June 30, 2021

To view this report, please use the following link:

<https://www.carrolltonky.net/administrative>

APPENDIX D

Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement ("Agreement") made and entered into as of the 10th day of March, 2022 by and between the City of Carrollton, Kentucky ("City"), and the Registered and Beneficial Owners hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

WITNESSETH:

WHEREAS, the City pursuant to the provisions of Sections 66.011 through 66.171 of the Kentucky Revised Statutes ("KRS") and the City's Bond Ordinance has authorized the issuance, sale and delivery of \$2,210,000 of the City's Combined Utility System Revenue Bonds, Series of 2022, dated March 10, 2022 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by First Kentucky Securities Corporation, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the City, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION.

The City agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the City for its fiscal years ending June 30 of each year to (a) the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of its Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission and (b) the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

For the purposes of the Rule "annual financial information" means financial information and operating data provided annually, of the type included in the FOS with respect to the City in accordance with guidelines established by the National Federation of Municipal Analysts, and shall include annual audited financial statements for the City in order that the recipients will be provided with ongoing information regarding revenues and operating expenses of the City and the information provided in the FOS under the headings "OUTSTANDING UTILITY REVENUE NOTES", "DEBT SERVICE COVERAGE" and "UTILITY SYSTEM-Service Rates and Largest Users". If audited financial statements are not available when the annual financial information is filed, unaudited financial statements shall be included, to be followed by audited financial statements when available.

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

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

2. MATERIAL EVENTS NOTICES.

Under the Rule, Section 15c2-12(b)(5)(i)(C), the following sixteen (16) events must be disclosed within ten (10) business days following the occurrence of said event to MSRB via EMMA and the SID, if any:

- (1) Principal/interest payment delinquency;
- (2) Nonpayment related default, if material;
- (3) Unscheduled draw on debt service reserve reflecting financial difficulties;
- (4) Unscheduled draw on credit enhancement reflecting financial difficulties;
- (5) Substitution of credit or liquidity provider, or its failure to perform;
- (6) Adverse tax opinions, the issuance by the IRS 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 securities, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond call, if material and tender offers;
- (9) Defeasance;
- (10) Release, substitution or sale of property securing the repayment of the security, if material;
- (11) Rating change;
- (12) Merger, consolidation, acquisition or sale of all or substantially all assets of an obligated person, other than in the ordinary course of business, and the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such action, other than pursuant to its terms, if material;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) Successor, additional or change in trustee, if material;
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material, and;
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of this Agreement the term “financial obligation” means:

- (A) Debt obligation;
- (B) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) Guarantee of paragraph (A) or (B) above.

Notice of said material events shall be given to the entities identified in this Section by the City on a timely basis (within ten (10) business days of the occurrence). Notwithstanding the foregoing, the provisions of the documents under which the Bonds are authorized and issued do not provide for a debt service reserve, credit enhancements or credit or liquidity providers.

In accordance with Rule Section 15c2-12(b)(5)(i)(D), the City agrees that in the event of a failure to provide the Annual Financial Information required under Section 1 of this Agreement, it will notify MSRB via EMMA of such failure in a timely manner.

The Finance Director of the City shall be the responsible person for filing the annual financial information and/or notices of the events set forth above within the time prescribed in this Agreement. The City shall cause the Finance Director to institute an internal tickler system as a reminder of the obligations set forth herein. By December 1 of each fiscal year and each 30 days thereafter the Finance Director will contact the auditor for the City to determine when the audited financial statements will be finalized. The Finance Director will impress upon the auditor the necessity of having such audited financial report on or before March 15. Within 5 days of receipt of such audited financial report the Finance Director will cause the annual financial information to be filed as required by this Agreement.

3. SPECIAL REQUESTS FOR INFORMATION.

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

4. DISCLAIMER OF LIABILITY.

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

5. FINAL OFFICIAL STATEMENT.

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

6. DURATION OF THE AGREEMENT.

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

7. AMENDMENT; WAIVER

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

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

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

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

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

8. DEFAULT

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

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

CITY OF CARROLLTON, KENTUCKY

Mayor

Attest:

City Clerk

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

**\$2,210,000* City of Carrollton (Kentucky)
Combined Utility System Revenue Bonds, Series of 2022
Dated March 10, 2022**

DATE OF SALE: 11:00 A.M., E.S.T., FEBRUARY 22, 2022

As published on PARITY[®], a nationally recognized electronic bidding system, the City of Carrollton, Kentucky, will until February 22, 2022, at the hour of 11:00 A.M., E.S.T., receive electronically via PARITY[®] competitive bids for the \$2,210,000 Combined Utility System Revenue Bonds, Series of 2022, dated March 10, 2022 ("Bonds" or "Series 2022 Bonds") herein described. To be considered, a proposal for the purchase of such Bonds must be submitted on an Official Bid Form and must be delivered on the date of sale no later than the hour indicated submitted manually, by facsimile or electronically via PARITY[®]. Bids will be considered by the Mayor and may be accepted without further action by the City Council.

*The Bonds are offered subject to a Permitted Adjustment increasing or decreasing the principal amount of Bonds awarded by up to \$220,000.

STATUTORY AUTHORITY, PURPOSE OF ISSUE, AND SECURITY

These Bonds are authorized pursuant to the provisions of Chapter 58 of the Kentucky Revised Statutes, including KRS 58.010 through 58.140, and a Bond Ordinance passed and adopted by the City Council of the City of Carrollton, Kentucky ("City"). The Bonds are revenue bonds and do not constitute a direct indebtedness of the City but are payable solely from and secured by a pledge of the first gross revenues derived from the operation of the combined and consolidated municipal water, sewer and gas system (the "System"); provided, however, such pledge of first gross revenues is on parity with a similar pledge on water and sewer revenues related to certain outstanding loans to the Kentucky Infrastructure Authority ("KIA") for various water and sewer improvements to the System.

THE BONDS

The Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bearing interest from March 10, 2022, payable December 1, 2022 and semiannually thereafter, maturing on June 1 in each of the years as follows:

<u>YEAR</u>	<u>PRINCIPAL MATURITIES</u>
2023	\$430,000
2024	435,000
2025	440,000
2026	450,000
2027	455,000

The Bonds shall not be subject to redemption at the option of the City prior to maturity.

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

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

BOND PROCEEDS FOR SYSTEM IMPROVEMENTS

The proceeds of these Series 2022 Bonds will be applied to improvements to the natural gas system portion of the System including constructing facilities to increase the natural gas storage volume.

ADDITIONAL PARITY BONDS

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

BOND REGISTRAR/BOOK-ENTRY-ONLY-SYSTEM

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

BIDDING CONDITIONS AND RESTRICTIONS

Bids must be on Official Bid Form, contained in Information for Bidders available from the undersigned or First Kentucky Securities Corporation, 1500 Leestown Road, Suite 330, Lexington, Kentucky 40511, or electronically at <http://www.firstky.com>, submitted electronically via PARITY® *INFRA*.

Electronic bids for the Bonds must be submitted through PARITY[®] and no other provider of electronic bidding services will be accepted. Subscription to the PARITY[®] Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY[®] 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 PARITY[®] conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of 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 Corporation. The Corporation 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 PARITY[®]. The use of PARITY[®] facilities are at the sole risk of the prospective bidders. For further information regarding PARITY[®], potential bidders may contact PARITY[®], telephone (212) 404-8102. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

The minimum bid shall be not less than \$2,165,800 (98% of par) (there being no accrued interest). Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

The determination of the best purchase bid for said Bonds shall be made on the basis of the lowest true interest cost (TIC) according to the schedule of principal amounts listed in the Official Bid Form submitted for exactly \$2,210,000 principal amount of Bonds offered for sale hereunder, but the City may adjust the principal amount of Bonds upward or downward by \$220,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$1,990,000 or a maximum of \$2,430,000. 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 \$5,000 of Bonds as the price per \$5,000 for the \$2,210,000 of Bonds bid.

If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

(a)*Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

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

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

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is February 22, 2022.

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

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

The successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded to the Paying Agent by close of business on the day following the sale. Wire transfer should be arranged through U.S. Bank Trust Company, National Association, Louisville, Kentucky, Bond Registrar/Paying Agent, Attn: Mr. Charles Lush (502-562-6436).

CUSIP identification numbers will be printed on the Bonds at the expense of the City. The purchaser shall pay the CUSIP Service Bureau Charge. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to

accept delivery of and pay for said Bonds in accordance with the terms of any accepted proposal for the purchase of said Bonds.

The City shall provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. 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.

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

Delivery will be made utilizing the DTC Book-Entry-Only-System.

The City will furnish the Purchaser with the final approving Legal Opinion of Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky, subject to whose approving Legal Opinion said Bonds are sold.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

CONTINUING DISCLOSURE

As a result of the City and agencies acting on behalf of the City offering for public sale municipal securities in excess of \$1,000,000, the City and the Paying Agent will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said City will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

Financial information regarding the City may be obtained from Melinda Wright-Moore, City Clerk, City Hall, 750 Clay Street, Carrollton, Kentucky 41108 (502-732-7060).

TAX EXEMPTION

Bond Counsel advises as follows:

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

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and is not an item of tax preference for purposes of the Federal alternative minimum tax.

(C) As a result of designations and certifications by the City, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2022, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY SYSTEM

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their

holdings, from the Direct or Indirect Participant through which the beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds ("Beneficial Ownership Interest") are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their Beneficial Ownership interests in Bonds, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

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

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

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

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

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

CITY OF CARROLLTON, KENTUCKY

By /s/ Melinda Wright-Moore

City Clerk

OFFICIAL BID FORM

As published on a nationally recognized electronic bidding system, the City of Carrollton, Kentucky, will until February 22, 2022, at the hour of 11:00 A.M., E.S.T., receive electronically via PARITY® competitive bids for the \$2,210,000* Combined Utility System Revenue Bonds, Series of 2022, dated March 10, 2022 ("Bonds" or "Series 2022 Bonds") herein described. To be considered, a proposal for the purchase of such Bonds must be submitted on an Official Bid Form and must be delivered on the date of sale no later than the hour indicated submitted electronically via PARITY®. Bids will be considered by the Mayor and may be accepted without further action by the City Council.

We hereby bid for said \$2,210,000* principal amount of Bonds, the total sum of \$_____ (not less than \$2,165,800 or 98% of par), plus accrued interest from March 10, 2022, at the following annual rate(s), payable semiannually beginning December 1, 2022 (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing on June 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2023	\$430,000	_____ %
2024	435,000	_____ %
2025	440,000	_____ %
2026	450,000	_____ %
2027	455,000	_____ %

*The Bonds are offered subject to a Permitted Adjustment increasing or decreasing the principal amount of Bonds awarded by up to \$220,000.

It is understood that the City will furnish the final, approving Legal Opinion of Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky.

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

We further understand that by submitting a bid we agree as follows:

If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

(a)*Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

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