

Book-Entry Only
New Issue – Bank Qualified

Rating: Moody’s “MIG 1”
See “Rating” herein

In the opinion of Bond Counsel for the Notes, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the City, and subject to the conditions and limitations set forth herein under the caption “LEGAL MATTERS – Tax Treatment,” interest on the Notes is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. Interest on the Notes is exempt from Kentucky income tax and the Notes are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.



\$9,195,000*
CITY OF VERSAILLES, KENTUCKY GENERAL
OBLIGATION BOND ANTICIPATION NOTES,
SERIES 2022

Dated: Date of Initial Delivery

Due: August 15, as shown below

Interest on the above-captioned Bond Anticipation Notes (the “Notes”) will be payable from the dated date, on February 15 and August 15, commencing February 15, 2023, and the Notes mature on each August 15, as shown below:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
2023	\$350,000	%			2025	\$ 365,000	%		
2024	360,000				2026	8,120,000			

The Notes will be issuable under a book entry system, registered in the name of The Depository Trust Company (“DTC”) or its nominee. There will be no distribution of the Notes to the ultimate purchasers. See “Book Entry” herein. Principal and interest on the Notes is payable at the designated corporate trust office of The Huntington National Bank, Cincinnati, Ohio, as Paying Agent and Registrar. The Notes are being issued as fully registered notes in denominations of \$5,000 and integral multiples thereof. Interest payments will be mailed by the Paying Agent to each holder of record as of the fifteenth day of the month preceding the date for such interest payment.

The Notes are subject to redemption prior to maturity, as described herein.

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

The Notes are offered when, as, and if issued, subject to the approval of legality and Tax Treatment by Dinsmore & Shohl LLP, Bond Counsel, Louisville, Kentucky. Certain legal matters have been passed upon for the City by William K. Moore, Esq., City Attorney. The Notes are expected to be available for delivery on or about August 15, 2022.

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

FIRST KENTUCKY SECURITIES CORPORATION
FINANCIAL ADVISOR

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. Copyright© Global Systems. The CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Notes. Neither the Underwriter nor the City is responsible for the selection or use of the CUSIP numbers and no representation is made as to their correctness on the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions, including, without limitation, a refunding, in whole or in part, of such maturity or as to the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

THIS PRELIMINARY OFFICIAL STATEMENT AND INFORMATION CONTAINED HEREIN ARE SUBJECT TO CHANGE, COMPLETION, OR AMENDMENT WITHOUT NOTICE. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE OFFICIAL STATEMENT IS DELIVERED IN FINAL FORM. UNDER NO CIRCUMSTANCES SHALL THIS PRELIMINARY OFFICIAL STATEMENT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION, OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION.

CITY OF VERSAILLES, KENTUCKY

Mayor

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City Council

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Lexington, Kentucky

PAYING AGENT AND REGISTRAR

The Huntington National Bank

Cincinnati, Ohio

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REGARDING THIS OFFICIAL STATEMENT

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

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

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

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future. Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the City preliminary to sale of the Notes should be regarded as part of the City's contract with the successful bidder or the holders from time to time of the Notes.

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

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

INTRODUCTION

The purpose of this Official Statement, which includes the cover pages and appendices hereto, is to provide certain information with respect to the issuance of \$9,195,000* aggregate principal amount of General Obligation Bond Anticipation Notes, Series 2022 (the “Notes”) of the City of Versailles, Kentucky as specified on the cover page hereof.

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

The Issuer

The Notes are being issued by the City of Versailles, Kentucky (the “City”), a municipal corporation and political subdivision of the Commonwealth of Kentucky. The City is in Woodford County in central Kentucky.

Authority for Issuance

Authority for the issuance of the Notes is provided by Sections 66.011 through 66.191 of the Kentucky Revised Statutes (“KRS”) and an ordinance adopted by the City Council of the City on July 19, 2022 (the “Ordinance”).

Sources of Payment for the Notes

The Notes are a general obligation debt of the City. The basic security for the Notes is (i) the City’s ability to levy an annual tax to pay the interest on and principal of the Notes as and when the same become due and payable and (ii) the proceeds of a future series of the City’s general obligation bonds to be issued by the City to refinance all or a portion of the Notes (the “Bonds”). (See “DESCRIPTION OF THE NOTES – Security and Source of Payment for the Notes” herein).

Purpose of the Notes

The Notes are being issued in anticipation of the issuance of the Bonds for the purpose of (i) financing a portion of the costs of the acquisition, construction, installation, and equipping of (a) capital improvements to Edgewood Industrial Park, (b) a maintenance garage to be used by the City for municipal purposes, (c) capital improvements to the Versailles Fire Station, and (d) various other community development projects (collectively, the “Project”); (ii) paying the costs of credit enhancement, if any; and (iii) paying the costs of issuance of the Notes. (See “PLAN OF FINANCING” herein).

Description of the Notes

The Notes mature as indicated on the cover page hereof. The Notes are being offered in denominations of \$5,000 or any integral multiple thereof. The Notes are initially being issued in Book-Entry Only form registered in the name of DTC or its nominee. There will be no distribution of the Notes to the ultimate purchasers. (See “DESCRIPTION OF THE NOTES – Book-Entry Only System” herein).

Redemption

The Notes maturing on or after August 15, 2025 are subject to optional redemption prior to maturity, on any date on or after August 15, 2024 (see “DESCRIPTION OF THE NOTES – Redemption Provisions – Optional Redemption,” herein).

* Preliminary, subject to change.

If any Notes are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty days prior to the date fixed for redemption to the registered owner of each Note to be redeemed (see “DESCRIPTION OF THE NOTES – Redemption Provisions – Notice of Redemption” herein).

Book Entry

The Notes are issuable only as fully registered Notes, without coupons. The Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Notes. Purchasers will not receive certificates representing their ownership interest in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest due on the Notes will be made directly to DTC. Principal of, redemption premium, if any, and interest on the Notes will be paid directly to DTC by The Huntington National Bank, Cincinnati, Ohio, as Paying Agent and Registrar. (See “DESCRIPTION OF THE NOTES – Book-Entry Only System” and Appendix F attached hereto.)

Payment of Notes and Paying Agent and Registrar

Principal of the Notes will be paid in lawful money of the United States of America at the designated corporate trust office of The Huntington National Bank, Cincinnati, Ohio (the “Paying Agent and Registrar”), and interest shall be mailed by the Paying Agent and Registrar to the record date registered holders at the address of such holder maintained on the registration book of the Paying Agent and Registrar. The record dates for February 15 and August 15 interest payment dates on the Notes shall be the preceding January 25 and July 25, respectively.

Interest

The Notes shall be dated their date of initial issuance and delivery and bear interest at the rates set forth on the cover page hereof, payable semi-annually on each February 15 and August 15, commencing August 15, 2023.

Tax Treatment

Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Notes is excludible from gross income for federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Notes will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, Bond Counsel has assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. Bond Counsel expresses no other opinion as to the federal tax consequences of purchasing, holding, or disposing of the Notes. Interest on the Notes is also exempt from income taxation and the notes are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The City has designated the Notes as “qualified tax-exempt obligations” with respect to certain financial institutions under Section 265 of the Internal Revenue Code of 1986, as amended.

See “LEGAL MATTERS – Tax Treatment” herein and Appendix E hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the Notes.

Parties to the Issuance of the Notes

The Paying Agent and Registrar is The Huntington National Bank, Cincinnati, Ohio. Legal matters incident to the issuance of the Notes and with regard to the treatment status of the interest thereon are subject to the approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel. The Financial Advisor to the City is First Kentucky Securities Corporation, Lexington, Kentucky.

Offering and Delivery of the Notes

The Notes are offered when, as, and if issued by the City. The Notes will be delivered on or about August 15, 2022 in New York, New York through the Depository Trust Company (DTC).

Disclosure Information

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

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

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 January 2021, the first COVID-19 vaccines became available and in May 2021, most state mandates and regulations related to the COVID-19 pandemic expired. The long term effects of the COVID-19 pandemic may be significant and are undetermined at this time, however, COVID-19 has so far caused the deaths of over 6,360,000 people worldwide. (See “IMPACT OF THE COVID-19 PANDEMIC,” herein).

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Notes, is available from First Kentucky Securities Corporation, 1500 Leestown Road, Suite 330, Lexington, Kentucky 40511, Telephone (859) 425-1100, Attention: Stan Kramer.

DESCRIPTION OF THE NOTES

The Notes are dated their date of initial issuance and delivery and bear interest from such date at the rates set forth on the cover page of this Official Statement. The Notes are being issued as fully registered notes in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Notes is payable semi-annually on February 15 and August 15, commencing February 15, 2023. Interest on the Notes is payable by check or draft mailed to the registered holder by The Huntington National Bank, Cincinnati, Ohio, the Paying Agent and Registrar. Principal is payable when due to the registered holder upon surrender of the Notes at the corporate trust office of the Paying Agent and Registrar in Cincinnati, Ohio.

Redemption Provisions

Optional Redemption

The Notes maturing on and after August 15, 2025 shall be subject to optional redemption prior to their maturity on any date on or after August 15, 2024, in whole or in part, in such order of maturity as may be selected by the City and by lot within a maturity at a redemption price equal to the principal amount of Notes to be redeemed, plus accrued interest to the date of redemption.

Notice of Redemption

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

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

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

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

Security and Source of Payment for the Notes

The Notes are general obligations of the City and the full faith, credit, and taxing power of the City is irrevocably pledged to the payment of principal of and interest on the Notes when due. The basic security for the general obligation debt of the City, including the Notes, is the City's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Notes as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Notes as well as the principal of and interest on all outstanding general obligation bonds and bond anticipation notes of the City. The Constitution of Kentucky mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Ordinance levies such annual tax which shall be collected to the extent other lawfully available monies of the City are not provided. The Ordinance also maintains a sinking fund into which the proceeds of such tax or other lawfully available monies of the City are to be deposited for payment of the interest on and principal of the Notes and shall not be used for any other purpose.

Pursuant to the Ordinance, the Notes are being issued in anticipation of the future issuance by the City of a series of its general obligation bonds (the "Bonds") for the purpose of permanently financing the Project, and the proceeds of the Bonds, if, as, and when issued, in an amount necessary to pay the maturing principal of and interest on the Notes on or before August 15, 2026, are hereby pledged as further security for the payment of the Notes. The Bonds shall be dated no later than the maturity or earlier redemption date of the Notes and shall mature over a period not exceeding thirty years. In the Ordinance, the City reserves the right to issue renewal notes when, before maturity or redemption of the Notes, the City shall make a determination that, by reason of delays, changes in plans, high long-term interest rates, uncertainties in the municipal bond market, or other causes justifying delay in the final offering of the Bonds, the Bonds should not immediately be offered, and the proceeds of the sale of such renewal notes shall be applied to the payment of the principal of the Notes.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a state's political subdivisions, public agencies, and instrumentalities ("eligible entity"), such as the City. Under the Bankruptcy

Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Statutory Lien

KRS Section 66.400 (the “Municipal Bankruptcy Law”) permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, (i) to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature and that it desires to effect a plan for the composition or readjustment of its debts and (ii) to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. In addition, the City does not need the approval or permission of the State Local Debt Officer or any other governmental authority before availing itself of the bankruptcy process.

The Municipal Bankruptcy Law provides that (a) a statutory lien exists on tax revenues pledged for the benefit of general obligation debt; (b) the tax revenues are pledged for the repayment of principal of, premium, and interest on all outstanding general obligation indebtedness, whether or not the pledge is stated in the documents or in the proceedings authorizing the obligations; and (c) the pledge constitutes a first lien on such tax revenues. In addition, the Municipal Bankruptcy Law creates a statutory lien on annual appropriations for the payment of obligations subject to annual renewal, including, without limitation, leases entered into under KRS Chapter 58 and Chapter 65.

The validity and priority of the statutory lien have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

Book-Entry Only System

The Notes initially will be issued solely in book-entry form to be held in the book-entry only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Notes and Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Notes under the Ordinance. For additional information about DTC and the book-entry only system see “APPENDIX F – Book-Entry Only System.”

THE INFORMATION IN THIS SECTION AND IN APPENDIX F CONCERNING DTC AND DTC’S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

PLAN OF FINANCING

The Notes are being issued in anticipation of the issuance of the Bonds for the purpose of (i) financing a portion of the costs of the acquisition, construction, installation, and equipping of (a) capital improvements to Edgewood Industrial Park, (b) a maintenance garage to be used by the City for municipal purposes, (c) capital improvements to the Versailles Fire Station, and (d) various other community development projects (collectively, the “Project”); (ii) paying the costs of credit enhancement, if any; and (iii) paying the costs of issuance of the Notes.

SOURCES AND USES OF FUNDS

Sources:

Note Proceeds	\$ _____
[Plus Original Issue Premium][Less Original Issue Discount]	_____
Total Sources	\$ _____

Uses:

Underwriter’s Discount	\$ _____
Deposit to Construction Fund	_____
Cost of Issuance	_____
Total Uses	\$ _____

INVESTMENT CONSIDERATIONS

The following is a discussion of certain investment considerations for investors to consider of risks that could affect payments to be made with respect to the Notes. Such discussion is not exhaustive and should be read in conjunction with all other parts of this Official Statement, and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Notes should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

Limitation on Enforcement of Remedies

Enforcement of the remedies applicable to the Notes under their authorizing Note Ordinance may be limited or restricted by laws relating to bankruptcy and insolvency, and rights of creditors under application of general principles of equity, and may be substantially delayed in the event of litigation or statutory remedy procedures. All legal opinions delivered in connection with the Notes relating to enforceability contain an exception relating to the limitations that may be imposed by bankruptcy and insolvency laws, and the rights of creditors under general principals of equity.

Risk of Bankruptcy

The obligations of the City under the Notes and the Note Ordinance are general obligations of the City and are secured only by the pledge to the noteholders of the City's full faith, credit, and taxing power, the proceeds of the Bonds, any monies held in the City's Debt Sinking Fund (on a parity with other general obligation debt), the note payment fund established under the authorizing Note Ordinance (the "Note Payment Fund"), and the statutory lien provided by KRS Section 66.400. A noteholder's enforcement of any remedies provided under an applicable Note Ordinance may be limited or delayed in the event of application of federal bankruptcy laws or other laws affecting creditors' rights and may be substantially delayed and subject to judicial discretion in the event of litigation or the required use of statutory remedial procedures. The validity and priority of the statutory lien provided under KRS Section 66.400 have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

KRS Section 66.400 permits the City to file a petition for relief under Chapter 9 of Title 11 of the United States Code (the "Bankruptcy Code") without the prior approval of any official or department of state government. If the City were to file such a petition, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the City and any interest in monies contained in the sinking fund, applicable bond or note payment fund, the City's general fund revenues, or the City's taxing power. However, the petition does not stay the application of pledged special revenues as defined by the Bankruptcy Code.

During its bankruptcy, the City could use its property, including its tax receipts and proceeds thereof, but excluding pledged special revenues, for the benefit of the City's bankruptcy estate despite the claims of its creditors. Notwithstanding the foregoing, it is possible that pledged special revenues could also be used by the City post-petition to pay certain operating expenses.

In a Chapter 9 proceeding under the Bankruptcy Code, only the City, and not any other creditor or party in interest, could file a proposed plan of adjustment. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against the City, and could result in the modification of rights of any class of creditors, secured or unsecured, and which modification of rights could be contrary to state law. To confirm a plan of adjustment, with one exception discussed below, it must be approved by the vote of each class of impaired creditors. A class approves a plan if, of those who vote, those holding more than one-half in number and at least two-thirds in amount vote in favor of a plan. If fewer than all of the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and all claims and interests would be bound thereby regardless of whether or how they voted. For this "cramdown" to occur, at least one of the impaired classes must vote to accept the plan and the bankruptcy court must determine that the plan does not "discriminate unfairly" and is "fair and equitable" with respect to the non-consenting class or classes. To be confirmed, the bankruptcy court must also determine that the plan, among other requirements, is proposed in good faith and is in the best interest of creditors such that the plan represents a reasonable effort by the City to satisfy its debts that is a better alternative than dismissal of the bankruptcy case. Unlike in Chapter 11, in Chapter 9, this standard does not include use of a liquidation analysis.

Generally speaking, the City would likely receive a discharge after (i) the plan is confirmed, (ii) the City deposits any consideration to be distributed under the plan with a disbursing agent appointed by the bankruptcy court, and (iii) the bankruptcy court determines that the securities deposited with the disbursing agent will constitute valid and legal obligations of the City and that any provision made to pay or secure payment of such obligations is valid.

Prospective noteholders should consult their legal counsel regarding the impact of a bankruptcy filing by the City on the payment and security of the Notes.

Suitability of Investment

An investment in the Notes involves a certain degree of risk. The interest rates borne by the Notes is intended to compensate the investor for assuming this element of risk. Prospective investors should carefully examine this Official Statement, including the Appendices hereto, and assess their ability to bear the economic risk of such an investment and determine whether or not the Notes are an appropriate investment for them.

Additional Debt

The City may, from time to time, issue additional general obligation bonds or notes. Such issuances of general obligation bonds or notes would increase debt service requirements and could adversely affect debt service coverage on the Notes.

General Economic Conditions

Adverse general economic conditions may result in, among other adverse circumstances, reduction in occupational license fees and general tax revenues or declines in investment portfolio values, resulting in increased funding requirements, negatively impacting the results of operations and the overall financial condition of the City.

Market for the Notes

There is presently no secondary market for the Notes and no assurance that a secondary market will develop. Consequently, investors may not be able to resell the Notes purchased should they need or wish to do so for emergency or other purposes.

Note Rating

There can be no assurance that the rating assigned to the Notes at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Notes. See the information under the heading "RATING" herein for more information.

Tax Implications

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

Impact of the COVID-19 Pandemic

General

The outbreak of a novel strain of coronavirus that can result in a severe respiratory disease, referred to as COVID-19, was first detected in China in December 2019. COVID-19 has since spread across the world, resulting in the death of more than 6,360,000 people internationally and more than 1,010,000 people in the United States. In March 2020, the outbreak of COVID-19 was declared a pandemic (the "COVID-19 Pandemic") by the World Health Organization, as well as a national emergency in the United States and a statewide emergency in the Commonwealth. The responses of governments, business, and individuals to the COVID-19 Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national, and local economies are experiencing negative effects due to reduced consumer spending and increased unemployment, as well as government mandated

and voluntary responses to mitigate the COVID-19 Pandemic, including school and business closures, event cancellations, and reduced travel. Unemployment in the United States and in the Commonwealth has increased as a result of the COVID-19 Pandemic.

In late March of 2020, the United States enacted the “Coronavirus Aid, Relief, and Economic Security Act” (the “CARES Act”), a \$2.2 trillion economic stimulus bill aimed at mitigating the economic and health effects of COVID-19. The CARES Act provided money and support to individuals in the form of increased unemployment and direct payments and provided money and support to many different businesses and governmental entities. On May 1, 2021, a second \$1.9 trillion economic stimulus bill was passed, which provided additional direct payments to individuals and another round of funding for various different businesses including an additional \$350 billion in relief to state, local, and tribal governments.

In December 2020, the first COVID-19 vaccine, developed by Pfizer-BioNTech, began distribution in the United States and a subsequent vaccine, developed by Moderna, began distribution in late December. A third vaccine, developed by Johnson & Johnson, began distribution in late February 2021. As of April 5, 2021, all persons age 16 and older are eligible to receive the COVID-19 vaccine, and as of November 3, 2021, all persons age 5 and older are eligible to receive the COVID-19 vaccine. On November 19, 2021, the FDA authorized the use of a Pfizer-BioNTech, Moderna, and Johnson & Johnson booster shot for all individuals 18 years or older, and as of January 3, 2022, all persons age 12 and older are eligible to receive a single booster dose of the Pfizer-BioNTech vaccine. As of July 15, 2022, approximately 78.5% of the total United States population had received at least one dose of a vaccine, over 67% of the population is considered fully vaccinated, and over 34% of the eligible population had received the recommended booster dose.

There can be no assurances as to the continuing materiality, severity, or duration of the negative economic conditions caused by the COVID-19 Pandemic.

Impact on the Commonwealth

On March 18, 2020, pursuant to an executive order issued by the Governor of the Commonwealth, Andy Beshear, all businesses that encourage public congregation, such as entertainment, recreational, and sporting event facilities, were required to cease operations. In response to increases in new cases of COVID-19 in late June and early July 2020, Governor Beshear signed an executive order mandating masks in most public places for thirty days, which executive order was renewed and remained in place until June 11, 2021.

On April 21, 2020, Governor Beshear announced the “Healthy at Work” initiative, a phased plan to reopen the economy of the Commonwealth, based on criteria set by public health experts and advice from industry experts, with progress to be monitored by the Kentucky Department for Public Health. The Healthy at Work initiative set out minimum requirements for all businesses, such as social distancing, face coverings, hand-washing, proper sanitation, and temperature checks. Additionally, the Healthy at Work initiative provides industry-specific guidance with additional rules and requirements for certain types of businesses.

Beginning in May, and concluding on June 11, 2021, most Kentucky regulations and mandates (excluding those for certain higher-risk activities) relating to COVID-19 lapsed. As of July 15, 2022, over 58% of Kentucky’s population is considered fully vaccinated.

COVID-19 Variants

Delta Variant. The Delta Variant is a mutation of COVID-19 which was first detected in India in December of 2020. In July 2021, the Delta Variant became the primary strain of COVID-19 in the United States. Initial research indicates that the Delta Variant may be more contagious than prior strains of the COVID-19 virus. Beginning in June 2021, the United States and the Commonwealth of Kentucky both saw an increase in average cases per week, potentially due to the Delta Variant.

Omicron Variant. The Omicron Variant is a mutation of COVID-19 which was first detected in Botswana and South Africa in October 2021. In December 2021, the Omicron Variant became the dominant strain of COVID-19 in the United States. Initial research indicates the Omicron Variant is more contagious than prior strains of the

COVID-19 virus but causes less severe illness. Beginning in December 2021, the United States and the Commonwealth of Kentucky both began seeing an increase in average cases per week, potentially due to the Omicron Variant.

BA.2 Variant. The BA.2 Variant, a sub-variant of the Omicron Variant, is a mutation of COVID-19 which was first detected in the Philippines in November 2021. In March 2022, the BA.2 Variant became the dominant strain of COVID-19 in the United States. Initial research indicates the BA.2 Variant is more contagious than prior strains of the COVID-19 virus but causes less severe illness. Beginning in March 2022, the United States and the Commonwealth of Kentucky both began seeing an increase in average cases per week, potentially due to the BA.2 Variant.

BA.5 Variant. The BA.5 Variant, a sub-variant of the Omicron Variant, is a new mutation of COVID-19 which was first detected in South Africa in February 2022. As of July 2022, the BA.5 Variant has become the dominant strain of COVID-19 in the United States. Initial research indicates the BA.5 Variant is the most contagious strain of COVID-19 thus far, but causes less severe illness. Beginning in June 2022, the United States and the Commonwealth of Kentucky both began seeing an increase in average cases per week, potentially due to the BA.5 Variant.

Impact on the City

The impact of COVID on the City’s economy has been manageable and short-lived. The CARES and ARPA funds closed any gaps that may have occurred with revenues. The City cannot predict the full economic impact that the COVID-19 Pandemic or the BA.5 Variant will have on its financial condition or operations. The City will continue to monitor the impact on its revenue collections and operations.

PROFILE OF THE CITY AND SURROUNDING AREA

Economic and financial data information with respect to the City is set forth in Appendix B hereto.

CITY GOVERNMENT

Elected and Appointed Officials

The City of Versailles, Kentucky (the “City”), a municipal corporation and political subdivision of the Commonwealth of Kentucky (the “State”), is governed by a City Council, which is comprised of a Mayor, who is elected to a four year term, and six councilmembers, who are elected to two year terms. The members of the City Council and their terms of office are as follows:

<u>Member</u>	<u>Original Term Began</u>	<u>Current Term Ends</u>
Mayor Brian Traugott	July 11, 2013	December 31, 2022
Mary Ellen Bradley	January 1, 1996	December 31, 2022
Laura Dake	January 1, 2017	December 31, 2022
Lisa Johnson	January 1, 2021	December 31, 2022
Ken Kerkhoff	May 1, 2022	December 31, 2022 ¹
Fred Siegelman	January 1, 2019	December 31, 2022
Aaron Smither	January 1, 2021	December 31, 2022

The current appointed City officials who serve at the pleasure of City Council are:

City Clerk/Treasurer	Elizabeth Reynolds
Assistant City Clerk	Ariel O’Reel
City Attorney	William K. Moore, Esq.

Financial Management

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

¹ Councilman Ken Kerkhoff is serving a shortened term following the resignation of a member of the City Council on April 18, 2022.

Financial Reports and Examinations of Accounts

Each city in the State is required to keep its accounting records and render financial reports in such a way as to: (i) determine compliance with statutory provisions; (ii) determine fairly and with full disclosure the financial operations of consistent funds and account groups of the city in conformity with generally accepted governmental accounting principles; and (iii) readily provide such financial data as may be required by the federal revenue sharing program. Municipal accounting systems are required to be organized and operated on a fund basis. The City maintains its accounts and other fiscal records on an appropriation and modified accrual basis in accordance with the procedures established and prescribed by the Kentucky Department for Local Government.

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

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

The Audited Financial Statements of the City of Versailles, Kentucky for its Fiscal Year ending June 30, 2021 is attached hereto as Appendix D.

Budgeting and Appropriations Procedures

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

Investment Policies

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

- (i) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;
- (ii) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including, but not limited to:
 - (a) United States Treasury;
 - (b) Export-Import Bank of the United States;
 - (c) Farmers Home Administration;
 - (d) Governmental National Mortgage corporation; and
 - (e) Merchant Marine bonds;

- (iii) Obligations of any corporation of the United States government, including, but not limited to:
 - (a) Federal Home Loan Mortgage Corporation;
 - (b) Federal Farm Credit Banks;
 - (c) Bank for Cooperatives;
 - (d) Federal Intermediate Credit Banks;
 - (e) Federal Land Banks;
 - (f) Federal Home Loan Banks;
 - (g) Federal National Mortgage Association; and
 - (h) Tennessee Valley Authority;
- (iv) Certificates of deposit or other interest-bearing accounts issued through a bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);
- (v) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- (vi) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- (vii) Commercial paper rated in the highest category by a competent rating agency;
- (viii) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (ix) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- (x) Shares of mutual funds, each of which shall have the following characteristics:
 - (a) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - (b) The management company of the investment company shall have been in operation for at least five years; and
 - (c) All of the securities in the mutual fund shall be eligible investments pursuant to this section;
- (xi) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent of the equity allocation; and
- (xii) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - (a) Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - (b) Have a standard maturity of no more than ten years; and
 - (c) Are rated in the three highest rating categories by at least two competent credit rating agencies.

The City's current investment policy is more restrictive than is permitted by State law.

The City values safety, liquidity, and return, in that order.

Debt Limitation

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

- (i) Cities having a population of 15,000 or more, 10%;
- (ii) Cities having a population of less than 15,000 but not less than 3,000, 5%; and
- (iii) Cities having a population of less than 3,000, 3%.

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

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

Appendix D of this Official Statement is a Statement of Indebtedness for the City, certified by the City Treasurer, calculating the amount of the outstanding obligations of the City (including the Notes) which are subject to the total direct debt limit (5% limit). The total principal amount of general obligation debt that could be issued by the City, subject to the 5% total direct debt limitation is \$41,527,717 and the City’s net debt subject to such limitation presently outstanding (including the Notes) is \$14,830,000*, leaving a balance of approximately \$26,697,717* borrowing capacity issuable within such limitation.

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

Tax Limitation

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

- (i) cities having a population of 15,000 or more, \$1.50 on each \$100.00 of assessed value;
- (ii) cities having a population of less than 15,000 but not less than 10,000, \$1.00 on each \$100.00 of assessed value; and
- (iii) cities having a population of less than 10,000, \$0.75 on each \$100.00 of assessed value.

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

Appendix D of this Official Statement contains a Statement of Indebtedness, certified by the City, setting forth the property tax rate currently levied by the City of \$0.055 per \$100.00 for real property and \$0.10 per \$100.00

*Preliminary, subject to change.

for personal property, and certifying that the issuance of the Notes will not cause such rates to increase to amounts which would exceed the maximum permissible rates.

Bond Anticipation Notes

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

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

Future Borrowings of the City

The City may issue additional series of general obligation bonds in the future to finance the costs of additional public projects, subject to the constitutional and statutory restrictions described herein. The City currently has no formal plans to issue additional general obligation bonds or other indebtedness to finance the costs of designated public projects. Nevertheless, the City further reserves the right to issue additional general obligation bonds in the future.

LEGAL MATTERS

General Information

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

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

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

Transcript and Closing Certificates

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

Litigation

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

Tax Treatment

General

In the opinion of Bond Counsel for the Notes, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Notes will be excludible from gross income for federal income tax purposes. Bond Counsel for the Notes is also of the opinion that interest on the Notes will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the “Code”) for purposes of the federal alternative minimum tax. Furthermore, Bond Counsel for the Notes is of the opinion that interest on the Notes is exempt from income taxation and the Notes are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A copy of the opinion of Bond Counsel for the Notes is set forth in Appendix E, attached hereto.

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

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

Although Bond Counsel for the Notes is of the opinion that interest on the Notes will be excludible from gross income for federal income tax purposes and that interest on the Notes is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a Noteholder’s federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Noteholder or the Noteholder’s other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Noteholder or potential Noteholder is urged to consult with tax counsel with respect to the effects of purchasing, holding, or disposing the Notes on the tax liabilities of the individual or entity.

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

The City has designated the Notes as “qualified tax-exempt obligations” within the meaning of Section 265 of the Code.

Original Issue Premium

“Acquisition Premium” is the excess of the cost of a note over the stated redemption price of such note at maturity or, for notes that have one or more earlier call dates, the amount payable at the next earliest call date. The Notes that bear an interest rate that is higher than the yield (as shown on the cover page hereof), are being initially offered and sold to the public at an Acquisition Premium (the “Premium Notes”). For federal income tax purposes, the amount of Acquisition Premium on each note the interest on which is excludable from gross income for federal income tax purposes (“tax-exempt notes”) must be amortized and will reduce the noteholder’s adjusted basis in that note. However, no amount of amortized Acquisition Premium on tax-exempt notes may be deducted in determining noteholder’s taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Notes, or on any of the Notes, that must be amortized during any period will be based on the “constant yield” method, using the original noteholder’s basis in such Notes and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Notes, including any Premium Notes, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Original Issue Discount

The Notes having a yield that is higher than the interest rate (as shown on the cover page hereof) are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable at maturity thereon (the “Discount Notes”). OID is the excess of the stated redemption price of a note at maturity (the face amount) over the “issue price” of such note. The issue price is the initial offering price to the public (other than to bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of notes of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each note will accrue over the term of the note, and for the Discount Notes, the amount of accretion will be based on a single rate of interest, compounded semiannually (the “yield to maturity”). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Note at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Note is added to such purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Discount Note and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Discount Note is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Note should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements, or other collateral federal income tax consequences although the owner of such Discount Note has not received cash attributable to such original issue discount in such year.

Holders of Discount Notes should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Notes other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

Legislative Proposals

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters described above or affect the market value of the Notes. It cannot be predicted whether or in what form any such other proposal might be enacted or whether, if enacted, it would apply to notes issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding the any pending or proposed federal tax legislation.

RATING

As noted on the cover page of this Official Statement, Moody's Investors Service, Inc. ("Moody's") has assigned its municipal note rating of "MIG 1", to the Notes. Such rating reflects only the view of Moody's. Any explanation of the significance of such rating may only be obtained from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300.

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

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

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule"), and so long as the Notes are outstanding, the City will agree, pursuant to an Undertaking to be dated as of the date of issuance and delivery of the Notes (the "Disclosure Undertaking"), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of the 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, certain annual financial information and operating data, including audited financial statements, generally consistent with the annual audited financial statements contained in Appendix C of the Official Statement ("Financial Data"). The annual financial information shall be provided within 270 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2022, provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the City; and
- (ii) to the MSRB, through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Notes:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders, if material;
 - (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
 - (i) Defeasances;
 - (j) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (k) Rating changes;

- (l) Bankruptcy, insolvency, receivership, or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);
 - (m) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and
 - (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.
- (iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which the City has knowledge) of the City to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

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

For purposes of this transaction with respect to events as set forth in the Rule:

- (i) there are no debt service reserve funds applicable to the Notes;
- (ii) there are no credit enhancements applicable to the Notes;
- (iii) there are no liquidity providers applicable to the Notes; and
- (iv) there is no property securing the repayment of the Notes.

The City has previously entered into continuing disclosure undertakings pursuant to the Rule (the “Prior Disclosure Undertakings”). During the past five years, the City has materially complied with its continued disclosure obligations under the Rule; provided, however, that the annual financial data required to be submitted by March 27, 2022 under the Prior Disclosure Undertakings for the City’s outstanding general obligation bonds was filed on June 6, 2022. A material events notice regarding this late filing was posted to EMMA on June 6, 2022.

As stated herein, the City can and will fulfill all future annual financial information and operating data disclosure obligations owed under its existing obligations under the Rule and those owed in connection with the Notes by the filing of its annual audited financial statements for each fiscal year incurred after the date of issuance of the Notes.

UNDERWRITING

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

FINANCIAL ADVISOR

First Kentucky Securities Corporation, Lexington, Kentucky (the “Financial Advisor”) has been employed as Financial Advisor to the City in connection with the issuance of the Notes. The Financial Advisor’s fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery thereof.

MISCELLANEOUS

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

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

CITY OF VERSAILLES, KENTUCKY

By: _____
Mayor

Dated: July [__], 2022

APPENDIX A

**CITY OF VERSAILLES, KENTUCKY
GENERAL OBLIGATION BOND ANTICIPATION NOTES,
SERIES 2022**

ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE NOTES

ESTIMATED DEBT SERVICE SCHEDULE

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Total</u>
02/15/2023				
08/15/2023	\$350,000			
02/15/2024				
08/15/2024	360,000			
02/15/2025				
08/15/2025	365,000			
02/15/2026				
08/15/2026	8,120,000			
02/15/2027				
Total	\$9,195,000			

APPENDIX B

**CITY OF VERSAILLES, KENTUCKY
GENERAL OBLIGATION BOND ANTICIPATION NOTES,
SERIES 2022**

ECONOMIC AND DEMOGRAPHIC DATA ON THE CITY OF VERSAILLES, KENTUCKY

ECONOMIC AND DEMOGRAPHIC DATA ON THE CITY OF VERSAILLES, KENTUCKY

The City of Versailles is the county seat of Woodford County, in the heart of the Bluegrass Region of Kentucky. In 2021, the population was 10,431. It is part of the Lexington-Fayette, KY Metropolitan Statistical Area. Major employers are manufacturers of automotive parts, signs, and educational materials, as well as commercial baking and book printing. Versailles houses the headquarters of the Kentucky Community and Technical College System.

Known for its picturesque countryside, hand-laid rock fences and love for all things bourbon, wine & equine, Woodford County is home to Woodford Reserve premium Kentucky bourbon, manufactured at the Labrot & Graham Distillery. Labrot & Graham, established in 1812, is the oldest bourbon distillery in the state. Its visitor center hosts over 130,000 folks annually.

Woodford County is also the capital of the Kentucky horse industry, including thoroughbred, standardbred and saddlebred breeding, training, boarding and competing. Woodford County has more equine residents than any county in Kentucky, and is home to the last two Triple Crown winners, Justify and American Pharoah. World class bike trails, zip line, horse & hiking trails and family team building activities at the Life Adventure Center, in addition to a regionally acclaimed community theater, a railroad museum, quilt trail and many seasonal festivals, enhance the quality of life in Versailles and Woodford County. As the Mayor likes to say, Versailles has” the small town feel you want, with the urban access you need.”

TAXES

Assessment of Taxable Property

Fiscal Year Ended June 30	Real Property	Bank Franchise & Deposit Tax	Personal Property
2021	\$874,297,798	\$477,011,024	\$71,266,574
2020	830,554,348	414,634,324	65,020,408
2019	794,265,698	379,655,098	68,284,497
2018	751,892,793	365,087,788	66,971,433
2017	791,123,694	358,118,977	87,510,651
2016	759,525,289	361,146,399	79,882,646

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

Fiscal Year Ended June 30	Real Property	Bank Shares	Personal Property
2021	0.055	0.224	0.1000
2020	0.056	0.224	0.1100
2019	0.056	0.224	0.0978
2018	0.056	0.224	0.0978
2017	0.056	0.224	0.0978
2016	0.056	0.224	0.1035

Taxes Levied and Collected (Includes Bank Shares)

Fiscal Year Ended June 30	Taxes Levied	Taxes Collected
2021	\$643,483.34	\$727,179.00
2020	694,178.91	711,036.83
2019	681,164.37	689,727.00
2018	648,202.68	654,866.32
2017	638,159.82	651,247.00
2016	620,983.51	615,321.00

DEMOGRAPHICS

Total Population

	2017	2018	2019	2020	2021
Woodford County	26,645	26,556	26,573	26,789	27,075
Versailles	9,453	9,303	9,290	9,359	10,431
Midway	1,710	1,925	1,969	1,825	2,172

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

Population by Selected Age Groups, 2020

	Woodford County	
	Number	Percent
Under 20	5,858	21.80
20-29	2,987	11.15
30-39	2,908	10.86
40-49	3,305	12.34
50-64	5,808	21.68
65 and older	5,212	19.40
Median Age	42.4	

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

Population Projections

	2025	2030	2035	2040
Woodford County	27,421	28,229	28,941	29,487

Source: Kentucky State Data Center, University of Louisville.

Average Household Income 2020

Versailles	\$68,811
Midway	\$88,295
Woodford County	\$83,947
Kentucky	\$71,838

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

Workforce

Civilian Labor Force 2020

	Labor Force	Number of Businesses
Versailles	4,810	584
Midway	947	80
Woodford County	13,950	1,057
Unemployment Rate (%)	5.2	

APPENDIX C

**CITY OF VERSAILLES, KENTUCKY
GENERAL OBLIGATION BOND ANTICIPATION NOTES,
SERIES 2022**

AUDITED FINANCIAL STATEMENTS OF THE CITY OF VERSAILLES, KENTUCKY
FOR FISCAL YEAR ENDING JUNE 30, 2021

To view the Audited Financial Statement of the City of Versailles, Kentucky, for Fiscal Year Ending June 30, 2021,
please access this link:

<https://versailles.ky.gov/government/Audits/2021%20Audit.pdf>

APPENDIX D

**CITY OF VERSAILLES, KENTUCKY
GENERAL OBLIGATION BOND ANTICIPATION NOTES,
SERIES 2022**

STATEMENT OF INDEBTEDNESS OF THE CITY TREASURER

TOTAL EXEMPT OBLIGATIONS \$53,045,000

5. The total of bonds, bond anticipation notes, and other obligations subject to the debt limitation set forth in KRS Section 66.041 (3 minus 4) is \$14,830,000*
6. The total of bonds, bond anticipation notes, and other obligations subject to the debt limitation set forth in KRS Section 66.041 as computed in 5 above, does not exceed 5% of the assessed valuation of all the taxable property in the City.**
7. The current tax rate of the City, for other than school purposes, upon the value of its taxable property is \$0.055 per \$100 of assessed valuation for real property and \$0.10 per \$100 of assessed valuation for tangible property, which does not exceed the maximum permissible tax rates for the City as set forth in Section 157 of the Kentucky Constitution.
8. The issuance of the bonds, bond anticipation notes, or other obligations set forth in 3 hereof will not cause the tax rate set forth in 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand this August 15, 2022.

By: _____
City Treasurer

* Preliminary, subject to change.

** Per KRS 66.041, a city, urban-county, consolidated local government, or charter county shall not incur net indebtedness to an amount exceeding the following maximum percentages on the value of taxable property within the city, urban-county, consolidated local government, or charter county, as estimated by the last certified assessment previous to the incurring of the indebtedness:

- (a) Cities, urban-counties, consolidated local governments, and charter counties having a population of 15,000 or more, 10%;
- (b) Cities, urban-counties, and charter counties having a population of less than 15,000 but not less than 3,000, 5%; and
- (c) Cities, urban-counties, and charter counties having a population of less than 3,000, 3%.

APPENDIX E

**CITY OF VERSAILLES, KENTUCKY
GENERAL OBLIGATION BOND ANTICIPATION NOTES,
SERIES 2022**

FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL

The form of the legal approving opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Notes referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

Ladies and Gentlemen:

We have examined the transcript submitted relating to the issue of \$[_____] General Obligation Bond Anticipation Notes, Series 2022 (the “Notes”) of the City of Versailles, Kentucky (the “City”), dated August 15, 2022, numbered R-1 upward and of the denomination of \$5,000 and any integral multiple thereof. The Notes mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Note.

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

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

2. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest on the Notes is excludible from gross income for federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Notes will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Notes.

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

The City has designated the Notes as “qualified tax-exempt obligations” with respect to investments by certain financial institutions under Section 265 of the Code.

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

Very truly yours,

APPENDIX F

**CITY OF VERSAILLES, KENTUCKY
GENERAL OBLIGATION BOND ANTICIPATION NOTES,
SERIES 2022**

BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity date of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to City or Agent. Under such circumstances, if a successor depository is not obtained, Note certificates are required to be printed and delivered.

City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that City believes to be reliable, but City takes no responsibility for the accuracy thereof.

APPENDIX G

**CITY OF VERSAILLES, KENTUCKY
GENERAL OBLIGATION BOND ANTICIPATION NOTES,
SERIES 2022**

OFFICIAL TERMS AND CONDITIONS OF NOTE SALE

OFFICIAL TERMS AND CONDITIONS OF NOTE SALE

\$9,195,000*

CITY OF VERSAILLES, KENTUCKY

GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2022

Notice is hereby given that electronic bids will be received by the City of Versailles, Kentucky (the “City”), until 11:00 a.m. E.D.T. on July 27, 2022 for the purchase of the \$9,195,000* General Obligation Bond Anticipation Notes, Series 2022 (the “Notes”) (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system). Alternatively, written sealed or facsimile bids for the Notes by the designated time will be received by the City Treasurer, 196 South Main Street, Versailles, Kentucky 40383 (FAX: (859) 873-5969). Electronic bids must be submitted through BiDCOMP™/PARITY™ as described herein and no other provider of electronic bidding services will be accepted. Bids will be opened and acted upon later that same day.

STATUTORY AUTHORITY, PURPOSE OF ISSUE, AND SECURITY

These Notes are authorized pursuant to KRS Sections 66.011 to 66.191, inclusive, and are being issued in accordance with a Note Ordinance (the “Note Ordinance”) adopted by the City Council of the City of Versailles, Kentucky (the “City”) on July 19, 2022. The Notes are general obligation bond anticipation notes and constitute a direct indebtedness of the City.

The Notes are secured by (i) the City’s ability to levy an annual tax to pay the interest on and principal of the Notes as and when the same become due and payable and (ii) the proceeds of a future issuance of a series of the City’s general obligation bonds (the “Bonds”).

The Notes are being issued in anticipation of the issuance of the Bonds for the purpose of (i) financing a portion of the costs of the acquisition, construction, installation, and equipping of (a) capital improvements to Edgewood Industrial Park, (b) a maintenance garage to be used by the City for municipal purposes, (c) capital improvements to the Versailles Fire Station, and (d) various other community development projects (collectively, the “Project”); (ii) paying the costs of credit enhancement, if any; and (iii) paying the costs of issuance of the Notes.

NOTE MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Notes will be dated their date of initial delivery, bearing interest from such date, payable on each February 15 and August 15, commencing February 15, 2023, and are scheduled to mature as follows:

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>MATURITY</u>	<u>AMOUNT*</u>
August 15, 2023	\$350,000	August 15, 2025	\$ 365,000
August 15, 2024	360,000	August 15, 2026	8,120,000

The Notes maturing on and after August 15, 2025 shall be subject to optional redemption prior to their maturity on any date on or after August 15, 2024, in whole or in part, in such order of maturity as may be selected by the City and by lot within a maturity at a redemption price equal to the principal amount of Notes to be redeemed, plus accrued interest to the date of redemption.

The Huntington National Bank, Cincinnati, Ohio, has been appointed Paying Agent and Registrar for the Notes.

BIDDING CONDITIONS AND RESTRICTIONS

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

(A) Bids for the Notes must be submitted through BiDCOMP™/PARITY™ system and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive

*Preliminary, subject to change.

Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BiDCOMP™/PARITY™ conflict with the terms of the Official Terms and Conditions of Note Sale, this Official Terms and Conditions of Note Sale shall prevail. Electronic bids made through the facilities of BiDCOMP™/PARITY™ shall be deemed an offer to purchase in response to the Notice of Note Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Forms. Written sealed bids (in a sealed envelope marked "Official Bid for Notes") or facsimile bids for the Notes by the designated time will be received by the City Treasurer, 196 South Main Street, Versailles, Kentucky 40383 (FAX: (859) 873-5969). Official Bid Forms, together with a Preliminary Official Statement, may be obtained at the office of the Financial Advisor, First Kentucky Securities Corporation, 1500 Leestown Road, Suite 330, Lexington, Kentucky 40511, Telephone (859) 425-1100, Attention: Stan Kramer.

(B) Bidders are required to bid for the entire issue of Notes at a minimum price of not less than \$9,126,037.50 (99.25% of par) and not more than \$9,378,900.00 (102% of par) (excluding original issue discount, if applicable), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Interest rates for the Notes must be in multiples of one-eighth of one percent (0.125%) and/or one-twentieth of one percent (0.05%), which rates are not required to be on an ascending scale, in that the rate on the applicable series of Notes in any maturity may be more or less than the rate on the applicable series of Notes for any preceding maturity, and all Notes of the same maturity and series shall bear the same and a single interest rate from the date thereof to maturity.

(D) The determination of the best bid for the Notes will be made on the basis of the lowest true interest rate to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the Notes (compounded semi-annually from the date of the Notes), produces an amount equal to the purchase price of the Notes, as set forth in the Official Bid Form, for exactly \$9,195,000 principal amount of Notes as offered for sale hereunder. Upon determination of the lowest true interest rate, the principal amounts of the Notes shall be immediately adjusted by the City to determine the maturities of its final note issue. The successful bidder will be required to accept the final Notes in the amounts so computed, whether the principal amount has been increased by up to \$805,000 or decreased by any amount (the "Permitted Adjustment") and to pay the purchase price based upon the aggregate amount of the final issue.

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

The successful bidder for the Notes will be notified by no later than 3:00 p.m. (Eastern Daylight Time), on the sale date of the exact revisions and/or adjustment required, if any.

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

(F) The successful bidder will be required to pay the cost for obtaining CUSIP identification numbers for the Notes. CUSIP identification numbers will be printed on the Notes at the expense of the City. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Notes in accordance with the terms of any accepted proposal for the purchase of the Notes.

(G) The City will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in Electronic Form to the successful bidders, in sufficient time to meet the delivery requirements of the successful bidders under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidders will be required to pay for the printing of Final Official Statements.

(H) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer to the order of the City an amount equal to 2% of the amount of the principal amount of Notes awarded by the close of business on the day following the award. The good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Notes when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Notes. The successful bidder shall not be required to take delivery and pay for the Notes unless delivery is made within forty-five days from the date the bid is accepted.

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

(J) The City reserves the right to reject any and all bids, to waive any informality in any bid, or, upon twenty-four hours advance notice prior to the sale date given through the BiDCOMP™/PARITY™ system, to postpone the sale date of the Notes. The Notes are offered for sale subject to the principal and interest on the Notes not being subject to federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, all in accordance with the final approving legal opinions of Dinsmore & Shohl LLP, Louisville, Kentucky, which opinions will be qualified in accordance with the section hereof entitled TAX TREATMENT.

(K) Bidders are advised that First Kentucky Securities Corporation has been employed as Financial Advisor in connection with the issuance of the Notes. Their fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery thereof.

(L) The purchasers of the Notes will be required to certify to the City as to certain of their activities regarding any reoffering to the public of the Notes, including any reoffering prices. This information from the purchasers of the Notes shall also be made available to the Financial Advisor immediately after the sale of the Notes.

(M) Unless bids for the Notes are rejected, the Notes will be awarded on an all or none basis on the sale date to the bidder whose bid result in the lowest true interest cost for each of the Notes to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the Notes (compounded semi-annually from the date of the Notes), produces an amount equal to the purchase price of the Notes, exclusive of accrued interest. For purposes of calculating the true interest cost, the principal amount of any Term Notes scheduled for mandatory sinking fund redemption as part of the Term Note shall be treated as a serial maturity in such year for the respective series of Notes. If two or more bidders offer to purchase the Notes at the same lowest true interest cost, the Mayor, upon the advice of the Mayor shall determine (in his sole discretion) which of the bidders shall be awarded the Notes.

(N) Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Note Sale, and the Official Bid Form, may be obtained from the City's Financial Advisor, First Kentucky Securities Corporation, 1500 Leestown Road, Suite 330, Lexington, Kentucky 40511, Telephone (859) 425-1100, Attention: Stan Kramer. Further information regarding BiDCOMP™/PARITY™ may be obtained from BiDCOMP™/PARITY™, 1359 Broadway – 2nd Floor, New York, New York 10018, Telephone: (800) 850-7422

(O) At the election and cost of the purchaser of the Notes, one or more maturities of any of the Notes may be insured under a municipal note insurance policy. In such event, the City agrees to cooperate with the purchaser to qualify such Notes for note insurance; however the City will not assume any of the expenses incident to the issuance of such a note insurance policy, other than the costs for securing a rating of the Notes from Moody's Investors Service.

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

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of each of the Notes (the "competitive sale requirements") because:

- (1) the City shall disseminate these Official Terms and Conditions of Note Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal notes who have established industry reputations for underwriting new issuances of municipal notes; and
- (4) the City anticipates awarding the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest true interest cost, as set forth in these Official Terms and Conditions of Note Sale.

Any bid submitted pursuant to this these Official Terms and Conditions of Note Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

(Q) If the competitive sale requirements are not satisfied, the City shall so advise the applicable winning bidder. The City will treat the initial offering price to the public as of the sale date of any maturity of the Notes as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation if the City determines to apply the hold-the-offering-price rule to any maturity of the Notes. Bidders should prepare their bids on the assumption that some or all of the maturities of the Notes will be subject to the hold-the-offering-price rule in order to establish the issue price of the Notes.

If the competitive sale requirements are not satisfied, the winning bidder for the Notes shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) substantially in the form attached hereto as Exhibit A-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City, and Bond Counsel.

(R) The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires; (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires; and (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(S) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

CONTINUING DISCLOSURE

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

(i) to the Municipal Securities Rulemaking Board (“MSRB”), or any successor thereto for purposes of the 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, certain annual financial information and operating data, including audited financial statements, generally consistent with the annual audited financial statements contained in Appendix C of the Official Statement (“Financial Data”). The annual financial information shall be provided within 270 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2022, provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the City;

(ii) to the MSRB, through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Notes:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;

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

(iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which the City has knowledge) of the City to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

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

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Notes;

- (b) there are no credit enhancements applicable to the Notes;
- (c) there are no liquidity providers applicable to the Notes; and
- (d) there is no property securing the repayment of the Notes.

The City has previously entered into continuing disclosure undertakings pursuant to the Rule (the “Prior Disclosure Undertakings”). Annual Financial Data required to be submitted under the Prior Disclosure Undertakings for the City’s outstanding general obligation bonds required to be filed by March 27, 2022 was filed on June 6, 2022. A material events notice regarding this late filing was filed to EMMA on June 6, 2022.

The City intends to file all future Annual Financial Data within the time requirements specified in the Prior Disclosure Undertakings and in the Disclosure Undertaking.

TAX TREATMENT

In the opinion of Bond Counsel for the Notes, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Notes will be excludible from gross income for federal income tax purposes. Bond Counsel for the Notes is also of the opinion that interest on the Notes will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the “Code”) for purposes of the federal alternative minimum tax. Furthermore, Bond Counsel for the Notes is of the opinion that interest on the Notes is exempt from income taxation and the Notes are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

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

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

Although Bond Counsel for the Notes is of the opinion that interest on the Notes will be excludible from gross income for federal income tax purposes and that interest on the Notes is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a Noteholder’s federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Noteholder or the Noteholder’s other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Noteholder or potential Noteholder is urged to consult with tax counsel with respect to the effects of purchasing, holding, or disposing the Notes on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the Notes may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include, without limitation, (i) increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, (ii) increasing the federal tax liability of certain insurance companies under Section 832 of the Code, (iii) increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, (iv) increasing the federal tax liability of certain individual recipients of Social Security or the Railroad

Retirement benefits under Section 86 of the Code, and (v) limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Notes may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Notes in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Notes.

The City has designated the Notes as “qualified tax-exempt obligations” within the meaning of Section 265 of the Code.

/s/ Brian Traugott

Mayor, City of Versailles, Kentucky

EXHIBIT A-1

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of at least three qualified bids for the Notes]

ISSUE PRICE CERTIFICATE

\$ _____ **City of Versailles, Kentucky General Obligation Bond Anticipation Notes, Series 2022**

The undersigned, on behalf of [Name of Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Notes”).

1. Reasonably Expected Initial Offering Price.

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

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Notes.

2. CUSIP Number. The CUSIP number assigned to the final maturity of the Notes is 925173 [CUSIP Number].

3. Yield on the Notes. It computed the yield on the Notes, [Yield]%, as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Notes is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

4. Weighted Average Maturity. The “weighted average maturity” of the Notes has been calculated to be [] years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Expected Offering Prices of the Notes as of the date hereof.

5. Defined Terms.

(a) “Issuer” means the City of Versailles, Kentucky.

(b) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes 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 Notes. The Sale Date of the Notes is July 27, 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 Notes 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 Notes 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 Notes to the Public).

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

[NAME OF UNDERWRITER]

By: _____

Name: _____

Dated: August 15, 2022

**SCHEDULE A
TO
ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES**

(Attached)

**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE**

COPY OF BID

(Attached)

EXHIBIT A-2

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of less than three qualified bids for the Notes]

\$_____ **City of Versailles, Kentucky General Obligation Bond Anticipation Notes, Series 2022**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [Name of Underwriter] ([“[Short Name of Underwriter”]), on behalf of itself and [Names of other Underwriters] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”).

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

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

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

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

3. CUSIP Number. The CUSIP number assigned to the final maturity of the Notes is 925173 [CUSIP Number].

4. Yield on the Notes. It computed the yield on the Notes, [Yield]%, as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Notes is the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

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

6. Defined Terms.

(a) “General Rule Maturities” means those Maturities of the Notes listed in Schedule A hereto as the “General Rule Maturities.”

(b) “Hold-the-Offering-Price” Maturities means those Maturities of the Notes listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (August 3, 2022), or (ii) the date on which [Short Name of Underwriter][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Issuer” means the City of Versailles, Kentucky.

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

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

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is July 27, 2022.

(h) “Underwriter” means (i) any person that agrees, pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate), to participate in the initial sale of the Notes 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 Notes 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 Notes to the Public).

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

[NAME OF UNDERWRITER][as Representative of
the Underwriter Group]

By: _____

Name: _____

Dated: August 15, 2022

**SCHEDULE A
TO
ISSUE PRICE CERTIFICATE**

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

(Attached)

**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE**

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

APPENDIX H

**CITY OF VERSAILLES, KENTUCKY
GENERAL OBLIGATION BOND ANTICIPATION NOTES,
SERIES 2022**

OFFICIAL BID FORM

**OFFICIAL BID FORM
CITY OF VERSAILLES, KENTUCKY
GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2022**

Subject to the terms and conditions set forth in the Official Terms and Conditions of Note Sale for \$9,195,000* of General Obligation Bond Anticipation Notes, Series 2022, dated their date of initial issuance and delivery (the "Notes") offered for sale by the City of Versailles, Kentucky (the "City") in accordance with the Preliminary Official Statement dated July 20, 2022 and the Notice of Note Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Notes.

We hereby bid for the \$9,195,000* principal amount of the Notes, the total sum of \$_____ (not less than \$9,126,037.50) at the following annual rate(s), payable semiannually (rates are not required to be on an ascending scale, number of interest rates unlimited):

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>
August 15, 2023	\$145,000	_____ %	August 15, 2025	\$200,000	_____ %
August 15, 2024	150,000	_____	August 15, 2026	205,000	_____

The Notes maturing in the following years: _____ are sinking fund redemption amounts for term notes due _____. The Notes maturing in the following years: _____ are sinking fund redemption amounts for term notes due _____.

Bids may be submitted electronically via PARITY® pursuant to this Notice until the appointed date and time, but no bid will be received after such time. Notwithstanding the foregoing, completed bid forms may be submitted until the appointed date and time (i) in a sealed envelope marked "Official Bid for Notes" or (ii) by facsimile transmission, in each case delivered to the office of the Chief Financial Officer of the City of Versailles, 196 South Main Street, Versailles, Kentucky 40383 (FAX: (859) 873-5969). Neither the City nor the Financial Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all facsimile transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone.

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

It is understood that the City will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel, of Louisville, Kentucky.

No certified or bank cashier's check will be required to accompany the bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Notes awarded by the close of business on the day following the award. The good faith amount will be applied (without interest) to the purchase price when the Notes are tendered for delivery.

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

Respectfully submitted,

*Preliminary, subject to change.

 Bidder

 Address

 Telephone Number

By: _____
 Signature

Total interest cost: Date of Delivery (estimated to be August 15, 2022) to Final Maturity \$ _____
 (Less Premium) or Plus Discount, if any \$ _____
 True interest cost \$ _____
 True interest cost (%) _____%

The above computation of true interest cost is submitted for information only and is not a part of this Bid.

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

<u>MATURITY</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>
April 1, 2023	\$ _____	_____%	April 1, 2038	\$ _____	_____%
April 1, 2024	_____	_____	April 1, 2039	_____	_____

 Mayor
 City of Versailles, Kentucky

Dated: July __, 2022