

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$8,960,000*

City of Somerset, Kentucky General Obligation Refunding Bonds, Series 2020

Notice is hereby given that electronic bids will be received by the City of Somerset, Kentucky (the "City"), until 11:00 a.m., local time on July 21, 2020, (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system) for the purchase of approximately \$8,960,000* of the City's General Obligation Refunding Bonds, Series 2020 (the "Bonds"). Bids must be submitted through BiDCOMP™/PARITY™ as described herein and no other provider of bidding services will be accepted. Bids will be opened and acted upon later that same day.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to Sections 66.011 to 66.181, inclusive, of the Kentucky Revised Statutes and are being issued in accordance with a Bond Ordinance (the "Bond Ordinance") adopted by the City on June 22, 2020. The Bonds are general obligation bonds and constitute a direct indebtedness of the City.

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

The Bonds are being issued for the purpose of (a) refunding the City's outstanding General Obligation Bonds (Energy Center Project) 2015A and General Obligations Bonds (Energy Center Project) 2015B (together, the "Prior Bonds") the proceeds of which were used to finance the acquisition, construction, and equipping of an energy center for the use of the City. ; and (b) paying the costs of issuance of the Bonds.

BOND MATURITIES AND PAYING AGENT

The Bonds will be dated their date of initial delivery, bearing interest from such date, payable on each on February 1st and August 1st, commencing with February 1, 2021.

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

MATURITY

Maturity	Amount*	Maturity	Amount*
2021	\$245,000	2034	\$355,000
2022	295,000	2035	365,000
2023	295,000	2036	375,000
2024	300,000	2037	385,000
2025	305,000	2038	390,000
2026	310,000	2039	400,000
2027	315,000	2040	410,000
2028	315,000	2041	420,000
2029	325,000	2042	435,000
2030	330,000	2043	445,000
2031	335,000	2044	455,000
2032	340,000	2045	465,000
2033	350,000		

The Bonds maturing on and after February 1, 2029 shall be subject to optional redemption prior to their maturity on any date on or after February 1, 2028, 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 Bonds to be redeemed, plus accrued interest to the date of redemption.

At least thirty days before the redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid,

* Preliminary, subject to change as set forth herein.

to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Bonds to be redeemed.

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

BIDDING CONDITIONS AND RESTRICTIONS

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

(A) Bids for the Bonds must be submitted through BiDCOMP™/PARITY™ system and no other provider of bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BiDCOMP™/PARITY™ conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale shall prevail. Bids made through the facilities of BiDCOMP™/PARITY™ shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders.

(B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$8,780,800 (98% of par) (excluding original issue discount, if applicable), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Interest rates for the Bonds must be in multiples of one-eighth of one percent (0.125%) and/or one-twentieth of one percent (0.05%), and all Bonds of the same maturity and all Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

(D) The determination of the best bid will be made on the basis of the lowest true interest cost ("TIC") of all bids submitted for exactly \$8,960,000 of Bonds as offered for sale under the terms and conditions herein specified. The City will accept or reject such best bid, provided, however, the City reserves the right to increase or decrease the total amount of Bonds sold to such best bidder (in \$5,000 denominations). In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required. If two or more bidders offer bids at the same lowest true interest cost and the City wishes to award the Bonds, the City shall determine by lot which bidder will be awarded such Bonds.

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

(E) In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid on the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

Unless bids for the Bonds are rejected, the Bonds will be awarded on an all or none basis on the sale date to the bidder whose bid result in the lowest true interest costs for the Bonds, to be calculated by computing the total interest payable on the Bonds from the expected date of delivery, through the final maturity date, plus discount or less premium. For purposes of calculating the true interest cost, the principal amount of any Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year for the Bonds. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor or the City Clerk/Treasurer, upon the advice of the City Finance Officer/Treasurer shall determine (in his or her sole discretion) which of the bidders shall be awarded the Bonds.

The successful bidder for the Bonds will be notified by no later than 5:00 p.m. (Eastern Daylight Savings Time), on the sale date of the exact revisions and/or adjustment required, if any.

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

(G) The CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the successful bidder or bidders. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.

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

(I) 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 2.0% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within forty-five days from the date the bid is accepted.

(J) Unless the successful bidder elects to notify the Financial Advisor within twenty-four hours of the award that standard bond certificates be issued, the Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. The successful bidder may also elect to notify the Financial Advisor within twenty-four (24) hours of the award that standard bond certificates be issued. In the event that certificated Bonds are to be issued at the election of a successful bidder, the costs of printing such Bond Certificates shall be borne by such bidder.

(K) The City reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest on the Bonds not being subject to 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 opinion of Dinsmore & Shohl LLP, Covington, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX EXEMPTION.

(L) Bidders are advised that RSA Advisors, LLC has been employed as Financial Advisor in connection with the issuance of the Bonds. Their fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. They may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

(M) The winning bidder for the Bonds shall assist the City in establishing the issue price of the Bonds 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 Bonds, 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 Bond Sale to establish the issue price of the Bonds 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 Series Bonds) will apply to the initial sale of each of the Bonds (the "competitive sale requirements") because:

- (1) the City shall disseminate these Official Terms and Conditions of Bond 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 bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

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

(N) In the event that 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 Bonds 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 in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, the winning bidder for the Bonds shall assist the City in establishing the issue price of the Bonds 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.

(O) 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 Bonds 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) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds 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 Bonds.

(P) 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 Bonds 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 Bonds 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 Bonds 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.

(Q) Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the City's Financial Advisor, RSA Advisors, LLC, 325 West Main Street, Ste 300,, Lexington, Kentucky 40507 telephone: (859) 977-6600. Further information regarding BiDCOMP™/PARITY™ may be obtained from BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422.

(R) At the election and cost of the purchaser of the Bonds, one or more maturities of the Bonds may be insured under a municipal bond insurance policy. In such event, the City agrees to cooperate with the purchaser to qualify the Bonds for bond insurance; however the City will not assume any of the expenses incident to the issuance of such a bond insurance policy, other than the costs for securing a rating of the Bonds.

CONTINUING DISCLOSURE

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

- (i) to the Municipal Securities Rulemaking City Council ("MSRB"), for each fiscal year of the City, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in "Appendix A" and "Appendix B" of the Official Statement (the "Financial Data"). The annual financial information shall be provided within 210 days after the end of the fiscal year ending June 30th, commencing with the fiscal year ending June 30, 2020; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person; and
- (ii) to the MSRB, notice of the occurrence of the following events, if material, with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults;
 - (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 or events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders;
 - (h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities;
 - (k) Rating changes; and
 - (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
 - (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (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 Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or Obligated Person, 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 Issuer or obligated person, any of which reflect financial difficulties.
- (iii) in a timely manner, to the MSRB, notice of a failure (of which the Obligated Persons have knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

TAX EXEMPTION

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds 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 minimum tax. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from income taxation and the Bonds 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 Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. 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 Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) 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 Bonds 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 Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder’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 Bondholder or the Bondholder’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 Bondholder or potential

Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral federal, state or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds 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 Bonds 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 Bonds.

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

/s/ Hon. Brenda Allen
Mayor, City of Somerset, Kentucky

EXHIBIT A-1

FORM OF ISSUE PRICE CERTIFICATE

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

ISSUE PRICE CERTIFICATE

\$_____ **City of Somerset, Kentucky General Obligation Refunding Bonds, Series 2020**

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 “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds 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 Bonds used by [Short Name of Underwriter] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Bonds.

(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 Bonds.

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

3. Yield on the Bonds. It computed the yield on the Bonds, [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 Bonds 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 Bonds 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 Bonds as of the date hereof.

5. Defined Terms.

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

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

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

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July 21, 2020.

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

The 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 City 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 Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds 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 City from time to time relating to the Bonds.

[NAME OF UNDERWRITER]

By: _____

Name: _____

Dated: August 6, 2020

**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 Bonds]

\$ _____ **City of Somerset, Kentucky General Obligation Refunding Bonds, Series 2020**

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 “Bonds”).

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 Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Official Terms and Conditions of Bond 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 Bonds 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 Bonds during the Holding Period.

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

4. Yield on the Bonds. It computed the yield on the Bonds, [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 Bonds 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 Bonds 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 Bonds as of the date hereof.

6. Defined Terms.

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

(b) “Hold-the-Offering-Price” Maturities means those Maturities of the Bonds 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 (_____, 2020), 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 Somerset, Kentucky.

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

(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 percent 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 Bonds. The Sale Date of the Bonds is July 21, 2020.

(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 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The 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 Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds 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 Bonds.

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

By: _____

Name: _____

Dated: August 6, 2020

**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 G

**CITY OF SOMERSET, KENTUCKY
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020**

OFFICIAL BID FORM

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OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Ordinance adopted by the City of Somerset, Kentucky (the "City") on June 22, 2020, providing for the sale of \$8,960,000* of its General Obligation Refunding Bonds, Series 2020 (the "Bonds"), and in accordance with the Official Terms and Conditions of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for said \$8,960,000* principal amount of the Bonds maturing on February 1, 2021, and each February 1st thereafter of the years and in the amounts set forth below, the total sum of \$_____ (not less than \$8,780,800 plus accrued interest from August 6, 2020, at the following annual rate(s), payable semiannually, commencing February 1, 2021 (number of interest rates unlimited):

Maturity	Amount*	Interest Rate	Maturity	Amount*	Interest Rate
February 1, 2021	\$245,000	_____%	February 1, 2034	\$355,000	_____%
February 1, 2022	295,000	_____%	February 1, 2035	365,000	_____%
February 1, 2023	295,000	_____%	February 1, 2036	375,000	_____%
February 1, 2024	300,000	_____%	February 1, 2037	385,000	_____%
February 1, 2025	305,000	_____%	February 1, 2038	390,000	_____%
February 1, 2026	310,000	_____%	February 1, 2039	400,000	_____%
February 1, 2027	315,000	_____%	February 1, 2040	410,000	_____%
February 1, 2028	315,000	_____%	February 1, 2041	420,000	_____%
February 1, 2029	325,000	_____%	February 1, 2042	435,000	_____%
February 1, 2030	330,000	_____%	February 1, 2043	445,000	_____%
February 1, 2031	335,000	_____%	February 1, 2044	455,000	_____%
February 1, 2032	340,000	_____%	February 1, 2045	465,000	_____%
February 1, 2033	350,000	_____%			

PURCHASER'S OPTION - The Purchaser of the Bonds may specify to the City that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as such may be adjusted as provided herein) comprising mandatory sinking fund redemption amounts for such Term Bond(s).

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

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 telephonic transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received. Bids must be submitted electronically via PARITY® pursuant to this Notice until the appointed date and time, but no bid will be received after such time.

It is understood that the City will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel to the City. We understand that no certified or bank cashier's check will be required to accompany the bid, but that if we are the successful bidder, we shall be required to wire transfer an amount equal to two percent (2.0%) of the amount of Bonds awarded by the close of business on the day following the award. Said amount will be applied (without interest) to the purchase price when the Bonds are tendered to us for delivery.

* Preliminary, subject to change as set forth in the Official Terms and Conditions of Bond Sale.

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

Respectfully submitted,

Bidder

Address

By: _____
Signature

Total interest cost from August 6, 2020, to final maturity	\$ _____
Plus discount or less premium, if any	\$ _____
True interest cost (i.e. TIC)	\$ _____
True interest rate (%)	_____ %

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

Accepted this July 21, 2020 by the City of Somerset, Kentucky, as follows:

Maturity	Amount	Interest Rate	Maturity	Amount	Interest Rate
February 1, 2021	\$ _____	_____ %	February 1, 2034	\$ _____	_____ %
February 1, 2022	\$ _____	_____ %	February 1, 2035	\$ _____	_____ %
February 1, 2023	\$ _____	_____ %	February 1, 2036	\$ _____	_____ %
February 1, 2024	\$ _____	_____ %	February 1, 2037	\$ _____	_____ %
February 1, 2025	\$ _____	_____ %	February 1, 2038	\$ _____	_____ %
February 1, 2026	\$ _____	_____ %	February 1, 2039	\$ _____	_____ %
February 1, 2027	\$ _____	_____ %	February 1, 2040	\$ _____	_____ %
February 1, 2028	\$ _____	_____ %	February 1, 2041	\$ _____	_____ %
February 1, 2029	\$ _____	_____ %	February 1, 2042	\$ _____	_____ %
February 1, 2030	\$ _____	_____ %	February 1, 2043	\$ _____	_____ %
February 1, 2031	\$ _____	_____ %	February 1, 2044	\$ _____	_____ %
February 1, 2032	\$ _____	_____ %	February 1, 2045	\$ _____	_____ %
February 1, 2033	\$ _____	_____ %			

Mayor
City of Somerset, Kentucky