

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$70,000,000*

SANITATION DISTRICT NO. 1

SANITATION DISTRICT REVENUE BONDS, SERIES 2021A (CAMPBELL, KENTON AND BOONE COUNTIES, KENTUCKY)

SALE: NOVEMBER 9, 2021 @ 11:30 A.M., E.T.

Notice is hereby given that electronic bids will be received by the Board of Directors of Sanitation District No. 1 (the "District"), until 11:30 a.m., E.T. on November 9, 2021 (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system) for the purchase of \$70,000,000* Sanitation District Revenue Bonds, Series 2021A (the "Bonds"). Electronic proposals for the Bonds will be received via BiDCOMP™/PARITY™ as described herein and no other provider of electronic bidding services will be accepted. Bids will be opened at the time stated and the successful bid may be formally accepted by the District's Finance Director or President without further action by the Board of Directors.

PURPOSE OF ISSUE AND SECURITY

The District Board of Directors has adopted a Series Resolution, authorizing and providing for the issuance of approximately \$70,000,000 of its Sanitation District Revenue Bonds, Series 2021A, the proceeds of which will be used to (i) finance the acquisition, construction, installation and equipping of improvements to the System, (ii) fund a debt service reserve, and (iii) pay the necessary costs and expenses incident to the issuance and delivery of the Bonds.

The holders of the Bonds shall, on a parity basis with the holders of all Bonds outstanding under the Indenture described in the Preliminary Official Statement, have a priority lien on and security interest in the Pledged Receipts of the District and other special funds derived from the operations of the works and facilities of the District. See "SECURITY FOR THE SERIES 2021 BONDS".

The District is a sanitation district created under the laws of the Commonwealth of Kentucky, pursuant to KRS 220.010 et. seq. (the "Act"). The District is located in the region of Kentucky that is bordered by Cincinnati, Ohio to the north and is comprised of most of the area within Boone, Campbell and Kenton Counties, Kentucky. The District is part of the greater Cincinnati Consolidated Metropolitan Statistical Area ("CMSA"). See "THE DISTRICT" in the Preliminary Official Statement.

The Bonds, when, as and if issued, will not constitute general obligations of or be an indebtedness of the District or of Campbell County, Kenton County or Boone County, Kentucky, or of the Commonwealth of Kentucky within the meaning of the Constitution of Kentucky and neither the faith and credit nor the taxing power of the District or of Campbell County, Kenton County or Boone County, Kentucky or the Commonwealth of Kentucky will be pledged to the payment of the Bonds.

FORM OF BONDS, MATURITY, PRIOR REDEMPTION PROVISIONS

Reference is made to the Preliminary Official Statement for information regarding the form of Bonds, interest rates, dated date, delivery date, maturity and redemption provisions relating to the Bonds.

BIDDING CONDITIONS AND RESTRICTIONS

(A) No Bids will be accepted via facsimile or telephone. Bidders have the sole responsibility of assuring that their bids have been received or delivered by an employee or agent for the Bidder before the appointed date and hour of sale. Any bids in progress at the appointed time will be considered as received by the appointed time and hour.

The minimum bid shall be not less than \$70,000,000 (100% of par) and not more than 77,000,000 (110% of par). Interest rates shall be in multiples of 1/8 or 1/10 or 1/20 of 1%. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. There is no

limit on the number of different interest rates. Interest rates for the Bonds shall not exceed the maximum rate of five percent (5.00%).

(B) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for exactly \$70,000,000 principal amount of Bonds offered for sale under the terms and conditions herein specified; provided, however, the District reserves the right to adjust the total principal amount of Bonds sold to such best bidder downward by an amount determined necessary and desirable by the District. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds 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 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.

(C) 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 results in the lowest true interest cost for the Bonds to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest cost, the President, upon the advice of the Financial Advisor shall determine (in his sole discretion) which of the bidders shall be awarded the Bonds.

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

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

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the winning bidder shall advise the Corporation on the sale date if any maturity of the Bonds satisfies the 10% test set forth in (i) above as of the date and time of the award of the Bonds.

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

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

(ii) *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.

(iii) *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.

(iv) *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)

(E) In addition to other forms of bidding, electronic proposals will be received via BIDCOMP™/PARITY™, in the manner described below, until 11:30 a.m. E.T., on November 9, 2021. Bids may be submitted electronically via BIDCOMP™/PARITY™ pursuant to this Notice until 11:30 a.m. (ET), but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in BIDCOMP™/PARITY™ conflict with this Notice, the terms of this Notice shall control. For further information about BIDCOMP™/PARITY™, potential bidders may contact RSA Advisors, LLC at (800) 255-0795 or BIDCOMP™/PARITY™ at (212) 806-8304.

(F) The successful bidder may elect to notify the Financial Advisor within one (1) hour of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot as described in the Preliminary Official Statement.

(G) The Purchaser shall pay the CUSIP Service Bureau Charge. Improper imprinting 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 District shall provide to the successful Purchaser a Final Official Statement in accordance with SEC Rule 15c2-12 (the “Rule”). Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

(I) Bids need not be accompanied by a certified or bank cashier’s good faith check. The successful purchaser shall be required (without further advice from the District) to wire transfer an amount equal to 1% of the principal amount of the Bonds awarded to the Paying Agent Bank, by the close of business on the day following the award as a good faith deposit and the amount will be applied (without interest) to the purchase price upon delivery. 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 Bonds when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take up and pay for the Bonds unless delivery is made within 45 days from the date the bid is accepted.

(J) 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.

(K) Payment of all amounts due from the successful bidder shall be at the principal office of the Bond Registrar and shall be in IMMEDIATELY AVAILABLE FUNDS.

(L) Bidders are advised that RSA Advisors, LLC has been employed as Financial Advisor in connection with the issuance of the Bonds. Its fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. It is not permitted to submit a bid for the purchase of the Bonds, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

(M) The District 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 not being subject to federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, 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 TREATMENT.

(N) As required by the Internal Revenue Code of 1986, as amended, the purchaser of the Bonds will be required to certify to the District as to certain of its activities regarding any reoffering to the public of the Bonds, including any reoffering prices. This information from the purchaser of the Bonds shall also be made available to the Financial Advisor immediately after the sale of the Bonds.

(O) Upon wrongful refusal of the purchasers to take delivery of and pay for the Bonds in Immediately Available Funds when tendered for delivery, the good faith deposit shall be forfeited by such purchasers, and such amount shall be deemed liquidated damages for such default; provided, however, if the Bonds are not ready for delivery and payment within forty-five (45) days from the date of sale herein provided for, the purchasers shall be relieved of any liability to accept the Bonds hereunder. However, it is contemplated that the Bonds will be delivered on a date during such period as may be designated by representatives of the District, and the purchasers will be required to accept delivery of and pay for the Bonds on any designated date within such 45 day period upon notice being given at least five (5) business days prior to the designated delivery date.

CONTINUING DISCLOSURE

The District has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 (i) on or prior to 270 days after the end of each fiscal year, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained in certain appendices to the Official Statement, and (ii) timely notice of the occurrence of certain material events with respect to the Bonds.

TAX TREATMENT

Reference is made to the Preliminary Official Statement for information concerning local, state and federal tax exemption of interest earned on the Bonds.

SANITATION DISTRICT NO. 1

By: /s/ Bob Schroder

President

OFFICIAL BID FORM

\$70,000,000*

SANITATION DISTRICT NO. 1

SANITATION DISTRICT REVENUE BONDS, SERIES 2021A¹
(CAMPBELL, KENTON AND BOONE COUNTIES, KENTUCKY)

Subject to the terms and conditions set forth in the Official Terms and conditions of Bond Sale for \$70,000,000* Sanitation District No. 1 Sanitation District Revenue Bonds, Series 2021A, dated their date of delivery, and in accordance with the Notice of Sale, as duly advertised, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$70,000,000* principal amount of Bonds, the total sum of \$_____ (not less than \$70,000,000 nor more than \$77,000,000) at the following annual rates, payable semiannually:

Year (August 1)	Amount*	Rate	Year (August 1)	Amount*	Rate
2022	\$425,000	_____ %	2037	\$2,610,000	_____ %
2023	450,000	_____	2038	2,690,000	_____
2024	470,000	_____	2039	2,770,000	_____
2025	490,000	_____	2040	2,835,000	_____
2026	515,000	_____	2041	2,895,000	_____
2027	380,000	_____	2042	2,965,000	_____
2028	2,000,000	_____	2043	3,030,000	_____
2029	2,085,000	_____	2044	3,100,000	_____
2030	2,145,000	_____	2045	3,175,000	_____
2031	2,210,000	_____	2046	3,250,000	_____
2032	2,275,000	_____	2047	3,330,000	_____
2033	2,345,000	_____	2048	3,415,000	_____
2034	2,390,000	_____	2049	3,500,000	_____
2035	2,460,000	_____	2050	3,585,000	_____
2036	2,535,000	_____	2051	3,675,000	_____

* Subject to permitted adjustment

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 1% of the principal amount of Bonds 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 on delivery.

The successful bidder may elect to notify the Financial Advisor within one (1) hour of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit

only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot as described in the Preliminary Official Statement.

Notwithstanding other forms of bidding, electronic proposals will be received via BIDCOMP™/PARITY™, in the manner described below, until 11:30 a.m. (E.T.), on November 9, 2021. Bids may be submitted electronically via BIDCOMP™/PARITY™ pursuant to this Notice until 11:30 a.m. (E.T.), but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in BIDCOMP™/PARITY™ conflict with this Notice, the terms of this Notice shall control. For further information about BIDCOMP™/PARITY™, potential bidders may contact RSA Advisors, LLC at (800) 255-0795 or BIDCOMP™/PARITY™ at (212) 807-3800.

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

Respectfully submitted,

Bidder

Address

Telephone Number

By: _____
Signature

- (a) Total interest cost from delivery (December 1, 2021) to final maturity \$ _____
- (b) Plus Discount \$ _____
- (c) Net interest cost (Total interest cost plus discount) \$ _____
- (d) True Interest Cost (i.e. T.I.C.) \$ _____

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

ACCEPTANCE

Accepted by the President of the District for the adjusted \$_____ principal amount of Bonds at the price of \$_____ as follows:

<u>Year</u> <u>(August 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u> <u>(August 1)</u>	<u>Amount</u>	<u>Rate</u>
2022	\$ _____	_____ %	2037	\$ _____	_____ %
2023	_____	_____ %	2038	_____	_____ %
2024	_____	_____ %	2039	_____	_____ %
2025	_____	_____ %	2040	_____	_____ %
2026	_____	_____ %	2041	_____	_____ %
2027	_____	_____ %	2042	_____	_____ %
2028	_____	_____ %	2043	_____	_____ %
2029	_____	_____ %	2044	_____	_____ %
2030	_____	_____ %	2045	_____	_____ %
2031	_____	_____ %	2046	_____	_____ %
2032	_____	_____ %	2047	_____	_____ %
2033	_____	_____ %	2048	_____	_____ %
2034	_____	_____ %	2049	_____	_____ %
2035	_____	_____ %	2050	_____	_____ %
2036	_____	_____ %	2051	_____	_____ %

Authorized Official
Sanitation District No. 1

Dated: November 9, 2021

FORMS OF ISSUE PRICE CERTIFICATE

[To be used if at least 3 qualified bids are received.]

The undersigned, on behalf of [NAME OF WINNING BIDDER] (the “Winning Bidder”), hereby certifies as set forth below with respect to the sale of \$[] Sanitation District No. 1 Sanitation District Revenue Bonds, Series 2021A (the “Bonds”).

Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Winning Bidder 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 the Winning Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Winning Bidder to purchase the Bonds.

(b) the Winning Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Winning Bidder constituted a firm offer to purchase the Bonds.

Defined Terms.

“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.

“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.

“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 November 9, 2021.

“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 the Winning Bidder’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.

[WINNING BIDDER]

By: _____

Title: _____

Dated: [Delivery Date]

SCHEDULE A

EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF BID

(Attached)

ISSUE PRICE CERTIFICATE

[To be used if less than 3 qualified bids are received.]

The undersigned, on behalf of [NAME OF WINNING BIDDER] (the “Winning Bidder”), hereby certifies as set forth below with respect to the sale of \$[] Sanitation District No. 1 Sanitation District Revenue Bonds, Series 2021A (the “Bonds”).

Sale of Bonds.

As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of each Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A and that it neither offered nor sold any of the Bonds of any 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.

Defined Terms.

“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.

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

“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.

“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 December 1, 2021.

“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 the Winning Bidder’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.

[WINNING BIDDER]

By: _____

Title: _____

Dated: [Delivery Date]

SCHEDULE A

SALE PRICES

(Attached)