

PRELIMINARY OFFICIAL STATEMENT

Dated February 17, 2006

(Bonds to be sold March 1, 2006, 10:00 a.m. C.S.T.)

BOOK-ENTRY-ONLY-SYSTEM

Bank Qualified

Rating: Moody's " " "
See Ratings herein

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal income taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, all subject to the qualifications described herein under the heading "TAX EXEMPTION." Interest on the Bonds is also exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions.

ELECTRONIC BIDDING VIA PARITY

\$4,100,000*

CITY OF OWENSBORO, KENTUCKY GENERAL OBLIGATION PUBLIC PROJECT BONDS SERIES 2006

Dated: March 1, 2006

Due: March 1, as shown below

The Bonds will be issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal, interest and premium, if any, on the Bonds will be paid by The Huntington National Bank, Cincinnati, Ohio, as Paying Agent and Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal, interest or premium to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof, and will bear interest payable on September 1, 2006 and thereafter semiannually on each March 1 and September 1.

The Bonds maturing on and after March 1, 2017, shall be subject to prior redemption at the option of the City on and after March 1, 2016, as discussed herein..

SCHEDULE OF MATURITIES

<u>Due</u>	<u>Cusip #</u> <u>690887</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Due</u>	<u>Cusip #</u> <u>690887</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>
3/1/07		\$145,000			3/1/17		\$200,000		
3/1/08		150,000			3/1/18		210,000		
3/1/09		155,000			3/1/19		220,000		
3/1/10		160,000			3/1/20		225,000		
3/1/11		165,000			3/1/21		235,000		
3/1/12		170,000			3/1/22		245,000		
3/1/13		175,000			3/1/23		255,000		
3/1/14		180,000			3/1/24		265,000		
3/1/15		190,000			3/1/25		275,000		
3/1/16		195,000			3/1/26		285,000		

(Plus accrued interest-when issued)

Purchaser's Option - The Purchaser of the Bonds may specify to the Financial Advisor that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein being subject to mandatory redemption in such maturities for such Term Bond(s).

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

The Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Peck, Shaffer & Williams LLP, Bond Counsel, Covington, Kentucky. Certain legal matters have been passed upon for the City by David Fowler, Esq., City Attorney. The Bonds are expected to be available for delivery on or about March 15, 2006.

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

*Preliminary, Subject to Permitted Adjustment

FIRST KENTUCKY SECURITIES CORPORATION
Financial Advisor

This Preliminary Official Statement and the information contained herein are subject to completion and revision in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these Series 2006 Bonds in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration, qualification, or exemption under the securities laws of such jurisdiction.

CITY OF OWENSBORO, KENTUCKY

Mayor

Tom Watson

Board of Commissioners

Candance Brake
Charles A. Castlen
Jim Glen
Ron Payne

City Manager/Administrator

Bob Whitmer

Finance Director

J. T. Fulkerson

City Attorney

David C. Fowler

City Clerk

Carol Blake

BOND COUNSEL

Peck, Shaffer & Williams LLP
Covington, Kentucky

FINANCIAL ADVISOR

First Kentucky Securities Corporation
Frankfort, Kentucky

PAYING AGENT/BOND REGISTRAR

The Huntington National Bank
Cincinnati, Ohio

REGARDING THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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Appendix B:	Estimated Debt Service Requirements for the Series 2006 Bonds
Appendix C:	Selected Financial Information of the City of Owensboro
Appendix D:	Statement of Indebtedness of the City
Appendix E:	Form of Final Approving Legal Opinion of Bond Counsel

Official Terms and Conditions of Bond Sale
 Official Bid Form

PRELIMINARY OFFICIAL STATEMENT

\$4,100,000*
CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT BONDS
SERIES 2006 (MULTIPLE PROJECTS)

Dated Date: March 1, 2006

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$4,100,000* aggregate principal amount of General Obligation Public Project Bonds, Series 2006 (Multiple Projects) (the "Bonds") of the City of Owensboro, Kentucky (the "City") as specified on the cover hereof.

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

The Issuer

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

Sources of Payment for the Bonds

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

Purpose of the Bonds

The Bonds are being issued for the purpose of (i) financing the costs of the acquisition, construction and installation of road improvements, park improvements and stormwater system improvements in the City (see "The Project" for more detail), and (ii) paying the costs of issuing the Bonds.

Description of the Bonds

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

Redemption

The Bonds maturing on and after March 1, 2017 are subject to optional redemption prior to maturity, commencing March 1, 2016 (see "DESCRIPTION OF THE BONDS - Optional Redemption", herein).

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

Book Entry

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

Preliminary, Subject to Adjustment

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For

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

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

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

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent and Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent and Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

NEITHER THE CITY NOR THE PAYING AGENT AND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AND REGISTRAR AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The City and the Paying Agent and Registrar cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

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

Tax Exemption

Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Bonds is excludable from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds 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 for individuals and corporations. 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 Bonds. Interest on the Bonds is also 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 City has designated the Bonds as "qualified tax-exempt obligations" with respect to certain financial institutions under Section 265 of the Internal Revenue Code of 1986, as amended.

See Appendix E hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the Bonds.

Parties to the Issuance of the Bonds

The Registrar and Paying Agent is The Huntington National Bank, Cincinnati, Ohio. Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the approving legal opinion of Peck, Shaffer & Williams LLP, Covington, Kentucky, Bond Counsel. The Financial Advisor to the City is First Kentucky Securities Corporation.

Authority for Issuance

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and an ordinance (the "Ordinance") adopted by the Board of Commissioners of the City on February 20, 2006.

Disclosure Information

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

The City deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page, hereof

Additional Information

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

DESCRIPTION OF THE BONDS

The Bonds are dated March 1, 2006 and bear interest from March 1, 2006 at the rates set forth on the cover page of this Official Statement. The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Bonds is payable semi-annually on September 1 and March 1, commencing September 1, 2006.

Optional Redemption

The Bonds maturing on and after March 1, 2017, shall be subject to redemption by the City prior to maturity, in whole or in part, in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any date, on or after March 1, 2016, at a redemption price equal to the principal amount of the Bonds called for redemption, plus unpaid interest accrued to the date of redemption, without premium.

Notice of Redemption

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

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

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

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

Security and Source of Payment for Bonds

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

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

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

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

THE PROJECT

The Bonds are being issued for the purpose of (i) financing the construction of road improvements on Frederica Street, West Fifth Street and Baker Street, the construction of public park improvements at Jack Hicks Field and the City's softball complex, and the construction of stormwater system improvements, including the Harsh, Locust Street and Goetz drainage projects (collectively, the "Project"); and (ii) paying certain costs related to the issuance of the Bonds.

Estimated Sources and Uses of Funds

Sources of Funds

Par Amount of Bonds

Total

Uses of Funds

Deposit to Construction Fund

Underwriter's Discount

Costs of Issuance

Rounding Amount

Total

INVESTMENT CONSIDERATIONS

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

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

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

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

PROFILE OF THE CITY AND SURROUNDING AREA

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

CITY GOVERNMENT

Organization and Major Offices

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

Elected and Appointed Officials

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

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

Financial Matters

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

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

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

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

Financial Management

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

Financial Reports and Examinations of Accounts

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

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

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

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

Budgeting and Appropriations Procedures

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

Investment Policies

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

- (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;
- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including but not limited to:
 - 1. United States Treasury;
 - 2. Export-Import Bank of the United States;
 - 3. Farmers Home Administration;
 - 4. Governmental National Mortgage corporation; and
 - 5. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including but not limited to:
 - 1. Federal Home Loan Mortgage Corporation;
 - 2. Federal Farm Credit Banks;
 - 3. Bank for Cooperatives;
 - 4. Federal Intermediate Credit Banks;
 - 5. Federal Land Banks;

- 6. Federal Home Loan Banks;
 - 7. Federal National Mortgage Association; and
 - 8. Tennessee Valley Authority;
- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(d);
 - (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
 - (f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
 - (g) Commercial paper rated in the highest category by a nationally recognized rating agency;
 - (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
 - (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three highest categories by a nationally recognized rating agency; and
 - (j) Shares of mutual funds, each of which shall have the following characteristics:
 - 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 - 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

Debt Limitation

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

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

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

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

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

Appendix D of this Official Statement is a Statement of Indebtedness for the City, certified by the City, calculating the amount of the outstanding obligations of the City (including the Bonds) which are subject to the total direct debt limit (10% limit). The total principal amount of general obligation debt that could be issued by the City, subject to the 10% total direct debt limitation is \$238,860,762 and the City's net debt subject to such limitation presently outstanding (including the Bonds) is \$16,001,119 leaving a balance of approximately \$222,859,643 borrowing capacity issuable within such limitation.

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

Tax Limitation

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

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

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

Appendix D of this Official Statement contains a Statement of Indebtedness, certified by the City, setting forth the property tax rate currently levied by the City (.2580) and certifying that the issuance of the Bonds will not cause such rate to increase to an amount which would exceed the maximum permissible rate.

Bond Anticipation Notes

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

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

Future Borrowings of the City

From time to time public interest groups approach the City with proposals for the financing of various projects. At the present time, the City has not made any determinations to finance additional projects, although the City regularly reviews and considers public projects for future funding that may be in the best interests of the residents of the City.

LEGAL MATTERS

General Information

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

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

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

Transcript and Closing Certificates

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

Litigation

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

Tax 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 is excludable from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from taxation, including personal income taxation, by the Commonwealth of Kentucky and its political subdivisions.

A copy of the opinion of Bond Counsel for the Bonds 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 Bonds. The Issuer 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 Peck, Shaffer & Williams LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludable from gross income for Federal and 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.

For example, although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will not be a specific item of tax preference for the alternative minimum tax, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers, including, 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 Railroad Retirement benefits under Section 86 of the Code and limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any 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 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.

RATING

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

Such rating reflects only the view of said organization. Any explanation of the significance of such rating may only be obtained from Moody's, at the following address: Moody's Investors Service, 99 Church Street, New York, New York 10007.

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

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

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Bonds are outstanding the City of Owensboro (the "Obligated Person") will agree pursuant to a Continuing Disclosure Agreement dated as of March 1, 2006 between the City and The Huntington National Bank, Cincinnati, Ohio, to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

- (i) to each nationally recognized municipal securities information repository ("NRMSIR") and, if one is established for the Commonwealth, to its state information depository ("SID"), certain annual financial information and operating data, including audited financial statements prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in "Appendix A" and "Appendix C" of the Official Statement ("Financial Data"); such information shall be provided within 210 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2006; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person;
- (ii) to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and to the SID, if any, 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) The cure of any payment or nonpayment related default.

(iii) in a timely manner, to each NRMSIR or to the MSRB and to the SID, notice of a failure (of which the Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

The Continuing Disclosure Agreement provides bondholders 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 Continuing Disclosure Agreement does not constitute a default under the Bond Legislation. The Continuing Disclosure Agreement may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Continuing Disclosure Agreement copies of which are available at the office of the Obligated Party should be read in its entirety for more complete information regarding its contents.

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

The City has entered into numerous disclosure agreements under the Rule. To the best of the City's knowledge, the City is in compliance with the continuing disclosure undertaking contained in such existing agreements.

UNDERWRITING

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

FINANCIAL ADVISOR

The Bonds will be sold by the solicitation and receipt of competitive bids. First Kentucky Securities Corporation, Frankfort, Kentucky, Financial Advisor to the City, has requested and received permission and approval of the City to bid, either alone or in conjunction with others, on the Bonds. The Financial Advisor has expressed its intent to so bid.

First Kentucky Securities Corporation will receive a fee, subject to sale and delivery of the Bonds, for its advisory services. Said fee is separate from and in addition to compensation received, if any, for underwriting of the Bonds.

MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from

official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

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

CITY OF OWENSBORO, KENTUCKY

By: /s/Tom Watson
Mayor

APPENDIX A

City of Owensboro Demographic, Economic and Financial Data

General Information

Owensboro, originally known as “Yellowbanks” in reference to the color of the soil along the Ohio River banks, was first settled in 1797. By 1810, David Morton had opened a general store and population of the settlement grew to 100 by 1815. An 1817 Act of the Kentucky Legislature incorporated the town as “Owensborough”, later shortened to “Owensboro”.

The Owensboro area has grown steadily, while retaining the “small town quality” of a friendly city of warm-hearted and hospitable people. Owensboro ranks as Kentucky’s third largest city in terms of population and is the industrial and cultural capital of western Kentucky.

Location

Owensboro is the county seat of Daviess County, Kentucky, and lies on the southern banks of the mighty Ohio River, one of the nation’s major waterways, in the western Kentucky coal field region. Owensboro is located 32 miles southeast of Evansville, Indiana, 123 miles north of Nashville, Tennessee, and 109 miles southwest of Louisville, Kentucky. A bridge from Owensboro into southern Indiana affords a direct route to Interstate 64 in Indiana, providing a link from St. Louis to Louisville.

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

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

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

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

Industry and Economic Development

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

The City is active in promoting economic development, as new developmental job growth is necessary to ensure the continued stability of the City’s revenue base. Economic indicators and trends reflect stabilization in the area’s economy compared to the previous year. As of April 2005, area employment averaged approximately 42,715. The April 1, 2005, unemployment rate was 5.21%, approximately the same as both state and national rates. Active electric and water meters showed growth for the year. Construction of single-family units was 15 units lower than last year because tornado damage had lifted the numbers for the past 3 years.

An aggressive annexation policy is being pursued to insure continued growth and development for the City of Owensboro. Much of the City’s long-term growth potential lies in the Carter Road/Airport Corridor, anchored by the 400-acre Mid-America Airpark. The City has coordinated with the Greater Owensboro Economic Development Corporation to complete Mid-America AirPark, which includes AirPark, Tamarack, and Unifirst Drives. The Mid-America AirPark is a valuable tool for attracting new industry to Owensboro. The overall outlook for the area’s economy continues to remain bright.

Total Population

	2000	2001	2002	2003	2004
Labor Market Area	467,165	467,615	469,162	471,005	474,067
Daviess County	91,545	91,793	91,694	92,540	92,587
Owensboro	54,067	54,338	54,418	54,417	54,900

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

Population Projections

	2005	2010	2015	2020
Labor Market Area	471,947	480,049	490,378	499,418
Daviess County	92,754	94,567	97,166	99,438

Source: Kentucky State Data Center, University of Louisville and Kentucky Cabinet for Economic Development

Summary of Recent Locations and Expansions, 2003-Present

	Reported		
	Companies	Jobs	Investment
Manufacturing Location	1	47	\$4,817,000
Manufacturing Expansion	21	373-444	\$86,508,746
Supportive/Service Location	1	98	\$1,700,000
Supportive/Service Expansion	7	268-283	\$25,789,740

Source: Kentucky Cabinet for Economic Development (01/31/2006).

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Major Business & Industry

Firm	Product(s)/Service(s)	Emp.	Year Established
<i>Owensboro</i>			
Audubon Area Community Services	Social Services Agency	488	NA
Barton Brands Ltd	Whiskey, gin, vodka, wines, brandy & cocktail bottling	194	1869
BellSouth Telecommunications	National directory call center (1+411)	200	1997
Dana Corporation	Steel pickup truck frames (Tundra and Sequoia)	340	1997
Daramic Inc	Automotive deepcycle & Industrial battery separators	229	1959
DBM Technologies Inc	Plastic blow molded automotive parts	200	1974
HON Co	Wooden office chairs	260	1945
Hunter Douglas Inc	Window coverings and components	160	1981
Kimberly-Clark Corp	Tissue paper & towels	363	NA
MPD Inc	Commercial tubes & components, microwave & police radar equipment, breath analyzers, ceramics & ceramic to metal seals	265	1987
Omico Plastics Inc	Blow molded plastic parts	200	1964
Southern Star Central Gas Pipeline Inc	Headquarters	448	2002
Specialty Foods Field Packing Division	Processed meat products	600	1915
Swedish Match North America	Smokeless tobacco products	356	1973
Texas Gas Co	Headquarters, pipeline co.	400	1960
Toyotetsu Mid America LLC	Stamped and welded metal automotive parts	561	2002
Unifirst	Uniform distribution	327	1998
Unilever Foods North America	Pasta and simmer sauces	393	1974
US Bank Home Mortgage	Loan processing and underwriting service center, loan servicing center	685	1992
Yager Materials LLC	Ready-mixed concrete, crushed limestone, sand & gravel	192	1917

Source: Kentucky Cabinet for Economic Development (01/31/2006).

Tax Base Information

<u>Year</u>	<u>Real Estate</u>	<u>Tangible Personal (1)</u>	<u>Real Estate Franchise</u>	<u>Tangible Franchise</u>	<u>Total Assessed Value</u>
04/05	\$2,028,537,916	\$232,560,600	\$43,075,632	\$84,433,475	\$2,388,607,623
03/04	\$1,907,097,401	\$225,651,953	\$32,854,639	\$69,256,167	\$2,234,860,160
02/03	\$1,858,072,636	\$259,602,395	\$27,756,258	\$74,396,746	\$2,219,828,035
01/02	\$1,813,449,766	\$269,369,280	\$23,704,177	\$74,755,573	\$2,181,278,796
00/01	\$1,703,101,329	\$245,253,177	\$25,969,097	\$71,182,692	\$2,045,506,295

(1) Includes Motor Vehicles and Watercraft.

Assessment Rates (per \$100.00 assessed valuation)

<u>Year</u>	<u>Real Estate</u>	<u>Tangible Personal</u>	<u>Real Estate Franchise</u>	<u>Tangible Franchise</u>	<u>Motor Vehicles</u>	<u>Watercraft</u>
04/05	.2580	.3091	.2586	.3091	.3030	.3030
03/04	.2612	.2946	.2612	.2946	.3030	.3030
02/03	.2541	.2541	.2541	.2541	.3030	.3030
01/02	.2472	.2472	.2472	.2472	.3030	.3030
00/01	.2472	.2472	.2472	.2472	.3030	.3030

Tax Collections

<u>Year</u>	<u>Total Charges</u>	<u>Net to City</u>
04/05	\$7,492,747	\$7,396,847
03/04	\$7,137,309	\$7,024,928
02/03	\$6,752,239	\$6,598,792
01/02	\$6,526,834	\$6,378,460
00/01	\$6,113,868	\$5,909,143

Largest City Principal Taxpayers (for year ended 6/30/05)

<u>Name</u>	<u>Assessment</u>
BellSouth Telecommunications	\$31,726,392
Towne Square Development	\$26,021,000
Texas Gas Transmission	\$24,857,306
Western Kentucky Gas	\$21,721,771
Adelphia Cable	\$21,512,700
Unifirst Corporation	\$19,633,298
Dana Corporation	\$16,710,948
Field Packing Company	\$16,617,599
Barton Brands	\$16,320,837
BB & T	\$14,273,806

Source: City of Owensboro

APPENDIX B

Estimated Debt Service Requirements for the Series 2006 Bonds

**CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT BONDS
SERIES 2006**

Estimated Debt Service Requirements

Maturity Date	Principal	Interest	Principal and Interest Total	Fiscal Year Total
09/01/2006		\$77,877.50	\$77,877.50	
03/01/2007	\$145,000	77,877.50	222,877.50	\$300,755.00
09/01/2007		75,702.50	75,702.50	
03/01/2008	150,000	75,702.50	225,702.50	301,405.00
09/01/2008		73,340.00	73,340.00	
03/01/2009	155,000	73,340.00	228,340.00	301,680.00
09/01/2009		70,821.25	70,821.25	
03/01/2010	160,000	70,821.25	230,821.25	301,642.50
09/01/2010		68,181.25	68,181.25	
03/01/2011	165,000	68,181.25	233,181.25	301,362.50
09/01/2011		65,376.25	65,376.25	
03/01/2012	170,000	65,376.25	235,376.25	300,752.50
09/01/2012		62,401.25	62,401.25	
03/01/2013	175,000	62,401.25	237,401.25	299,802.50
09/01/2013		59,251.25	59,251.25	
03/01/2014	180,000	59,251.25	239,251.25	298,502.50
09/01/2014		55,966.25	55,966.25	
03/01/2015	190,000	55,966.25	245,966.25	301,932.50
09/01/2015		52,451.25	52,451.25	
03/01/2016	195,000	52,451.25	247,451.25	299,902.50
09/01/2016		48,795.00	48,795.00	
03/01/2017	200,000	48,795.00	248,795.00	297,590.00
09/01/2017		44,995.00	44,995.00	
03/01/2018	210,000	44,995.00	254,995.00	299,990.00
09/01/2018		40,952.50	40,952.50	
03/01/2019	220,000	40,952.50	260,952.50	301,905.00
09/01/2019		36,662.50	36,662.50	
03/01/2020	225,000	36,662.50	261,662.50	298,325.00
09/01/2020		32,218.75	32,218.75	
03/01/2021	235,000	32,218.75	267,218.75	299,437.50
09/01/2021		27,518.75	27,518.75	
03/01/2022	245,000	27,518.75	272,518.75	300,037.50
09/01/2022		22,557.50	22,557.50	
03/01/2023	255,000	22,557.50	277,557.50	300,115.00
09/01/2023		17,330.00	17,330.00	
03/01/2024	265,000	17,330.00	282,330.00	299,660.00
09/01/2024		11,831.25	11,831.25	
03/01/2025	275,000	11,831.25	286,831.25	298,662.50
09/01/2025		6,056.25	6,056.25	
03/01/2026	285,000	6,056.25	291,056.25	297,112.50
Totals	\$4,100,000	\$1,900,572.50	\$6,000,572.50	

Source: Fiscal Agent

APPENDIX C

*Selected Financial Information
of the City of Owensboro*

The financial information contained in Appendix C has been derived from the audited financial statement of the City of Owensboro, Kentucky for the fiscal year ending on June 30, 2005.

TABLE 1

CITY OF OWENSBORO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General fund										
Reserved	-	\$ 100	\$ 348	\$ 35	\$ 57	\$ 127	\$ 130	\$ 128	\$ 79	\$ 87
Unreserved	\$ 3,308	3,177	2,954	2,402	1,625	1,855	1,951	1,749	1,550	1,855
Total General Func	\$ 3,308	\$ 3,277	\$ 3,302	\$ 2,437	\$ 1,682	\$ 1,982	\$ 2,081	\$ 1,877	\$ 1,629	\$ 1,942
All other governmental units										
Reserved	\$ 3,281	\$ 2,983	\$ 13,303	\$ 13,820	\$ 9,942	\$ 7,708	\$ 4,834	\$ 2,865	\$ 6,158	\$ 3,958
Unreserved, reported in:										
Special revenue funds	139	743	385	348	463	424	6,447	371	890	232
Capital projects funds	5,773	2,606	2,538	4,704	5,327	3,852	3,011	2,346	2,370	1,699
Total all other government fund:	\$ 9,193	\$ 6,332	\$ 16,226	\$ 18,872	\$ 15,732	\$ 11,984	\$ 14,292	\$ 5,582	\$ 9,418	\$ 5,889

TABLE 2

CITY OF OWENSBORO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(2002 fiscal year converted to GASB 34)
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues				
Real and personal property taxes	\$ 6,526,834	\$ 6,752,239	\$ 7,137,309	\$ 7,492,747
Occupational licenses	10,862,478	8,305,933	10,930,002	11,542,558
Net profit license fees	1,709,697	1,721,567	1,516,557	2,101,988
Regulatory licenses	3,632,070	4,069,041	4,480,570	4,505,405
Intergovernmental	4,769,610	11,012,959	4,995,066	7,802,319
Interest	793,119	268,236	165,233	325,533
Fees, licenses and permits	542,387	559,944	547,350	518,750
Fines and forfeitures	159,989	179,297	138,012	120,197
Rentals	206,816	540,190	619,696	617,021
Charges for services	570,068	550,469	570,841	599,425
Contributions and donations	142,093	15,732	343	263,200
Dividends from component units	3,244,027	3,456,229	3,780,707	4,005,576
Payments in lieu of taxes from component unit	1,395,499	1,565,495	1,600,728	1,627,979
Miscellaneous income	584,404	626,604	495,811	675,310
Total Revenues	<u>35,139,091</u>	<u>39,623,935</u>	<u>36,978,225</u>	<u>42,198,008</u>
Expenditures				
Current:				
General government	4,998,728	5,342,397	5,954,993	6,183,140
Public safety	13,878,294	14,133,879	14,998,734	15,566,845
Public works	4,856,662	4,782,763	4,316,735	6,998,503
Community and cultural	4,346,214	3,294,964	4,292,232	4,100,447
Community/economic development	1,194,519	1,650,649	1,320,396	1,394,189
Capital outlay	3,712,815	10,681,356	3,441,023	8,692,798
Debt service:				
Principal	3,661,455	7,940,423	1,389,470	1,489,027
Interest	1,083,751	1,243,380	987,219	883,816
Issuance costs	167,807	2,000	88,552	10,500
Total Expenditures	<u>37,900,245</u>	<u>49,071,811</u>	<u>36,789,354</u>	<u>45,319,265</u>
Excess (deficiency) of revenues over expenditures	<u>(2,761,154)</u>	<u>(9,447,876)</u>	<u>188,871</u>	<u>(3,121,257)</u>
Other financing sources (uses):				
Sale of capital assets	540,561	388,257	4,145,279	138,367
Issuance of debt	4,835,397	-	88,552	357,000
Transfers in	4,995,489	9,842,399	2,240,697	2,681,286
Transfers out	(5,255,454)	(9,787,292)	(2,552,566)	(2,570,185)
Total Other Financing Sources (Uses)	<u>5,115,993</u>	<u>443,364</u>	<u>3,921,962</u>	<u>606,468</u>
Net change in fund balances	<u>\$ 2,354,839</u>	<u>\$ (9,004,127)</u>	<u>\$ 4,110,833</u>	<u>\$ (2,514,789)</u>
Debt service as a percentage of non-capital expenditures	14.4%	23.9%	7.4%	6.5%

TABLE 3

**CITY OF OWENSBORO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years**

FISCAL YEAR	TOTAL	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	COMMUNITY AND CULTURAL	COMMUNITY/ECONOMIC DEVELOPMENT	CAPITAL OUTLAY	DEBT SERVICE
1995-1996	\$ 27,652,203	\$ 3,563,132	\$10,155,544	\$ 4,245,226	\$ 2,945,523	-	\$4,642,364	\$2,100,414
1996-1997	28,771,169	4,741,120	10,670,485	3,146,672	2,817,873	-	5,340,765	2,054,254
1997-1998	28,558,248	4,960,980	11,003,021	4,562,187	3,122,881	-	2,663,235	2,245,944
1998-1999	37,184,729	4,566,335	12,329,374	4,614,767	3,231,233	-	7,624,429	4,818,591
1999-2000	37,844,841	5,344,009	12,837,139	4,787,549	3,296,998	-	7,313,067	4,266,079
2000-2001	41,385,713	5,535,009	12,858,982	5,609,052	3,443,941	-	6,231,958	7,706,771
2001-2002	37,900,245	4,998,728	13,878,294	4,856,662	4,346,214	\$ 1,194,519	3,712,815	4,913,013
2002-2003	49,071,811	5,342,397	14,133,879	4,782,763	3,294,964	1,650,649	10,681,356	9,185,803
2003-2004	36,789,354	5,954,993	14,998,734	4,316,735	4,292,232	1,320,396	3,441,023	2,465,241
2004-2005	45,319,265	6,183,140	15,566,845	6,998,503	4,100,447	1,394,189	8,692,798	2,383,343

This table includes all governmental funds. In years prior to 2001-2002, Community/Economic Development expenditures were included in Public Works.

TABLE 4

**CITY OF OWENSBORO
GENERAL GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years**

FISCAL YEAR	TOTAL	PROPERTY TAXES	LICENSES AND PERMITS	INTER- GOVERNMENTAL REVENUES	CHARGES FOR SERVICES - GENERAL GOVERNMENT	FINES AND FORFEITS	INTEREST	MISC. REVENUES
1995-1996	\$ 22,315,871	\$ 4,875,198	\$ 10,282,592	\$ 4,085,515	\$ 818,973	\$ 138,962	\$ 815,288	\$ 1,299,343
1996-1997	22,333,542	5,068,244	10,805,100	4,123,321	774,949	177,722	662,748	721,458
1997-1998	25,550,305	5,405,878	13,468,054	3,899,441	590,810	177,973	916,553	1,091,596
1998-1999	29,399,449	5,429,767	14,747,523	6,998,149	700,655	173,843	774,514	574,998
1999-2000	29,220,862	5,820,136	15,225,664	5,267,504	594,010	167,262	1,187,816	958,470
2000-2001	32,249,206	6,113,868	15,686,280	5,251,379	559,169	163,874	1,239,060	3,235,576
2001-2002	31,895,064	6,526,834	16,746,632	6,165,109	570,068	159,989	793,119	933,313
2002-2003	39,623,935	6,752,239	14,656,485	16,034,683	550,469	179,297	268,236	1,182,526
2003-2004	36,978,225	7,137,309	17,474,479	10,376,501	570,841	138,012	165,233	1,115,850
2004-2005	42,198,008	7,492,747	18,668,701	13,453,412	581,887	120,197	325,533	1,555,531

This table includes all governmental funds.

TABLE 5

**CITY OF OWENSBORO
TAX REVENUE BY SOURCE
Last Ten Fiscal Years**

FISCAL YEAR	TOTAL	REAL AND PERSONAL PROPERTY	FRANCHISE	BANK SHARES	BANK DEPOSITS
1995-1996	\$ 4,875,198	\$ 4,509,069	\$ 191,350	\$ 174,779	-
1996-1997	5,068,244	4,710,563	180,131	0	\$ 177,550
1997-1998	5,405,878	4,997,656	221,550	0	186,672
1998-1999	5,429,767	5,014,706	163,559	0	251,502
1999-2000	5,820,136	5,349,065	215,224	0	255,847
2000-2001	6,113,868	5,609,223	240,159	0	264,486
2001-2002	6,526,834	6,012,922	243,393	0	270,519
2002-2003	6,752,239	6,185,066	259,571	0	307,602
2003-2004	7,137,309	6,415,266	289,845	0	432,198
2004-2005	7,492,747	6,747,157	372,377	0	373,213

Note: This table includes all governmental funds.

TABLE 6

CITY OF OWENSBORO
PROPERTY TAX LEVIES & COLLECTIONS
Last Ten Fiscal Years

FISCAL YEAR	TOTAL TAX		FINAL ADJUSTED LEVY	COLLECTED WITHIN FISCAL YEAR OF LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
	LEVY FOR FISCAL YEAR	ADJUSTMENTS TO LEVY		AMOUNT	% OF LEVY		AMOUNT	% OF LEVY
1996	\$ 4,875,198	*	\$ 4,875,198	*	*	*	\$ 4,816,617	98.8
1997	4,891,678	\$ 176,566	5,068,244	\$ 4,991,916	98.5	\$ 70,786	5,062,702	99.9
1998	5,230,086	175,792	5,405,878	5,156,506	95.4	244,400	5,400,906	99.9
1999	5,227,568	202,199	5,429,767	5,322,760	98.0	104,249	5,427,009	99.9
2000	5,632,122	188,014	5,820,136	5,685,827	97.7	128,878	5,814,705	99.9
2001	5,879,384	234,484	6,113,868	5,894,785	96.4	211,790	6,106,575	99.9
2002	6,569,149	(42,315)	6,526,834	6,378,460	97.7	141,276	6,519,736	99.9
2003	6,477,380	274,859	6,752,239	6,598,792	97.7	102,398	6,701,190	99.2
2004	6,834,685	302,624	7,137,309	7,024,928	98.4	81,875	7,106,803	99.6
2005	7,135,269	357,478	7,492,747	7,396,847	98.7	n/a	7,396,847	98.7

* Information not available for 1996.

Note: This table includes all governmental funds.

TABLE 7
CITY OF OWENSBORO
ASSESSED & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY ¹	FRANCHISE	BANK SHARES	BANK DEPOSITS	TOTAL	ESTIMATED ACTUAL VALUE ²	PERCENT ASSESSED TO ESTIMATED VALUE
1995-1996	\$ 1,250,240,561	\$ 156,981,328	\$ 66,821,021	\$78,623,054		\$ 1,552,665,964	\$ 1,568,349,459	99.0%
1996-1997	1,298,828,107	173,162,586	66,078,759	-	\$ 710,199,070	2,248,268,522	2,351,745,316	99.6%
1997-1998	1,361,950,549	186,619,757	81,273,053	-	730,689,146	2,360,532,505	2,585,468,242	91.3%
1998-1999	1,494,560,342	195,187,485	61,547,829	-	1,006,008,128	2,757,303,784	2,952,425,301	93.4%
1999-2000	1,605,314,275	247,846,205	83,578,504	-	1,023,387,597	2,960,126,581	3,218,547,651	92.0%
2000-2001	1,703,101,329	245,253,177	97,151,789	-	1,057,944,963	3,103,451,258	3,475,309,359	89.3%
2001-2002	1,813,449,766	269,369,280	98,459,750	-	1,082,074,798	3,263,353,594	3,550,983,236	91.9%
2002-2003	1,858,072,636	259,602,395	102,153,004	-	1,230,406,541	3,450,234,576	3,779,008,298	91.3%
2003-2004	1,907,097,401	225,651,953	102,110,806	-	1,728,792,581	3,963,652,741	4,327,131,813	91.6%
2004-2005	2,028,537,916	232,560,600	127,509,107	-	1,492,852,832	3,881,460,455	4,120,446,343	94.2%

¹Assessment on motor vehicles are not included as the State of Kentucky collects the taxes when vehicles are licensed.

²Source: Kentucky Department of Revenue - Research Division

TABLE 8

**CITY OF OWENSBORO
AD VALOREM TAX RATES
DIRECT & OVERLAPPING GOVERNMENTS
Per \$100 of Net Assessed Valuation
Last Ten Fiscal Years**

REAL PROPERTY:

Year	DIRECT	OVERLAPPING							TOTAL CITY RESIDENT ¹	
	City	City Schools	County Schools	State	County	Health	Extension	Library	City School	County School
1995-1996	0.2726	0.6280	0.4800	0.1670	0.1310	0.0250	0.0060	0.0400	1.2696	1.1216
1996-1997	0.2726	0.6550	0.4800	0.1630	0.1310	0.0250	0.0060	0.0400	1.2926	1.1176
1997-1998	0.2726	0.6610	0.4800	0.1570	0.1310	0.0250	0.0090	0.0400	1.2956	1.1146
1998-1999	0.2535	0.6580	0.4730	0.1530	0.1310	0.0250	0.0090	0.0395	1.2690	1.0840
1999-2000	0.2535	0.6640	0.4860	0.1480	0.1310	0.0250	0.0090	0.0405	1.2710	1.0930
2000-2001	0.2472	0.6460	0.4770	0.1480	0.1280	0.0250	0.0090	0.0390	1.2422	1.0732
2001-2002	0.2472	0.6690	0.4900	0.1360	0.1280	0.0350	0.0090	0.0400	1.2642	1.0852
2002-2003	0.2541	0.6640	0.5070	0.1350	0.1280	0.0350	0.0090	0.0410	1.2661	1.1091
2003-2004	0.2612	0.6970	0.5250	0.1330	0.1300	0.0350	0.0090	0.0560	1.3212	1.1492
2004-2005	0.2586	0.7010	0.5330	0.1310	0.1340	0.0350	0.0090	0.0660	1.3346	1.1666

PERSONAL PROPERTY:

Year	DIRECT	OVERLAPPING							TOTAL CITY RESIDENT ¹	
	City	City Schools	County Schools	State	County	Health	Extension	Library	City School	County School
1995-1996	0.2907	0.6280	0.4800	0.4500	0.1720	0.0250	0.0060	0.0400	1.6117	1.4637
1996-1997	0.2907	0.6550	0.4800	0.4500	0.1680	0.0250	0.0060	0.0400	1.6347	1.4597
1997-1998	0.2726	0.6610	0.4800	0.4500	0.1680	0.0250	0.0090	0.0400	1.6256	1.4446
1998-1999	0.2726	0.6580	0.4800	0.4500	0.1680	0.0250	0.0090	0.0405	1.6231	1.4451
1999-2000	0.2592	0.6640	0.4860	0.4500	0.1510	0.0250	0.0090	0.0450	1.6032	1.4252
2000-2001	0.2472	0.6460	0.4830	0.4500	0.1470	0.0250	0.0090	0.0395	1.5637	1.4007
2001-2002	0.2472	0.6690	0.4900	0.4500	0.1470	0.0350	0.0090	0.0400	1.5972	1.4182
2002-2003	0.2541	0.6640	0.5070	0.4500	0.1470	0.0350	0.0090	0.0411	1.6002	1.4432
2003-2004	0.2946	0.6970	0.5250	0.4500	0.1638	0.0350	0.0090	0.0462	1.6965	1.5245
2004-2005	0.3091	0.7020	0.5330	0.4500	0.1638	0.0350	0.0090	0.0570	1.7259	1.5569

The Kentucky Revised Statutes state that property tax revenue cannot exceed, excluding new property, 4% of the previous year property tax revenue on real property.

¹City residents can be in the City or County School Tax District.

TABLE 9

**CITY OF OWENSBORO
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years**

FISCAL YEAR	POPULATION	ASSESSED VALUE ¹	GROSS BONDED DEBT	DEBT PAYABLE FROM POLICE & FIREFIGHTERS' RETIREMENT FUND ²	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1995-1996	54,274	\$ 1,552,665,964	\$3,778,273	\$ 3,778,273		0.00	0.00
1996-1997	54,149	2,248,268,522	3,685,910	3,685,910		0.00	0.00
1997-1998	54,041	2,360,532,505	3,588,560	3,588,560		0.00	0.00
1998-1999	54,200	2,757,303,784	3,486,199	3,486,199		0.00	0.00
1999-2000	54,010	2,960,126,581	4,513,788	3,378,788	\$ 1,135,000	0.04	21.01
2000-2001	54,067	3,103,451,258	7,831,264	3,261,264	4,570,000	0.15	84.52
2001-2002	54,119	3,263,353,594	17,613,561	3,138,561	14,475,000	0.44	267.47
2002-2003	54,176	3,450,234,576	16,625,627	3,010,627	13,615,000	0.39	251.31
2003-2004	54,312	3,963,652,741	15,804,646	3,207,000	12,597,646	0.32	231.95
2004-2005	54,900	3,881,460,455	15,042,913	3,001,000	12,041,913	0.31	219.34

Sources: Bureau of the Census Count

¹Taxes were collected on motor vehicles by the State when licensed and the assessments are not included.

²These amounts include the general obligation bonds that are being repaid from the Police & Firefighters' Retirement Fund.

TABLE 10
CITY OF OWENSBORO
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt limit	\$ 165,007,986	\$ 163,802,315	\$ 173,466,186	\$ 185,829,906	\$ 204,667,058	\$ 216,097,480	\$ 230,545,940	\$ 234,476,604	\$ 236,619,486	\$ 252,127,162
Total net debt applicable to limit	-	-	-	-	-	4,570,000	14,475,000	13,615,000	13,092,955	12,504,430
Legal debt margin	<u>\$ 165,007,986</u>	<u>\$ 163,802,315</u>	<u>\$ 173,466,186</u>	<u>\$ 185,829,906</u>	<u>\$ 204,667,058</u>	<u>\$ 211,527,480</u>	<u>\$ 216,070,940</u>	<u>\$ 220,861,604</u>	<u>\$ 223,526,531</u>	<u>\$ 239,622,732</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	2.11%	6.28%	5.81%	5.53%	4.96%

Legal Debt Margin Calculation for Fiscal Year 2005

Net assessed value	\$2,388,607,623
Add exemption	<u>132,664,000</u>
Total assessed value	\$2,521,271,623
Debt limit - 10% of total assessed value ¹	252,127,162
Amount of debt applicable to debt limit:	
Total general bonded debt	\$ 18,482,913
Less: Revenue Bonds	3,440,000
Amount available for repayment of general obligation bonds	<u>2,538,483</u>
Total debt applicable to limitation	<u>\$ 239,622,732</u>
Legal debt margin	

¹Section 158 of the Commonwealth of Kentucky Constitution states:

"Cities shall not be authorized or permitted to incur indebtedness to an amount, including existing indebtedness, in the aggregate exceeding the following named maximum percentages on the value of the taxable property therein, to be estimated by the assessment next before the last assessment previous to the incurring of the indebtedness. Cities of the first and second class, and of the third class having a population exceeding fifteen hundred, ten per centum."

TABLE 11

**CITY OF OWENSBORO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2005**

	NET DEBT OUTSTANDING ¹	PERCENT APPLICABLE TO CITY OF OWENSBORO ²	CITY OF OWENSBORO SHARE OF OVERLAPPING	CITY OF OWENSBORO DIRECT AND OVER- LAPPING DEBT
Jurisdiction:				
City of Owensboro	\$ 19,441,119	100.0		\$ 19,441,119
Owensboro Independent Schools	5,600,705	100.0	\$ 5,600,705	5,600,705
Daviess County	16,633,927	58.7	9,764,115	9,764,115
Daviess County Schools	<u>52,255,000</u>	45.4	<u>23,723,770</u>	<u>23,723,770</u>
Total	<u><u>\$ 93,930,751</u></u>		<u><u>\$ 39,088,590</u></u>	<u><u>\$ 58,529,709</u></u>

Note: This table includes all debt for which the City is directly or contingently liable should the outstanding entity's revenue not be sufficient to retire the debt. This table excludes debt which is to be retired by the City's enterprise funds or component units through rates.

¹Gross general bonded debt less reserves.

²Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Owensboro.

TABLE 12

CITY OF OWENSBORO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT¹ TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years

FISCAL YEAR	PRINCIPAL	INTEREST	DEBT SERVICE	TOTAL GENERAL EXPENDITURES ²	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
1995-1996				\$ 27,652,203	0.0
1996-1997				28,771,169	0.0
1997-1998				28,558,248	0.0
1998-1999				37,184,729	0.0
1999-2000	\$ 105,000	\$ 53,286	\$ 158,286	37,844,841	0.4
2000-2001	105,000	53,286	154,021	41,385,713	0.4
2001-2002	525,000	147,800	672,800	37,900,245	1.8
2002-2003	860,000	608,518	1,468,518	49,071,811	3.0
2003-2004	955,000	805,294	1,760,294	36,789,354	4.8
2004-2005	985,000	652,163	1,637,163	45,319,265	3.6

¹General obligation bonds reported in the pension funds have been excluded.

²Note: Includes General Fund, Special Revenue Funds, Capital Projects Fund and Debt Service Fund.

TABLE 13

CITY OF OWENSBORO
 PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
 Last Ten Fiscal Years

FISCAL YEAR	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION		PROPERTY VALUES		BANK DEPOSITS ¹
	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	COMMERCIAL	RESIDENTIAL	(IN THOUSANDS)
1995-1996	175	\$ 60,944,425	632	\$ 21,924,119	\$ 452,759,103	\$ 849,521,524	\$ 775,362
1996-1997	177	55,964,910	416	14,447,515	490,609,618	874,147,461	710,199
1997-1998	169	55,867,479	459	16,075,465	505,798,711	992,805,451	730,689
1998-1999	180	32,134,175	581	23,522,242	586,281,791	1,019,894,884	1,006,008
1999-2000	182	53,976,832	961	42,703,287	609,493,366	1,102,829,818	1,023,388
2000-2001	144	52,839,775	1,175	52,432,144	662,141,043	1,157,111,350	1,057,945
2001-2002	59	23,878,553	490	42,670,773	672,041,458	1,190,857,378	1,082,075
2002-2003	51	59,545,833	605	47,129,245	687,928,895	1,225,877,598	1,230,407
2003-2004	61	29,109,892	567	46,811,446	740,661,854	1,314,318,302	1,728,793
2004-2005	80	41,246,729	453	36,104,355	789,625,905	1,390,498,802	1,492,853

¹Source: Owensboro Banking Institutions.

TABLE 14

**CITY OF OWENSBORO
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years**

FISCAL YEAR	POPULATION ^{1&5}	PERSONAL INCOME (AMOUNT EXPRESSED IN THOUSANDS)	PER CAPITA INCOME ⁴	SCHOOL ENROLLMENT ²	UNEMPLOYMENT RATE ³
1995-1996	54,274	\$ 1,079,293	\$ 19,886	4,300	5.9%
1996-1997	54,149	1,138,104	21,018	4,260	5.9%
1997-1998	54,041	1,163,611	21,532	4,145	5.0%
1998-1999	54,200	1,215,218	22,421	4,055	4.8%
1999-2000	54,010	1,233,426	22,837	4,000	4.8%
2000-2001	54,205	1,267,476	23,383	3,902	5.0%
2001-2002	54,338	1,317,044	24,238	3,861	5.2%
2002-2003	54,418	1,365,620	25,095	3,910	5.8%
2003-2004	54,417	1,361,187	25,014	3,849	5.9%
2004-2005	54,900	1,426,577	25,985	3,978	6.1%

Sources:

¹Annual Survey of Buying Power

²Board of Education; represents elementary and secondary public schools

³Kentucky Department for Employment Services

⁴U.S. Department of Commerce, Bureau of Economic Analysis

⁵United States Census Estimates

Table 15

**City of Owensboro
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years**

	<u>Full-time Equivalent Employees as of June 30</u>									
Function	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:										
General government ¹	51	50	54	55	59	66	66	68	69	74
Public safety	246	247	257	257	257	257	259	246	252	264
Public works	74	69	66	68	79	80	79	81	80	83
Community and cultural	13	13	13	16	13	15	14	12	12	13
Total Governmental Activities	<u>384</u>	<u>379</u>	<u>390</u>	<u>396</u>	<u>408</u>	<u>418</u>	<u>418</u>	<u>407</u>	<u>413</u>	<u>434</u>
Business-type activities:										
Sanitation ²	37	33	30	39	46	45	47	47	47	47
Other enterprise funds ³	22	22	23	30	94	90	93	94	94	96
Total business-type activities	<u>59</u>	<u>55</u>	<u>53</u>	<u>69</u>	<u>140</u>	<u>135</u>	<u>140</u>	<u>141</u>	<u>141</u>	<u>143</u>
 Total primary government	 <u>443</u>	 <u>434</u>	 <u>443</u>	 <u>465</u>	 <u>548</u>	 <u>553</u>	 <u>558</u>	 <u>548</u>	 <u>554</u>	 <u>577</u>

Source: Government Budget

¹Added part-time couriers and part-time customer service 2001

²Temporary leaf rakers added in 2000

³Temporary employees not included in employee counts until 2000

Table 16

**City of Owensboro
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2005</u>			<u>1996</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Owensboro Medical Health System	2,400	1	5.37%	1,552	1	3.29%
Owensboro Public Schools	825	2	1.85%	770	2	1.63%
Texas Gas	683	3	1.53%	527	5	1.12%
Wal-Mart	662	4	1.48%	392	9	0.83%
Owensboro Community & Technical Colleges	661	5	1.48%			
US Bank Home Mortgage	656	6	1.47%			
Toyotetsu Mid-America	522	7	1.17%			
Field Packing Company	516	8	1.15%	523	6	1.11%
Commonwealth of Kentucky	471	9	1.05%	585	4	1.24%
Unilever Foods North America	420	10	0.94%			
Mercy Hospital				694	3	1.47%
General Electric Motor Plant				500	7	1.06%
Executive Inn Rivermont				433	8	0.92%
MPD. Inc				384	10	0.81%
Total	<u>7,816</u>		<u>17.49%</u>	<u>6,360</u>		<u>13.48%</u>

Source - Chamber of Commerce

TABLE 17

**CITY OF OWENSBORO
PRINCIPAL TAXPAYERS
For the year ended June 30, 2005**

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION ¹	PERCENTAGE OF TOTAL ASSESSED VALUATION
BellSouth Telecommunications	Telephone	\$ 31,726,392	1.33%
Towne Square Development	Mall Developer	26,021,000	1.09%
Texas Gas Transmission	Gas Company	24,857,306	1.04%
Western Kentucky Gas	Gas Company	21,721,771	0.91%
Adelphia Cable	Cable TV	21,512,700	0.90%
Unifirst Corporation	Manufacturer	19,633,298	0.82%
Dana Corporation	Manufacturer	16,710,948	0.70%
Field Packing Company	Manufacturer	16,617,599	0.70%
Barton Brands	Manufacturer	16,320,837	0.68%
BB&T	Bank	14,273,806	0.60%
		<u>\$ 209,395,657</u>	<u>8.77%</u>

Total Assessed Valuation (excluding bank deposits) = \$2,388,607,623

¹Source: Daviess County Property Valuation Office

TABLE 18
CITY OF OWENSBORO
SCHEDULE OF INSURANCE IN FORCE
For the year ended June 30, 2005

NAME OF COMPANY	POLICY NUMBER	POLICY PERIOD		TYPE OF INSURANCE/ DETAILS OF COVERAGE	LIABILITY COVERAGE	ANNUAL PREMIUM	
		FROM	TO			8/1/2003 to 8/1/2004	8/1/2004 to 8/1/2005
Employers Risk Services	FSA1190	1/1/2005	1/1/2006	Workers' Compensation	As per KY Statutes	\$29,478.00	\$30,241.00
Specialty National Insurance Co.	3XZ12259700	8/7/2004	8/7/2005	General Liability	\$2,000,000 per occurrence; no deductible	\$311,080.00	\$362,002.00
Specialty National Insurance Co.	3XZ12259700	8/7/2004	8/7/2005	Public Officials Liability Errors and Omissions	\$2,000,000 per occurrence; no deductible	Included in General Liability	Included in General Liability
Specialty National Insurance Co.	3XZ12259700	8/7/2004	8/7/2005	Law Enforcement Liability	\$2,000,000 per occurrence; no deductible	Included in General Liability	Included in General Liability
Specialty National Insurance Co.	3XZ12259700	8/7/2004	8/7/2005	Automobile Fleet	Automobile liability \$2,000,000 per occurrence; no deductible; automobile physical damage - actual cash value; deductible per vehicle schedule	Included in General Liability	Included in General Liability
Ohio Casualty Company	2848204	8/7/2004	8/7/2005	Faithful Performance Bond (employees)	\$100,000; \$400,000 on City Manager and Finance Director	\$1,644.30	\$1,644.30
Ohio Casualty Company	3016435	8/7/2004	8/7/2005	Highway and Street Permit Bond	\$10,000	\$152.25	\$152.25
Ohio Casualty Company	3078130	8/7/2004	8/7/2005	City Transit - Gas Tax Bond	\$5,000	\$76.13	\$76.13
Specialty National Insurance Co.	3XZ12259700	8/7/2004	8/7/2005	Boiler and Machinery	\$32,000,000	Included in General Liability	Included in General Liability
Specialty National Insurance Co.	3XZ12259700	8/7/2004	8/7/2005	Property, computer and contractor equipment, leased/rented equipment	Property \$44,626,320/occurrence; Inland Marine \$3,664,673/occurrence; flood \$5,000,000/occurrence; earth movement \$10,000,000/occurrence; rental coverage \$1,000,000/occurrence; terrorism damage \$15,000,000/occurrence	Included in General Liability	Included in General Liability

TABLE 19

**CITY OF OWENSBORO
CITY EMPLOYEES' PENSION FUND
TEN YEAR COMPARATIVE SUMMARY OF NET ASSETS
AVAILABLE FOR BENEFITS AND TOTAL ACTUARIAL PRESENT
VALUE OF CREDITED PROJECTED BENEFITS OR
PENSION BENEFIT OBLIGATION**

YEAR	NET ASSETS AVAILABLE FOR BENEFITS	TOTAL ACTUARIAL PRESENT VALUE OF CREDITED BENEFITS	PENSION BENEFIT OBLIGATION	ACTUARIAL ACCRUED LIABILITY	PERCENTAGE
¹ 1996	\$ 6,543,131			\$ 4,932,205	132.7
² 1997	6,946,952			4,748,921	146.3
¹ 1998	7,481,195			4,870,435	153.6
² 1999	7,612,144			5,329,294	142.8
¹ 2000	7,608,027			5,265,859	144.5
² 2001	6,931,736			5,129,507	135.1
¹ 2002	6,042,623			4,722,724	127.9
² 2003	5,630,953			4,446,421	126.6
¹ 2004	5,757,018			4,530,556	127.1
² 2005	5,658,096			4,400,114	128.6

¹1996, 1998, 2000, 2002 and 2004 are years of actuarial studies.

²1997, 1999, 2001, 2003 and 2005 are based on actuarial updates as of that year.

TABLE 20
CITY OF OWENSBORO
CITY EMPLOYEES' PENSION FUND
TEN YEAR COMPARATIVE SUMMARY OF UNFUNDED (EXCESS)
ACTUARIAL PRESENT VALUE OF CREDITED PROJECTED BENEFITS OR
PENSION BENEFIT OBLIGATION
AND ANNUAL ACTIVE MEMBER PAYROLL

YEAR	UNFUNDED (EXCESS) ACTUARIAL PRESENT VALUE OF CREDITED PROJECTED BENEFITS	UNFUNDED (EXCESS) PENSION BENEFIT OBLIGATION	UNFUNDED (EXCESS) ACTUARIAL ACCRUED LIABILITY	ANNUAL ACTIVE MEMBER PAYROLL	PERCENTAGE
¹ 1996			\$ (1,610,926)	\$ 36,573	4404.7
² 1997			(2,198,031)	37,598	5846.1
¹ 1998			(2,610,761)	41,067	6357.3
² 1999			(2,282,850)	44,042	5183.3
¹ 2000			(2,342,168)	44,410	5274.0
² 2001			(1,802,229)	45,677	3945.6
¹ 2002			(1,319,899)	50,326	2622.7
² 2003			(1,184,532)	-	n/a
¹ 2004			(1,226,462)	-	n/a
² 2005			(1,257,982)	-	n/a

¹1996, 1998, 2000, 2002 and 2004 are years of actuarial studies.

²1997, 1999, 2001, 2003 and 2005 are based on actuarial updates as of that year.

TABLE 21

**CITY OF OWENSBORO
CITY EMPLOYEES' PENSION FUND
TEN YEAR COMPARATIVE SUMMARY OF ACTUARIAL
VALUES AND PERCENTAGE COVERED BY NET ASSETS
AVAILABLE FOR BENEFITS**

YEAR	MEMBER CONTRIBUTION	CURRENT RETIREES & BENEFICIARIES	ACTIVE MEMBERS EMPLOYERS PART	AVAILABLE FOR BENEFITS	PERCENT OF ACTUARY VALUE COVERED BY NET ASSETS AVAILABLE FOR BENEFITS		
¹ 1996	\$ 17,512	\$ 4,843,176	\$ 71,517	\$ 6,543,131	100.0	100.0	100.0
² 1997	19,016	4,637,748	92,158	6,946,952	100.0	100.0	100.0
¹ 1998	20,659	4,729,181	120,595	7,481,195	100.0	100.0	100.0
² 1999	22,421	5,204,647	124,647	7,612,144	100.0	100.0	100.0
¹ 2000	24,197	5,090,829	150,833	7,608,027	100.0	100.0	100.0
² 2001	26,024	5,129,507	154,934	6,931,736	100.0	100.0	100.0
¹ 2002	-	4,722,724	-	6,042,623	100.0	100.0	100.0
² 2003	-	4,446,421	-	5,630,953	100.0	100.0	100.0
¹ 2004	-	4,530,556	-	5,757,018	100.0	100.0	100.0
² 2005	-	4,400,114	-	5,658,096	100.0	100.0	100.0

¹1996, 1998, 2000, 2002 and 2004 are years of actuarial studies.

²1997, 1999, 2001, 2003 and 2005 are based on actuarial updates as of that year.

TABLE 22

**CITY OF OWENSBORO
CITY EMPLOYEES' PENSION FUND
TEN YEAR COMPARATIVE SUMMARY OF REVENUES
BY SOURCE AND EXPENSES BY TYPE**

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Operating Revenues:										
Members contribution (net of refunds)	\$ -	\$ -	\$ -	\$ 2,013	\$ 1,827	\$ 1,776	\$ 1,762	\$ 1,643	\$ 1,504	\$ 1,463
Employer's contribution:										
City of Owensboro	-	-	-	4,630	4,202	4,086	4,052	3,778	3,459	3,364
Owensboro Municipal Utilities	-	-	-	-	-	-	-	-	-	-
Employer's contribution as a percentage of covered payroll	n/a	n/a	n/a	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
Investment income	152,131	141,507	166,231	217,757	237,330	258,964	288,856	285,710	312,167	308,252
Gain (loss) on sale of investments	-	-	-	-	-	-	-	-	274,340	922,472
Net appreciation (depreciation) in market value of investments	295,678	544,026	3,280	(517,152)	(278,628)	390,404	465,824	841,513	434,426	(521,118)
	<u>\$ 447,809</u>	<u>\$ 685,533</u>	<u>\$ 169,511</u>	<u>\$ (292,752)</u>	<u>\$ (35,269)</u>	<u>\$ 655,230</u>	<u>\$ 760,494</u>	<u>\$ 1,132,644</u>	<u>\$ 1,025,896</u>	<u>\$ 714,433</u>
Operating expenses:										
Retirement benefits	\$ 546,731	\$ 559,468	\$ 581,181	\$ 596,361	\$ 641,022	\$ 659,347	\$ 629,545	\$ 598,401	\$ 622,075	\$ 604,130

TABLE 23

**CITY OF OWENSBORO
POLICE AND FIREFIGHTERS' RETIREMENT FUND
TEN YEAR COMPARATIVE SUMMARY OF NET ASSETS
AVAILABLE FOR BENEFITS AND TOTAL ACTUARIAL PRESENT
VALUE OF CREDITED PROJECTED BENEFITS OR
PENSION BENEFIT OBLIGATION**

YEAR	NET ASSETS AVAILABLE FOR BENEFITS	TOTAL ACTUARIAL PRESENT VALUE OF CREDITED BENEFITS	PENSION BENEFIT OBLIGATION	ACTUARIAL ACCRUED LIABILITY	PERCENTAGE
¹ 1996	\$ 11,115,815			\$ 10,769,816	103.2
² 1997	11,631,502			11,282,132	103.1
¹ 1998	12,364,855			11,909,917	103.8
² 1999	12,472,082			11,857,908	105.2
¹ 2000	11,856,795			11,974,964	99.0
² 2001	9,816,037			11,387,018	86.2
¹ 2002	7,925,502			11,307,678	70.1
² 2003	6,843,756			10,819,643	63.3
¹ 2004	6,413,342			10,784,539	59.5
² 2005	5,682,475			10,271,819	55.3

¹1996, 1998, 2000, 2002 and 2004 are years of actuarial studies.

²1997, 1999, 2001, 2003 and 2005 are based on actuarial updates as of that year.

TABLE 24

**CITY OF OWENSBORO
POLICE AND FIREFIGHTERS' RETIREMENT FUND
TEN YEAR COMPARATIVE SUMMARY OF UNFUNDED (EXCESS)
ACTUARIAL PRESENT VALUE OF CREDITED PROJECTED BENEFITS OR
PENSION BENEFIT OBLIGATION AND ANNUAL ACTIVE MEMBER PAYROLL**

YEAR	UNFUNDED (EXCESS) ACTUARIAL PRESENT VALUE OF CREDITED PROJECTED BENEFITS	UNFUNDED (EXCESS) PENSION BENEFIT OBLIGATION	UNFUNDED (EXCESS) ACTUARIAL ACCRUED LIABILITY	ANNUAL ACTIVE MEMBER PAYROLL	PERCENTAGE
¹ 1996			\$ (345,999)	\$103,077	335.7
² 1997			(349,370)	82,955	421.16
¹ 1998			(454,938)	0	N/A
² 1999			(614,174)	0	N/A
¹ 2000			118,169	0	N/A
² 2001			1,570,981	0	N/A
¹ 2002			3,382,176	0	N/A
² 2003			3,975,887	0	N/A
¹ 2004			4,371,197	0	N/A
² 2005			4,589,344	0	N/A

¹1996, 1998, 2000, 2002 and 2004 are years of actuarial studies.

²1997, 1999, 2001, 2003 and 2005 are based on actuarial updates as of that year.

TABLE 25

**CITY OF OWENSBORO
POLICE AND FIREFIGHTERS' RETIREMENT FUND
TEN YEAR COMPARATIVE SUMMARY OF ACTUARIAL
VALUES AND PERCENTAGE COVERED BY NET ASSETS
AVAILABLE FOR BENEFITS**

YEAR	MEMBER CONTRIBUTION	CURRENT RETIREEES & BENEFICIARIES	ACTIVE	AVAILABLE FOR BENEFITS	PERCENT OF ACTUARY VALUE COVERED BY NET ASSETS AVAILABLE FOR		
			MEMBERS EMPLOYERS PART		BENEFITS		
¹ 1996	\$ 100,978	\$ 10,340,100	\$ 328,738	\$ 11,115,815	100.0	100.0	100.0
² 1997	-	11,282,132	-	11,631,502	100.0	100.0	100.0
¹ 1998	-	11,909,917	-	12,364,855	100.0	100.0	100.0
² 1999	-	11,857,908	-	12,472,082	100.0	100.0	100.0
¹ 2000	-	11,974,964	-	11,856,795	100.0	99.0	100.0
² 2001	-	11,387,018	-	9,816,037	100.0	86.2	100.0
¹ 2002	-	11,307,678	-	7,925,502	100.0	70.1	100.0
² 2003	-	10,819,643	-	6,843,756	100.0	63.3	100.0
¹ 2004	-	10,784,539	-	6,413,342	100.0	59.5	100.0
² 2005	-	10,271,819	-	5,682,475	100.0	55.3	100.0

¹1996, 1998, 2000, 2002 and 2004 are years of actuarial studies.

²1997, 1999, 2001, 2003 and 2005 are based on actuarial updates as of that year.

TABLE 26

**CITY OF OWENSBORO
POLICE AND FIREFIGHTERS' RETIREMENT FUND
TEN YEAR COMPARATIVE SUMMARY OF REVENUES
BY SOURCE AND EXPENSES BY TYPE**

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Operating Revenues:										
Members contribution (net of refunds)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,636	\$ 10,403
Employer's contribution	-	-	-	-	-	-	-	-	16,757	20,963
Employer's contribution as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	20.2%
Investment income	235,919	229,609	286,166	396,076	496,548	548,038	651,990	681,687	639,063	695,940
Gain (loss) on sale of investments	-	-	-	-	-	-	-	-	599,357	1,888,060
Net appreciation (depreciation) in market value of investments	419,432	895,005	(12,196)	(1,034,405)	(829,108)	194,336	981,587	1,881,816	1,085,453	(1,000,713)
	<u>\$ 655,351</u>	<u>\$ 1,124,614</u>	<u>\$ 273,970</u>	<u>\$ (638,329)</u>	<u>\$ (332,560)</u>	<u>\$ 742,374</u>	<u>\$ 1,633,577</u>	<u>\$ 2,563,503</u>	<u>\$ 2,347,266</u>	<u>\$ 1,614,653</u>
Operating expenses:										
Retirement benefits	<u>\$ 1,197,070</u>	<u>\$ 1,240,785</u>	<u>\$ 1,271,057</u>	<u>\$ 1,284,554</u>	<u>\$ 1,291,811</u>	<u>\$ 1,303,237</u>	<u>\$ 1,260,659</u>	<u>\$ 1,255,971</u>	<u>\$ 1,233,010</u>	<u>\$ 1,244,675</u>

TABLE 27

**CITY OF OWENSBORO
MISCELLANEOUS STATISTICAL DATA
For the year ended June 30, 2005**

Date of Incorporation:		1817	
Form of Government:		City Manager, Mayor and Commissioners	
Area-Square Miles:		1995	16.34
		1996	16.48
		1997	16.51
		1998	17.29
		1999	17.38
		2000	17.61
		2001	17.81
		2002	18.08
		2003	18.13
		2004	18.41
Miles of Streets/Paved:			234.23
Miles of Sidewalks:			202.89
Miles of Sanitary Sewers:			272.87
Miles of Storm Sewers:			37.51
Police and Fire Protection	Number of Employees:	109 Policemen, 96 Firefighters	
	Number of Police and Fire Buildings:	1 Police Administration Building; 2 Substations 5 Fire Stations, 1 Training Center	
	Number of Police Vehicular Units:	57 Patrol Cars, 11 unmarked cars, 2 Vans 1 Prisoner Vehicle 1 Three-Wheeler, 4 Four-Wheel Drive SUVs 5 Bicycles, 4 pickup trucks 1 V-Nose Trailer, 1 Blast Trailer	

TABLE 27
CITY OF OWENSBORO
MISCELLANEOUS STATISTICAL DATA, continued
For the year ended June 30, 2005

Education ¹ :	Number of Schools (by type):	4 Elementary Schools (K-4); 1 Elementary School K-6 1 5-6 Center (5-6) 1 Middle School (7-8) 1 High School (9-12) 1 Seven Hills Alternative School (7-12) 1 Mary Kendall Elementary Campus (K-8) 1 Mary Kendall Secondary Campus (9-12)	
	Number of Administrative Personnel:	38	
	Number of Teachers:	219	
	Number of Students:	3,978	
	Average Daily Attendance (by school):	Cravens Elementary	251.4
		Estes Elementary	270.2
		Foust Elementary	275.8
		Newton Parrish Elementary	292.3
		Seven Hills Elementary	121.5
		Sutton Elementary	261.6
		Owensboro 5-6 Center	498.7
		Owensboro Middle	575.9
		Owensboro High	967.1
		Alternative High School Night School	9.0
Water Utility ² :	Number of Users:		24,446
	Annual Consumption:		4,252,054,778
	Miles of Distribution:		281
	Employees:		41

TABLE 27

CITY OF OWENSBORO
 MISCELLANEOUS STATISTICAL DATA, continued
 For the year ended June 30, 2005

Sewer Utility ³ :	Treatment Capacity Westside Plant:	15,000,000 gallons per day	
	Treatment Capacity Eastside Plant:	6,800,000 gallons per day	
	Plant Capacity Westside Plant	35,700,000 gallons	
	Plant Capacity Eastside Plant:	16,000,000 gallons	
	Miles of Collection System:		
	Sanitary Sewers	140.1	
	Combination Sewers	132.77	
	Storm Sewers	38.45	
	Employees:	74	
Electric Utility ² :	Number of Street Lights:	10,797	
	Number of Traffic Signals:	110	
	Employees:	189	
Election ⁴ :	Number of Registered Voters:	approx. 35,900	
	Number of Votes Cast In Last General Election (City and fringe):	21,418	
Population ⁵ :	Census Population Count for Last Five Census	1980/81	54,449
		1985	55,550
		1990	53,549
		1995	54,290
		2000	54,010
Survey of Buying Power ⁶ :	Retail Sales:	1995	\$ 598,314,000
		1996	685,305,000
		1997	719,708,000
		1998	774,915,000
		1999	766,230,000
		2000	888,750,000
		2001	800,963,000
		2002	745,634,000
		2003	757,577,000
2004	779,335,000		

TABLE 27

**CITY OF OWENSBORO
MISCELLANEOUS STATISTICAL DATA, continued
For the year ended June 30, 2005**

	Per Median Household EBI	1995	\$33,056
	(Effective Buying Income):	1996	24,751
		1997	26,062
		1998	27,416
		1999	27,998
		2000	29,510
		2001	28,052
		2002	29,579
		2003	29,580
		2004	30,415
Recreation and Culture:	Parks, No. of Facilities and Acres:	20 Parks, 378 Acres	
	Number of Playgrounds:	14	
	Number of Golf Courses:	One 9-hole	
	Number of Swimming Pools:	2	
	Number of Other Recreation Facilities:	1 Meeting Center (English Park Center) 1 Recreation Center 16 Ball Diamonds (Softball and Baseball) 1 Art Museum 1 History & Science Museum 1 Ice Rink (Indoor) 1 Softball Complex 9 Basketball Courts 3 Closed Pavilions 9 Open Pavilions 4 Youth Football Fields 13 Youth Soccer Fields 5 Jogging/Walking Paved Trails 1 Plaza/Pavilion 1 Amphitheater (English Park) 25 Tennis Courts	

TABLE 27

**CITY OF OWENSBORO
MISCELLANEOUS STATISTICAL DATA, continued
For the year ended June 30, 2005**

1 Performing Arts Center
1 Senior Center
1 Public Boat Ramp
2 Sand Volleyball
1 Sports Arena (5,000 Seating - Indoor)
1 Skate Park
3 Nature Trails
2 Sprayparks
1 Greenbelt

Sources:

- ¹ Owensboro Board of Education
- ² Owensboro Municipal Utilities
- ³ Regional Water Resource Agency
- ⁴ Daviess County Court Clerk
- ⁵ Census Report
- ⁶ Sales & Marketing Management

APPENDIX D

Statement of Indebtedness of the City

(f) Leases entered into under KRS 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases.....	\$-0-
(g) Bonds issued in the case of an emergency, when the public health or safety should so require.....	\$-0-
(h) Bonds issued to fund a floating indebtedness.....	\$2,538,483
TOTAL EXEMPT OBLIGATIONS.....	\$419,341,357

5. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (3 minus 4) is..... \$16,001,119

6. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 5 above, does not exceed 10% of the assessed valuation of all the taxable property in the City.

7. The current tax rate of the City, for other than school purposes, upon the value of the taxable property therein is .2580 which does not exceed the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.

8. The issuance of the bonds, notes or other obligations set forth in 3 hereof will not cause the tax rate set forth in 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.

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

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of March, 2006.

/S/ J. T. Fulkerson
Finance Director

PECK, SHAFFER & WILLIAMS LLP
BOND ATTORNEYS
Covington, Kentucky

APPENDIX E

Form of Final Approving Legal Opinion of Bond Counsel

[Date of Delivery]

City of Owensboro, Kentucky
Owensboro, Kentucky

Gentlemen:

We have examined the transcript submitted relating to the issue of \$_____ General Obligation Public Project Bonds, Series 2006 (the "Bonds") of the City of Owensboro, Kentucky (the "Issuer"), dated March 1, 2006, numbered R-1 upward and of the denomination of \$5,000 and any integral multiple thereof. The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

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

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

2. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds 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 Bonds 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 for individuals and corporations. 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 Bonds.

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

The Issuer has designated the Bonds 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 Issuer and others contained in the transcript which we have not independently verified. It is to be understood that the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and to the exercise of judicial discretion.

Very truly yours,

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$4,100,000*

**City of Owensboro, Kentucky
General Obligation Public Project Bonds, Series 2006**

SALE: March 1, 2006 at 10:00 A.M., C.S.T.

As duly advertised, the City of Owensboro, Kentucky (the "City") will, until the 1st day of March, 2006, at the hour of 10:00 A.M., C.S.T., at the office of the Finance Director, City Hall, 101 East 4th Street, Owensboro, Kentucky 42302, receive sealed competitive bids for the bonds herein described (the "Bonds"). To be considered, a proposal for the purchase of such Bonds must be submitted on an Official Bid Form and must be delivered to the Finance Director at the address indicated on the date of sale no later than the hour indicated. 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 Resolution") adopted by the City of Owensboro, Kentucky (the "City") on February 20, 2006. 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 for the purpose of (i) financing the costs of the construction of road improvements on Frederica Street, West Fifth Street and Baker Street, the construction of public park improvements at Jack Hicks Field and the City's softball complex, and the construction of stormwater system improvements, including the Harsh, Locust Street and Goetz drainage projects; and (ii) paying the costs of issuance of the Bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds will bear interest from March 1, 2006, payable on the first day of each March and September, commencing September 1, 2006.

The Bonds are scheduled to mature in each of the years as follows:

<u>Maturities</u> <u>March 1</u>	<u>Amount*</u>	<u>Maturities</u> <u>March 1</u>	<u>Amount*</u>
2007	\$145,000	2017	\$200,000
2008	150,000	2018	210,000
2009	155,000	2019	220,000
2010	160,000	2020	225,000
2011	165,000	2021	235,000
2012	170,000	2022	245,000
2013	175,000	2023	255,000
2014	180,000	2024	265,000
2015	190,000	2025	275,000
2016	195,000	2026	285,000

*Preliminary; subject to Permitted Adjustment.

The Bonds maturing on and after March 1, 2017 shall be subject to optional redemption prior to their maturity on any date on or after March 1, 2016, in whole or in part, in inverse order of maturity and by lot within a maturity, at the election of the City upon 45 days' written notice to the Paying Agent and Registrar (as hereinafter defined) at a redemption prices equal to the par amount thereof, plus accrued interest to the date of redemption.

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

The Huntington National Bank, Cincinnati, Ohio, 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 are required to be submitted on the Official Bid Form in order to provide for uniformity in submission of bids and ready determination of the best bid. Bids may alternatively be submitted electronically via PARITY®. Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The 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 PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the 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 PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form. Official Bid Forms, together with a Preliminary Official Statement, may be obtained at the office of the Financial Advisor, First Kentucky Securities Corporation, 305 Ann Street, Suite 400, Frankfort, Kentucky 40602, Attention Stan Kramer (502) 875-4611.
- (B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$4,038,500 (98.50% of par), plus accrued interest from March 1, 2006, to the date of delivery, PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.
- (C) Bidders must name an interest rate or rates in a multiple of 1/8 or 1/20 of 1%, which rates must be on an ascending scale, in that the rate on the applicable series of Bonds in any maturity is not less than the rate on the applicable series of Bonds for any preceding

maturity and all Bonds of the same maturity and series shall bear the same and a single interest rate from the date thereof to maturity.

- (D) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for exactly \$4,100,000 principal amount of Bonds offered for sale hereunder; but the City may adjust the principal amount of Bonds which may be awarded to such best bidder upward or downward by \$300,000 (the "Permitted Adjustment") to a minimum of \$3,800,000 or a maximum of \$4,400,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$1,000 of Bonds as the price per \$1,000 for the Bonds bid.
- (E) Bidders have the option of specifying that all the Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of Bonds scheduled to mature in the latest of such year and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts of such term Bonds scheduled in the year of maturity of the term Bonds, which principal amount shall mature in that year.
- (F) CUSIP identification numbers will be printed on the Bonds. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.
- (G) A reasonable quantity of Official Statements will be supplied to the Purchaser.
- (H) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer to the order of the City an amount equal to 2% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within 45 days from the date the bid is accepted.
- (I) Unless the successful purchaser notifies the City in writing within twenty-four hours of the award of the Bonds that it has elected (at such purchaser's expense) to take physical delivery of the Bonds, The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. If issued in the book-entry only system, they will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner

entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

- (J) The City reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest 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 Peck, Shaffer & Williams LLP, Covington, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX TREATMENT.
- (K) Bidders are advised that First Kentucky Securities Corporation has been employed as Financial Advisor in connection with the issuance of the Bonds. Their fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. They may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.
- (L) As required by the Code, the purchasers of the Bonds will be required to certify to the City as to certain of their activities regarding any reoffering to the public of the Bonds, including any reoffering prices. This information from the purchasers of the Bonds shall also be made available to the Financial Advisor immediately after the sale of the Bonds.
- (M) 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 from Moody's Investors Service, Inc.

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 Agreement dated as of March 1, 2006 with The Huntington National Bank (the "Disclosure Agreement"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

- (i) to each nationally recognized municipal securities information repository ("NRMSIR") and, if one is established for the Commonwealth, to its state information depository ("SID"), certain annual financial information and operating data, including audited financial statements prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in "Appendix A," and "Appendix C" of the Official Statement ("Financial Data"); such information shall be provided within 210 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2006; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person;
- (ii) to each nationally recognized municipal securities information repository or to the Municipal Securities Rulemaking Board and to the SID, if any, 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) The cure of any payment or nonpayment related default.
- (iii) in a timely manner, to each NRMSIR or to the MSRB and to the SID, 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 Agreement.

The Disclosure Agreement 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 Agreement does not constitute an event of default under the Bond Resolution. The Disclosure Agreement 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; and
- (c) there are no liquidity providers applicable to the Bonds.

The City has entered into numerous disclosure agreements under the Rule, relative to all the financings undertaken. To the best of the City's knowledge, the City is in compliance with the continuing disclosure undertaking contained in such existing agreements.

TAX TREATMENT

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 is excludable from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. 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 Peck, Shaffer & Williams LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal and 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.

For example, although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will not be a specific item of tax preference for the alternative minimum tax, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers, including, 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 Railroad Retirement benefits under Section 86 of the Code and limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any 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 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/ Tom Watson

Mayor, City of Owensboro, Kentucky

32968\1

OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$4,100,000 of General Obligation Public Project Bonds, Series 2006, dated March 1, 2006 (the "Bonds") offered for sale by the City of Owensboro, Kentucky (the "City") in accordance with the Notice of Bond Sale, as advertised in The Courier-Journal, published in Louisville, Kentucky and the Messenger-Inquirer, published in Owensboro, Kentucky, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$4,100,000 principal amount of the Bonds, the total sum of \$ _____ (not less than \$4,038,500) plus accrued interest from March 1, 2006, at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>
March 1, 2007	\$145,000	_____%	March 1, 2017	\$200,000	_____%
March 1, 2008	150,000	_____%	March 1, 2018	210,000	_____%
March 1, 2009	155,000	_____%	March 1, 2019	220,000	_____%
March 1, 2010	160,000	_____%	March 1, 2020	225,000	_____%
March 1, 2011	165,000	_____%	March 1, 2021	235,000	_____%
March 1, 2012	170,000	_____%	March 1, 2022	245,000	_____%
March 1, 2013	175,000	_____%	March 1, 2023	255,000	_____%
March 1, 2014	180,000	_____%	March 1, 2024	265,000	_____%
March 1, 2015	190,000	_____%	March 1, 2025	275,000	_____%
March 1, 2016	195,000	_____%	March 1, 2026	285,000	_____%

*Subject to Permitted Adjustment.

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

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

Bids may be telephoned to (270) 687-8524 or faxed to (270) 687-8526 at the offices of the City of Owensboro, Kentucky, attention: Mr. J.T. Fulkerson.

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

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

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

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

Respectfully submitted,

Bidder

Address

By: _____
Signature

Total interest cost from March 1, 2006 to final maturity	\$ _____
Plus discount	\$ _____
Net interest cost (Total interest cost plus discount)	\$ _____
Average interest rate or cost (i.e. N.I.C.)	_____ %

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

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

<u>MATURING</u> <u>MARCH 1</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURING</u> <u>MARCH 1</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
2007	_____	_____ %	2017	_____	_____ %
2008	_____	_____ %	2018	_____	_____ %
2009	_____	_____ %	2019	_____	_____ %
2010	_____	_____ %	2020	_____	_____ %
2011	_____	_____ %	2021	_____	_____ %
2012	_____	_____ %	2022	_____	_____ %
2013	_____	_____ %	2023	_____	_____ %
2014	_____	_____ %	2024	_____	_____ %
2015	_____	_____ %	2025	_____	_____ %
2016	_____	_____ %	2026	_____	_____ %

Dated: March 1, 2006

Mayor,
City of Owensboro, Kentucky