

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 23, 2022

**BOOK-ENTRY ONLY
NEW ISSUE**

**S&P: “AA-”
(See “Rating” herein)**

In the opinion of Bond Counsel for the Bonds, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the Issuer, and subject to the conditions and limitations set forth herein under the caption “TAX TREATMENT,” (i) interest on the 2022 Taxable First Series C Bonds is not excludable from gross income for federal income tax purposes, (ii) interest on the 2022 First Series D Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax, (iii) interest on the 2022 First Series C/D Bonds is exempt from Kentucky income tax, and (iv) the 2022 First Series C/D Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

\$3,325,000*

**KENTUCKY BOND CORPORATION
FINANCING PROGRAM REVENUE BONDS
2022 TAXABLE FIRST SERIES C**

and

\$13,275,000*

**KENTUCKY BOND CORPORATION
FINANCING PROGRAM REVENUE BONDS
2022 FIRST SERIES D**

Dated: Date of Initial Issuance

Due: See Inside Cover

Interest on the above-captioned 2022 Taxable First Series C Bonds (the “2022 Taxable First Series C Bonds”) will be payable from the dated date on each February 1 and August 1, commencing February 1, 2023, and the 2022 Taxable First Series C Bonds mature on the dates, in the principal amounts, bear interest at the rates per annum, have the yields, and have the CUSIP numbers as depicted on the inside cover page. Interest on the above-captioned 2022 First Series D Bonds (the “2022 First Series D Bonds” and, together with the 2022 Taxable First Series C Bonds, the “2022 First Series C/D Bonds”) will be payable from the dated date on each February 1 and August 1, commencing February 1, 2023, and the 2022 First Series D Bonds mature on the dates, in the principal amounts, bear interest at the rates per annum, have the yields, and have the CUSIP numbers as depicted on the inside cover page.

Under the Kentucky Interlocal Cooperation Act, described herein, certain public agencies have entered into an agreement (the “Interlocal Agreement”) as a joint and cooperative action to provide a financing program (the “Program”) for public agencies that are or become parties to the Interlocal Agreement (the “Participants”). The Interlocal Agreement provides for the creation of the Kentucky Bond Corporation (the “Issuer”), a nonprofit, non-stock public corporation and an agency and instrumentality of each Participant, to issue bonds on behalf of the Participants, provided such bonds are payable solely from the revenue derived from the joint and cooperative action and do not constitute an indebtedness of the Commonwealth of Kentucky (the “Commonwealth”) or any of the Participants, except to the extent that a Participant enters into a Financing Agreement, described herein, under the Program. The 2022 First Series C/D Bonds are special and limited obligations of the Issuer.

The 2022 First Series C/D Bonds are payable from (i) payments made to The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky (the “Trustee”) under certain Financing Agreements, as further described herein, executed by the Participants under the Program and (ii) other funds and investment earnings thereon pledged under a Trust Indenture (the “Indenture”) between the Issuer and the Trustee and available for such payment, including a Debt Service Reserve Fund. Under the Indenture, additional bonds (together with the 2022 First Series C/D Bonds, collectively, the “Bonds”) have been and may be issued on a parity basis with the 2022 First Series C/D Bonds. See “THE BONDS – Source of Payment and Security” herein.

The 2022 First Series C/D Bonds are issuable as fully registered bonds in denominations of \$5,000 and integral multiples thereof. The 2022 First Series C/D Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. Purchases will be made in book-entry form only, except as permitted by the Indenture. Purchasers of 2022 First Series C/D Bonds will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the 2022 First Series C/D Bonds, as nominee of DTC, interest together with the principal of and redemption premium, if any, on the 2022 First Series C/D Bonds will be paid directly to DTC by the Trustee.

The 2022 First Series C/D Bonds are subject to optional [and mandatory] redemption prior to maturity as described herein.

The 2022 First Series C/D Bonds are offered subject to prior sale, when, as, and if issued by the Issuer, subject to the approving legal opinion Dinsmore & Shohl LLP, Covington, Kentucky, Bond Counsel, and certain other conditions. It is expected that the 2022 First Series C/D Bonds will be available for delivery in New York, New York, on or about July 21, 2022.

The date of this Official Statement is June __, 2022.



*Indicates preliminary, subject to change throughout.

This Preliminary Official Statement and information contained herein are subject to change, completion, or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$3,325,000*
KENTUCKY BOND CORPORATION
FINANCING PROGRAM REVENUE BONDS
2022 TAXABLE FIRST SERIES C

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2023	\$ 40,000			49120F __	2033	\$165,000			49120F __
2024	120,000			49120F __	2034	175,000			49120F __
2025	120,000			49120F __	2035	180,000			49120F __
2026	125,000			49120F __	2036	190,000			49120F __
2027	130,000			49120F __	2037	200,000			49120F __
2028	135,000			49120F __	2038	210,000			49120F __
2029	140,000			49120F __	2039	220,000			49120F __
2030	145,000			49120F __	2040	230,000			49120F __
2031	150,000			49120F __	2041	240,000			49120F __
2032	160,000			49120F __	2042	250,000			49120F __

\$13,275,000*
KENTUCKY BOND CORPORATION
FINANCING PROGRAM REVENUE BONDS
2022 FIRST SERIES D

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2023	\$30,000			49120F __	2038	\$ 90,000			49120F __
2024	50,000			49120F __	2039	90,000			49120F __
2025	50,000			49120F __	2040	95,000			49120F __
2026	50,000			49120F __	2041	105,000			49120F __
2027	60,000			49120F __	2042	550,000			49120F __
2028	60,000			49120F __	2043	860,000			49120F __
2029	60,000			49120F __	2044	895,000			49120F __
2030	65,000			49120F __	2045	930,000			49120F __
2031	65,000			49120F __	2046	975,000			49120F __
2032	65,000			49120F __	2047	1,015,000			49120F __
2033	65,000			49120F __	2048	1,060,000			49120F __
2034	70,000			49120F __	2049	1,110,000			49120F __
2035	80,000			49120F __	2050	1,160,000			49120F __
2036	80,000			49120F __	2051	1,210,000			49120F __
2037	90,000			49120F __	2052	2,190,000			49120F __

** CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. Copyright© Global Systems. The CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the 2022 First Series C/D Bonds. Neither the Underwriters nor the Issuer is responsible for the selection or use of the CUSIP numbers and no representation is made as to their correctness on the 2022 First Series C/D Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2022 First Series C/D Bonds as a result of various subsequent actions, including, without limitation, a refunding, in whole or in part, of such maturity or as to the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2022 First Series C/D Bonds.

This Official Statement does not constitute an offering of any securities other than the original offering of the 2022 First Series C/D Bonds identified on the cover hereof. No dealer, broker, salesman, or any other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering described herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the Financial Advisor, or the Underwriters. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the 2022 First Series C/D Bonds, by or to any person in any jurisdiction where such offer or sale of such securities would be unlawful. Neither the delivery of this Official Statement nor the sale of the 2022 First Series C/D Bonds implies that information herein is correct as of any time subsequent to the date hereof.

Information herein has been obtained from the Issuer, the Participants, the Trustee, and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation by, the Underwriters (other than the information under “UNDERWRITING”).

UPON ISSUANCE, THE 2022 FIRST SERIES C/D BONDS WILL NOT BE REGISTERED BY THE ISSUER UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, 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 WILL HAVE PASSED UPON THE ADEQUACY OF THIS OFFICIAL STATEMENT OR, OTHER THAN THE ISSUER (TO THE EXTENT DESCRIBED HEREIN), APPROVED THE 2022 FIRST SERIES C/D BONDS FOR SALE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH TEND TO STABILIZE OR MAINTAIN THE MARKET PRICE FOR THE 2022 FIRST SERIES C/D BONDS ABOVE THE LEVELS WHICH WOULD OTHERWISE PREVAIL. SUCH ACTIVITIES, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IS NOT INTENDED TO BE USED, AND CANNOT BE USED, BY A PURCHASER OF THE 2022 FIRST SERIES C/D BONDS FOR THE PURPOSE OF AVOIDING FEDERAL TAX PENALTIES. EACH PURCHASER OF THE 2022 FIRST SERIES C/D BONDS IS URGED TO CONTACT AN INDEPENDENT TAX ADVISOR CONCERNING AN INVESTMENT IN THE 2022 FIRST SERIES C/D BONDS.

KENTUCKY BOND CORPORATION

Joe Davenport, Councilmember
LaGrange, Kentucky

Rick Skinner, Mayor
Williamstown, Kentucky

Lisa Morgan, Chief Financial Officer
Fulton, Kentucky

George Steele, Mayor
Grayson, Kentucky

Mike Hughes, Mayor
Auburn, Kentucky

Brian Traugott, Mayor
Versailles, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
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BOND COUNSEL

Dinsmore & Shohl LLP
Covington, Kentucky

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Louisville, Kentucky

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\$3,325,000*
KENTUCKY BOND CORPORATION
FINANCING PROGRAM REVENUE BONDS
2022 TAXABLE FIRST SERIES C

AND

\$13,275,000*
KENTUCKY BOND CORPORATION
FINANCING PROGRAM REVENUE BONDS
2022 FIRST SERIES D

INTRODUCTORY STATEMENT

This Official Statement, including the Appendices hereto, is provided to furnish certain information regarding the (i) Financing Program Revenue Bonds, 2022 Taxable First Series C (the “2022 Taxable First Series C Bonds”), issued in the aggregate principal amount of \$3,325,000* by the Kentucky Bond Corporation (the “Issuer”) and (ii) Financing Program Revenue Bonds, 2022 First Series D (the “2022 First Series D Bonds” and, together with the 2022 Taxable First Series C Bonds, the “2022 First Series C/D Bonds”), issued in the aggregate principal amount of \$13,275,000* by the Issuer. The 2022 First Series C/D Bonds are special and limited obligations of the Issuer as described under the heading “SECURITY AND SOURCE OF PAYMENT.”

The 2022 First Series C/D Bonds are being issued under a General Trust Indenture dated as of July 1, 2010 (the “General Trust Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”), a 2022 Taxable First Series C Trust Indenture dated as of July 1, 2022 (the “2022 Taxable First Series C Trust Indenture”), and a 2022 First Series D Trust Indenture dated as of July 1, 2022 (the “2022 First Series D Trust Indenture” and, together with the 2022 Taxable First Series C Trust Indenture and the General Trust Indenture, the “Indenture”), between the Issuer and the Trustee. Under the Indenture, additional bonds (together with the 2022 First Series C/D Bonds, the “Bonds”) have been and may be issued on a parity basis with the 2022 First Series C/D Bonds. Brief descriptions of the Issuer, the purpose of the Issuer, the 2022 First Series C/D Bonds, the Program, the Indenture and related documents, and certain other matters are included herein and in the Appendices and such descriptions do not purport to be comprehensive or definitive. All statements made herein with respect to the documents described or summarized herein are qualified in their entirety by reference to the documents themselves, copies of all of which are available for inspection at the corporate trust office of the Trustee, 4695 U.S. Highway 42, Suite 1000, Louisville, Kentucky 40222 and at the office of the Financial Advisor, RSA Advisors, LLC, 147 East Third Street, Lexington, Kentucky 40508, Telephone (800) 255-0795, Attention: Joe Lakofka.

The proceeds of the 2022 Taxable First Series C Bonds will be used for the purpose of (i) funding Financing Agreements, described herein, between participating public agencies (the “Participants”) and the Issuer and (ii) paying the fees and costs of issuing the 2022 Taxable First Series C Bonds.

The proceeds of the 2022 First Series D Bonds will be used for the purpose of (i) funding Financing Agreements, described herein, between the Participants and the Issuer and (ii) paying the fees and costs of issuing the 2022 First Series D Bonds.

The 2022 First Series C/D Bonds are being issued under the Indenture and pursuant to authority of the Act and a resolution duly adopted by the Board of Directors (the “Board”) of the Issuer. A summary of the Indenture is set forth in APPENDIX C, attached hereto. In addition to the words and terms defined elsewhere in this Official Statement, certain words and terms are defined under “Definitions” in APPENDIX C, attached hereto.

THE 2022 FIRST SERIES C/D BONDS

General

The 2022 First Series C/D Bonds will be issued solely as fully registered bonds, in authorized denominations of \$5,000 and integral multiples thereof and dated their date of delivery. The 2022 First Series C/D Bonds will accrue interest from the dated date, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2023, at the rates set forth on the inside cover page of this Official Statement. The 2022 First Series C/D Bonds will mature, subject to redemption prior to maturity as described below under “Redemption of 2022 First Series C/D Bonds,” on February 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement.

The 2022 First Series C/D Bonds will initially be issued solely in book-entry only form. See “Book-Entry Only System” below. If the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds are no longer held in a book-entry only system, the principal of and redemption premium (if any) on the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds will be payable at the corporate trust office or other designated office of the Trustee, as Paying Agent, and payments of interest due on each 2022 Taxable First Series C Bond or 2022 First Series D Bond will be made by check mailed on each Interest Payment Date to the Owner of that 2022 Taxable First Series C Bond or 2022 First Series D Bond as of the close of business on the Record Date at such Owner’s address as it appears on the registration books maintained by the Trustee, as Registrar, except that Owners of 2022 Taxable First Series C Bonds or 2022 First Series D Bonds in an aggregate principal amount of \$1,000,000 or more will receive payment of interest by wire transfer on each Interest Payment Date upon supplying the Paying Agent with a wire address.

Book-Entry Only System

The 2022 First Series C/D Bonds will initially be issued solely in book-entry form to be held in the book-entry only system maintained by The Depository Trust Company (“DTC”), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of 2022 First Series C/D Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of beneficial ownership interests, each as described in APPENDIX D, attached hereto, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the 2022 First Series C/D Bonds under the Indenture. For additional information about DTC and the book-entry only system see “APPENDIX D – Book-Entry Only System.”

Revision of Book-Entry System; Replacement 2022 First Series C/D Bonds

If DTC determines not to continue to act as securities depository for the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds, the Indenture provides for the issuance and delivery of fully registered 2022 Taxable First Series C Bonds (the “Replacement 2022 Taxable First Series C Bonds”) or 2022 First Series D Bonds (the “Replacement 2022 First Series D Bonds” and, together with the Replacement 2022 Taxable First Series C Bonds, the “Replacement 2022 First Series C/D Bonds”) directly to Owners other than DTC.

Upon occurrence of such event, the Issuer may attempt to establish a securities depository book-entry relationship with another securities depository. If the Issuer does not do so or is unable to do so and after the Trustee has notified the Owners of book-entry interests with respect to the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds by appropriate notice to DTC, the Issuer will issue and the Trustee will authenticate and deliver Replacement 2022 Taxable First Series C Bonds or Replacement 2022 First Series D Bonds with a minimum denomination of \$5,000 to the assignees of DTC or its nominee.

If the book-entry only system is discontinued, the principal or redemption price of and interest on the 2022 First Series C/D Bonds will be payable in the manner described above under “THE BONDS – General,” and the following provisions will apply. The 2022 First Series C/D Bonds may be transferred or exchanged for one or more of the applicable series of 2022 First Series C/D Bonds in different authorized denominations upon surrender thereof at the designated office of the Trustee, as Registrar, or at the designated office of any Paying Agent (initially, the Trustee) by the registered owners or their duly authorized attorneys or legal representatives. Upon surrender of any 2022 First Series C/D Bonds to be transferred or exchanged, the Registrar will record the transfer or exchange in its registration books, and the Issuer will execute, and the Registrar or Authenticating Agent shall authenticate and deliver, new 2022 First Series C/D Bonds of the applicable series, appropriately registered and in appropriate authorized denominations. Neither the Issuer, the Registrar, nor any Paying Agent shall be required to transfer or exchange (i) any 2022 First Series C/D Bond during a period beginning fifteen business days before the day of the mailing of a notice of redemption of the 2022 First Series C/D Bond of the applicable series and ending at the close of business on the day of such mailing or (ii) any 2022 First Series C/D Bond all or part of which has been selected for redemption.

Redemption of 2022 First Series C/D Bonds

Optional Redemption. The 2022 Taxable First Series C Bonds maturing on and after February 1, 2028 are subject to optional redemption on any date on and after February 1, 2027, in whole or in part, in such order of maturity as may be selected by the Issuer and by lot within a maturity, at a redemption price equal to the principal amount of 2022 Taxable First Series C Bonds to be redeemed, plus accrued interest to the date of redemption, without premium. The 2022 First Series D Bonds maturing on and after February 1, 2031 are subject to optional redemption on any date on and after February 1, 2030, in whole or in part, in such order of maturity as may be selected by the Issuer and by lot within a maturity, at a redemption price equal to the principal amount of 2022 First Series D Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

[Mandatory Sinking Fund Redemption. The 2022 Taxable First Series C Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years, and in the principal amounts as follows:

<u>Maturing February 1, 20__</u>		<u>Maturing February 1, 20__</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
February 1, ____		February 1, ____	
February 1, ____		February 1, ____	
February 1, ____*		February 1, ____*	
* Maturity		* Maturity	

The 2022 First Series D Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years, and in the principal amounts as follows:

<u>Maturing February 1, 20__</u>		<u>Maturing February 1, 20__</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
February 1, ____		February 1, ____	
February 1, ____		February 1, ____	
February 1, ____*		February 1, ____*	
* Maturity		* Maturity	

Selection of 2022 First Series C/D Bonds to be Redeemed. At least thirty days, but not more than sixty days, before the redemption date for any 2022 Taxable First Series C Bonds or 2022 First Series D Bonds, the Trustee shall cause a notice of redemption to be mailed, by regular United States first-class mail, postage prepaid, to DTC or, if DTC is no longer serving as securities depository for the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds, to the substitute securities depository, or if none, to all registered owners of the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds to be redeemed at their registered addresses. Failure to mail any notice or any defect therein in respect of any 2022 First Series C/D Bond shall not affect the validity of the redemption of other 2022 First Series C/D Bonds. Any such notice received by DTC will be forwarded by DTC to the appropriate DTC Participants and then provided by such DTC Participants to the Beneficial Owners in accordance with standing instructions from the respective Beneficial Owners or customary practice.

Notice of Redemption. Each notice of redemption shall state that the notice of redemption is given subject to the condition that such notice is revocable and that the redemption of the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds will be effected only if, on the date set for redemption, the Trustee shall have sufficient funds on deposit to pay the redemption price of the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds so selected for optional redemption. If such funds are not received by the Trustee, such redemption notice will be of no further force and effect and the Trustee will give notice, in the same manner in which the notice of redemption was given, that such funds were not so received and that such 2022 Taxable First Series C Bonds or 2022 First Series D Bonds have not been redeemed.

THE ISSUER AND PURPOSE

The Program and the Issuer

Under the Interlocal Cooperation Act, as set forth in Sections 65.210 to 65.300 of the Kentucky Revised Statutes (“KRS”), certain public agencies have entered into an Interlocal Cooperation Agreement dated as of May 1, 2010 (the “Interlocal Agreement”) as a joint and cooperative action to provide a financing program (the “Program”) for public agencies that are or become parties to the Interlocal Agreement (the “Participants”).

The Program consists of a system for funding, financing, or refinancing various governmental purposes, including, but not limited to, (i) a floating indebtedness, the cost of providing a public service if the governing body determines that an emergency exists and the public health or safety so requires, unfunded liabilities, a reserve for past or future liabilities or casualties, or one or more final judgments, including settlements of claims approved by a court, all as provided in KRS Section 66.051; (ii) a “public project” for any “governmental agency,” as those terms are defined in KRS Section 58.010; (iii) “buildings” or “industrial buildings,” as those terms are defined in KRS Section 103.200; (iv) short term borrowing, as provided in KRS Section 65.7701 et seq.; (v) the construction or acquisition of personal or real property for any public purpose, as provided in KRS Section 65.940 et seq.; (vi) public buildings, as provided in KRS Sections 162.340 to 162.380; (vii) the cost of constructing or acquiring any additions, extensions, and necessary appurtenances under KRS Chapter 74; (viii) the cost of any waterworks, electric plant, or other public improvement under KRS Chapter 96; (ix) district facilities under KRS Chapter 76; (x) public property, sites, and buildings under KRS Chapter 160 and KRS Chapter 162; and (xi) any similar governmental funding, financing, or refinancing for any public agency, including any related financing costs, reserve funds, capitalized interest, and other related costs and contingencies with respect thereto.

In order to provide funding for the Program, the Interlocal Agreement provides for the creation of the Issuer, a nonprofit, non-stock public corporation and an agency and instrumentality of each Participant, pursuant to the provisions of KRS Sections 273.161 to 273.390 and KRS Section 58.180, to issue bonds on behalf of the Participants. The Issuer is not a political subdivision of the Commonwealth, but is an agency

and instrumentality acting on behalf of the Participants. The Issuer's bonds must be payable solely from the revenue derived from the joint and cooperative action and must not constitute an indebtedness of any of the Participants, except to the extent that a Participant enters into a Financing Agreement under the Program. The 2022 First Series C/D Bonds are special and limited obligations of the Issuer.

The members of the Board of Directors of the Issuer are also members of the Board of Trustees of the Kentucky League of Cities Funding Trust (the "Funding Trust") and are appointed in the same manner as members of the Funding Trust Board of Trustees. The Board of the Issuer has six members who serve until they resign or become unable to serve. Vacancies on the Board of the Issuer are filled by action of the Kentucky League of Cities. At the time of their appointment, each member of the Board of the Issuer must be an elected official of a Kentucky city. The Board of the Issuer has no assets, liabilities, or activities at the present time, other than the assets and liabilities related to Bonds.

Under the Program, the Issuer will issue Bonds under the Indenture from time to time. The Issuer, by a resolution adopted on June 29, 2022, authorized the issuance of the 2022 First Series C/D Bonds. Additional Series of Bonds have previously been issued under the Indenture, see "SECURITY AND SOURCE OF PAYMENT – Outstanding Bonds" for information regarding Outstanding Bonds. The Indenture also authorizes the issuance of, and there have previously been issued, Financing Program Revenue Bonds, Second Series (the "Second Series Bonds") and additional Financing Program Revenue Bonds, Third Series (the "Third Series Bonds") to provide funds for deposit in the Debt Service Reserve and the Supplemental Debt Service Reserve.

The Program Administrator

The Kentucky League of Cities, Inc. ("KLC"), the sponsor of the Program, the Issuer, and the Funding Trust, is a nonprofit corporation duly created and existing under Kentucky law and an organization whose income is exempt from federal income taxation under Section 115(1) of the Internal Revenue Code of 1986, as amended (the "Code"). KLC represents the needs of city governments in legislative matters and offers a variety of services to promote the progress of city government in Kentucky.

KLC will serve as the Program Administrator. KLC is a voluntary association of cities created in 1927 to assist municipal officials in representing the interests of cities and to provide services to members which will foster improved municipal government in Kentucky.

KLC offers an array of financing programs to assist cities with capital projects and purchases. Beginning with a dedicated bond pool of \$17 million in 1987, KLC has continued to offer financing programs to its members. KLC was instrumental in establishing the Funding Trust as a vehicle for providing financing programs. A 1989 bond issue by the City of Danville, Kentucky provided KLC with a \$153 million lease pool, which contained a provision enabling KLC to use lease payments to finance additional leases. A 1996 bond issue by the City of Mayfield provided an additional \$98 million pool. A 2000 bond issue by the City of Jeffersontown provided an additional \$45 million pool. A 2002 bond issue by the City of Newport provided an additional \$45 million pool. A 2002 bond issue by the City of Fort Mitchell provided an additional \$45 million pool. A 2004 bond issue by the City of Morehead provided an additional \$45 million pool. A 2006 bond issue by the City of Richmond provided an additional \$45 million pool. A 2009 bond issue by the City of Williamstown provided an additional \$45 million pool. In excess of \$460 million in leases have been originated under these pools.

THE PARTICIPANTS

Each Participant has entered into to the Interlocal Agreement that created the Issuer. Through the issuance of the Bonds from time to time, the Issuer is acting on behalf of each respective Participant. Each

Participant has entered into a Financing Agreement; see “SECURITY AND SOURCE OF PAYMENT – Financing Agreements.”

The Participants and their respective obligations to pay principal are listed in APPENDIX A, attached hereto. Certain Project, demographic, and financial information regarding each Participant that is receiving proceeds of the 2022 First Series C/D Bonds is set forth in APPENDIX B, attached hereto. Financial statements and additional information for all current Participants can be found at <http://www.kybondcorp.org>.

SECURITY AND SOURCE OF PAYMENT

Special and Limited Obligations

The 2022 First Series C/D Bonds are not general obligations of the Issuer or any Participant, except to the extent of a Participant’s obligations under its Financing Agreement, but are special and limited obligations payable solely from the Trust Estate. The 2022 First Series C/D Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory debt limitation or restriction and do not constitute a pledge of the credit or any revenues of the Issuer. The Issuer has no taxing power.

Financing Agreements

Certain proceeds of the Bonds are advanced to Participants pursuant to Financing Agreements between the Issuer and each of the Participants under the terms prescribed in the Indenture. Under the terms of the Financing Agreements, repayment schedules are established to enable the Issuer to meet the principal and interest requirements of the related Bonds. However, no Participant is responsible for the failure of any other Participant to pay its obligations under their respective Financing Agreement.

Forms of the Financing Agreements are set forth in the Indenture and include a General Obligation Lease, a Revenue Lease, a Renewable Revenue Lease, a Participant Bond, and a Participant Note. See “APPENDIX C – Definitions and Summaries of Documents – Financing Agreements” for a description of the forms of the Financing Agreements.

Statutory Lien

Section 66.400 of the Kentucky Revised Statutes (the “Municipal Bankruptcy Law”) permits a political subdivision, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, (a) 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 (b) to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision.

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

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

Debt Service Reserve; Supplemental Debt Service Reserve; Surplus Fund

The Indenture establishes a Debt Service Reserve to further secure all Bonds Outstanding from time to time. The Issuer is required to maintain an amount on deposit in the Debt Service Reserve equal to the Debt Service Reserve Requirement. The Debt Service Reserve Requirement is the amount required to maintain the current rating on all First Series Bonds, including the 2022 First Series C/D Bonds, from Moody's, if Moody's is then rating the First Series Bonds, and from S&P, if S&P is then rating the First Series Bonds.

The Indenture establishes a Supplemental Debt Service Reserve to further secure all Bonds Outstanding from time to time. The Issuer is required to maintain an amount on deposit in the Supplemental Debt Service Reserve equal to the Supplemental Debt Service Reserve Requirement. The Supplemental Debt Service Reserve Requirement is the amount required to maintain the current rating on all First Series Bonds and Second Series Bonds, including the 2022 First Series C/D Bonds, from Moody's, if Moody's is then rating the First Series Bonds and the Second Series Bonds, and from S&P, if S&P is then rating the First Series Bonds and the Second Series Bonds. Amounts on deposit in the Supplemental Debt Service Reserve are required to be transferred to the Debt Service Reserve at any time the amount on deposit in the Debt Service Reserve is less than the Debt Service Reserve Requirement. Any interest earned or sums realized as a result of investment of moneys in the Supplemental Debt Service Reserve in Investment Obligations will accrue to, and be a part of, the Supplemental Debt Service Reserve and then transferred to the Debt Service Fund to pay debt service on (i) the Second Series Bonds, so long as the amount on deposit in the Supplemental Debt Service Reserve is no less than the Supplemental Debt Service Reserve Requirement after any transfer to the Debt Service Fund for the payment of debt service on the Second Series Bonds and, thereafter, (ii) the Third Series Bonds, so long as the amount on deposit in the Supplemental Debt Service Reserve is no less than the Supplemental Debt Service Reserve Requirement after any transfer to the Debt Service Fund for the payment of debt service on the Third Series Bonds.

The Indenture also creates a Surplus Fund, into which certain amounts will be deposited after payment of debt service on the Bonds, and payment of certain Fiduciary Fees. Amounts on deposit in the Surplus Fund may be used to pay debt service on the Bonds. Amounts in the Surplus Fund may also be transferred to the Debt Service Reserve and Supplemental Debt Service Reserve, if amounts therein are less than the Debt Service Reserve Requirement or Supplemental Debt Service Reserve Requirement, respectively. In addition, amounts in the Surplus Fund may be transferred to the Corporation on any February 1 so long as the current rating on the First Series Bonds or the Second Series Bonds from Moody's, if Moody's is then rating such Bonds, and from S&P, if S&P is then rating such Bonds, would not be lowered or withdrawn.

As of the date of issuance of the 2022 First Series C/D Bonds the amount on deposit in the Debt Service Reserve is \$9,635,087.50, the amount on deposit in the Supplemental Debt Service Reserve is \$1,670,000, the amount of Second Series Bonds Outstanding is \$670,000, and the amount of Third Series Bonds Outstanding is \$1,000,000.

The Leases with certain Participants that have Financing Agreements dated on or after September 28, 2012 (the "Reserve Fund Related Participants"), as shown in APPENDIX A, attached hereto, receive a credit for their proportionate share of the proceeds of Bonds dated the date of their respective Leases that are deposited in the Debt Service Reserve Fund (the "Related Reserve Fund Deposit") and investment earnings on that amount. To provide such credit, there will be transferred, to the applicable Participant Payment Accounts, each Reserve Fund Related Participant's Related Reserve Fund Deposit (plus accrued investment earnings but less any earnings required to be rebated to the United States Treasury), on the February 1 preceding their respective final principal payment dates, as shown in APPENDIX A, attached hereto.

Second Series Bonds

Proceeds of outstanding Second Series Bonds were deposited in the Supplemental Debt Service Reserve. Second Series Bonds are secured by the Trust Estate, provided that the lien with respect to Second Series Bonds is subordinate and inferior to the lien on the Trust Estate with respect to First Series Bonds. Second Series Bonds cannot mature or be redeemed prior to the latest maturity date for any Outstanding First Series Bonds unless the Issuer provides the Trustee with confirmation that such redemption will not cause the existing rating by S&P on the First Series Bonds to be lowered or withdrawn.

Third Series Bonds

Proceeds of outstanding Third Series Bonds were deposited in the Supplemental Debt Service Reserve. The Third Series Bonds, are secured by the Trust Estate, provided that the lien with respect to Third Series Bonds is subordinate and inferior to the lien on the Trust Estate with respect to First Series Bonds and Second Series Bonds. Third Series Bonds cannot mature or be redeemed prior to the latest maturity date for any Outstanding First Series Bonds and any Second Series Bonds unless the Issuer provides the Trustee with confirmation that such redemption will not cause the existing rating by S&P on the First Series Bonds and Second Series Bonds to be lowered or withdrawn.

Outstanding Bonds

In addition to the 2022 First Series C/D Bonds, the following Bonds are Outstanding under the Indenture:

	<u>Year of Issue</u>	<u>Amount of Issue</u>	<u>Amount Outstanding</u>	<u>Year of Final Maturity</u>
2010 First Series B Bonds	2010	\$1,050,000	\$1,050,000	2040
2010 First Series D Bonds	2010	740,000	740,000	2044
2010 Third Series A Bonds	2010	200,000	200,000	2050
2011 First Series B Bonds	2011	1,330,000	1,330,000	2051
2012 First Series A Bonds	2012	7,240,000	485,000	2037
2012 First Series B Bonds	2012	505,000	505,000	2041
2012 First Series C Bonds	2012	5,985,000	2,150,000	2032
2012 First Series D Bonds	2012	7,635,000	4,490,000	2033
2012 First Series E Bonds	2012	6,650,000	3,670,000	2038
2012 First Series F Bonds	2012	21,850,000	13,615,000	2039
2012 Second Series A Bonds	2012	420,000	420,000	2036
2012 Second Series B Bonds	2012	250,000	250,000	2044
2012 Third Series A Bonds	2012	100,000	100,000	2052
2013 First Series A Bonds	2013	6,720,000	3,815,000	2040
2013 First Series B Bonds	2013	6,090,000	3,845,000	2040
2014 First Series A Bonds	2014	3,155,000	1,900,000	2041
2014 First Series B Bonds	2014	8,460,000	5,195,000	2041
2014 First Series C Bonds	2014	10,295,000	1,685,000	2024
2014 First Series D Bonds	2014	5,480,000	3,720,000	2040
2014 First Series E Bonds	2014	4,380,000	3,095,000	2040
2014 First Series F Bonds	2014	2,200,000	1,410,000	2031
2015 First Series A Bonds	2015	9,550,000	7,455,000	2038
2015 First Series B Bonds	2015	4,985,000	3,555,000	2035
2016 First Series A Bonds	2016	2,675,000	2,380,000	2037
2016 First Series B Bonds	2016	5,665,000	5,370,000	2042

	<u>Year of Issue</u>	<u>Amount of Issue</u>	<u>Amount Outstanding</u>	<u>Year of Final Maturity</u>
2016 First Series C Bonds	2016	6,090,000	5,475,000	2037
2016 First Series D Bonds	2016	2,550,000	1,965,000	2037
2017 First Series A Bonds	2017	4,050,000	3,615,000	2037
2018 First Series A Bonds	2018	9,505,000	8,660,000	2037
2018 Third Series A Bonds	2018	700,000	700,000	2058
2018 First Series B Bonds	2018	2,160,000	1,915,000	2048
2018 First Series C Bonds	2018	4,180,000	3,420,000	2033
2018 First Series D Bonds	2018	1,910,000	1,680,000	2039
2019 First Series A Bonds	2019	11,070,000	10,840,000	2049
2019 First Series B Bonds	2019	4,800,000	4,150,000	2040
2019 First Series C Bonds	2019	11,855,000	10,955,000	2046
2020 First Series A Bonds	2020	14,575,000	13,145,000	2047
2020 First Series B Bonds	2020	4,255,000	3,745,000	2044
2020 First Series C Bonds	2020	6,940,000	6,625,000	2046
2020 First Series D Bonds	2020	5,575,000	4,830,000	2040
2020 First Series E Bonds	2020	3,280,000	3,270,000	2050
2020 First Series F Bonds	2020	20,550,000	20,010,000	2050
2021 First Series A Bonds	2021	11,390,000	11,185,000	2051
2021 First Series B Bonds	2021	20,285,000	19,815,000	2051
2021 First Series C Bonds	2021	8,580,000	8,475,000	2047
2021 First Series D Bonds	2021	15,785,000	15,740,000	2052
2021 First Series E Bonds	2021	5,940,000	5,925,000	2051
2021 First Series F Bonds	2021	17,255,000	17,255,000	2051
2022 First Series A Bonds	2022	13,160,000	13,160,000	2047
2022 First Series B Bonds	2022	<u>2,860,000</u>	<u>2,860,000</u>	2052
Totals		\$332,910,000	\$271,845,000	

Additional Bonds

In order to provide additional funds for the Program, Bonds may be issued from time to time without limitation as to amount except as provided in the General Trust Indenture and in Series Trust Indentures authorized by the General Trust Indenture (see “Debt Service Reserve” above). All First Series Bonds rank on a parity and equality with one another, and are entitled to the benefit of the continuing pledge and lien created by the General Trust Indenture to secure the full and final payment of the principal of or Redemption Price and interest on the First Series Bonds. Second Series Bonds that are subordinate to the First Series Bonds may also be issued in accordance with the Indenture. Additional Third Series Bonds that are subordinate to the First Series Bonds and the Second Series Bonds may also be issued in accordance with the Indenture.

Impact of the COVID-19 Pandemic

General. The outbreak of a novel strain of coronavirus that can result in a severe respiratory disease, referred to as COVID-19, was first detected in China in December 2019. COVID-19 has since spread across the world, resulting in the death of over 6,320,000 people internationally and more than 1,000,000 people in the United States. In March of 2020, the outbreak of COVID-19 was declared a pandemic (the “COVID-19 Pandemic”) by the World Health Organization, as well as a U.S. national emergency and a statewide emergency in the Commonwealth. The responses of governments, business, and individuals to the COVID-19 Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national, and local economies are experiencing negative effects due to reduced consumer spending

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

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

In December of 2020, the first COVID-19 vaccine, developed by Pfizer-BioNTech, began distribution in the United States and a subsequent vaccine, developed by Moderna, began distribution in late December. A third vaccine, developed by Johnson & Johnson, began distribution in late February of 2021. As of April 5, 2021, all persons age 16 and older are eligible to receive the COVID-19 vaccine, and as of November 3, 2021, all persons age 5 and older are eligible to receive the COVID-19 vaccine. On November 19, 2021, the FDA authorized the use of a Pfizer-BioNTech, Moderna, and Johnson & Johnson booster shot for all individuals 18 years or older, and as of January 3, 2022, all persons age 12 and older are eligible to receive a single booster dose of the Pfizer-BioNTech vaccine. Over 78% of the United States population has received the first dose, nearly 67% have received a second dose, and over 31% have received the recommended booster.

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

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

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

Beginning in May, and concluding on June 11, 2021, most Kentucky regulations and mandates (excluding those for certain higher-risk activities) relating to COVID-19 lapsed. As of June 20, 2022, nearly 58% of Kentucky’s population is considered fully vaccinated.

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

COVID-19 Omicron Variant. The Omicron Variant is a mutation of COVID-19 which was first detected in Botswana and South Africa in October of 2021. In December of 2021, the Omicron Variant became the dominant version of COVID-19 in the United States. Initial research indicates that the Omicron Variant is more contagious than prior versions of the COVID-19 virus but causes less severe illness. Beginning in December of 2021, the United States and the Commonwealth of Kentucky both began seeing an increase in average cases per week, potentially due to the Omicron Variant.

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

The current spread of COVID-19 is altering the behavior of businesses and people in a manner that may have negative effects on economic activity, and therefore adversely affect the financial condition of the Issuer and the Participants, either directly or indirectly.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2022 Taxable First Series C Bonds are expected to be received and applied as follows:

Sources of Funds

Par Amount of 2022 Taxable First Series C Bonds
[Less][Plus] Net Original Issue [Discount][Premium]
Less Underwriter's Discount
Total

Uses of Funds

Deposit to the Program Fund – Participant Disbursement
Accounts
Deposit in the Program Fund – Costs of Issuance Account
Total

The proceeds of the sale of the 2022 First Series D Bonds are expected to be received and applied as follows:

Sources of Funds

Par Amount of 2022 First Series D Bonds
[Less][Plus] Net Original Issue [Discount][Premium]
Less Underwriter's Discount
Total

Uses of Funds

Deposit to the Program Fund – Participant Disbursement
Accounts
Deposit in the Program Fund – Costs of Issuance Account
Total

TAX TREATMENT

Tax Treatment of the 2022 Taxable First Series C Bonds

General

In the opinion of Bond Counsel for the 2022 Taxable First Series C Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, as presently enacted and construed, interest on the 2022 Taxable First Series C Bonds is exempt from income taxation by the Commonwealth of Kentucky and the 2022 Taxable First Series C Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. **HOWEVER, THE 2022 FIRST SERIES C BONDS ARE TAXABLE DEBT INSTRUMENTS FOR FEDERAL INCOME TAX PURPOSES, AND AS SUCH, BOND COUNSEL IS OF THE OPINION THAT INTEREST ON THE 2022 TAXABLE FIRST SERIES C BONDS IS NOT EXCLUDIBLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. OWNERS OF THE 2022 TAXABLE FIRST SERIES C BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF THE 2022 TAXABLE FIRST SERIES C BONDS.**

A copy of the opinion of Bond Counsel for the 2022 Taxable First Series C Bonds is set forth in APPENDIX E-I, attached hereto.

Bond Premium

An Owner that acquires a 2022 Taxable First Series C Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Internal Revenue Code of 1986, as amended (the “Code”), may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond’s term using constant yield principles, based on the purchaser’s yield to maturity. Investors holding any 2022 Taxable First Series C Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Original Issue Discount

If any of the 2022 Taxable First Series C Bonds are issued with original issue discount (“OID”), Section 1272 of the Code requires the current ratable inclusion in income of OID greater than a specified de minimis amount using a constant yield method of accounting. In general, OID is calculated, with regard to any accrual period, by applying the instrument’s yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest allocable to the period. The aggregate OID allocable to an accrual period is allocated to each day included in such period. As a general rule, the owner of a debt instrument must include in income the sum of the daily portions of OID attributable to the number of days the owner owned the instrument. Owners of 2022 Taxable First Series C Bonds purchased at a discount (the “2022 Taxable First Series C Discount Bonds”) should consult their tax advisors (i) with respect to the determination and treatment of OID accrued as of any date, (ii) with respect to when such OID must be recognized as an item of gross income (notwithstanding the general rule described above in this paragraph), and (iii) with respect to the state and local tax consequences of owning such 2022 Taxable First Series C Discount Bonds.

Market Discount

An investor that acquires a 2022 Taxable First Series C Bond for a price less than the adjusted issue price of such bond may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, “market discount” means (i) in the case of a 2022 Taxable First Series C Discount Bond, the amount by which the issue price of such bond, increased by all accrued OID (as if held since the issue date), exceeds the initial tax basis of the Owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (ii) in the case of a 2022 Taxable First Series C Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the Owner therein. Under Section 1276 of the Code, the Owner of such a 2022 Taxable First Series C Bond will generally be required (a) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such Owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (i) on a constant interest basis or (ii) in proportion to the accrual of stated interest or, in the case of a 2022 Taxable First Series C Discount Bond, in proportion to the accrual of OID.

An Owner of a 2022 Taxable First Series C Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the Owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including OID) includable in such Owner’s gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2022 Taxable First Series C Bond for the days during the taxable year on which the Owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2022 Taxable First Series C Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized, in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such Owner in that taxable year or thereafter.

Attention is called to the fact that Treasury Regulations implementing the market discount rules have not yet been issued. Therefore, Owners of any 2022 Taxable First Series C Bonds should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the 2022 Taxable First Series C Bonds should consult their own tax advisors regarding the application of this

tax to interest earned on the 2022 Taxable First Series C Bonds and to gain on the sale of a 2022 Taxable First Series C Bond.

Sales or Other Dispositions

If an Owner of a 2022 Taxable First Series C Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such Owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a 2022 Taxable First Series C Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a 2022 Taxable First Series C Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance

The legal defeasance of the 2022 Taxable First Series C Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such 2022 Taxable First Series C Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

An Owner of a 2022 Taxable First Series C Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2022 Taxable First Series C Bonds, if such Owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such Owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends, or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such Owner is not subject to backup withholding.

Foreign Investors

An Owner of a 2022 Taxable First Series C Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a 2022 Taxable First Series C Bond will generally not be subject to United States income or withholding tax in respect of a payment on a 2022 Taxable First Series C Bond, provided that the Owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the Owner under penalties of perjury, certifying that such Owner is not a United States person, and providing the name and address of such Owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership, or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax will apply to interest paid and original issue discount accruing on 2022 Taxable First Series C Bonds owned by foreign investors. In those instances in which payments of

interest on the 2022 Taxable First Series C Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of 2022 Taxable First Series C Bonds having original issue discount and held by foreign investors. Potential owners that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a 2022 Taxable First Series C Bond.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. Unrelated business taxable income generally means the gross income derived by an organization from any unrelated trade or business as defined in Section 513 of the Code. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any Owner of a 2022 Taxable First Series C Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such Owner may be excluded by such tax-exempt Owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a 2022 Taxable First Series C Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets are considered to include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2022 Taxable First Series C Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the 2022 Taxable First Series C Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Issuer or any dealer of the 2022 Taxable First Series C Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2022 Taxable First Series C Bonds are acquired by such plans or arrangements with respect to which the Issuer or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2022 Taxable First Series C Bonds. The sale of the 2022 Taxable First Series C Bonds to a plan is in no respect a representation by the Issuer or the Underwriter (as defined under the heading “UNDERWRITING”) that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the 2022 Taxable First Series C Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code, and other applicable law.

To address the above concerns, by acceptance of a 2022 Taxable First Series C Bond, each Owner and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used to acquire or hold the 2022 Taxable First Series C Bond or an interest therein constitutes assets of any Plan or (ii) the acquisition and holding of the 2022 Taxable First Series C Bonds or an interest therein will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation of any applicable similar law. Neither the Issuer nor the Underwriter are acting as a fiduciary, or undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to such Owner or transferee with respect to the decision to purchase or hold the 2022 Taxable First Series C Bonds or an interest in the 2022 Taxable First Series C Bonds.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed on persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the 2022 Taxable First Series C Bonds on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code, and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the 2022 Taxable First Series C Bonds.

Tax Treatment of the 2022 First Series D Bonds

General

In the opinion of Bond Counsel for the 2022 First Series D Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the 2022 First Series D Bonds will be excludible from gross income for federal income tax purposes. Bond Counsel for the 2022 First Series D Bonds is also of the opinion that interest on the 2022 First Series D Bonds will not be a specific item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax. Furthermore, Bond Counsel is of the opinion that interest on the 2022 First Series D Bonds is exempt from income taxation and the 2022 First Series D Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A copy of the opinion of Bond Counsel for the 2022 First Series D Bonds is set forth in APPENDIX E-II, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the qualification of the 2022 First Series D Bonds. The Issuer has covenanted to comply with certain restrictions designed to ensure that interest on the 2022 First Series D Bonds will not be includable in income for federal income tax purposes. Failure to comply with these covenants could result in interest on the 2022 First Series D Bonds being includable in the gross income of the holders thereof for federal income tax purposes. Such failure to qualify and the resulting inclusion of interest could be required retroactively to the date of issuance of the 2022 First Series D 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 2022 First Series D Bonds may adversely affect either the federal or Kentucky tax status of the 2022 First Series D Bonds.

Certain requirements and procedures contained or referred to in the Financing Agreements for each Participant and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2022 First Series D 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 2022 First Series D Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the 2022 First Series D Bonds is of the opinion that interest on the 2022 First Series D Bonds will be excludible from gross income for federal income tax purposes and that interest on the 2022 First Series D Bonds is excludable from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2022 First Series D 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 2022 First Series D Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the 2022 First Series D Bonds may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include, without limitation, (i) increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, (ii) increasing the federal tax liability of certain insurance companies under Section 832 of the Code, (iii) increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, (iv) increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code, and (v) limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the 2022 First Series D Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the 2022 First Series D 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 2022 First Series D Bonds.

The Issuer has not designated the 2022 First Series D Bonds as "qualified tax-exempt obligations" under Section 265 of the Code.

Original Issue Discount

The 2022 First Series D Bonds having a yield that is higher than the interest rate (as shown on the inside cover page hereof) are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at maturity thereon (the "2022 First Series D Discount Bonds"). OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond. The amount accrued will be based on a single rate of interest, compounded semiannually (the "yield to maturity") and, during each semi-annual period, the amount will accrue ratably

on a daily basis. The OID accrued during the period that an initial purchaser of a 2022 First Series D Discount Bond at its issue price owns it is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that 2022 First Series D Discount Bond. In practical effect, accrued OID is treated as stated interest is treated, that is, as excludible from gross income for federal income tax purposes.

In addition, OID that accrues in each year to an Owner of a 2022 First Series D Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, Owners of any 2022 First Series D Discount Bond should be aware that the accrual of OID in each year may result in an alternative minimum tax liability, additional distribution requirements, or other collateral federal income tax consequences although the Owner of such 2022 First Series D Discount Bond has not received cash attributable to such OID in such year.

Original Issue Premium

Certain 2022 First Series D Bonds (the "2022 First Series D Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. If an Owner is a resident of the United States and purchases a 2022 First Series D Premium Bond, that Owner will be considered to have purchased such 2022 First Series D Premium Bond with "amortizable bond premium" equal in amount to such excess. Any such Owner may elect, in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the 2022 First Series D Premium Bond using a constant yield to maturity method over the remaining term of the 2022 First Series D Premium Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the 2022 First Series D Premium Bond pursuant to Section 1016(a)(5) of the Code.

Owners of any 2022 First Series D Discount or Premium Bonds (or book-entry interests in them) should consult their own tax advisers as to the determination for federal tax purposes of the amount of OID or amortizable bond premium properly accruable in any period with respect to the 2022 First Series D Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and amortizable bond premium for purposes of state or local taxes on (or based on) income.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, and sale of the 2022 First Series C/D Bonds are subject to the approving legal opinions of Dinsmore & Shohl LLP, Covington, Kentucky, as Bond Counsel, the forms of which are attached hereto as APPENDIX E-I and APPENDIX E-II, respectively. Certain legal matters relating to the Financing Agreements will be passed upon for each Participant by their respective counsel.

RATING

The 2022 First Series C/D Bonds have been assigned a rating of "AA-" by S&P Global Ratings ("S&P"). Such rating reflects only the view of S&P. An explanation of the significance of the rating may be obtained from S&P Global Ratings at 55 Water Street, New York, New York 10041, (212) 438-2124. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such organization if, in the judgment of such organization, circumstances so warrant. Any such downward revision or withdrawal of such rating could have an adverse effect on the market price of the 2022 First Series C/D Bonds.

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”) and so long as the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds are Outstanding, the Issuer, pursuant to a Continuing Disclosure Agreement attached as an Exhibit to each Financing Agreement (each an “Obligated Person”), has agreed to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board (“MSRB”), audited financial statements prepared in accordance with generally accepted accounting principles as applied to governmental units, currently found at www.kybondcorp.org; such information shall be provided on or before March 1 following the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2021, provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditor to the respective Obligated Person;

(ii) to the MSRB, notice of the occurrence of the following events, in a timely manner not in excess of ten business days after the occurrence of the event, with respect to the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership, or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a financial obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or Obligated Person, any of which affect security holders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer or Obligated Person, any of which reflect financial difficulties.

(iii) to the MSRB, in a timely manner, notice of a failure (of which the Obligated Person has knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the applicable Continuing 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 Indenture. 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, there are no credit enhancements or liquidity providers applicable to the 2022 First Series C/D Bonds.

Bonds were first issued under the Indenture on August 25, 2010. Although required under the Continuing Disclosure Agreement, the Issuer failed to provide, or failed to timely provide, certain operating data by March 1 of each year since March 2011. Failure to file annual financial information notices have been filed in the past; however, not all participants were identified in the failure to file notices. In addition, the Issuer failed to provide a material event notice required when notice of a rating change (upgrade) was received from S&P, which material event notice has since been provided. The Issuer has retained the Kentucky League of Cities to assist in meeting its continuing disclosure obligations. Except for certain operating data regarding certain Participants that has not been made available to the Issuer by those Participants, as of the date of this Official Statement, the Issuer is in compliance in all material respects with its undertakings with regard to Rule 15c2-12 to provide annual financial information or notices of material events pursuant to Rule 15c2-12.

Information regarding continuing disclosure filings with the MSRB is set forth in APPENDIX A, attached hereto.

FINANCIAL ADVISOR

RSA Advisors, LLC, Lexington, Kentucky, has acted as Financial Advisor to the Issuer in connection with the issuance of the 2022 First Series C/D Bonds and will receive a fee, payable from bond proceeds, for their services as Financial Advisor.

UNDERWRITING

After requesting competitive bids for the 2022 Taxable First Series C Bonds, the Issuer has accepted the bid of [_____] (the “2022 Taxable First Series C Underwriter”). The 2022 Taxable First Series C Underwriter has agreed, subject to certain conditions, to purchase the 2022 Taxable First Series C Bonds at an aggregate purchase price of \$[_____] which is an amount equal to the principal amount of the 2022 Taxable First Series C Bonds, [plus][less] net original [premium][discount] of \$[_____] and less underwriters’ discount of \$[_____].

The 2022 Taxable First Series C Underwriter is obligated to purchase all of the 2022 Taxable First Series C Bonds if any are purchased. 2022 Taxable First Series C Bonds may be offered and sold to certain dealers at lower prices, and prices may be changed.

After requesting competitive bids for the 2022 First Series D Bonds, the Issuer has accepted the bid of [_____] (the “2022 First Series D Underwriter” and, together with the 2022 Taxable First Series C Underwriter, the “Underwriters”). The 2022 First Series D Underwriter has agreed, subject to certain conditions, to purchase the 2022 First Series D Bonds at an aggregate purchase price of \$[_____] which is an amount equal to the principal amount of the 2022 First Series D Bonds, [plus][less] net original [premium][discount] of \$[_____] and less underwriters’ discount of \$[_____].

The 2022 First Series D Underwriter is obligated to purchase all of the 2022 First Series D Bonds if any are purchased. 2022 First Series D Bonds may be offered and sold to certain dealers at lower prices, and prices may be changed.

MISCELLANEOUS

This Official Statement is made available in connection with the sale of the 2022 First Series C/D Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or Owners of any of the 2022 First Series C/D Bonds.

This Official Statement has been duly approved, executed, and delivered by the Issuer.

KENTUCKY BOND CORPORATION

By: /s/ _____

Chair

APPENDIX A

Participants

<u>Participant</u>	<u>Form of Financing Agreement</u>	<u>Date of Financing Agreement</u>	<u>Principal Outstanding</u>	<u>Final Principal Payment Date</u>
Lexington Library	Revenue	March 29, 2012	\$485,000	February 1, 2027
City of Jenkins	General Obligation	July 31, 2012	100,000	February 1, 2032
City of Vanceburg	Utility Revenue	July 31, 2012	2,050,000	February 1, 2030
City of Irvington	General Obligation	September 28, 2012	55,000	February 1, 2033
County of Lee	General Obligation	September 28, 2012	1,300,000	February 1, 2032
County of Owsley	General Obligation	September 28, 2012	705,000	February 1, 2032
County of Wolfe	General Obligation	September 28, 2012	1,220,000	February 1, 2032
Caldwell Health Dist.	General Obligation	September 28, 2012	1,210,000	February 1, 2033
City of Albany	Utility Revenue	November 28, 2012	3,315,000	February 1, 2038
City of Jackson	General Obligation	November 28, 2012	280,000	February 1, 2033
Fern Creek Fire Dist.	General Obligation	November 28, 2012	75,000	February 1, 2024
City of Covington	General Obligation	December 20, 2012	11,500,000	February 1, 2039
City of Greenup	Utility Revenue	December 20, 2012	1,910,000	February 1, 2038
City of Williamstown	Utility Revenue	December 20, 2012	205,000	February 1, 2024
City of Jenkins	General Obligation	February 14, 2013	125,000	February 1, 2034
Hopkinsville Electric Plant Board	Utility Revenue	February 14, 2013	145,000	February 1, 2024
City of Liberty	Utility Revenue	February 14, 2013	3,545,000	February 1, 2040
City of Ashland	Utility Revenue	July 11, 2013	840,000	February 1, 2029
City of Greensburg	General Obligation	July 11, 2013	690,000	February 1, 2029
City of Nortonville	Utility Revenue	July 11, 2013	2,315,000	February 1, 2040
City of Louisa	General Obligation	February 28, 2014	55,000	February 1, 2025
City of New Castle	General Obligation	February 28, 2014	35,000	February 1, 2025
City of Paris	Utility Revenue	February 28, 2014	1,380,000	February 1, 2032
City of Wheelwright	General Obligation	February 28, 2014	430,000	February 1, 2041
City of Ashland	General Obligation	May 2, 2014	1,160,000	February 1, 2030
City of Beaver Dam	General Obligation	May 2, 2014	1,705,000	February 1, 2041
City of Jackson	General Obligation	May 2, 2014	1,380,000	February 1, 2027
City of Ludlow	General Obligation	May 2, 2014	770,000	February 1, 2041
City of Muldraugh	General Obligation	May 2, 2014	180,000	February 1, 2035
City of LaGrange	General Obligation	June 30, 2014	1,685,000	February 1, 2024
Concorde Fire Protection District	General Obligation	November 20, 2014	715,000	February 1, 2031
City of Greensburg	Utility Revenue	November 20, 2014	800,000	February 1, 2032
City of Vanceburg	Utility Revenue	November 20, 2014	2,205,000	February 1, 2040
East Casey County Water District	Utility Revenue	December 17, 2014	2,150,000	February 1, 2039
City of Frenchburg	Utility Revenue	December 17, 2014	945,000	February 1, 2040
City of Williamsburg	General Obligation	December 30, 2014	1,410,000	February 1, 2031
Boyd County Sanitation District No. 4	Utility Revenue	May 6, 2015	6,785,000	February 1, 2038
City of Williamstown	General Obligation	May 6, 2015	670,000	February 1, 2036
City of LaGrange	General Obligation	December 2, 2015	430,000	February 1, 2028
City of Shelbyville	Utility Revenue	December 2, 2015	3,125,000	February 1, 2035
City of Hickman	General Obligation	March 16, 2016	2,380,000	February 1, 2037
City of Frenchburg	General Obligation	June 1, 2016	135,000	February 1, 2029
City of Hillview	General Obligation	June 1, 2016	5,235,000	February 1, 2042
City of Fulton	Renewable Lease	October 20, 2016	5,475,000	February 1, 2037

<u>Participant</u>	<u>Form of Financing Agreement</u>	<u>Date of Financing Agreement</u>	<u>Principal Amount Outstanding</u>	<u>Final Principal Payment Date</u>
City of Franklin	Revenue	November 30, 2016	955,000	February 1, 2037
City of Grand Rivers	General Obligation	November 30, 2016	210,000	February 1, 2037
City of LaGrange	General Obligation	November 30, 2016	800,000	February 1, 2027
Magoffin County Library	General Obligation	October 24, 2017	3,615,000	February 1, 2042
City of Campbellsville	General Obligation	March 29, 2018	585,000	February 1, 2033
City of Grayson	General Obligation	March 29, 2018	6,765,000	February 1, 2048
Monroe County Library District	General Obligation	March 29, 2018	1,065,000	February 1, 2048
City of Williamsburg	General Obligation	March 29, 2018	245,000	February 1, 2033
Corbin Public Library	Revenue	August 2, 2018	1,230,000	February 1, 2042
City of Rolling Hills	General Obligation	August 2, 2018	180,000	February 1, 2042
City of Southgate	General Obligation	August 2, 2018	505,000	February 1, 2042
Kentucky Bar Association	Revenue	September 26, 2018	3,420,000	February 1, 2042
City of Bardwell	Revenue	December 20, 2018	970,000	February 1, 2039
City of Hillview	General Obligation	December 20, 2018	710,000	February 1, 2034
City of Augusta	General Obligation	June 5, 2019	165,000	February 1, 2029
City of Lynnview	General Obligation	June 5, 2019	120,000	February 1, 2024
City of Olive Hill	Revenue	June 5, 2019	10,555,000	February 1, 2049
City of Jackson	Revenue	September 25, 2019	2,480,000	February 1, 2040
City of Lewisport	General Obligation	September 25, 2019	160,000	February 1, 2029
City of Russell Springs	Revenue	September 25, 2019	1,510,000	February 1, 2037
City of Clarkson	General Obligation	October 16, 2019	145,000	February 1, 2030
City of Hardinsburg	Revenue	October 16, 2019	6,235,000	February 1, 2046
City of Harrodsburg	Revenue	October 16, 2019	2,860,000	February 1, 2043
City of West Liberty	Revenue	October 16, 2019	1,715,000	February 1, 2044
City of Beattyville	Revenue	January 9, 2020	2,720,000	February 1, 2045
City of Grayson Utilities	Revenue	January 9, 2020	1,830,000	February 1, 2040
City of Hazard	Revenue	January 9, 2020	3,155,000	February 1, 2046
City of Jamestown	Revenue	January 9, 2020	4,245,000	February 1, 2047
City of Lancaster	Revenue	January 9, 2020	1,195,000	February 1, 2042
City of Booneville	Revenue	May 13, 2020	1,355,000	February 1, 2044
City of Burkesville	Revenue	May 13, 2020	770,000	February 1, 2032
City of Campton	Revenue	May 13, 2020	860,000	February 1, 2043
City of Lewisburg	Revenue	May 13, 2020	760,000	February 1, 2038
City of Cynthiana	General Obligation	July 1, 2020	2,990,000	February 1, 2043
City of Elkton	Revenue	July 1, 2020	310,000	February 1, 2046
City of Hopkinsville	General Obligation	July 1, 2020	3,325,000	February 1, 2040
Greenup Boyd County Riverport	Revenue	July 30, 2020	3,270,000	February 1, 2050
City of Corbin	General Obligation	July 30, 2020	2,680,000	February 1, 2029
City of Hillview	General Obligation	July 30, 2020	585,000	February 1, 2030
City of Jackson	Revenue	July 30, 2020	665,000	February 1, 2040
City of Lynnview	General Obligation	July 30, 2020	345,000	February 1, 2035
City of West Liberty	General Obligation	July 30, 2020	555,000	February 1, 2040
City of Booneville	General Obligation	November 19, 2020	285,000	February 1, 2040
City of Fort Thomas	General Obligation	November 19, 2020	9,780,000	February 1, 2050
City of Hazard	Revenue	November 19, 2020	9,235,000	February 1, 2042
City of Paintsville	General Obligation	November 19, 2020	710,000	February 1, 2031
City of Corbin	General Obligation	February 4, 2021	2,415,000	February 1, 2051

<u>Participant</u>	<u>Form of Financing Agreement</u>	<u>Date of Financing Agreement</u>	<u>Principal Amount Outstanding</u>	<u>Final Principal Payment Date</u>
City of Brandenburg	General Obligation	February 4, 2021	8,770,000	February 1, 2042
City of Crescent Springs	General Obligation	April 21, 2021	2,228,001	February 1, 2046
City of Villa Hills	General Obligation	April 21, 2021	3,341,999	February 1, 2046
City of Evarts	Revenue	April 21, 2021	490,000	February 1, 2034
City of Hodgenville	Revenue	April 21, 2021	805,000	February 1, 2039
Meade County Water	Revenue	April 21, 2021	2,035,000	February 1, 2050
City of Morgantown	General Obligation	April 21, 2021	3,185,000	February 1, 2041
City of Pineville	General Obligation	April 21, 2021	1,410,000	February 1, 2051
City of Shelbyville	General Obligation	April 21, 2021	6,320,000	February 1, 2041
City of Hopkinsville	General Obligation	May 20, 2021	330,000	February 1, 2040
City of Williamsburg	General Obligation	May 20, 2021	6,040,000	February 1, 2046
City of Williamsburg	Revenue	May 20, 2021	2,105,000	February 1, 2047
City of Barbourville	General Obligation	July 13, 2021	665,000	February 1, 2051
Corinth Water District	Revenue	July 13, 2021	1,995,000	February 1, 2045
County of Boyd	General Obligation	July 13, 2021	13,080,000	February 1, 2052
City of Booneville	General Obligation	October 20, 2021	150,000	February 1, 2051
Boyd County Sanitation District No. 4	Revenue	October 20, 2021	1,215,000	February 1, 2033
City of Paintsville	General Obligation	October 20, 2021	1,490,000	February 1, 2051
City of Southgate	General Obligation	October 20, 2021	410,000	February 1, 2041
City of Tompkinsville	Revenue	October 20, 2021	2,660,000	February 1, 2048
City of Campbellsburg	General Obligation	December 16, 2021	625,000	February 1, 2051
City of Corbin	General Obligation	December 16, 2021	3,180,000	February 1, 2037
Hopkinsville Electric Plant Board	Revenue	December 16, 2021	10,285,000	February 1, 2038
City of Pineville	Revenue	December 16, 2021	3,165,000	February 1, 2040
Boyd County Sanitation District No. 4	Revenue	April 6, 2022	7,665,000	February 1, 2043
City of Calvert City	General Obligation	April 6, 2022	570,000	February 1, 2047
City of Grayson Utilities	Revenue	April 6, 2022	4,925,000	February 1, 2044
City of Midway	General Obligation	June 8, 2022	2,860,000	February 1, 2052
City of Shelbyville	General Obligation	July 21, 2022	3,325,000*	February 1, 2042
City of Shelbyville	General Obligation	July 21, 2022	13,275,000*	February 1, 2052

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APPENDIX B

**Demographic and Financial Information Relating to Participants
Receiving Proceeds of the 2022 First Series C/D Bonds**

CITY OF SHELBYVILLE, KENTUCKY

The city of Shelbyville, Kentucky is located in Shelby County, Kentucky.

The city of Shelbyville had an estimated population of 16,945 in 2020. Shelbyville is located 50 miles from Lexington, KY, 32 miles from Louisville, KY, 176 miles from Nashville, TN, and 100 miles from Cincinnati, OH.

Economic Statistics for Shelby County

Household Expenditures	\$63,580	Civilian Labor Force	24,768
Median Household Income	\$70,256	Employment	23,397
		Unemployment Rate	5.50%

Source: Kentucky Department of Economic Development

Tax Base Information

Assessed Value

Year	Real Estate	Tangible Personal	Franchise	Motor Vehicle	Total Assessed Value
2019-20	\$928,398,980	\$60,440,209	\$290,362	\$286,580	\$989,416,131
2018-19	\$875,460,166	\$72,558,689	\$253,686	\$267,955	\$948,540,496
2017-18	\$819,888,604	\$75,455,793	\$171,186	\$254,148	\$895,769,731
2016-17	\$784,266,102	\$74,205,661	\$137,718	\$257,747	\$858,867,228
2015-16	\$781,226,856	\$75,004,750	\$184,122	\$227,452	\$856,643,180

Property Tax Rates

Year	Real Property	Tangible Property	Motor Vehicles and Watercraft
2019-20	\$0.272	\$0.350	\$0.261
2018-19	\$0.272	\$0.350	\$0.261
2017-18	\$0.272	\$0.335	\$0.261
2016-17	\$0.272	\$0.335	\$0.261
2015-16	\$0.272	\$0.335	\$0.261

Other Tax Rates (expressed as a percentage)

Year	Bank Shares	Payroll Tax	Insurance Premium	Franchise Tax	
	(per \$100)	(Occupational License Fee)	Tax	Electric	Cable
2019-20	0.00025	1.50%	0.50%	3.00%	3.00
2018-19	0.00025	1.50%	0.50%	3.00%	3.00%
2017-18	0.00025	1.50%	0.50%	3.00%	3.00%
2016-17	0.00025	1.50%	0.50%	3.00%	3.00%
2015-16	0.00025	1.50%	0.50%	3.00%	3.00%

Tax Base Information

The following presents real estate, tangible, personal and motor vehicle taxes collected versus budgeted in the city for the last four tax years

Year	Taxes Collected	Taxes Budgeted	Percent Collected
2019-20	\$3,005,675	\$2,670,000	112.57%
2018-19	\$2,896,282	\$2,700,000	107.27%
2017-18	\$2,855,690	\$2,624,323	108.82%
2016-17	\$2,841,712	\$2,482,873	114.45%
2015-16	\$2,651,461	\$2,381,792	111.32%

Largest Tax Payers

Name	Amount Paid	Most Recent Fiscal Year Assessed Valuation
Katayama American	\$30,591	\$11,333,000
Shelby Oaks	\$27,762	\$10,282,500
Hi Point Apartments	\$24,470	\$9,062,980
Milprint Packaging	\$23,560	\$8,726,000
Tegrant Diversified Brands	\$19,198	\$6,435,000
Kosmar Inc.	\$16,200	\$6,000,000
Village Plaza Shopping Center	\$13,500	\$5,000,000
Kosmar Inc.	\$12,150	\$4,500,000
Shelbyville Hospitality	\$11,704	\$4,335,000
Tosfot LLC	\$10,954	\$4,057,236

CITY OF SHELBYVILLE, KENTUCKY

BALANCE SHEET - GENERAL FUND

	2021	2020	2019
ASSETS			
Cash & Cash Equivalents	\$6,448,750	\$4,557,732	\$8,307,658
Certificates of Deposit	\$2,003,537	\$5,335,000	N/A
Cash - insurance reserves	263,152	292,664	286,882
Receivables	1,656,758	2,528,489	1,361,897
Total Assets	10,372,197	12,713,885	9,956,437
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	74,323	23,561	21,138
Claims Payable	128,218	28,324	33,908
Accrued Payroll	147,938	171,132	163,297
Accrued Expenses & Withholdings	98,024	92,187	57,998
Total Liabilities	448,503	315,204	276,341
Fund Balances			
Restricted	N/A	2,350,000	N/A
Unassigned	9,923,694	10,048,681	9,680,096
Total Fund Balances	9,923,694	12,398,681	9,680,096
Total Liabilities and Fund Balances	\$10,372,197	\$12,713,885	\$9,956,437

STATEMENT OF INCOME

GENERAL REVENUES	2021	2020	2019
Taxes	\$5,718,407	\$5,330,395	\$5,121,179
Licenses and Permits	4,785,548	4,299,844	4,253,484
Intergovernmental	294,599	1,478,163	265,268
Fees for Services	108,300	127,241	104,482
Interest	34,371	78,082	140,980
Fines and Forfeitures	25,692	21,806	31,880
Misc/Other	52,667	18,178	22,599
Total Revenue	11,019,584	11,353,709	9,939,872
GENERAL FUND EXPENSES			
General Government	4,511,683	4,066,253	3,683,593
Police	2,215,599	2,211,740	1,981,161
Fire	1,452,509	1,429,135	1,404,159
Streets	619,723	614,677	651,318
Parks & Recreation	350,888	352,893	397,221
Community Development	106,874	131,536	104,148
Debt Service	77,540	38,124	0
Capital Outlay	802,554	2,289,881	1,907,966
Total Current Expenses	10,137,370	11,134,239	10,129,566
Excess Revenues over expenditures	882,214	219,470	(189,694)
Other Financing Sources (uses)	(3,357,201)	2,499,115	(25,650)
CHANGE IN NET ASSETS	(2,474,987)	2,718,585	(215,344)
Fund Balance	\$9,923,694	\$12,398,681	\$9,680,096

Source: Audited financial statements summarized by the financial advisor

APPENDIX C

Definitions and Summary of the Indenture

Definitions

The following is a summary of certain terms defined in the General Trust Indenture, including the forms of Financing Agreements, used in this Official Statement. Reference is made to the actual General Trust Indenture for a complete recital of the definitions contained therein.

The following is a summary of certain terms defined in the Indenture, including the forms of Financing Agreements, used in this Official Statement. Reference is made to the actual Indenture for a complete recital of the definitions contained therein.

“Act” means, collectively, Chapters 58, 74, 76, 96, 160, and 162 and Sections 65.7701 et seq., 65.940 et seq., 66.011 et seq., 103.200 et seq., and 162.340 to 162.380 of the Kentucky Revised Statutes, as amended, and such other provisions of the Kentucky Revised Statutes that may apply to funding or financing for Participants.

“Administrative Expenses” means the fees and expenses of the Program Administrator in administering the Program, as certified to the Trustee by the Program Administrator, payable at any time that Administrative Expenses are being paid from amounts on deposit in the Revenue Fund.

“Administrative Fee” means the administrative fee or fees which become due and payable under a Financing Agreement to the Corporation.

“Annual Debt Service Requirement” means, at any given time of determination, the maximum amount of Principal Installments and interest coming due on all Bonds Outstanding in any Fiscal Year; provided, however, if the terms of any Bonds are such that interest thereon for any future period of time is to be calculated at a variable rate, then interest on such Bonds for such period will be computed by assuming that the rate of interest applicable to such period is equal to the rate of interest (calculated in the manner in which the rate of interest for such period is to be calculated) which is the greater of (i) the average interest rate that would have been in effect for the twelve months immediately preceding the date of calculation or (ii) the average interest rate for the ten year period immediately preceding the date of calculation; provided, further, that if more than 25% of the Principal Installments of any Series of Bonds comes due in any year, the Annual Debt Service Requirement for such Bonds will be calculated as if such Series of Bonds were amortized on the basis of approximate level debt service over the term of such Bonds.

“Authorized Officer” means the Chair, Vice-Chair, Secretary, or Treasurer of the Corporation, and any other of its members, officers, agents, or employees duly authorized by resolution of the Corporation to perform the act or sign document in question.

“Bond” or “Bonds” means any Corporation bond or bonds authenticated and delivered under the General Trust Indenture and a Series Trust Indenture issued by the Corporation for any lawful Program or purpose of the Corporation, including bonds issued to refund or advance refund any other obligations of the Corporation and may include bonds, notes, certificates of indebtedness, bond or grant anticipation notes, trust units, certificates of participation, and any other evidence of a lawful obligation determined by the Corporation to constitute a Bond.

“Bondholder” or “Holder,” or “Holders of Bonds,” or any similar term (when used with reference to Bonds), means any person who shall be the registered owner of any Outstanding Bond or Bonds.

“Certificate” means a document signed by an Authorized Officer attesting to or acknowledging the circumstances or other matters therein stated.

“Closing” means a closing at which an executed Financing Agreement is delivered by a Participant and after which a Series of Bonds may be issued to provide funding for a Participant.

“Code” means the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder and any relevant provisions of the Internal Revenue Code of 1954 (the “1954 Code”).

“Corporation” means the Kentucky Bond Corporation, a Kentucky nonprofit corporation created under the Interlocal Agreement in accordance with the Act.

“Costs” means proceeds used (i) to fund floating indebtedness; (ii) to fund the cost of providing a public service if the Participant determines that an emergency exists and the public health or safety so requires; (iii) to fund unfunded liabilities; (iv) to establish a reserve for past or future liabilities or casualties; (v) to pay one or more final judgments rendered against the Participant, including settlements of claims approved by a court; (vi) to fund expenditures of a Participant to be repaid from taxes and revenues of such Participant within a Fiscal Year; and (vii) with respect to a Project, all or any part of the cost of: construction, installation, and acquisition of all land, buildings, structures, machinery, and equipment; finance charges; extensions, enlargements, additions, replacements, renovations, and improvements; engineering, financial, and legal services; plans, specifications, studies, surveys, estimates of cost of revenue, administrative expenses, and expenses necessary or incidental to determining the feasibility or practicability of constructing a Project; and such other expenses as the Corporation determines may be necessary or incidental to the construction, installation, and acquisition of a Project, the financing of such construction, installation, and acquisition, interest during construction, installation, or acquisition, and the placing of the Project in service.

“Costs of Issuance” means only the costs of issuing a Series of Bonds as designated by the Corporation; including, but not limited to, the fees and charges of the financial advisors or underwriters, bond counsel, trustee, rating agencies, bond and official statement printers credit enhancement charges, and such other fees and expenses normally attendant to an issue of the Corporation’s Bonds.

“Counsel” or “Counsel’s Opinion” means an opinion signed by such attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds and municipal finance as may be selected by the Corporation.

“Debt Service Fund” means the Fund so designated which is established and created by Sections 502 and 505 of the General Trust Indenture.

“Debt Service Fund-Series Subaccount” means that part of the Debt Service Fund so segregated and designated for each Series of Bonds established and created by Sections 502 and 505 (of the General Trust Indenture) for accounting purposes.

“Debt Service Reserve” means the reserve for payment of principal and interest on the Bonds, created and established by Sections 502 and 506 of the General Trust Indenture.

“Debt Service Reserve Requirement” means, as of any date of calculation, the amount required to maintain the current rating on the First Series Bonds and Second Series Bonds from Moody’s, if Moody’s is then rating such Bonds, and from S&P, if S&P is then rating such Bonds.

“Defeasance Obligations” means

(i) noncallable direct obligations of the United States of America, noncallable and nonprepayable direct federal agency obligations the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the United States of America, noncallable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including “CATS,” “TIGRS,” and “TRS,” unless the Corporation obtains a confirmation that the Bonds defeased thereby shall be rated in the highest rating category by S&P and the interest components of REFCORP bonds for which the underlying bond is noncallable (or noncallable before the due date of such interest component)) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book entry form, and shall exclude investments in mutual funds and unit investment trusts;

(ii) noncallable obligations timely maturing and bearing interest (but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof), including, but not limited to, Resolution Funding Corp. debt obligations, and U.S. Agency for International Development guaranteed notes (must mature at least four business days before the appropriate payment date);

(iii) certificates rated, at the time of purchase, “AAA” by S&P (if rated by S&P), “Aaa” by Moody’s (if rated by Moody’s), and “AAA” by Fitch Ratings (“Fitch”) (if rated by Fitch) evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (ii), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee in a segregated trust account in the trust department separate from the general assets of such custodian;

(iv) bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state (a) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice; (b) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (i), (ii), or (iii) which fund may be applied only to the payment when due of such bonds or other obligations; and (c) rated at the time of purchase “AAA” by S&P (if rated by S&P), “Aaa” by Moody’s (if rated by Moody’s), and “AAA” by Fitch (if rated by Fitch); and

(v) noncallable Senior Debt obligations of U.S. government sponsored agencies that are not backed by the full faith and credit of the U.S. government, including, but not limited to, Federal Home Loan Mortgage Corp. debt obligations, Farm Credit System consolidated system wide bonds and notes, Federal Home Loan Banks consolidated debt obligations, Federal National Mortgage Association debt obligations, Student Loan Marketing Association debt obligations, Resolution Funding Corp. debt obligations, and U.S. Agency for International Development (“USAID”) guaranteed notes. USAID guaranteed notes must mature at least four business days before the appropriate payment date.

“Fiduciary” or “Fiduciaries” means the Trustee, any Paying Agent or Agents, or any of them, as may be appropriate.

“Fiduciary Fees” means the contractual fees and expenses (including reasonable attorney’s fees and extraordinary fees and expenses) of the Trustee, the Paying Agent, and the Registrar under the terms of the General Trust Indenture and any independent certified public accountants or independent financial consultants employed under the terms of the General Trust Indenture.

“Financing Agreement” means a Lease, a Participant Bond and related ordinance or resolution, a Participant Note and related ordinance or resolution, or a similar obligation of a Participant to pay amounts to the Corporation, which financing agreement is pledged under the General Trust Indenture.

“Financing Payments” means the scheduled payments and any other payments received by the Corporation with respect to a Financing Agreement, including both timely and delinquent payments with late charges, which Financing Payments are “Lease Rental Payment under Leases, “Debt Service” with respect to Participant Bonds, and “Note Payments” with respect to Participant Notes.

“First Series Bond” or “First Series Bonds” means any Corporation Bond or Bonds authenticated and delivered under the General Trust Indenture and a Series Trust Indenture that are so designated as having a first priority lien on the Trust Estate..

“Fiscal Year” means each annual period which begins on July 1 in any calendar year and ends on June 30 in the following calendar year.

“Funds and Accounts” means the funds and accounts established by the General Trust Indenture or a Series Trust Indenture.

“General Trust Indenture” means the General Trust Indenture, dated as of July 1, 2010, and entered into between the Corporation and the Trustee, as amended or supplemented from time to time by Supplemental Trust Indentures or otherwise.

“Interest Payment Date” means, for each Series of Bonds, the date upon which interest on the Bonds of such Series will be payable as provided in the applicable Series Trust Indenture.

“Interlocal Agreement” means the Interlocal Cooperation Agreement dated as of May 1, 2010 pursuant to which the Corporation was created.

“Investment Obligations” means any investment authorized by Section 66.480 of the Kentucky Revised Statutes.

“Issue Date” means, with respect to Bonds of a particular Series, the date of the Bonds of such Series specified and determined by the Series Trust Indenture and Series Resolution authorizing such Bonds.

“KRS” means the Kentucky Revised Statutes, as amended.

“Lease” means a Financing Agreement in the form of a lease agreement between the Corporation and any Participant, under which a Project is leased to a Participant.

“Lessor” means the Corporation acting as Lessor under a Lease.

“Moody’s” means Moody’s Investors Service, Inc., New York, New York, a nationally recognized investment rating service, or its lawful successor.

“Optional Prepayment Price” means the amount determined by the Administrator and provided to the Trustee, which a Participant may, in its discretion, pay under its Financing Agreement in order to prepay in full its Financing Payments, which amount shall be equal to the unpaid principal component of Financing Payments increased by the sum of (i) the amount of any due or past due Financing Payments together with interest on such past due Financing Payments to the date of such prepayment in full; (ii) the unpaid accrued

interest on the outstanding principal component of the Financing Payments to the next date on which the related Bonds can be redeemed; (iii) an amount of Defeasance Obligations which, together with the interest income thereon (as certified by the Program Administrator, Bond Counsel, or other entity satisfactory to the Trustee), will be sufficient to pay Financing Payments which would have been due on the Financing Agreement if the Financing Agreement had not been prepaid, between the date of the prepayment and the date the prepayment will be used to redeem Bonds; (iv) any additional Financing Payments to the extent known or determinable at the time the prepayment is made through the date that the prepayment will be used to redeem Bonds; and (v) an amount equal to the premium, if any, payable on any Bonds to be redeemed on account of the payment of such Optional Prepayment Price. A Financing Agreement may not be prepaid if for any reason the Optional Prepayment Price cannot be calculated.

“Outstanding,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or then being authenticated and delivered under the General Trust Indenture except:

- (i) Any Bonds cancelled by the Trustee at or prior to such date;
- (ii) Bonds in lieu of or in substitution for which other Bonds will have been authenticated and delivered pursuant to the General Trust Indenture; and
- (iii) Bonds deemed to have been paid as provided in Section 1201 of the General Trust Indenture.

“Participant” means any agency or unit of government within the State, now having or hereafter granted the authority and power to finance, acquire, construct, and operate Projects, including specifically, but not by way of limitation, incorporated cities, counties, sanitation districts, water districts, public authorities, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the State having and possessing such described powers.

“Participant Disbursement Accounts” means, for each Series of Bonds, the account of the Program Fund so designated which is established and created pursuant to Sections 502 and 503 of the General Trust Indenture.

“Participant Bond” means a Financing Agreement in the form of a bond issued by a Participant.

“Participant Note” means a Financing Agreement in the form of a note issued by a Participant.

“Paying Agent” means any bank or trust company so designated, and its successor or successors hereafter appointed, as paying agent for the Bonds of any Series in the manner provided in the General Trust Indenture or any Series Trust Indenture.

“Person” means any individual, firm, partnership, association, corporation, or Participant.

“Pledged Receipts”

- (i) means all Financing Payments;
- (ii) will include all interest earned and gains realized on Investment Obligations unless the General Trust Indenture or a Series Trust Indenture specifically requires such interest earned or gains realized to remain in a particular Fund or Account and does not therefore constitute a Pledged Receipt.

“Principal Installment” for any Fiscal Year means, as of any date of calculation and with respect to any Series so long as any Bonds thereof are Outstanding:

(i) the principal amount of the Outstanding Bonds of said Series which mature in such Fiscal Year, reduced by the aggregate principal amount of such Bonds which would before such Fiscal Year be retired by reason of the payment when due and application in accordance with the General Trust Indenture of Sinking Fund Installments for the retirement of such Bonds; plus

(ii) the unsatisfied balance of the Sinking Fund Installment, if any, due during such Fiscal Year for the Bonds of such Series.

“Participant Disbursement Accounts” means the accounts of the Program Fund so designated which is established and created pursuant to Sections 502 and 503 of the General Trust Indenture.

“Participant Payment Accounts” means the accounts of the Debt Service Fund so designated which is established and created pursuant to Sections 502 and 505 of the General Trust Indenture.

“Principal Installment Date” means, for each Series, the date upon which each Principal Installment on the Bonds of such Series will be payable pursuant to a Series Trust Indenture.

“Program” means the activities and undertakings of the Corporation consistent with the Act and the Interlocal Agreement.

“Program Administration Agreement” means the Program Administration Agreement dated as of July 1, 2010 between the Corporation and the Program Administrator.

“Program Administrator” means the Kentucky League of Cities or any entity serving in such capacity in accordance with Section 708 of the General Trust Indenture that is administering the Program and performing the duties and obligations of Program Administrator under the General Trust Indenture.

“Program Fund” means the Program Fund created by Sections 502 and 503 of the General Trust Indenture.

“Project” means the Costs which are financed or refinanced, or the Costs which are reimbursed, as a result of a Financing Agreement and which are described in such Financing Agreement.

“Rebate Fund” means the Fund so designated which is established and created by Section 502(6) (of the General Trust Indenture) for the purpose of complying with the provisions of Section 148 of the Code.

“Record Date” means the fifteenth day of the month next preceding an Interest Payment Date.

“Redemption Date” means the date set forth in a Series Trust Indenture on which Bonds of the Series authorized by such Series Trust Indenture may be called for redemption.

“Redemption Price” means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to any Series Trust Indenture pursuant to which the same was issued.

“Refunding Bonds” means all bonds, whether issued in one or more series, authenticated and delivered on original issuance pursuant to Section 207 of the General Trust Indenture in lieu of or in substitution for notes and bonds theretofore issued by the Corporation, including the Bonds.

“Registrar” means the registrar maintaining the registration books for any Series of Bonds and unless otherwise provided in a Series Trust Indenture, means the Trustee.

“Revenue Fund” means the Revenue Fund which is established and created by Sections 502 and 504 of the General Trust Indenture.

“Rule” means Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), as amended.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, New York, New York, a nationally recognized investment rating service or its lawful successor.

“Second Series Bond” or “Second Series Bonds” means any Corporation Bond or Bonds authenticated and delivered under the General Trust Indenture and a Series Trust Indenture that are so designated as having a lien on the Trust Estate that is subordinate to First Series Bonds.

“Series” means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction under a particular Series Trust Indenture, which may include both First Series Bonds, Second Series Bonds, and Third Series Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the General Trust Indenture and the related Series Trust Indenture, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

“Series of Bonds” or “Bonds of a Series” or words of similar import, means the Series of Bonds issued pursuant to a particular Series Trust Indenture authorized by a Series Resolution, which may include both First Series Bonds, Second Series Bonds, and Third Series Bonds.

“Series Resolution” means a resolution of the Corporation authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Trust Indenture, adopted by the Corporation in accordance with Section 204 of the General Trust Indenture.

“Series Trust Indenture” means a trust indenture providing for the issuance of a particular Series of Bonds.

“Sinking Fund Installments” means the scheduled payments of installments of principal established for Bonds by redemption; and for any Fiscal Year, means as of any date of calculation and, with respect to the Outstanding Bonds of any Series, the amount of money required by a Series Trust Indenture to be paid for the redemption of Bonds scheduled to occur in such Fiscal Year.

“State” means the Commonwealth of Kentucky.

“Supplemental Reserve Bonds” means Outstanding Second Series Bonds and Third Series Bonds, the proceeds of which were originally deposited in the Supplemental Debt Service Reserve.

“Supplemental Trust Indenture” means any trust indenture supplemental to or amendatory of the General Trust Indenture or any Series Trust Indenture adopted by the Corporation in accordance with Article VIII and Article IX.

“Surplus Fund” means the Surplus Fund created by Sections 502 and 508 of the General Trust Indenture.

“Supplemental Debt Service Reserve” means the supplemental reserve for payment of principal and interest on the Bonds, created and established by Sections 502 and 507 of the General Trust Indenture.

“Supplemental Debt Service Reserve Requirement” means, as of any date of calculation, the amount required to maintain the current rating on the First Series Bonds and Second Series Bonds from Moody’s, if Moody’s is then rating such Bonds, and from S&P, if S&P is then rating such Bonds.

“Taxable Bonds” means Bonds, the interest on which is includable in gross income for federal income tax purposes under the Code.

“Tax-Exempt Bonds” means Bonds, the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Third Series Bond” or “Third Series Bonds” means any Corporation Bond or Bonds authenticated and delivered under the General Trust Indenture and a Series Trust Indenture that are so designated as having a lien on the Trust Estate that is subordinate to First Series Bonds and the Second Series Bonds.

“Trust Estate” means the pledges, liens, and security described in Section 501 of the General Trust Indenture.

“Trustee” means the Trustee appointed pursuant to Section 1101 of the General Trust Indenture, and its successor or successors, and any other corporation which may at any time be substituted in its place pursuant to the General Trust Indenture or a Co-Trustee appointed for any Series Trust Indenture.

Summary of the Indenture

Authorization and Issuance of Funds

General Trust Indenture to Constitute Contract. The provisions, covenants, and agreements set forth in the General Trust Indenture to be performed on behalf of the Corporation will be for the equal and ratable benefit, protection, and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, will be of equal rank without preference, priority, or distinction of any of the Bonds over any other thereof except as expressly provided in the General Trust Indenture.

Authorization of Bonds. In order to provide sufficient funds for the Program, Bonds of the Corporation are authorized to be issued from time to time without limitation as to amount except as provided in the General Trust Indenture and as may be limited by law, and such Bonds will be issued subject to the terms, conditions, and limitations established in the General Trust Indenture and in one or more Series Trust Indentures as hereinafter described. All First Series Bonds, Second Series Bonds, and Third Series Bonds will rank on a parity and equality with other Bonds issued of that respective Series, with First Series Bonds secured by a pledge that is prior to the Second Series Bonds and the Second Series Bonds secured by a pledged that is prior to the Third Series Bonds. The Bonds will be entitled to the benefit of the continuing pledge and lien created by the General Trust Indenture to secure the full and final payment of the principal of, or Redemption Price, interest on the Bonds, and any Sinking Fund Installments for the retirement thereof. The Bonds will be special obligations of the Corporation, payable only from revenues and funds specifically pledged by the Corporation for the payment of the principal of, or Redemption Price, and interest on said Bonds.

Authorization for Bonds In Series. From time to time, when authorized by the General Trust Indenture and subject to the terms, limitations, and conditions established in the General Trust Indenture, the Corporation may authorize the issuance of a Series of Bonds upon adoption of a Series Resolution and execution of a Series Trust Indenture, and the Bonds of any such Series may be issued and delivered upon compliance with the provisions of Article II and Article VIII of the General Trust Indenture. The Bonds of each Series will bear the title “Kentucky Bond Corporation Financing Program Revenue Bonds,” and, at

the option of the Corporation, such other designation as may be necessary to distinguish them from the Bonds of other Series. Bonds of any Series may be authorized to be issued in the form provided by the Series Trust Indenture.

Establishment of Funds and Accounts Application of Pledged Receipts

The Pledge Effected By the General Trust Indenture.

(1) There are pledged for the payment of the principal or Redemption Price of and interest on the Bonds, and the Sinking Fund Installments in respect thereof, in accordance with their terms and the provisions of the General Trust Indenture, subject only to the provisions of the General Trust Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the General Trust Indenture: (a) the proceeds of sale of the Bonds to the extent not required to be utilized for payment of obligations issued in specific anticipation thereof or otherwise as provided in the General Trust Indenture, (b) Investment Obligations acquired from Bond proceeds or by application of moneys in Funds and Accounts, (c) the Pledged Receipts, (d) all Financing Agreements, and (e) all Funds and Accounts created and established pursuant to the General Trust Indenture and any Series Trust Indenture, including moneys and securities therein, except the Rebate Fund.

(2) The pledges described in subsection (1) above constitute (a) a first and prior lien for the Holders of First Series Bonds, (b) a second lien for the Holders of Second Series Bonds, and (c) a third lien for the Holders of Third Series Bonds, it being expressly provided that such pledges with respect to the Second Series Bonds is subordinate and inferior to such pledges to the Holders of First Series Bonds and that such pledges with respect to the Third Series Bonds is subordinate and inferior to such pledges to the Holders of First Series Bonds and Second Series Bonds.

(3) The proceeds of the Bonds, the Investment Obligations, the Pledged Receipts, all Financing Agreements, and all Funds and Accounts created and established pursuant to the General Trust Indenture and any Series Trust Indenture (except the Rebate Fund), and moneys and securities therein that are pledged, shall immediately be subject to the lien of the pledge of the Indenture without any physical delivery thereof or further act, and the lien of said pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Corporation, irrespective of whether such parties have notice thereof; provided that (a) such lien with respect to the Second Series Bonds shall be subordinate and inferior to such lien with respect to the First Series Bonds and (b) such lien with respect to the Third Series Bonds shall be subordinate and inferior to such lien with respect to the First Series Bonds and Second Series Bonds.

(4) Notwithstanding the pledges hereinabove described, amounts on deposit in any Participant Disbursement Account will be pledged under the General Trust Indenture only as security for the related Participant's obligations under the Financing Agreement for which such Participant Disbursement Account was established and will not be available as security for First Series Bonds unless such funds are available in accordance with such Financing Agreement.

Establishment of Funds and Accounts. The Corporation, under the terms of the General Trust Indenture, upon the effective date of the General Trust Indenture, formally establishes and affirms, separate and apart from all other funds and accounts of the Corporation, the following special trust Funds and the following Accounts within such Funds:

- (1) Program Fund
 - (a) Cost of Issuance Account (Series)
 - (b) Participant Disbursement Accounts (Participant designation)

- (2) Revenue Fund
- (3) Debt Service Fund
 - (a) First Series Interest Account
 - (b) First Series Principal Account
 - (c) Second Series Interest Account
 - (d) Second Series Principal Account
 - (e) Third Series Interest Account
 - (f) Third Series Principal Account
 - (g) Participant Payment Accounts (Participant designation)
- (4) Debt Service Reserve
- (5) Supplemental Debt Service Reserve
- (6) Rebate Fund
- (7) Surplus Fund
- (8) Such other Funds and Accounts as are created by a Series Trust Indenture not inconsistent with the requirements of the General Trust Indenture.

Each of the above Funds and Accounts, in addition to other Accounts from time to time established, will be held and maintained by the Trustee pursuant to the provisions of the General Trust Indenture and any Series Trust Indenture.

Program Fund.

(1) The Trustee will establish and create within the Program Fund a separate Cost of Issuance Account and separate Participant Disbursement Accounts for each Participant, which will be identified by the name of each Participant for which the Participant Disbursement Account is established.

(2) There will be deposited from time to time in the Cost of Issuance Account established for each Series the amount of moneys necessary to pay the cost of issuance of such Series specified and determined in the Series Trust Indenture authorizing the issuance of such Series.

(3) The Trustee will, from time to time, pay out or permit the withdrawal of moneys from the Cost of Issuance Account to pay any Costs of Issuance, free and clear of any lien or pledge or assignment in trust created in the funds and accounts, for the purpose of paying Costs of Issuance of the Series for which such Account was established, upon receipt by said Trustee of the following:

(a) a written requisition of the Corporation signed by an Authorized Officer stating with respect to each payment to be made:

- (i) the item for which payment is to be made,
- (ii) the name of the person or party to whom the payment is to be made, and
- (iii) the amount to be paid; and

(b) a Certificate signed by an Authorized Officer stating that the amount to be paid from the Cost of Issuance Account pursuant to such requisition is a proper charge thereon. Upon receipt of each such requisition, the Trustee will deliver to the Corporation, or the payee designated in such Certificate or requisition, a check or draft or wire payable from funds in the applicable Cost

of Issuance Account for the payment of each item. If any moneys remain in a Cost of Issuance Account on the date which is one year from the date of issuance of the applicable Series of Bonds, the Trustee will advise the Corporation of said amount and the Corporation will direct the Trustee as to the disposition of said amounts.

(4) There will be deposited into the applicable Participant Disbursement Accounts such amount of the proceeds of the Bonds of any Series required to be deposited therein as will be specified and determined by the related Series Trust Indenture in accordance with and subject to the provisions of Article IV. In addition, the Trustee will deposit the amounts required by Section 14 of such Participant's Lease to be deposited in such Participant Disbursement Account.

(5) Moneys credited to a Participant Disbursement Account will be expended only for the purpose identified in the related Financing Agreement, subject to the provisions and restrictions of set forth in the General Trust Indenture and the particular Series Trust Indenture. Any interest earned or sums realized as a result of investment of moneys in a Participant Disbursement Account will accrue to, and be a part of, such Participant Disbursement Account.

The Trustee will keep and maintain complete and detailed records with respect to each Participant Disbursement Account, which will include a separate statement with respect to funds and moneys in Participant Disbursement Accounts.

(6) Upon the deposit of the balance of the proceeds of the Bonds of a Series or other moneys in the manner hereinabove described in Participant Disbursement Accounts, the Corporation will furnish the Trustee with a schedule of dates on which it is estimated by the Corporation that such moneys in each subaccount will be required to be expended. The Program Administrator will, from time to time, amend the schedule so furnished as further data and information respecting the acquisition, construction, installation, and equipping of Projects become available. After such schedule or amended schedule has been furnished to the Trustee, the Trustee will invest and reinvest the moneys in each Participant Disbursement Account as provided in Section 511 of the General Trust Indenture. All Investment Obligations purchased will be held by the Trustee and will be deemed at all times to be part of such Participant Disbursement Account unless contained in a special separate escrow account for the purpose of refunding or advance refunding Bonds of the Corporation or the related Participant. Any surplus remaining in any Participant Disbursement Account upon completion of the Project will be transferred in accordance with the General Trust Indenture.

(7) So long as the Trustee is not in receipt of notice from the Program Administrator that an Event of Default or an Event of Nonappropriation has occurred under a Financing Agreement or that the right of the Participant to control acquisition, construction, installation, and equipping of a Project has not otherwise been terminated pursuant to a Financing Agreement, the Trustee will, from time to time, pay out or permit the withdrawal of moneys from the related Participant Disbursement Account upon receipt by the Trustee of a written requisition, substantially in the form of the disbursement request that is attached to the Financing Agreement (or related thereto), executed by an Authorized Officer of the related Participant.

(8) All such written requisitions of a Participant pursuant to subsection (7) above received by the Trustee as set forth in the General Trust Indenture may be relied upon by and will be retained in the possession of the Trustee, subject at all times to the inspection of the Corporation and the related Participant, together with their respective agents and representatives.

(9) At such time as all moneys due to be disbursed from any Participant Disbursement Account in respect of a Financing Agreement have been so disbursed and paid, and the Trustee has received a certificate executed by an authorized officer of the applicable Participant stating that completion of the related Project has occurred (which certification of completion may be set forth in a Participant's final

request for disbursement), the balance in such Participant Disbursement Account will be transferred by the Trustee to the related Participant Payment Account of the Debt Service Fund and such Participant will receive a credit in the amount so transferred against its interest obligations under its Financing Agreement as provided in the Financing Agreement.

Revenue Fund.

(1) The Corporation will cause to be deposited to the credit of the Revenue Fund (a) all moneys received from Participants pursuant to Financing Agreements, (b) amounts to be transferred from the Debt Service Reserve in accordance with Section 506(3) of the General Trust Indenture, (c) amounts to be transferred from a Participant Payment Account in accordance with Section 505(10) of the General Trust Indenture, and (d) all investment earnings from amounts on deposit in the Debt Service Fund other than amounts on deposit in a Participant Payment Account. All principal components and interest components of Financing Payments and payments of an Optional Prepayment Price will immediately be transferred to the Participant Payment Account of the Debt Service Fund established for the related Participant, other than the portion of any such principal components and interest components that are related to amounts drawn from the Debt Service Reserve because such Participant failed to pay a Financing Payment when due.

(2) On or before the fifteenth day of each month, the Trustee will submit to the Corporation a Statement of Account for the preceding monthly period setting forth:

(a) the total amount of moneys received as repayments from Participants pursuant to Financing Agreements; and

(b) the specific Financing Agreements pursuant to which such repayments were received, identifying and explaining said repayments received from each specific Financing Agreement.

To the extent moneys are received by the Corporation from other available resources of the Corporation, such funds will be promptly transmitted by the Corporation to the Trustee for deposit to the Fund and Account so specified or if not so specified then to the Revenue Fund.

(3) The Trustee will cause moneys on deposit in the Revenue Fund remaining after the transfer of amounts to Participant Payment Accounts as provided in (1) above, to be transferred to the following Funds and Accounts or disbursed for the following purposes in the amounts hereinafter described, at the times and in the prescribed sequence:

First: On each Interest Payment Date for First Series Bonds, to the First Series Interest Account within the Debt Service Fund, such an amount as when added to the amount then on deposit therein (after transfers of amounts in Participant Payment Accounts available for such purpose) will equal the interest on all Outstanding First Series Bonds accrued and unpaid in respect of such Interest Payment Date.

Second: On each Principal Installment Date for First Series Bonds, to the First Series Principal Account within the Debt Service Fund, such an amount as when added to the amount then on deposit therein (after transfers of amounts in Participant Payment Accounts available for such purpose) will equal the Principal Installments due and unpaid in respect of such Principal Installment Date.

Third: On each Interest Payment Date for Second Series Bonds, to the Second Series Interest Account within the Debt Service Fund, such an amount as when added to the amount then on deposit therein (after transfers of amounts in Participant Payment Accounts available for such

purpose and amounts transferred from the Supplemental Debt Service Reserve to pay interest on the Supplemental Reserve Bonds) will equal the interest on all Outstanding Second Series Bonds accrued and unpaid in respect of such Interest Payment Date

Fourth: On each Principal Installment Date for Second Series Bonds, to the Second Series Principal Account within the Debt Service Fund, such an amount as when added to the amount then on deposit therein (after transfers of amounts in Participant Payment Accounts available for such purpose) will equal the Principal Installments due and unpaid in respect of such Principal Installment Date.

Fifth: Upon deposit to the Revenue Fund, to the Debt Service Reserve, an amount equal to the portions of Financing Payments related to amounts drawn from the Debt Service Reserve (the "Draw Repayment") because such Participant failed to pay a Financing Payment (a "Participant Default"), but only if the amount on deposit in the Debt Service Reserve is less than the Debt Service Reserve Requirement (exclusive of any investment earnings).

Sixth: When due, to pay Fiduciary Fees to the persons or entities entitled thereto.

Seventh: On each Interest Payment Date for Third Series Bonds, to the Third Series Interest Account within the Debt Service Fund, such an amount as when added to the amount then on deposit therein (after transfers of amounts in Participant Payment Accounts available for such purpose and amounts transferred from the Supplemental Debt Service Reserve to pay interest on the Supplemental Reserve Bonds) will equal the interest on all Outstanding Third Series Bonds accrued and unpaid in respect of such Interest Payment Date

Eighth: On each Principal Installment Date for Third Series Bonds, to the Third Series Principal Account within the Debt Service Fund, such an amount as when added to the amount then on deposit therein (after transfers of amounts in Participant Payment Accounts available for such purpose) will equal the Principal Installments due and unpaid in respect of such Principal Installment Date.

Ninth: When due, to pay Administrative Expenses to the persons or entities entitled thereto; provided that, as set forth in the Supplemental Indenture authorizing the 2012 First Series E Bonds, no amounts from the Revenue Fund shall be disbursed to pay Administrative Expenses (a "Withheld Amount") if the amount on deposit in the Supplemental Debt Service Reserve is less than the Supplemental Debt Service Reserve Requirement and (ii) Withheld Amounts may be disbursed from the Revenue Fund (in the same priority as Administrative Expenses) so long as the amount on deposit in the Supplemental Debt Service Reserve is no less than the Supplemental Debt Service Reserve Requirement.

Tenth: To the Supplemental Debt Service Reserve, if amounts have been transferred to the Debt Service Reserve from the Supplemental Debt Service Reserve as a result of a Participant Default, the Draw Repayment.

Eleventh: On each Interest Payment Date for First Series Bonds, to the Surplus Fund, the amount remaining following the deposits made pursuant to First through Tenth above; provided that the Trustee may retain amounts in the Revenue Fund to the extent such amounts are required for disbursements that will be due but are not yet payable.

Debt Service Fund.

(1) There shall be deposited to the credit of the First Series Interest Account, Second Series Interest Account, and Third Series Interest Account any amounts transferred from each Participant Payment

Account, the Revenue Fund, the Debt Service Reserve, the Supplemental Debt Service Reserve, or Surplus Fund required to be deposited therein by the General Trust Indenture.

(2) The Trustee will pay from the First Series Interest Account to the respective Paying Agents for any of the First Series Bonds (a) on the day preceding each applicable Interest Payment Date, the amounts required for the payment of interest on the First Series Bonds due on such date, and (b) on the day preceding the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on First Series Bonds to be redeemed or purchased unless the payment of such accrued interest will be otherwise provided for, and in each such case, such amounts will be applied by such Paying Agents to such payments.

(3) The Trustee will pay from the Second Series Interest Account to the respective Paying Agents for any of the Second Series Bonds (a) on the day preceding each applicable Interest Payment Date, the amounts required for the payment of interest on the Second Series Bonds due on such date, and (b) on the day preceding the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Second Series Bonds to be redeemed or purchased unless the payment of such accrued interest will be otherwise provided for, and in each such case, such amounts will be applied by such Paying Agents to such payments; provided that amounts transferred from the Supplemental Debt Service Reserve pursuant to Section 507(3) of the General Trust Indenture will only be used to pay interest on the Supplemental Reserve Bonds.

(4) The Trustee shall pay from the Third Series Interest Account to the respective Paying Agents for any of the Third Series Bonds (a) on the day preceding each applicable Interest Payment Date, the amounts required for the payment of interest on the Third Series Bonds due on such date, and (b) on the day preceding the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Third Series Bonds to be redeemed or purchased unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by such Paying Agents to such payments; provided that amounts transferred from the Supplemental Debt Service Reserve pursuant to Section 507(3) will only be used to pay interest on the Supplemental Reserve Bonds.

(5) There shall be deposited to the credit of the First Series Principal Account, Second Series Principal Account, and Third Series Principal Account any amounts transferred from each Participant Payment Account, the Revenue Fund, the Debt Service Reserve, or the Surplus Fund required to be deposited therein by the General Trust Indenture.

(6) The Trustee shall pay from moneys credited to the First Series Principal Account to the respective Paying Agents, on the day preceding each applicable Principal Installment Date and Redemption Date for any of the Outstanding First Series Bonds, the amounts required for the payment of principal due on such date and such amounts shall be applied by the Paying Agents to such payments.

(7) The Trustee shall pay from moneys credited to the Second Series Principal Account to the respective Paying Agents, on the day preceding each applicable Principal Installment Date and Redemption Date for any of the Outstanding Second Series Bonds, the amounts required for the payment of principal due on such date and such amounts shall be applied by the Paying Agents to such payments.

(8) The Trustee shall pay from moneys credited to the Third Series Principal Account to the respective Paying Agents, on the day preceding each applicable Principal Installment Date and Redemption Date for any of the Outstanding Third Series Bonds, the amounts required for the payment of principal due on such date and such amounts shall be applied by the Paying Agents to such payments.

(9) The amount accumulated in the First Series Principal Account, Second Series Principal Account, and Third Series Principal Account for related Sinking Fund Installments shall, if so directed by the Corporation, be applied (together with amounts accumulated in the First Series Principal Account, Second Series Principal Account, and Third Series Principal Account with respect to interest on the First Series Bonds, Second Series Bonds, and Third Series Bonds, respectively, for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(a) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable from Sinking Fund Installments for such Bonds when such Bonds are redeemable by application of said Sinking Fund Installments plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Trustee will determine, or

(b) to the redemption of such Bonds if then redeemable by their terms at the Redemption Price referred to in clause (a) above.

As soon as practicable after the forty-fifth day preceding the due date of any Sinking Fund Installment, the Trustee will proceed to call for redemption, on such due date, Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount (after taking into account Bonds purchased pursuant to the General Trust Indenture) as will be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Bonds of such Series and maturity. The Trustee will so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof plus accrued interest to the Redemption Date. The Trustee will pay out of such Principal Account to the appropriate Paying Agents, on the day preceding each such Redemption Date, the amount required for the redemption of the Bonds so called for redemption, and such amount will be applied by such Paying Agents to such redemption.

(10) Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments will have been established other than by application of Sinking Fund Installments, the amount of Sinking Fund Installments due and payable in each future Fiscal Year will be reduced by crediting thereto an amount bearing the same proportion to the amount of such Sinking Fund Installment as the ratio of Bonds redeemed bears to the principal amount of Bonds Outstanding immediately prior to the date of redemption of such Bonds. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts will have been credited toward the same) will constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of Principal Installments due on a future date.

(11) Notwithstanding anything contained in the General Trust Indenture to the contrary, the Debt Service Fund may for accounting purposes be segregated into subaccounts for each Series of Bonds, each of which will be designated "Debt Service Fund - Series _____ Subaccount" in order to facilitate the various calculations required under the General Trust Indenture and the Code.

(12) There will be deposited to the credit of the each Participant Payment Account (a) amounts transferred from the Revenue Fund required to be deposited therein by the General Trust Indenture, (b) amounts transferred from a related Participant Disbursement Account required to be deposited therein by the General Trust Indenture, and (c) all payments of the Optional Prepayment Price. Any interest earned or sums realized as a result of investment of moneys in a Participant Payment Account will accrue to, and be a part of, such Participant Payment Account.

(13) The amount transferred from a Participant Disbursement Account to a Participant Payment Account will be transferred by the Trustee to the First Series Interest Account and the First Series Principal Account on the day preceding the next Interest Payment Date for First Series Bonds and Principal Installment Date for First Series Bonds, respectively, until exhausted. The aggregate amount transferred from the Revenue Fund to each Participant Payment Account will be transferred by the Trustee to the First Series Interest Account and the First Series Principal Account on the day preceding each Interest Payment Date for First Series Bonds and Principal Installment Date for First Series Bonds, respectively (unless such amounts are not required as a result of a transfer in accordance with the preceding sentence). An Optional Prepayment Price deposited in a Participant Payment Account will be transferred by the Trustee to the First Series Interest Account and the First Series Principal Account on the day preceding each Interest Payment Date for First Series Bonds and Principal Installment Date for First Series Bonds, respectively, as required on and prior to the applicable redemption date and on the applicable redemption date applied to the redemption of related Bonds.

Debt Service Reserve.

(1) There will be deposited to the credit of the Debt Service Reserve (a) any proceeds of Bonds or letter of credit, surety bond, insurance policy, or similar instruments so provided to be deposited by any Series Trust Indenture; (b) any amounts from the Supplemental Debt Service Reserve, the Revenue Fund, or the Surplus Fund required or permitted to be deposited therein by the General Trust Indenture; (c) any moneys received on account of or in connection with Investment Obligations credited to the Debt Service Reserve provided in the General Trust Indenture; and (d) any other amount directed to be so deposited pursuant to a letter of instructions from an Authorized Officer addressed to the Trustee.

(2) The Debt Service Reserve is to be used for the payment of Principal Installments of, or interest on, any Outstanding Bond when amounts in the Debt Service Fund, the Surplus Fund, or the Revenue Fund are not adequate for such purpose, and sums in the Debt Service Reserve will be transferred in a timely manner, in order to effectuate the intent of General Trust Indenture and the purposes of the Debt Service Reserve, to the following Funds and Accounts in the amounts hereinafter described in the following order of priority:

First: On any Interest Payment Date for First Series Bonds, to the First Series Interest Account within the Debt Service Fund such an amount as when added to the amount then on deposit therein will equal the interest on all Outstanding First Series Bonds accrued and unpaid in respect of such Interest Payment Date.

Second: On any Principal Installment Date for First Series Bonds, to the First Series Principal Account within the Debt Service Fund such an amount as when added to the amount then on deposit therein will equal the Principal Installments accrued and unpaid in respect of such Principal Installment Date.

Third: On any Interest Payment Date for Second Series Bonds, to the Second Series Interest Account within the Debt Service Fund such an amount as when added to the amount then on deposit therein will equal the interest on all Outstanding Second Series Bonds accrued and unpaid in respect of such Interest Payment Date.

Fourth: On any Principal Installment Date for Second Series Bonds, to the Second Series Principal Account within the Debt Service Fund such an amount as when added to the amount then on deposit therein will equal the Principal Installments accrued and unpaid in respect of such Principal Installment Date for Second Series Bonds;

(3) Any interest earned or sums realized as a result of investment of moneys in the Debt Service Reserve in Investment Obligations will accrue to, and be a part of, the Debt Service Reserve. Any such interest earned or sums realized which causes amounts in the Debt Service Reserve to exceed the Debt Service Reserve Requirement on the day preceding any Interest Payment Date will, subject to the requirements of Section 508 of the General Trust Indenture, be transferred to the Revenue Fund.

Notwithstanding the provisions of the General Trust Indenture described above, under certain Financing Agreements, the Participant receives a credit for its proportionate share of the proceeds of certain First Series Bonds deposited in the Debt Service Reserve Fund (the "Related Reserve Fund Deposit") and investment earnings on that amount. To provide that credit, the Related Reserve Fund Deposits (plus accrued investment earnings, but less any earnings required to be rebated to the United States Treasury) will be transferred to the applicable Participant Payment Account on the February 1 preceding such Participant's final principal payment date under its Financing Agreement.

Supplemental Debt Service Reserve.

(1) There shall be deposited to the credit of the Supplemental Debt Service Reserve (a) any proceeds of Bonds or other funds so provided to be deposited by any Series Trust Indenture, (b) any amounts from the Revenue Fund or Surplus Fund required to be deposited therein by the General Trust Indenture, (c) any moneys received on account of or in connection with Investment Obligations credited to the Supplemental Debt Service Reserve as in this Section provided, and (d) any other amount directed to be so deposited pursuant to a letter of instructions from an Authorized Officer addressed to the Trustee.

(2) In addition to the transfer of earnings provided in (3) below, amounts on deposit in the Supplemental Debt Service Reserve shall be transferred to the Debt Service Reserve at any time the amount on deposit in the Debt Service Reserve is less than the Debt Service Reserve Requirement.

(3) Any interest earned or sums realized as a result of investment of moneys in the Supplemental Debt Service Reserve in Investment Obligations shall accrue to, and be a part of, the Supplemental Debt Service Reserve and, to the extent not applied as provided in clause (2) above, shall be transferred in a timely manner to the following Funds and Accounts in the amounts hereinafter stated in the following order of priority:

First: On any Interest Payment Date for Second Series Bonds, to the Second Series Interest Account within the Debt Service Fund such an amount as when added to the amount then on deposit therein will equal the interest on all Outstanding Second Series Bonds accrued and unpaid in respect of such Interest Payment Date, but only to the extent required to pay interest then due on the Supplemental Reserve Bonds that are Second Series Bonds (if any Second Series Bonds are Outstanding).

Second: On any Interest Payment Date for Third Series Bonds, to the Third Series Interest Account within the Debt Service Fund such an amount as when added to the amount then on deposit therein will equal the interest on all Outstanding Third Series Bonds accrued and unpaid in respect of such Interest Payment Date, but only to the extent required to pay interest then due on the Supplemental Reserve Bonds that are Third Series Bonds and only if the amount on deposit in the Supplemental Debt Service Reserve is no less than the Supplemental Debt Service Reserve Requirement after any such transfer to the Third Series Interest Account.

Third: On each February 1, to the Surplus Fund, but only if the amount on deposit in the Supplemental Debt Service Reserve is no less than the Supplemental Debt Service Reserve Requirement after any such transfer to the Surplus Fund.

(4) On any date there are no Bonds Outstanding under the General Trust Indenture other than Third Series Bonds, amounts on deposit in the Supplemental Debt Service Reserve shall be applied to the payment of the principal of and interest on the Third Series Bonds; provided that if no Bonds are Outstanding, such amounts shall be released to the Corporation.

Rebate Fund. Any earnings on any trust fund or account established under the terms of said General Trust Indenture or any Series Trust Indenture determined to be subject to the “rebate” requirements in favor of the United States of America imposed by Section 148 of the Code will be paid as required by the Code to the United States, and the Trustee will establish a separate trust account under the General Trust Indenture for the benefit of the United States of America designated as the “Rebate Fund,” which will be utilized for the collection and payment of earnings from “non-purpose investments” in excess of the amount which said investments would have earned at a rate equal to the “yield” on the applicable Bonds, plus any income attributable to such excess.

To the extent that any investment earnings are generated from any Fund or Account subject to said “rebate” requirements of the Code, the Corporation will calculate the excess income generated over the permitted “yield” and advise and direct the Trustee to remit any such excess to the United States of America on or before a date five years and thirty days from the date any Series of Bonds is delivered, and once every five years thereafter until the final maturity of the respective Series of Bonds; the last installment of rebate, to the extent required, to be made no later than sixty days following the date on which funds sufficient for the complete retirement of the last remaining Series of Outstanding Bonds are deposited with the Paying Agent or any escrow agent if and to the extent required by the Code.

Surplus Fund.

(1) There will be deposited to the credit of the Surplus Fund any amounts transferred from the Revenue Fund and required to be deposited therein by the General Trust Indenture.

(2) The Trustee will apply amounts in the Surplus Fund for the following purposes in the following order of priority:

First: On any Interest Payment Date for First Series Bonds, to the First Series Interest Account of the Debt Service Fund, but only to the extent that amounts required to be transferred to the First Series Interest Account from the Revenue Fund are not expected to be sufficient to pay interest on all Outstanding First Series Bonds on such Interest Payment Date.

Second: On any Principal Installment Date for First Series Bonds, to the First Series Principal Account of the Debt Service Fund, but only to the extent that amounts required to be transferred to the First Series Principal Account from the Revenue Fund are not expected to be sufficient to pay Principal Installments on such Principal Installment Date.

Third: On any Interest Payment Date for Second Series Bonds, to the Second Series Interest Account of the Debt Service Fund, but only to the extent that amounts required to be transferred to the Second Series Interest Account and the Supplemental Debt Service Reserve from the Revenue Fund (and, with respect to Supplemental Reserve Bonds, from the Supplemental Debt Service Reserve) are not expected to be sufficient to pay interest on all Outstanding Second Series Bonds on such Interest Payment Date.

Fourth: On any Principal Installment Date for Second Series Bonds, to the Second Series Principal Account of the Debt Service Fund but only to the extent that amounts required to be transferred to the Second Series Principal Account from the Revenue Fund or the Debt Service

Reserve are not expected to be sufficient to pay Principal Installments on such Principal Installment Date.

Fifth: To the Debt Service Reserve, any amounts which may be necessary so that the amount on deposit therein will equal the Debt Service Reserve Requirement, but only to the extent that amounts are not available for such purpose in the Revenue Fund or the Supplemental Debt Service Reserve.

Sixth: To the Supplemental Debt Service Reserve, any amounts which may be necessary so that the amount on deposit therein will equal the Supplemental Debt Service Requirement, but only to the extent that amounts are not available for such purpose in the Revenue Fund.

Seventh: To the Corporation on any February 1, any amount directed to be so paid pursuant to a letter of instructions from an Authorized Officer addressed to the Trustee; provided that no such instructions shall be accepted by the Trustee if, as a result of following such instructions, the current rating on the First Series Bonds or the Second Series Bonds from Moody's, if Moody's is then rating such Bonds, and from S&P, if S&P is then rating such Bonds, would be lowered or withdrawn.

In addition, amounts on deposit in the Surplus Fund may be transferred to (a) the Second Series Interest Account and Second Series Principal Account to redeem Second Series Bonds and (b) the Third Series Interest Account and Third Series Principal Account to redeem Third Series Bonds; provided that no such transfer shall be made if, as a result of such transfer, the current rating on the First Series Bonds or the Second Series Bonds from Moody's, if Moody's is then rating such Bonds, and from S&P, if S&P is then rating such Bonds, would be lowered or withdrawn.

Notes and Other Obligations.

(1) The Corporation may, at any time from time to time, issue notes, bonds, and other obligations having such terms and provisions and secured by a pledge of such funds as the resolution authorizing the same will provide; provided, however (except as otherwise provided in subsection (2) of Section 510 of the General Trust Indenture), that any pledge of any Fund and Account created under the General Trust Indenture to the holders of any such notes, bonds, or other obligations will be, and will be expressed to be, subordinate in all respects to the pledge created under the General Trust Indenture or any Series Trust Indenture for the benefit of the holders of Bonds issued under the General Trust Indenture or any Series Trust Indenture.

(2) Whenever the Corporation will have authorized or made provision for the issuance of a Series of Bonds, the Corporation may by resolution authorize the issuance of notes in anticipation of the sale of such Series in a principal amount not exceeding the principal amount of such Series. The principal of and interest on such notes and renewals thereof will be payable from any moneys of the Corporation available therefor and not pledged under the General Trust Indenture or any Series Trust Indenture, including, but not limited to, Investment Obligations purchased from proceeds of such notes. The principal on such notes will also be payable from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. Such proceeds may be pledged for the payment of the principal of such notes and any such pledge will have priority over any other pledge created by the General Trust Indenture or any Series Trust Indenture. The proceeds of sale of such notes will be applied to the purposes for which such notes are authorized, and, if the resolution or resolutions authorizing such notes so provide, to the payment of interest and other costs in connection with the sale and issuance of such notes.

Investment of Funds. Except as otherwise provided for in the General Trust Indenture or any Series Trust Indenture:

(1) Moneys in any Fund and Account pledged under the General Trust Indenture shall be invested in Investment Obligations, which Investment Obligations held by the Corporation or the Trustee under the provisions of the General Trust Indenture shall be deemed at all times to be a part of such Fund or Account and the income or interest earned, gains realized, or losses suffered by a Fund and Account due to the investment thereof shall be retained in, credited, or charged thereto as the case may be unless required to be transferred to another Fund or Account by the General Trust Indenture or any Series Trust Indenture.

(2) In computing the amount in all Funds, including the Accounts thereof, Investment Obligations purchased as an investment of moneys therein shall be valued at cost. Valuation as of any date of computation shall include accrued, but unpaid, interest and any unrealized gain or loss to such date.

(3) The Trustee shall sell at the best price obtainable, or present for redemption or exchange, any Investment Obligation purchased by it as an investment pursuant to the General Trust Indenture or any Series Trust Indenture whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account from which such investment was made. The Trustee shall advise the Corporation in writing, on or before the last business day of each calendar month, of the details of all Investment Obligations held for the credit of each Fund or Account in its custody under the provisions of the General Trust Indenture or any Series Trust Indenture as of the end of the preceding month.

(4) The Trustee shall keep the Corporation fully advised as to the details of all such investments and shall comply with any written directions of the Corporation with respect to investments in Investment Obligations. Except as otherwise provided in the General Trust Indenture or any Series Trust Indenture, earnings and losses on Investment Obligations shall be credit to the Fund or Account with respect to which such investments were made (or pro-rated thereto) and shall become a part thereof for all purposes.

(5) The Trustee shall invest moneys held by it in any Fund or Account at the written direction of an Authorized Officer in Investment Obligations. The Corporation acknowledges that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Corporation the right to receive brokerage confirmations of security transactions, the Corporation waives receipt of such confirmations. The Trustee shall be entitled to rely on all written investment instructions provided by an Authorized Officer hereunder and under any Series Trust Indenture and shall have no duty to monitor the compliance thereof with the restrictions set forth in the General Trust Indenture to the extent it complies with such instructions. The Trustee shall have no responsibility or liability for any depreciation in value of any investment or for any loss, direct or indirect, resulting from any investment made in accordance with the written instructions of the Corporation.

(6) It shall not be necessary for any Paying Agent to give security for the deposit of any moneys with it held in trust for the payment of principal of or Redemption Price, if any, or interest on any Bonds.

Covenants of the Authority

Assignment of Financing Agreements. Pursuant to the pledge contained in Section 501 of the General Trust Indenture, the Corporation does assign and transfer to the Trustee each Financing Agreement

and will instruct each Participant which is a party thereto to make payments directly to the Trustee for deposit in the Revenue Fund pursuant to Section 504 of the General Trust Indenture or for deposit in a Participant Payment Account pursuant to Section 505(10) of the General Trust Indenture.

Accounts and Reports.

(1) The Corporation will keep, or cause to be kept, proper books of record and account in which complete and accurate entries will be made of all its transactions relating to the Program and all Funds and Accounts established by the General Trust Indenture, which will at all reasonable times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(2) The Corporation will cause to be prepared an annual report to be filed with the Trustee no later than 120 days after the end of each Fiscal Year setting forth, in reasonable detail, specific statements concerning:

(a) Program operations;

(b) Program receipts and expenditures; and

(c) Program assets and liabilities at the end of such Fiscal Year, including all Funds and Accounts established by the General Trust Indenture or any Series Trust Indenture, and a schedule of its Bonds Outstanding and notes and other obligations issued pursuant to the General Trust Indenture and Outstanding at the end of such Fiscal Year.

(3) A copy of such annual report will be mailed promptly thereafter by the Corporation to each Bondholder who will have filed his name and address with the Corporation for such purpose.

Program Administration.

(1) The Corporation covenants that it will at all times act as or retain a Program Administrator to administer the Program and perform the duties and obligations of the Program Administrator set forth in the General Trust Indenture and in the Program Administration Agreement. The Program Administrator may perform such duties and obligations through, and/or with the assistance of, one or more independent entities selected from time to time by the Program Administrator, identified to the Corporation and the Trustee. The Program Administrator will signify its acceptance of the duties of Program Administrator by execution of the Program Administration Agreement, which Program Administration Agreement will be enforceable by the Trustee and inure to the benefit of the Trustee and the Holders.

(2) The Program Administrator may resign and be discharged of the duties and obligations of Program Administrator by delivering a written notice of resignation, specifying the date when such resignation will take effect, to the Corporation and the Trustee not less than ninety days before the date specified in such written notice as the date when such resignation will take effect. Such resignation will take effect on the day specified in such written notice, unless a successor Program Administrator has been appointed, in which event such resignation will take effect immediately upon the appoint of such successor Program Administrator; provided, however, that no resignation will take effect until a successor Program Administrator has accepted its duties and obligations as provided in Section 708(4) of the General Trust Indenture.

(3) The Program Administrator may be removed, by written notice given by the Holders of a majority in principal amount of Outstanding Bonds to the Program Administrator, the Corporation, and the Trustee, only upon the happening of one or more of the following events:

(a) the Program Administrator will have failed to perform or observe in any material respect any duty or obligation of the Program Administrator set forth or referred to in the General Trust Indenture or any covenant, condition, or agreement to be observed or performed by the Program Administrator under or by reason of the General Trust Indenture or any Financing Agreement, and such failure will have continued unremedied for more than sixty days after notice thereof will have been given to the Program Administrator by the Trustee;

(b) any representation or certification made by the Program Administrator will prove to have been incorrect or misleading in any material respect when the same was made and the Program Administrator knew, or had reason to know or believe, that such representation or certification was incorrect or misleading in any material respect and did not disclose the same when such representation or certification was made;

(c) any information furnished by the Program Administrator proves to have been incorrect or misleading in any material respect and the Program Administrator knew, or had reason to know or believe, that such information was incorrect or misleading in any material respect and did not disclose the same when such information was furnished;

(d) the Program Administrator will have performed or observed any duty or obligation of the Program Administrator relating to Financing Payments or Optional Prepayment Prices in a manner which causes there to be an insufficiency of funds available to pay, when due, amounts payable under or with respect to the Bonds or expenses of the Program;

(e) the Program Administrator (i) will suffer or permit to be entered a decree or order of a court or agency or supervisory authority having jurisdiction in the premises determining it to be insolvent or providing for the appointment of a conservator, receiver, liquidator, trustee, or any similar person appointed in connection with any insolvency, readjustment of debt, marshalling of assets and liabilities, bankruptcy, reorganization, or similar proceedings of or relating to it or of or relating to all, or substantially all, of its property or for the winding-up or liquidation of its affairs, or (ii) will suffer or permit to be instituted proceedings under any law relating to bankruptcy, insolvency, or the reorganization or relief of debtors to be instituted against it, and such proceedings remain undismissed or pending and unstayed for a period of forty-five days;

(f) the Program Administrator will (i) consent to the appointment of a conservator, receiver, trustee, liquidator, or custodian in any insolvency, readjustment of debt, marshalling of assets and liabilities, or similar proceedings of or relating to it or of relating to all, or substantially all, of its property or for the winding-up or liquidation of its affairs; (ii) admit in writing its inability to pay its debts generally as they become due; (iii) file a petition, or otherwise institute, or consent to the institution against it of, proceedings to take advantage of any law relating to bankruptcy, insolvency, or reorganization or the relief of debtors; (iv) make an assignment for the benefit of creditors; or (v) suspend payment of its obligations; or

(g) an Event of Default will occur.

(4) If the Program Administrator resigns or is removed in accordance with the terms of the General Trust Indenture, the Corporation, after consultation with the Participants to solicit names of a suitable successor, will appoint another entity or unincorporated association to act as successor Program

Administrator; provided, however, that if the Corporation shall fail or refuse to appoint a successor Program Administrator within sixty days after the resignation or removal of the Program Administrator, the Trustee may appoint, or may petition a court, at the Corporation's expense, for the appointment of a successor Program Administrator. Any successor Program Administrator will signify its acceptance of the duties and obligations of Program Administrator by a written instrument of acceptance pursuant to which such successor Program Administrator will agree to perform and observe all of the duties and obligations of Program Administrator under the General Trust Indenture (such agreement to be enforceable by the Trustee and to inure to the benefit of the Trustee and the Holders), will acknowledge receipt of copies of the General Trust Indenture and the Financing Agreements, and will specify its address for notices pursuant to the General Trust Indenture and the Financing Agreements.

(5) The Program Administrator will perform (a) all duties and obligations of the Lessor under each Lease, (b) all duties and obligations of the Corporation under the General Trust Indenture (and the Corporation appoints the Program Administrator as its agent and attorney-in-fact for all such purposes), and (c) such other duties and obligations relating to the Program as are customarily performed or otherwise required in connection with programs similar to the Program.

(6) Without limitation of the provisions of (5) above, the Program Administrator will have the following specific duties and obligations:

(a) The Program Administrator will originate Financing Agreements as follows:

(i) The Program Administrator will collect, review, and, if appropriate, submit applications for Financing Agreements for review. In connection with the origination of Financing Agreements, the Program Administrator (A) will prepare and complete, or cause to be prepared and completed, all documentation relating to the Financing Agreements and (B) will prepare the initial schedule of Financing Payments and review such budgets, appropriation ordinances, and/or revenue sources as may be relevant to and necessary for the payment of such Financing Payments. The Program Administrator will hold Closings with respect to Financing Agreements; and the Program Administrator will approve disbursements from Participant Disbursement Accounts if, and only if, the applicable conditions to such disbursements set forth in the Financing Agreements and the General Trust Indenture have been fulfilled.

(ii) A Participant will submit to the Program Administrator the following documents in connection with the Closing of a Lease:

(A) a certified copy of the Resolution or Ordinance authorizing execution and delivery of the Financing Agreement on behalf of the Participant substantially in the form provided for in Annex A to the General Trust Indenture;

(B) an opinion of the Participant's counsel substantially in the form provided for in Annex A to the General Trust Indenture;

(C) a certificate of the officials of the Participant who execute the Financing Agreement substantially in the form provided for in Annex A to the General Trust Indenture;

(D) an executed Financing Agreement in the applicable form and substance substantially as set forth in Annex A to the General Trust Indenture;

(E) for each Participant financing a Project, (1) contracts in form and substance acceptable to the Program Administrator for the components of the Project, (2) a schedule of the Costs of the Project giving the estimated dates and the amounts of projected expenditures for the Project, and (3) a certificate that it will use due diligence to expend the amounts deposited in the Participant Acquisition Account to acquire, construct, equip, and install such Project as promptly as reasonably possible;

(F) to the extent required by the Rule, an agreement regarding continuing disclosure under the Rule;

(G) if the Participant is refinancing outstanding obligations, in addition to items (A) – (F) above, (1) the cancelled note or other financing document or other evidence satisfactory to the Program Administrator of the release and satisfaction of the outstanding obligations being refinanced; (2) evidence satisfactory to the Program Administrator that the debt referred to in (1) above is being refinanced with the proceeds of the Financing Agreement; and (3) evidence satisfactory to the Program Administrator that the proceeds of the Financing Agreement are not being used and will not be used to refund any tax-exempt debt issued on the Participant’s behalf, unless the Participant furnishes an opinion of Bond Counsel as described in the Financing Agreement.

(H) such other certificates, opinions, documents, and other information, including a title insurance policy, in form and substance satisfactory to the Program Administrator, as the Program Administrator may require.

(b) The Program Administrator will service Financing Agreements as follows:

(i) The Program Administrator will perform all obligations and duties of the “Lessor” under each Lease as agent and attorney-in-fact for the Corporation.

(ii) The Program Administrator will implement procedures to reasonably ensure that all Financing Payments will be paid or transmitted to the Trustee in a timely manner.

(iii) If any Financing Payment is not paid when due, the Program Administrator will take all reasonable steps to cause such Financing Payment to be paid.

(iv) The Program Administrator will receive from the Participants copies of the Participants’ annual audits and, upon request, will furnish copies of the same to the Trustee.

(v) Based on the requests for payment submitted by the Participant, the Program Administrator will monitor the acquisition, construction, installation, and equipping of Projects pursuant to Financing Agreements; and the Program Administrator will determine on a timely basis whether the acquisition, construction, installation, and equipping of each Project is completed on or prior to the estimated completion date.

(vi) On at least a yearly basis, the Program Administrator will monitor compliance by each Participant with the requirements of its Financing Agreement concerning, if applicable, the maintenance of insurance in accordance with its Financing Agreement; and if any Participant is not in compliance with such requirements, the Program Administrator will take all reasonable steps to cause such compliance.

(vii) The Program Administrator will revise the schedules of payments under the Financing Agreements and will bill the Participants for, and/or notify the Participants of estimates of, additional payments under the Financing Agreements (A) at such times and in such manner as is required by the provisions of the Financing Agreements and the General Trust Indenture, and (B) at such other times and in such other manner and with such effective dates as are necessary or advisable to result in the availability of sufficient Financing Payments to pay, when due, all amounts due or to become due under and with respect to the Bonds and all expenses of the Program.

(viii) The Program Administrator will assist the Participants in responding to inquiries from the Trustee and in submitting additional documents, statistics, or information to the Trustee.

(ix) The Program Administrator will respond in reasonable detail and in as timely a fashion as may be reasonably possible to all requests for information from the Participants about the Program. The Program Administrator will at all reasonable times make its books, records, and papers relating to the Participants, the Financing Agreements, and the Program (including, without limitation, the files to which reference is hereinafter made) available for inspection (and copying) by the Trustee and/or auditors, accountants, and independent financial consultants at the Program Administrator's regular place of business. The Program Administrator will meet upon reasonable request and at mutually agreeable times and places with representatives of the Participants, the Corporation, the Trustee, and auditors, accountants, and independent financial consultants.

(c) After each Closing, the Program Administrator will send copies of all executed financing documents received by it to the Trustee. The Program Administrator will retain all the documents it receives at each closing and will establish and maintain a file applicable to each Financing Agreement and will retain all documents with regard to each Financing Agreement (including, without limitation, all amendments thereto and written evidence of all monitoring with respect thereto) in the file pertaining to that Financing Agreement. Each file will be kept at the Program Administrator's regular place of business and will be available for inspection (and copying) by the Corporation, the Trustee, auditors, accountants, and independent financial consultants, and/or the Participant to which such file pertains.

(d) As soon as possible and in any event within ten days after (i) the occurrence of any Event of Default under a Financing Agreement by reason of the failure of the Participant thereunder to pay, when due, any sum payable under such Financing Agreement; (ii) the occurrence of any Event of Nonappropriation; (iii) the receipt by the Program Administrator of notice from a Participant of its intention to terminate or discontinue payments under its Financing Agreement; or (iv) the Program Administrator obtains knowledge of or becomes aware of any Event of Default under a Financing Agreement by reason of an event or condition other than the failure of the Participant under such Financing Agreement to pay, when due, any sum payable under such Financing Agreement, the Program Administrator will provide the Trustee with a statement setting forth the details thereof or with respect thereto and the recommendation of the Program Administrator as to action to be taken as a consequence thereof. In addition, the Program Administrator will give reports concerning the Program to the Trustee in such detail, about such matters, and at such times as may be reasonably requested by the Trustee.

(e) Promptly after receipt of notice from a Participant of its intention to exercise its right to terminate or discontinue payments under its Financing Agreement by paying the Optional Prepayment Price with respect thereto, the Program Administrator will calculate such Optional

Prepayment Price and advise the Participant under such Financing Agreement and the Trustee of the amount and components thereof.

(f) The Trustee will have the right (but not the obligation) to reasonably direct the actions of the Program Administrator as provided in the General Trust Indenture, and the Program Administrator will diligently follow, and take all reasonable steps necessary to follow, such directions, so long as such directions are not contrary to the express provisions of the applicable Financing Agreement or contrary to applicable law.

(g) Upon payment of all sums due and to become due under a Financing Agreement by the Participant under such Financing Agreement or upon the prepayment of a Financing Agreement by the Participant under such Financing Agreement by payment in full of the Optional Prepayment Price with respect to such Financing Agreement, the Program Administrator will cancel and release such Financing Agreement, convey the Project under such Financing Agreement to the Participant under such Financing Agreement, if applicable, and take any other actions required by the terms of such Financing Agreement. Upon receipt by the Program Administrator of a certificate of the Trustee certifying that the Trust Estate has ceased, terminated and become void in accordance with Section 1201 of the General Trust Indenture, the Program Administrator may, in its discretion, forgive the remaining Financing Payments not yet due under all of the Financing Agreements and take the actions described in the next preceding sentence in order to release all of the Financing Agreements.

(h) The Program Administrator will not take any action or omit to take any action or permit any action within its control to be taken or omitted which would impair the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Supplemental Trust Indentures

Supplemental Trust Indentures Effective Without Consent of Bondholders. The Corporation may execute and deliver at any time from time to time (i) Series Trust Indentures for the purposes set forth in Section 204 of the General Trust Indenture and (ii) Supplemental Trust Indentures for any one or more of the following purposes, and any such Supplemental Trust Indenture will become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(1) To add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the General Trust Indenture;

(2) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(3) To surrender any right, power, or privilege reserved to or conferred upon the Corporation by the terms of the General Trust Indenture, provided that the surrender of such right, power, or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the General Trust Indenture;

(4) To confirm as further assurance any pledge under and the subjection to any lien, claim, or pledge created or to be created by the provisions of the General Trust Indenture;

(5) To modify any of the provisions of the General Trust Indenture or any Series Trust Indenture in any other respects, provided that such modifications will not be effective until after all

Bonds of any Series of Bonds Outstanding as of the date of execution and delivery of such Series Resolution or Series Trust Indenture will cease to be Outstanding, and all Bonds issued under such Series Resolutions will contain a specific reference to the modifications contained in such subsequent Series Resolutions or Series Trust Indentures;

(6) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the General Trust Indenture or to insert such provisions clarifying matters or questions arising under the General Trust Indenture or any Series Trust Indenture as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the General Trust Indenture or any Series Trust Indenture as theretofore in effect; or

(7) Any completion of or modification to the forms of Financing Agreements set forth in Annex A that, in the opinion of Counsel, is required in order to comply with federal law, including the Code, or laws of the State.

(8) Any amendment or modification that does not adversely affect the then existing rating on the Bonds.

(9) For any other purpose provided that any such amendment or modification does not materially adversely affect the rights of Bondholders affected thereby.

A Supplemental Trust Indenture for the purposes described in Section 801 of the General Trust Indenture will be effective upon the execution thereof by the Corporation and the Trustee and delivery thereof to the Trustee. At any time thereafter, notice stating in substance that the Supplemental Trust Indenture (which may be referred to as a Supplemental Trust Indenture adopted by the Corporation on a stated date, a copy of which is on file with the Trustee) has been delivered to the Trustee and is effective pursuant to the General Trust Indenture, will be given to Bondholders by the Corporation by mailing such notice to Bondholders.

Supplemental Trust Indentures Effective With Consent of Bondholders. The provisions of the General Trust Indenture or any Series Trust Indenture may also be modified or amended at any time or from time to time by a Supplemental Trust Indenture, subject to the consent of the Bondholders in accordance with and subject to the provisions of Article IX of the General Trust Indenture.

Amendments of the General Trust Indentures and Series Trust Indentures

Powers of Amendment. Any modification or amendment of the General Trust Indenture or any Series Trust Indenture and of the rights and obligations of the Corporation and of the Holders of the Bonds, in any particular, pursuant to Section 802 of the General Trust Indenture, may be made by a Supplemental Trust Indenture, with the written consent given as provided in Section 902 of the General Trust Indenture, (1) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (2) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the General Trust Indenture; and provided, further, that no such modification or amendment (a) will permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond; (b) will reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such

modification or amendment; or (c) a privilege or priority of any First Series Bond or Bonds over any other First Series Bond or Bonds or a privilege or priority of any Second Series Bond or Bonds over any other Second Series Bond or Bonds or over any First Series Bond or Bonds. A Series will be deemed to be affected by a modification or amendment of the General Trust Indenture or any Series Trust Indenture if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series. The Trustee may, in its discretion, determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series or maturity would be adversely affected by any modification or amendment of the General Trust Indenture and any such determination will be binding and conclusive on the Corporation and all Holders of Bonds. The Trustee may receive an opinion of Counsel, including Counsel's Opinion, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the General Trust Indenture or any Series Trust Indenture.

Consent of Bondholders. The Corporation may at any time adopt a Supplemental Trust Indenture making a modification or amendment permitted by the provisions of Section 802 of the General Trust Indenture to take effect when and as provided in Section 902 of the General Trust Indenture. A copy of such Supplemental Trust Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, will promptly after adoption be mailed by the Corporation to Bondholders (but failure to mail such copy and request will not affect the validity of the Supplemental Trust Indenture when consented to as provided in the General Trust Indenture). Such Supplemental Trust Indenture will not be effective unless and until (1) there will have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 901 of the General Trust Indenture In and (b) a Counsel's Opinion stating that such Supplemental Trust Indenture has been duly and lawfully adopted and filed by the Corporation in accordance with the provisions of the General Trust Indenture, is authorized or permitted by the General Trust Indenture, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (2) a notice will have been mailed as provided in General Trust Indenture. Each such consent will be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1202 of the General Trust Indenture. A certificate of the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1202 of the General Trust Indenture will be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent will be binding upon the Holder of the Bonds giving such consent and, anything in Section 1202 of the General Trust Indenture to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided in Section 902 of the General Trust Indenture is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1202 of the General Trust Indenture. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds will have filed their consent to the Supplemental Trust Indenture, the Trustee will make and file with the Corporation a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement will be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Trust Indenture (which may be referred to as a Supplemental Trust Indenture adopted by the Corporation on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this paragraph, will be given to Bondholders by the Corporation by mailing such notice to Bondholders, not more than ninety days after the Holders of the required percentages of Bonds will have filed their consents to the Supplemental Trust Indenture and the written statement of the Trustee hereinabove described is filed. The Corporation will file with the Trustee proof of the mailing of such

notice. A transcript, consisting of the papers required or permitted by Section 902 of the General Trust Indenture to be filed with the Trustee, will be proof of the matters therein stated. Such Supplemental Trust Indenture making such amendment or modification will be deemed conclusively binding upon the Corporation, the Fiduciaries, and the Holders of all Bonds at the expiration of thirty days after the making or the filing with the Trustee of the proof of the first mailing of such last mentioned notice.

Default and Remedies

Trustee to Exercise Powers of Statutory Trustee. The Trustee will be and is vested with all of its rights, powers, and duties of a trustee permitted to be secured pursuant to the Act, and any right of Bondholders to secure appointment of a trustee is abrogated.

Events of Default. In addition to any events declared in a Series Trust Indenture to be an “Event of Default” on the Bonds, each of the following events is declared an “Event of Default”:

(1) The Corporation shall default in the payment of any Principal Installment of or Redemption Price, if any, on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, provided that a failure to pay any Principal Installment of or Redemption Price, if any, (a) on any Second Series Bonds or Third Series Bonds shall not constitute an Event of Default with respect to the First Series Bonds and (b) on any Third Series Bonds shall not constitute an Event of Default with respect to the First Series Bonds or Second Series Bonds;

(2) Payment of any installment of interest on any Bond shall not be made when and as the same shall become due, provided that a failure to pay interest (a) on Second Series Bonds or Third Series Bonds shall not constitute an Event of Default with respect to the First Series Bonds and (b) on any Third Series Bonds shall not constitute an Event of Default with respect to the First Series Bonds or Second Series Bonds; or

(3) The Corporation shall default in the performance or observance of any other of the covenants, agreements, or conditions on its part contained in the General Trust Indenture, any Series Trust Indenture, or the Bonds and such failure, refusal, or default continues for a period of forty-five days after written notice thereof by the Trustee or the Holders of not less than 5% in principal amount of the Outstanding Bonds.

Remedies.

(1) Unless otherwise provided in a Series Trust Indenture upon the happening and continuance of any Event of Default specified in subsections (1) and (2) of Section 1002, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in subsection (3) of Section 1002, the Trustee may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Second Series Bonds plus 100% in principal amount of the Outstanding First Series Bonds shall proceed, in its own name, subject to the provisions of this Section and subject further to its right to be indemnified to its satisfaction, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action, or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the Corporation to enforce Financing Agreements adequate to carry out the covenants and agreements as to, and pledge of, Pledged Receipts, and to require the Corporation to carry out any and all other covenants or agreements with Bondholders with respect to the Bonds then in default and to perform its duties under the Act;

- (b) by bringing suit upon the Bonds;
- (c) by action or suit in equity, require the Corporation to account as if it were the trustee of an express trust for the Holders of the Bonds;
- (d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds;
- (e) by declaring all Bonds due and payable, and if all defaults will be made good, then, with the written consent of the Holders of not less than 25% in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or
- (f) if all Bonds are declared due and payable, by selling Investment Obligations and all other assets of the Corporation held under the General Trust Indenture and any Series Trust Indenture (to the extent not theretofore set aside for redemption of Bonds for which call has been made), and enforcing all Financing Agreements to the fullest legal extent in the name of the Corporation for the use and benefit of the Holders of Bonds.

(2) In the enforcement of any rights and remedies under the General Trust Indenture or any Series Trust Indenture, the Trustee will be entitled to sue for, enforce payment on, and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Corporation for principal, Redemption Price, interest, or otherwise, under any provision of the General Trust Indenture or any Series Trust Indenture or of the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the General Trust Indenture and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Priority of Payments After Default. If, upon the happening and continuance of any Event of Default, the funds held by the Fiduciaries is insufficient for the payment of any Principal Installment or Redemption Price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to the Act and Article X, after making provision for the payment of any extraordinary Fiduciary Fees and any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performances of their respective duties under the General Trust Indenture or any Series Trust Indenture, will be applied as follows:

- (1) Unless the principal of all of the Bonds will have become or have been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due on the First Series Bonds in the order of the maturity of such installments, and, if the amount available will not be sufficient to pay in full any installments, then to the payment thereof ratably, accordingly to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Installment or Redemption Price of any First Series Bonds which will have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the

amounts available shall not be sufficient to pay in full all the First Series Bonds due on any date, then to the payment thereof ratably, according to the amounts of the Principal Installment or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

Third: To the payment to the persons entitled thereto of all installments of interest then due on the Second Series Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installments, then to the payment thereof ratably, accordingly to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference; and

Fourth: To the payment to the persons entitled thereto of the unpaid Principal Installment or Redemption Price of any Second Series Bonds which will have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Second Series Bonds due on any date, then to the payment thereof ratably, according to the amounts of the Principal Installment or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all of the Bonds will have become or have been declared due and payable, (a) first to the payment of the principal and interest then due and unpaid upon the First Series Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any First Series Bond over any other First Series Bond, ratably, accordingly to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the First Series Bonds and then (b) to the payment of the principal and interest then due and unpaid upon the Second Series Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Second Series Bond over any other Second Series Bond, ratably, accordingly to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Second Series Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of Section 1004 of the of the General Trust Indenture, such moneys will be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion will determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such moneys with the Fiduciaries, or otherwise setting aside such moneys in trust for the proper purpose, will constitute proper application by the Trustee, and the Trustee will incur no liability whatsoever to the Corporation, to any Bondholder, or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the General Trust Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee will exercise such discretion in applying such moneys, it will fix the date (which will be an Interest Payment Date unless the Trustee will deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate for the fixing of any such date. The Trustee will not be required to make payment to the Holder of any unpaid Bond unless such Bond will be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Termination of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default will have been discontinued or abandoned for any reason, then in every such case the Corporation, the Trustee, and the Bondholders will be restored to their former positions and rights under the General Trust Indenture, respectively, and all rights, remedies, powers, and duties of the Trustee will continue as though no such proceeding had been taken.

Bondholders' Direction of Proceedings. Unless otherwise provided in a Series Trust Indenture, anything in the General Trust Indenture or any Series Trust Indenture to the contrary notwithstanding, the Holders of the majority in principal amount of Bonds then Outstanding will have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the General Trust Indenture, provided that such direction will not be otherwise than in accordance with law or the provisions of the General Trust Indenture or any Series Trust Indenture, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Rights of Bondholders. No Holder of any Bond will have any right to institute any suit, action, mandamus, or other proceeding in equity or at law or for the protection or enforcement of any right under the General Trust Indenture or any Series Trust Indenture or any right under the law unless such Holder will have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action, or proceeding is to be taken, and unless the Holders of not less than 25% in principal amount of the Bonds then Outstanding will have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, will have occurred, and will have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the General Trust Indenture or granted under the law or to institute such action, suit, or proceeding in its name and unless, also, there will have been offered to the Trustee reasonable security and indemnity against the cost, expenses, and liabilities to be incurred therein or thereby, and the Trustee will have refused or neglected to comply with such request within a reasonable time; and such notification, request, and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the General Trust Indenture or any Series Trust Indenture or for any other remedy under the General Trust Indenture or under law. It is understood and intended that no one or more Holders of the Bonds will have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of the General Trust Indenture or any Series Trust Indenture, or to enforce any right under the General Trust Indenture or under law with respect to the Bond or the General Trust Indenture or any Series Trust Indenture, except in the manner provided in the General Trust Indenture, and that all proceedings at law or in equity will be instituted, had, and maintained in the manner provided in the General Trust Indenture and for the benefit of all Holders. Nothing in the Article contained will affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on its Bonds, or the obligation of the Corporation to pay the principal of and interest on each Bond issued to the Holder thereof at the time and place stated in said Bond expressed.

Anything to the contrary notwithstanding contained in Section 1007 of the General Trust Indenture, or any other provision of the General Trust Indenture or any Series Trust Indenture, each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the General Trust Indenture or any Series Trust Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable cost of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of Section 1007 of the General Trust Indenture will not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder or group of Bondholders holding at least

25% in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholders for the enforcement of the payment of the principal of, Redemption Price of, or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Possession of Bonds By Trustee Not Required. All rights of action under the General Trust Indenture or any Series Trust Indenture or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action, or proceeding instituted by the Trustee will be brought in its name for the benefit of all the Holders of such Bonds, subject to the provisions of the General Trust Indenture or any Series Trust Indenture.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy will be cumulative and will be in addition to any other remedy given or now or hereafter existing at law or in equity by statute.

No Waiver or Default. No delay or omission of Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be waiver of any such default or any acquiescence therein; and every power and remedy given by the General Trust Indenture or any Series Trust Indenture to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Notice of Event of Default. The Trustee will give to the Bondholders notice of each Event of Default known to the Trustee within ninety days after knowledge of the occurrence thereof, unless such Event of Default will have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the Principal Installment of or Redemption Price, if any, or interest on any of the Bonds, the Trustee will be protected in withholding such notice, if any, so long as the Trustee, in good faith, determines that the withholding of such notice is in the interest of the Bondholders. Each such notice of Event of Default will be given by the Trustee by mailing written notice thereof: (1) to all Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

Concerning the Fiduciaries

Responsibility of Fiduciaries. The recitals of fact contained in the General Trust Indenture and in the Bonds will be taken as the statements of the Corporation and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the General Trust indenture or of any Bonds issued thereunder or in respect of the security afforded by the General Trust Indenture, and no Fiduciary will incur any responsibility in respect thereof. The Trustee will, however, be responsible for its representation contained in the Certificate of Authentication executed by it on the Bonds. No Fiduciary will be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Corporation. No Fiduciary will be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary will be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect of the General Trust Indenture, or to advance any of its own moneys, unless properly indemnified. No Fiduciary will be liable in connection with the performance of its duties except for its own negligence or willful default.

Evidence on Which Fiduciaries May Act. Each Fiduciary will be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document

believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Corporation, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith. Whenever any Fiduciary will deem necessary or desirable that a matter be proved or established prior to taking or suffering any action under the General Trust Indenture, including payment of moneys out of any Fund or Account, such matter (unless other evidence in respect thereof be specifically prescribed in the General Trust Indenture) may be deemed to be conclusively proved and established by a certificate signed by an Authorized Officer, and such certificate will be full warrant for any action taken or suffered in good faith under the provisions of the General Trust Indenture and any Series Trust Indenture in which said Fiduciary has accepted said trust upon the faith thereof, but, in its discretion, the Fiduciary may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as to it may deem reasonable. Except as otherwise expressly provided in the General Trust Indenture, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision of the General Trust Indenture by the Corporation to any Fiduciary will be sufficiently executed if executed in the name of the Corporation by an Authorized Officer.

Before taking any action pursuant to Article X of the General Trust Indenture (with the exception of Section 1011), the Trustee may require that indemnity satisfactory to the Trustee be furnished to it for the reimbursement of all fees and expenses which it may incur and to protect it against all liability by reason of any action so taken (including any liability arising directly or indirectly under any federal, state, or local statute, rule, law, or ordinance related to the protection of the environment or hazardous substances), except liability which is adjudicated to have resulted from its gross negligence or willful misconduct. The Trustee may take action without liability, in which case the Corporation shall reimburse the Trustee for all of the Trustee's fees and expenses pursuant to Section 1105.

The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default under the General Trust Indenture or under any Series Trust Indenture, except Events of Defaults described in paragraphs (1) and (2) of Section 1002 of the General Trust Indenture, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Corporation or by the holders of at least 10% of the aggregate principal amount of the Bonds then outstanding; such notice and all other notices and instruments required by the General Trust Indenture to be delivered to the Trustee must, in order to be effective, be delivered to the designated office of the Trustee. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default except as noted above.

The permissive right of the Trustee to do things enumerated in the General Trust Indenture and any Series Trust Indenture shall not be construed as a duty. The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee. The Trustee shall not be accountable for the use or application by the Corporation of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of the General Trust Indenture or any Series Trust Indenture or for the use and application of money received by any Paying Agent. The Trustee may perform any of its duties under the General Trust Indenture or under any Series Trust Indenture either directly or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with reasonable care by it under the General Trust Indenture.

The Trustee shall be under no obligation to analyze or make any review of any certificates, documents, information, certifications, financial statements, or reports ("Documents") received by it under the General Trust Indenture, under any Series Trust Indenture, or any Financing Agreement, but shall hold

any such Documents delivered to it solely for the benefit of, and review by, the Corporation and Holders of the Bonds. The Trustee shall have no duty to request copies of any such Documents which are required to be furnished to it under the General Trust Indenture.

The Trustee agrees to accept and act upon instructions or directions pursuant to the General Trust Indenture and any Series Trust Indenture sent by unsecured e-mail, facsimile transmission, or other similar unsecured electronic methods; provided, however, that the instructions or directions shall be signed by a person as may be designated and authorized to sign for the Corporation or in the name of the Corporation, by an authorized representative of the Corporation, and the Corporation shall provide to the Trustee an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Corporation elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee, in its discretion, elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Corporation agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

Permitted Acts and Functions. The Trustee and any Paying Agent may become the Owner of any Bonds, with the same rights it would have if it were not such Fiduciary. Any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the General Trust Indenture, whether or not any such committee will represent the Holders of a majority in principal amount of the Bonds then Outstanding.

Resignation of Trustee. The Trustee may, at any time, resign and be discharged of the duties and obligations created by the General Trust Indenture or any Series Trust Indenture by giving not less than sixty days' written notice to the Corporation and by mailing through regular United States mail said notice, postage prepaid, to each Holder of Bonds, and such resignation will take effect upon the day specified in such notice unless (1) no successor has been appointed as provided in Section 1109 of the General Trust Indenture, or (2) previously a successor will have been appointed, as provided in Section 1109 of the General Trust Indenture, in which event such resignation will take effect immediately on the appointment of such successor.

Removal of Trustee. The Trustee will be removed by the Corporation (so long as no Event of Default has occurred and is continuing) if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation, by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation and signed by the Corporation or the Holders of Bonds, as appropriate. No such removal will be effective until a successor Trustee has been appointed and assumed the duties of Trustee as provided in Section 1109 of the General Trust Indenture.

Appointment of Successor Trustee. In case at any time the Trustee will resign or will be removed or will become incapable of acting, or will be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee, or of its property, will be appointed, or if any public officer will take charge or control of the Trustee, or of its property or affairs, the Corporation covenants and agrees that it will thereupon appoint a successor Trustee. The Corporation will mail notice of any such appointment made by it within twenty days after such appointment to the Holders of Bonds by regular United States mail.

If no appointment of a successor Trustee will be made pursuant to the foregoing provisions of Section 1109 of the General Trust Indenture within forty-five days after the Trustee will have given to the Corporation written notice, as provided in Section 1107 of the General Trust Indenture, or after a vacancy in the office of the Trustee will have occurred by reason of its removal or inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provision of this Section in succession to the Trustee shall be a national banking association, trust company, or bank having the powers of a trust company within or outside the Commonwealth, having a capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000), if there be such a national banking association, trust company, or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all duties imposed upon it by the General Trust Indenture or any Series Trust Indenture.

Miscellaneous

Defeasance.

(1) If the Corporation shall pay or cause to be paid, or there shall otherwise be paid, to Holders of the Bonds, such amounts as will, taking into account the investment earning therefrom, fully provide for all of the principal and interest and Redemption Price, if any, to become due on a particular Series of Bonds, at the times and the manner stipulated therein and in the General Trust Indenture or any Series Trust Indenture, and if the Corporation shall pay or cause to be paid to the Fiduciaries all sums of money due or to become due according to the provisions of the General Trust Indenture or under any particular Series Trust Indenture and related Series of Bonds, then, and in that event as to that particular Series of Bonds, the General Trust Indenture or any Series Trust Indenture shall cease, determine, and become null and void, and the covenants, agreements, and other obligations of the Corporation under the General Trust Indenture shall be satisfied and discharged for that particular Series of Bonds, and in such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Corporation all moneys or securities held by them pursuant to the General Trust Indenture or any Series Trust Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption for that particular Series of Bonds.

(2) Bonds or interest installments of a particular Series of Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by Fiduciaries (through deposit by the Corporation of funds for such payment or redemption or otherwise) shall, at the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section. Bonds of a particular Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish or notify by mail as provided in the applicable Series Trust Indenture notice of redemption on said date of such Bonds; (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations, the principal of and the interest on which when due will provide moneys in an amount which shall be sufficient, or Defeasance Obligations contained in the General Trust Indenture, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal or Redemption Price, if any, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and the Trustee shall have received a certificate from a

firm of independent certified public accountants to the effect that the amounts deposited are sufficient, without the need to reinvest principal or interest (other than as set forth in written instructions), to make all payments that might become due on the Bonds or an opinion of counsel to the effect that all conditions precedent to the defeasance have been complied with; and (c) in the event said Bonds are not subject to redemption within the next sixty days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to notify the Holders of such Bonds of such redemption in the manner provided in the applicable Series Trust Indenture for giving notice of redemption. Neither Defeasance Obligations or moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, and interest on said Bonds.

(3) Anything in the General Trust Indenture or any Series Trust Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such monies were held by the Fiduciary at such date, or for six years after the date of deposit of such monies if deposited with the Fiduciary after said date when all of the Bonds became due and payable, shall, subject to the provisions of Article VI of the General Trust Indenture, at the written request of the Corporation, be repaid by the Fiduciary to the Corporation, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged. In the absence of any such written request, the Fiduciary shall, from time to time, deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Fiduciary, in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules, or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the Fiduciary and the escheat authority. All moneys held by the Fiduciary and subject to this Section shall be held uninvested and without liability for interest thereon.

Parties in Interest. Nothing in the General Trust Indenture or any Series Trust Indenture adopted pursuant to the provisions thereof, expressed or implied, is intended or will be construed to confer upon or to give to any person or party, other than the Corporation, the Fiduciaries, and the Holders of the Bonds, any rights, remedies, or claims under or by reason of the General Trust Indenture or any Series Trust Indenture, or any covenants, conditions, or stipulations thereof; and all covenants, stipulations, promises, and agreements in the General Trust Indenture or any Series Trust Indenture contained by or on behalf of the Corporation will be for the sole and exclusive benefit of the Corporation, the Fiduciaries, and the Holders from time to time of the Bonds.

Summary of the Forms of Financing Agreements

Financing Agreements in General

Each Participant has entered into a Financing Agreement pursuant to the Act. Financing Agreements may be in the form of (1) a Lease, which Leases may be in the form of an “Annually Renewable Lease,” a “Revenue Lease,” or a “General Obligation Lease;” (2) a Participant Bond; or (3) a Participant Note. The form of Financing Agreement relating to each Participant is described in APPENDIX A.

Leases

General. A description of the provisions that are applicable only to an Annually Renewable Lease, a Revenue Lease, and a General Obligation Lease are separately described below.

The term of each Lease corresponds to the maturity dates of the Bonds and Lease Rental Payments, both as to the interest component and principal component, which correspond to principal and interest

payments on the Bonds. Additional Rentals are due under the Leases to pay fiduciary fees relating to the Program. The Participant has the option to terminate its Lease by paying the Optional Prepayment Price. Lease Rental Payments and any Optional Prepayment Price are paid directly to the Trustee.

Each Lease provides that title to the Project will remain with the Participant. The Participant is obligated to complete construction of the Project and amounts will be disbursed from the Participant's Participant Account as Costs of the Project become due and payable. The Participant assumes all risk of loss or damage to the Project and is required to continue payments under the Lease regardless of any loss or damage. The Participant is required to carry public liability and property damage insurance with respect to the Project, with property damage insurance being in an amount at least equal to the aggregate principal components of Lease Rental Payments. The Participant may not create any lien against the Project.

Each Lease is assigned to the Trustee and the Participant acknowledges that the Lease is a part of the Program and that Lease Rental Payments will be applied to payments on the Bonds and payments of costs and expenses of the Program.

General Obligation Lease. Under a General Obligation Lease, the obligation of the Participant is a full general obligation for the payment of the Lease Rental Payments and the full faith, credit, and revenue of the Participant is pledged for the prompt payment thereof. During the period of the Lease, there is levied on all taxable property of the Participant, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the Lease Rental Payments when and as due; provided, however, that in each year to the extent that other taxes of the Participant are available for the payment of the Lease Rental Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property of the Participant shall be reduced by the amount of such other taxes so available and appropriated. Funds derived from said tax levy are required to be placed in the Sinking Fund of the Participant and are irrevocably pledged for the payment of all bonds issued under KRS Chapter 66 and all tax supported leases.

Upon an Event of Default, the Lessor may (1) by appropriate court action, enforce the pledge described above so that during the remaining Lease Term there is levied on all taxable property of the Participant, in addition to all other taxes, without limitation as to rate or amount, a direct tax annually in an amount sufficient to pay the Lease Rental Payments when and as due; (2) sell or release the project or any portion thereof; or (3) take whatever action at law or in equity may appear necessary or desirable to enforce its rights and into the Project under the Lease.

Annually Renewable Lease. An Annually Renewable Lease has an initial term that ends on the first June 30 after its commencement date and renews on each July 1 thereafter until all Lease Rental Payments have been paid. Unless the Participant provides written notice to the Lessor by May 31 of any year, the Lease will automatically renew on the following July 1. If the Participant fails to appropriate funds for the payment of Lease Rental Payments under its Lease during a Fiscal Year, an Event of Nonappropriation will be deemed to have occurred. If an Event of Nonappropriation occurs, the Participant will continue to be liable for Lease Rental Payments during the remainder of the current Fiscal Year. On the first July 1 occurring after an Event of Nonappropriation, the Participant is required to vacate or surrender the Project to the Lessor. In addition, amounts remaining in the Participant Account may be applied to the completion of the Project.

An Event of Default occurs if the Participant fails to make a Lease Rental Payment, fails to vacate or surrender the Project by the July 1 following an Event of Nonappropriation or fails to observe or perform any covenant for a period of thirty days after written notice specifying such failure and requesting that it be remedied. Upon the occurrence of an Event of Default, the Lessor may (1) terminate the Lease and give notice to the Participant to vacate or surrender the Project within sixty days from the date of the notice; (2) sell or re-lease the Project; (3) recover from the Participant all Lease Rental Payments due during the Fiscal

Year in which the Event of Default occurs; or (4) take whatever action that law and equity may appear necessary or desirable to enforce its rights in and to the Project under the Lease.

Upon an Event of Default, the Lessor may (1) by appropriate court action, enforce the pledge described above so that during the remaining Lease Term there is levied on all taxable property of the Participant, in addition to all other taxes, without limitation as to rate or amount, a direct tax annually in an amount sufficient to pay the Lease Rental Payments when and as due; (2) sell or release the project or any portion thereof; or (3) take whatever action at law or in equity may appear necessary or desirable to enforce its rights and into the Project under the Lease.

Revenue Lease. A Revenue Lease is not annually renewable or subject to appropriation. Generally, a specific source of revenue is pledged to the Participant's obligation to make Lease Rental Payments under the Lease. The type of revenue pledged under each Revenue Lease is described in APPENDIX A for Participants entering into Revenue Leases. Events of Default under a Revenue Lease include failure by the Participant to pay Lease Rental Payments when due or failure by the Participant to observe or perform any covenant for a period of thirty days after written notice specifying such failure and requesting that it be remedied. Upon an Event of Default, the Lessor may (1) terminate the Lease and give notice to the Participant to vacate or surrender the Project within sixty days from the date of the notice; (2) sell or release the Project or any portion thereof; (3) declare an amount equal to all rentals under the Lease to be immediately due and payable; or (4) take whatever action that law or equity may appear necessary or desirable to enforce the Lease.

Participant Bonds

Participant Bonds are issued pursuant to Bond Resolutions or Ordinances for the purpose paying the costs of a Project. Participant Bonds may also be issued in the form of a Participant Note that is issued in anticipation of a Participant Bond. Each Participant Note and Participant Bond will be full general obligations of the Participant and, for the payment of Participant Notes and Participant Bonds and the interest thereon, the full faith, credit, and revenue of the applicable Participant will be pledged for the prompt payment thereof.

During the period Participant Notes or Participant Bonds are outstanding, there will be levied on all the taxable property in the Participant, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the principal of and interest on Participant Notes and Participant Bonds when and as due, it being found and determined that current tax rates are within all applicable limitations. Said tax shall be ordered computed, certified, levied, and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended, and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof; provided, however, that in each year, to the extent that the other lawfully available funds of the Participant are available for the payment of all Participant Notes and Participant Bonds and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the Participant shall be reduced by the amount of such other funds so available and appropriated.

The Participant has or will establish a sinking fund (the "Sinking Fund") to be maintained and continued as long as any of Participant Note or Participant Bond remains outstanding and unpaid. The funds derived from said required tax levy or other lawfully available funds shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of the interest on and principal of all bonds issued under the General Obligation Act and Tax-Supported Leases, as defined in the General Obligation Act, when and as the same fall due. Amounts shall be paid from the Sinking Fund

at the times and in the amounts required to pay amounts due with respect to a Participant Note and Participant Bond.

Upon an Event of Default the Corporation, as holder of the Participant Bond or Participant Note may, by appropriate court action, enforce the pledge described above so that there is levied on all taxable property of the Participant, in addition to all other taxes, without limitation as to rate or amount, a direct tax annually in an amount sufficient to pay required to be paid under the Bond Resolution or Ordinance when and as due.

Participant Notes

Participant Notes are issued pursuant to Note Resolutions for the purpose of financing expenditures (“Costs”) to be repaid from taxes and revenues of the Participant within a Fiscal Year. Amounts will be disbursed from the Participant’s Participant Account as Costs become due and payable. As security for payment of its Participant Note, each Participant pledges and grants a first lien and charge on, and security interest in, all of the current taxes and current revenues to be received during the period that its Participant Note will be outstanding which are required by law to be deposited in the Participants operating fund for which the Participant Note was issued.

Each of the following events constitutes an “Event of Default” under a Note Resolution:

- (1) default in the due and punctual payment of the Participant Note, including failure to make sinking fund payments due under the related Note Resolution; or
- (2) default in the performance of any covenant, agreement or condition to be performed under the Participant Note or the related Note Resolution other than a default in payment, and such default continues for a period of thirty days after written notice thereof by Issuer or the Trustee.

Subject to the limitations set forth in the Indenture, in case of an Event of Default under a Note Resolution, the Issuer or the Trustee may take such action for the enforcement of their rights as due diligence, prudence, and care would require and pursue the same with like diligence, prudence, and care, including commencement of an action for mandamus or other appropriate action to require the Participant to comply with the terms of its Note Resolution.

If a Participant pays or causes to be paid, or there is otherwise paid, to the Trustee, the total principal and interest due or to become due on its Participant Note, at the time and in the manner stipulated therein and in the related Note Resolution, then the pledge of current taxes and current revenues under the Note Resolution will cease, terminate, and become void and be discharged and satisfied. Whenever there is paid into the Prepayment Fund the Optional Prepayment Price described in a Note Resolution, on or prior to the date required for such payment, the related Participant Note will be deemed no longer outstanding and in lien created by such Note Resolution on current taxes and revenues will cease, terminate, and become void and be discharged and satisfied.

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APPENDIX D

Book-Entry Only System

The 2022 First Series C/D Bonds initially will be issued solely in book-entry form to be held in the book-entry only system maintained by The Depository Trust Company (“DTC”), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of 2022 First Series C/D Bonds and, except as otherwise provided herein with respect to Beneficial Owners 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 2022 First Series C/D Bonds under the Indenture.

The following information about the book-entry only system applicable to the 2022 First Series C/D Bonds has been supplied by DTC. None of the Issuer, the Trustee, the Participants, or the Underwriter makes any representations, warranties, or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the 2022 First Series C/D Bonds. The 2022 First Series C/D 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 certificate will be issued for each series and maturity of the 2022 First Series C/D Bonds, in the aggregate principal amount of the 2022 First Series C/D Bonds and will be deposited with DTC.

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

Purchases of 2022 First Series C/D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 First Series C/D Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2022 First Series C/D 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 2022 First Series C/D 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 2022 Taxable First Series C Bonds or 2022 First Series D Bonds, except if use of the book-entry system for the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds is discontinued.

To facilitate subsequent transfers, all 2022 First Series C/D 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 2022 First Series C/D Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 First Series C/D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 First Series C/D 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 2022 First Series C/D Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 First Series C/D Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2022 First Series C/D Bond documents. For example, Beneficial Owners of 2022 First Series C/D Bonds may wish to ascertain that the nominee holding the 2022 First Series C/D 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2022 Taxable First Series C Bonds or 2022 First Series D 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 2022 First Series C/D Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 2022 First Series C/D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of, premium (if any) and interest on the 2022 First Series C/D 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 Trustee, on the 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 2022 First Series C/D 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 Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium (if any) and interest on the 2022 First Series C/D Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2022 Taxable First Series C Bonds or 2022 First Series D Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, if a successor securities depository is not obtained, 2022 Taxable First Series C Bond certificates or 2022 First Series D Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2022 First Series C/D Bonds will be printed and delivered to DTC.

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

APPENDIX E-I

Form of Bond Counsel Opinion for the 2022 Taxable First Series C Bonds

The form of the legal approving opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the 2022 Taxable First Series C Bonds referred to therein and may vary from the form set forth below to reflect the circumstances, both factual and legal, at the time of its delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in the opinion after the date of the opinion.

[Date of Delivery]

Kentucky Bond Corporation
Lexington, Kentucky

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issue of \$3,325,000* Financing Program Revenue Bonds, 2022 Taxable First Series C (the “2022 Taxable First Series C Bonds”) of the Kentucky Bond Corporation (the “Issuer”). The 2022 Taxable First Series C Bonds are issuable as fully registered bonds bearing interest and maturing, subject to redemption, as set forth in a Trust Indenture dated as of July 1, 2010 as supplemented by a Series Trust Indenture, 2022 Taxable First Series C dated as of July 1, 2022 (collectively, the “Indenture”) between the Issuer and The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, as trustee (the “Trustee”).

The 2022 Taxable First Series C Bonds are authorized pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, particularly Sections 65.210 through 65.300 of the Kentucky Revised Statutes and Chapters 58, 74, 76, 96, 160, and 162 and Sections 65.7701 et seq., 65.940 et seq., 66.011 et seq., 103.200 et seq., and 162.340 to 162.380 of the Kentucky Revised Statutes (collectively, the “Act”) and a resolution of the Issuer adopted June 29, 2022. The 2022 Taxable First Series C Bonds are being issued to refinance various public projects and purposes of participating public agencies (the “Participants”) which enter into financing agreements with the Issuer (the “Financing Agreements”).

In addition to the transcript of proceedings, which includes the Indenture and the Financing Agreements, we have examined laws we have deemed relevant and we have examined a specimen 2022 Taxable First Series C Bond of this issue and approve its form.

Based on the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and existing nonprofit, no stock corporation, organized and existing under the provisions of Chapter 58 and Chapter 273 of the Kentucky Revised Statutes to act as the agency and instrumentality of the Participants.
2. The 2022 Taxable First Series C Bonds and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute valid, binding, and enforceable obligations of the Issuer.
3. The 2022 Taxable First Series C Bonds constitute special and limited obligations of the Issuer and the principal of and interest and any premium on the 2022 Taxable First Series C Bonds (collectively, “debt service”), are payable solely from the revenues and other moneys pledged and assigned by the Indenture to secure that payment. The 2022 Taxable First Series C Bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation, other than as provided

in the Financing Agreements, and the 2022 Taxable First Series C Bonds do not represent or constitute an indebtedness of the Issuer or a pledge of the full faith and credit of the Issuer. The Issuer has no taxing power.

4. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest on the 2022 Taxable First Series C Bonds is not excludible from gross income for federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). We express no other opinion as to the federal tax consequences of purchasing, holding, or disposing of the 2022 Taxable First Series C Bonds.

5. The interest on the 2022 Taxable First Series C Bonds is exempt from income taxation by the Commonwealth of Kentucky and the 2022 Taxable First Series C Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

This opinion is based upon laws, regulations, rulings, and decisions in effect on the date hereof. In giving this opinion, we have relied upon covenants and certifications of facts, estimates, and expectations made by the Issuer, the Participants, and others which we have not independently verified. It is to be understood that the enforceability of the 2022 Taxable First Series C Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors’ rights, and the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

APPENDIX E-II

Form of Bond Counsel Opinion for the 2022 First Series D Bonds

The form of the legal approving opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the 2022 First Series D Bonds referred to therein and may vary from the form set forth below to reflect the circumstances, both factual and legal, at the time of its delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in the opinion after the date of the opinion.

[Date of Delivery]

Kentucky Bond Corporation
Lexington, Kentucky

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issue of \$13,275,000* Financing Program Revenue Bonds, 2022 First Series D (the “2022 First Series D Bonds”) of the Kentucky Bond Corporation (the “Issuer”). The 2022 First Series D Bonds are issuable as fully registered bonds bearing interest and maturing, subject to redemption, as set forth in a Trust Indenture dated as of July 1, 2010 as supplemented by a Series Trust Indenture, 2022 First Series D dated as of July 1, 2022 (collectively, the “Indenture”) between the Issuer and The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, as trustee (the “Trustee”).

The 2022 First Series D Bonds are authorized pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, particularly Sections 65.210 through 65.300 of the Kentucky Revised Statutes and Chapters 58, 74, 76, 96, 160, and 162 and Sections 65.7701 et seq., 65.940 et seq., 66.011 et seq., 103.200 et seq., and 162.340 to 162.380 of the Kentucky Revised Statutes (collectively, the “Act”) and a resolution of the Issuer adopted June 29, 2022. The 2022 First Series D Bonds are being issued to finance and refinance various public projects and purposes of participating public agencies (the “Participants”) which enter into financing agreements with the Issuer (the “Financing Agreements”).

In addition to the transcript of proceedings, which includes the Indenture and the Financing Agreements, we have examined laws we have deemed relevant and we have examined a specimen 2022 First Series D Bond of this issue and approve its form.

Based on the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and existing nonprofit, no stock corporation, organized and existing under the provisions of Chapter 58 and Chapter 273 of the Kentucky Revised Statutes to act as the agency and instrumentality of the Participants.
2. The 2022 First Series D Bonds and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute valid, binding, and enforceable obligations of the Issuer.
3. The 2022 First Series D Bonds constitute special and limited obligations of the Issuer and the principal of and interest and any premium on the 2022 First Series D Bonds (collectively, “debt service”), are payable solely from the revenues and other moneys pledged and assigned by the Indenture to secure that payment. The 2022 First Series D Bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation, other than as provided in the Financing Agreements,

and the 2022 First Series D Bonds do not represent or constitute an indebtedness of the Issuer or a pledge of the full faith and credit of the Issuer. The Issuer has no taxing power.

4. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, on the 2022 First Series D 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 2022 First Series D 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. 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 tax consequences of purchasing, holding, or disposing of the 2022 First Series D Bonds.

5. The interest on the 2022 First Series D Bonds is not subject to income taxation by the Commonwealth of Kentucky, and the 2022 First Series D Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

This opinion is based upon laws, regulations, rulings, and decisions in effect on the date hereof. In giving this opinion, we have relied upon covenants and certifications of facts, estimates, and expectations made by the Issuer, the Participants, and others which we have not independently verified. It is to be understood that the enforceability of the 2022 First Series D Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors’ rights, and the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

APPENDIX F-I

OFFICIAL TERMS AND CONDITIONS OF BOND SALE
Approximately \$3,325,000
Kentucky Bond Corporation
Financing Program Revenue Bonds, 2022 Taxable First Series C

SALE

As noticed in conformity with Chapter 424 of the Kentucky Revised Statutes, the Kentucky Bond Corporation (the “Issuer”), acting as the agency and instrumentality of and on behalf of the certain public agencies (the “Participants”) that are participating in a financing program (the “Program”) created for public agencies that are or become parties to an Interlocal Cooperation Agreement, will, until June 30, 2022, at 11:00 A.M., E.D.T. (or at such later times and dates announced at least forty-eight hours in advance via the BIDCOMP™/PARITY™ system), receive in the Office of the Kentucky League of Cities (the “Program Administrator”), 100 East Vine Street, Suite 800, Lexington, Kentucky 40507, sealed, competitive bids for the purchase of its Financing Program Revenue Bonds, 2022 Taxable First Series C (the “2022 Taxable First Series C Bonds”).

THE BONDS

The 2022 Taxable First Series C Bonds offered for sale are Three Million Three Hundred Twenty-Five Thousand Dollars (\$3,325,000) principal amount of 2022 Taxable First Series C Bonds, being fully registered bonds of the denominations of \$5,000 and any integral multiple of \$5,000, maturing as to principal on February 1, 2023 and each February 1 thereafter through and including February 1, 2042.

The 2022 Taxable First Series C Bonds will be issued in denominations of \$5,000 principal amount or any multiple of \$5,000 within a single maturity, will bear interest payable semiannually on February 1 and August 1 commencing on February 1, 2023, and will mature on February 1 of the years and in the principal amounts, as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$ 40,000	2033	\$165,000
2024	120,000	2034	175,000
2025	120,000	2035	180,000
2026	125,000	2036	190,000
2027	130,000	2037	200,000
2028	135,000	2038	210,000
2029	140,000	2039	220,000
2030	145,000	2040	230,000
2031	150,000	2041	240,000
2032	160,000	2042	250,000

*The principal maturities are subject to adjustment as provided herein.

The 2022 Taxable First Series C Bonds are subject to redemption prior to their stated maturities, as described in the Preliminary Official Statement.

Principal and interest will be payable at the corporate trust operations office of, or at the office designated by, The Bank of New York Mellon Trust Company, N.A. Interest on the 2022 Taxable First Series C Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth.

STATUTORY AUTHORITY AND PURPOSE

The authority, purpose, security, and source of payment of the 2022 Taxable First Series C Bonds, and the application of the proceeds thereof, are described in the Preliminary Official Statement of the Issuer, reference to which is hereby made.

BIDDING CONDITIONS AND RESTRICTIONS

Bid Form. Bids shall be for the entire issue and shall be made on the Official Bid Form in order to provide for uniformity in submission of bids and ready determination of the lowest and best bid.

Minimum Bid. Bids shall be for cash and for the entire issue at not less than \$3,258,500 (98% of par), PAYABLE IN FEDERAL FUNDS.

Award; Adjustment. The determination of the best purchase bid for said 2022 Taxable First Series C Bonds shall be made on the basis of all bids submitted for exactly \$3,325,000 principal amount of 2022 Taxable First Series C Bonds offered for sale under the terms and conditions herein specified; provided, however, the Issuer reserves the right to increase or decrease the total principal amount of the 2022 Taxable First Series C Bonds sold to such best bidder, increased or decreased by an amount of up to \$335,000 with such increase or decrease made in any maturity, and the total amount of 2022 Taxable First Series C Bonds awarded to such bidder will be a minimum of \$2,990,000 or a maximum of \$3,660,000. In the event of such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of 2022 Taxable First Series C Bonds will be sold will be at the same price per \$1,000 of 2022 Taxable First Series C Bonds as the price per \$1,000 for the \$3,325,000 of 2022 Taxable First Series C Bonds bid.

The Issuer anticipates awarding the 2022 Taxable First Series C Bonds to the bidder who submits a firm offer to purchase the 2022 Taxable First Series C Bonds at the lowest true interest cost, as set forth in these Official Terms.

Good Faith Deposit. The successful purchaser shall be required (without further advice from the Issuer) to wire transfer an amount equal to \$66,500 to the Paying Agent Bank by the close of business of the day following the award as a good faith deposit. Said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.

Interest Rates. Bidders must stipulate an interest rate or rates in multiples of 1/8, 1/10, or 1/20 of 1%. Only one interest rate shall be permitted per 2022 Taxable First Series C Bond, and all 2022 Taxable First Series C Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

Submission of Bids. Each bid on the Official Bid Form shall be placed in a sealed envelope addressed to the Program Administrator, and on the outside of the envelope, there shall appear a legend identifying the same as being a bid for the "Kentucky Bond Corporation Financing Program Revenue Bonds, 2022 Taxable First Series C." No bid will be given consideration unless it is actually received or is in the process of telephonic transfer in the office of the Program Administrator prior to the time set forth at the beginning of these Official Terms.

Notice is hereby given that electronic proposals will be received via BIDCOMP™/PARITY™, in the manner described below, until 11:00 A.M., E.D.T., on June 30, 2022. Bids may be submitted electronically via BIDCOMP™/PARITY™ pursuant to these Official Terms until such time, but no bid received after the time for receiving bids above. To the extent any instructions or directions set forth in

BIDCOMP™/PARITY™ conflict with these Official Terms, the terms of these Official Terms shall control. For further information about BIDCOMP™/PARITY™, potential bidders may contact the Financial Advisor or BIDCOMP™/PARITY™ at 40 West 23rd Street, 5th Floor, New York, NY 10010, tel: (212) 404-8102.

Term Bond Option. The Purchaser of the 2022 Taxable First Series C Bonds may specify to the Issuer that any of the 2022 Taxable First Series C 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) comprising mandatory sinking fund redemption amounts for such Term Bond(s).

Bond Insurance. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the 2022 Taxable First Series C Bonds, the Issuer agrees that it will cooperate with the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder and the Issuer shall not be liable to any extent therefor.

DTC. The successful bidder may likewise elect to notify the Financial Advisor within twenty-four hours of the award that standard bond certificates be issued. If no such election is made, the 2022 Taxable First Series C Bonds will be delivered using the Book-Entry Only System administered by The Depository Trust Company.

Acceptance of Bid. The Program Administrator will accept a bid or reject all bids on the date stated at the beginning of this Official Terms and Conditions of Bond Sale.

Right to Reject. The right to reject bids for any reason deemed advisable by the Board of Directors of the Issuer and the right to waive any possible informalities or irregularities in any bid which in the judgment of the Board of Directors shall be minor or immaterial is expressly reserved.

Official Statement. The Issuer will provide to the successful purchaser a Final Official Statement in accordance with Securities and Exchange Commission (“SEC”) Rule 15c2-12. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

CUSIP Numbers. It is anticipated that CUSIP identification numbers will be printed on each of the 2022 Taxable First Series C Bonds, but neither the failure to print such numbers on any 2022 Taxable First Series C Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the 2022 Taxable First Series C Bonds in accordance with the terms of its bid. No CUSIP identification number shall be deemed to be a part of any 2022 Taxable First Series C Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the Issuer or any of its officers or agents because of or on account of such numbers. All expenses in relation to the printing of CUSIP identification numbers on the 2022 Taxable First Series C Bonds shall be paid for by the Issuer; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

CONDITIONS TO DELIVERY

The purchaser will be required to take delivery of and pay for the 2022 Taxable First Series C Bonds on a date to be designated by the Issuer which is expected to be on or about July 21, 2022 and upon notice being given by the Issuer or its Financial Advisor at least seven business days prior to the designated

delivery date. The purchaser may specify the place of delivery at the expense of the Issuer at a bank or trust company situated in the cities of Lexington, Kentucky; Louisville, Kentucky; Cincinnati, Ohio; Chicago, Illinois; or New York, New York. Delivery elsewhere will be made at the expense of the purchaser.

The 2022 Taxable First Series C Bonds are being offered and are to be issued subject to, and the Issuer will furnish to the purchaser upon delivery, the approving legal opinion of Bond Counsel, Dinsmore & Shohl LLP, attorneys at law, as to the due and proper authorization, and validity of the 2022 Taxable First Series C Bonds as more particularly described in the Official Statement, to which reference is made. The Issuer will also furnish, at its own expense, the printed 2022 Taxable First Series C Bonds, together with customary closing documents, including a no-litigation certificate.

The 2022 Taxable First Series C Bonds are offered for sale on the basis of (i) the interest of the 2022 Taxable First Series C Bonds being exempt from income taxation by the Commonwealth of Kentucky and (ii) the principal of the 2022 Taxable First Series C Bonds not being subject to ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions under the laws of the Commonwealth of Kentucky as presently enacted and construed. **HOWEVER, INTEREST ON THE 2022 TAXABLE FIRST SERIES C BONDS IS NOT EXCLUDIBLE FROM GROSS INCOME OF THE HOLDERS OF THE 2022 TAXABLE FIRST SERIES C BONDS FOR FEDERAL INCOME TAX PURPOSES. OWNERS OF THE 2022 TAXABLE FIRST SERIES C BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF THE 2022 TAXABLE FIRST SERIES C BONDS.**

By: /s/ Robyn Miller
Program Administrator

APPENDIX F-II

OFFICIAL TERMS AND CONDITIONS OF BOND SALE
Approximately \$13,275,000
Kentucky Bond Corporation
Financing Program Revenue Bonds, 2022 First Series D

SALE

As noticed in conformity with Chapter 424 of the Kentucky Revised Statutes, the Kentucky Bond Corporation (the “Issuer”), acting as the agency and instrumentality of and on behalf of the certain public agencies (the “Participants”) that are participating in a financing program (the “Program”) created for public agencies that are or become parties to an Interlocal Cooperation Agreement, will, until June 30, 2022, at 11:30 A.M., E.D.T. (or at such later times and dates announced at least forty-eight hours in advance via the BIDCOMP™/PARITY™ system), receive in the Office of the Kentucky League of Cities (the “Program Administrator”), 100 East Vine Street, Suite 800, Lexington, Kentucky 40507, sealed, competitive bids for the purchase of its Financing Program Revenue Bonds, 2022 First Series D (the “2022 First Series D Bonds”).

THE BONDS

The 2022 First Series D Bonds offered for sale are Thirteen Million Two Hundred Seventy-Five Thousand Dollars (\$13,275,000) principal amount of 2022 First Series D Bonds, being fully registered bonds of the denominations of \$5,000 and any integral multiple of \$5,000, maturing as to principal on February 1, 2023 and each February 1 thereafter through and including February 1, 2052.

The 2022 First Series D Bonds will be issued in denominations of \$5,000 principal amount or any multiple of \$5,000 within a single maturity, will bear interest payable semiannually on February 1 and August 1 commencing on February 1, 2023, and will mature on February 1 of the years and in the principal amounts, as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$30,000	2038	\$90,000
2024	50,000	2039	90,000
2025	50,000	2040	95,000
2026	50,000	2041	105,000
2027	60,000	2042	550,000
2028	60,000	2043	860,000
2029	60,000	2044	895,000
2030	65,000	2045	930,000
2031	65,000	2046	975,000
2032	65,000	2047	1,015,000
2033	65,000	2048	1,060,000
2034	70,000	2049	1,110,000
2035	80,000	2050	1,160,000
2036	80,000	2051	1,210,000
2037	90,000	2052	2,190,000

*The principal maturities are subject to adjustment as provided herein.

The 2022 First Series D Bonds are subject to redemption prior to their stated maturities, as described in the Preliminary Official Statement.

Principal and interest will be payable at the corporate trust operations office of, or at the office designated by, The Bank of New York Mellon Trust Company, N.A. Interest on the 2022 First Series D Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth.

STATUTORY AUTHORITY AND PURPOSE

The authority, purpose, security, and source of payment of the 2022 First Series D Bonds, and the application of the proceeds thereof, are described in the Preliminary Official Statement of the Issuer, reference to which is hereby made.

BIDDING CONDITIONS AND RESTRICTIONS

Bid Form. Bids shall be for the entire issue and shall be made on the Official Bid Form in order to provide for uniformity in submission of bids and ready determination of the lowest and best bid.

Minimum Bid. Bids shall be for cash and for the entire issue at not less than \$13,009,500 (98% of par), PAYABLE IN FEDERAL FUNDS.

Award; Adjustment. The determination of the best purchase bid for said 2022 First Series D Bonds shall be made on the basis of all bids submitted for exactly \$13,275,000 principal amount of 2022 First Series D Bonds offered for sale under the terms and conditions herein specified; provided, however, the Issuer reserves the right to increase or decrease the total principal amount of the 2022 First Series D Bonds sold to such best bidder, increased or decreased by an amount of up to \$1,330,000 with such increase or decrease made in any maturity, and the total amount of 2022 First Series D Bonds awarded to such bidder will be a minimum of \$11,945,000 or a maximum of \$14,605,000. In the event of such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of 2022 First Series D Bonds will be sold will be at the same price per \$1,000 of 2022 First Series D Bonds as the price per \$1,000 for the \$13,275,000 of 2022 First Series D Bonds bid.

Good Faith Deposit. The successful purchaser shall be required (without further advice from the Issuer) to wire transfer an amount equal to \$265,500 to the Paying Agent Bank by the close of business of the day following the award as a good faith deposit. Said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.

Interest Rates. Bidders must stipulate an interest rate or rates in multiples of 1/8, 1/10, or 1/20 of 1%. Only one interest rate shall be permitted per 2022 First Series D Bond, and all 2022 First Series D Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

Submission of Bids. Each bid on the Official Bid Form shall be placed in a sealed envelope addressed to the Program Administrator, and on the outside of the envelope, there shall appear a legend identifying the same as being a bid for the “Kentucky Bond Corporation Financing Program Revenue Bonds, 2022 First Series D Bonds.” No bid will be given consideration unless it is actually received or is in the process of telephonic transfer in the office of the Program Administrator prior to the time set forth at the beginning of these Official Terms.

Notice is hereby given that electronic proposals will be received via BIDCOMP™/PARITY™, in the manner described below, until 11:30 A.M., E.D.T., on June 30, 2022. Bids may be submitted electronically via BIDCOMP™/PARITY™ pursuant to these Official Terms until such time, but no bid received after the time for receiving bids above. To the extent any instructions or directions set forth in BIDCOMP™/PARITY™ conflict with these Official Terms, the terms of these Official Terms shall

control. For further information about BIDCOMP™/PARITY™, potential bidders may contact the Financial Advisor or BIDCOMP™/PARITY™ at 40 West 23rd Street, 5th Floor, New York, NY 10010, tel: (212) 404-8102.

Term Bond Option. The Purchaser of the 2022 First Series D Bonds may specify to the Issuer that any of the 2022 First Series D 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) comprising mandatory sinking fund redemption amounts for such Term Bond(s).

Bond Insurance. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the 2022 First Series D Bonds, the Issuer agrees that it will cooperate with the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder and the Issuer shall not be liable to any extent therefor.

DTC. The successful bidder may likewise elect to notify the Financial Advisor within twenty-four hours of the award that standard bond certificates be issued. If no such election is made, the 2022 First Series D Bonds will be delivered using the Book-Entry Only System administered by The Depository Trust Company.

Acceptance of Bid. The Program Administrator will accept a bid or reject all bids on the date stated at the beginning of this Official Terms and Conditions of Bond Sale.

Right to Reject. The right to reject bids for any reason deemed advisable by the Board of Directors of the Issuer and the right to waive any possible informalities or irregularities in any bid which in the judgment of the Board of Directors shall be minor or immaterial is expressly reserved.

Official Statement. The Issuer will provide to the successful purchaser a Final Official Statement in accordance with Securities and Exchange Commission (“SEC”) Rule 15c2-12. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

Purchaser Certification. The winning bidder shall assist the Issuer in establishing the issue price of the 2022 First Series D Bonds by delivering to the Issuer an “issue price” certificate (the “Certificate”) dated the delivery date, using (depending on whether at least three bids are received) the applicable form attached hereto. If less than three bids are received for the 2022 First Series D Bonds, the winning bidder will be required to certify that it “held-the-price” for the bonds during the Holding Period (as defined in the Certificate) at the prices identified on the Sale Date (as defined in the Certificate). In its sole discretion, the Issuer may permit the winning bidder to certify that it will, immediately upon the sale of any bonds, notify the Issuer (and Financial Advisor) of each subsequent offering price until the end of the Holding Period, all as set forth in the Certificate. All actions to be taken by the Issuer under these Official Terms to establish the issue price of the 2022 First Series D Bonds may be taken on behalf of the Issuer by the Financial Advisor and any notice or report to be provided to the Issuer shall be provided to the Financial Advisor.

The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2022 First Series D Bonds) will apply to the initial sale of each of the 2022 First Series D Bonds (the “competitive sale requirements”) because:

- (1) the Issuer will disseminate these Official Terms to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

- (2) all bidders will have an equal opportunity to bid;
- (3) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the 2022 First Series D Bonds to the bidder who submits a firm offer to purchase the 2022 First Series D Bonds at the lowest true interest cost, as set forth in these Official Terms.

Any bid submitted pursuant to this these Official Terms shall be considered a firm offer for the purchase of the 2022 First Series D Bonds, as specified in the bid.

CUSIP Numbers. It is anticipated that CUSIP identification numbers will be printed on each of the 2022 First Series D Bonds, but neither the failure to print such numbers on any 2022 First Series D Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the 2022 First Series D Bonds in accordance with the terms of its bid. No CUSIP identification number shall be deemed to be a part of any 2022 First Series D Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the Issuer or any of its officers or agents because of or on account of such numbers. All expenses in relation to the printing of CUSIP identification numbers on the 2022 First Series D Bonds shall be paid for by the Issuer; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

CONDITIONS TO DELIVERY

The purchaser will be required to take delivery of and pay for the 2022 First Series D Bonds on a date to be designated by the Issuer which is expected to be on or about July 21, 2022 and upon notice being given by the Issuer or its Financial Advisor at least seven business days prior to the designated delivery date. The purchaser may specify the place of delivery at the expense of the Issuer at a bank or trust company situated in the cities of Lexington, Kentucky; Louisville, Kentucky; Cincinnati, Ohio; Chicago, Illinois; or New York, New York. Delivery elsewhere will be made at the expense of the purchaser.

The 2022 First Series D Bonds are being offered and are to be issued subject to, and the Issuer will furnish to the purchaser upon delivery, the approving legal opinion of Bond Counsel, Dinsmore & Shohl LLP, attorneys at law, as to the due and proper authorization, validity, and tax-exempt status of the 2022 First Series D Bonds and interest thereon, as more particularly described in the Official Statement, to which reference is made. The Issuer will also furnish, at its own expense, the printed 2022 First Series D Bonds, together with customary closing documents, including a no-litigation certificate.

The 2022 First Series D Bonds are offered for sale on the basis of the principal not being subject to Kentucky ad valorem taxation and on the basis of the interest on the 2022 First Series D Bonds being excludable from gross income for federal and Kentucky income taxation on the date of their delivery to the successful bidder, subject to the further exceptions, assumptions, and provisions of the Official Statement. The 2022 First Series D Bonds have not been designated by the Issuer as an issue of “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986. If, prior to the delivery of the 2022 First Series D Bonds, any event should occur which alters such tax-exempt and other status, the purchaser shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Program Administrator, whereupon the good faith check of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

By: /s/ Robyn Miller

Program Administrator

FORM OF ISSUE PRICE CERTIFICATE

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

The undersigned, on behalf of [NAME OF WINNING BIDDER] (the “Winning Bidder”), hereby certifies as set forth below with respect to the sale of \$[_____] Kentucky Bond Corporation Financing Program Revenue Bonds, 2022 First Series D (the “Bonds”).

Reasonably Expected Initial Offering Price.

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

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

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

Defined Terms.

(a) “Issuer” means the Kentucky Bond Corporation.

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

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

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 30, 2022.

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Winning Bidder’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax

purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[WINNING BIDDER]

By: _____

Title: _____

Dated: July 21, 2022

SCHEDULE A

EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF BID

(Attached)

ISSUE PRICE CERTIFICATE

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

The undersigned, on behalf of [NAME OF WINNING BIDDER] (the “Winning Bidder”), hereby certifies as set forth below with respect to the sale of \$[_____] Kentucky Bond Corporation Financing Program Revenue Bonds, 2022 First Series D (the “Bonds”).

Sale of Bonds.

As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of each Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A and that it neither offered nor sold any of the Bonds of any Maturity to any person at a price that is higher than the initial offering price for such Maturity during the Holding Period for such Maturity.

Defined Terms.

- (a) “Issuer” means the Kentucky Bond Corporation.
- (b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) “Holding Period” means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.
- (d) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (e) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 30, 2022.
- (f) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Winning Bidder’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax

purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[WINNING BIDDER]

By: _____

Title: _____

Dated: July 21, 2022

SCHEDULE A

SALE PRICES

(Attached)

APPENDIX G-I

**OFFICIAL BID FORM FOR THE
2022 TAXABLE FIRST SERIES C BONDS**

June 30, 2022

Program Administrator and Members of the Board of Directors
Kentucky Bond Corporation
100 East Vine Street, Suite 800
Lexington, Kentucky 40507

Subject to the Official Terms and Conditions of Bond Sale with respect to the \$3,325,000 “Kentucky Bond Corporation Financing Program Revenue Bonds, 2022 Taxable First Series C,” dated their date of delivery, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said 2022 Taxable First Series C Bonds.

We hereby bid for said \$3,325,000 principal amount of 2022 Taxable First Series C Bonds the total sum of \$_____ (not less than \$3,258,500), at the following interest rates:

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal Amount*</u>	<u>Serial Bond Rate</u>	<u>Term Bond Rate</u>	<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal Amount*</u>	<u>Serial Bond Rate</u>	<u>Term Bond Rate</u>
2023	\$ 40,000	_____	_____	2033	\$165,000	_____	_____
2024	120,000	_____	_____	2034	175,000	_____	_____
2025	120,000	_____	_____	2035	180,000	_____	_____
2026	125,000	_____	_____	2036	190,000	_____	_____
2027	130,000	_____	_____	2037	200,000	_____	_____
2028	135,000	_____	_____	2038	210,000	_____	_____
2029	140,000	_____	_____	2039	220,000	_____	_____
2030	145,000	_____	_____	2040	230,000	_____	_____
2031	150,000	_____	_____	2041	240,000	_____	_____
2032	160,000	_____	_____	2042	250,000	_____	_____

*Bidders may elect to structure the maturities to include term bonds with mandatory sinking fund redemptions. To bid Term Bonds, put interest rate in Term Bond Rate column.

We understand this bid may be accepted for as much as \$3,660,000 of 2022 Taxable First Series C Bonds or as little as \$2,990,000 of 2022 Taxable First Series C Bonds, at the same price per \$1,000 of 2022 Taxable First Series C Bonds, with the variation in such amount occurring in any maturity or all maturities, which will be determined by the Program Administrator of the Issuer at the time of acceptance of the best bid.

It is understood that the Issuer will furnish the final approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel. We agree that if we are the successful bidder, immediately available funds in the amount of \$66,500, payable to the Issuer, will be deposited with The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, by federal wire transfer prior to the end of the business day following the date of the award, in accordance with the Official Terms and Conditions of Bond Sale for the 2022 Taxable First Series C Bonds, with the understanding that the amount thereof, without interest, will be deducted from the purchase price of the 2022 Taxable First Series C Bonds when tendered to us for delivery. If we are the successful bidder, we agree to accept and make payment for the 2022 Taxable First Series C

Bonds in accordance with the Official Terms and Conditions of Bond Sale for the 2022 Taxable First Series C Bonds.

Completed bid forms may be submitted via facsimile to the offices of the Program Administrator at Kentucky Bond Corporation, 100 East Vine Street, Suite 800, Lexington, Kentucky 40507 (FAX: (859) 977-4131). Neither the Issuer nor the Financial Advisor assumes any responsibility whatsoever with regard to the receipt of bids or that adequate personnel and/or equipment are available to accept all telephonic transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone. Bids may be submitted electronically via BIDCOMP™/PARITY™ pursuant to this Notice until the appointed date and time, but no bid will be received after such time.

Respectfully submitted,

Bidder

Address

Telephone Number

By: _____
Signature

The foregoing is our purchase offer, and we submit our own computations thereof only for your information and convenience:

- | | | |
|-----|--|----------|
| (a) | Total interest cost from July 21, 2022 to final maturity | \$ _____ |
| (b) | Plus discount or less premium, if any | \$ _____ |
| (c) | True interest cost (total interest cost plus discount) | \$ _____ |
| (d) | True interest rate or cost | _____ % |

ACCEPTANCE

Pursuant to a Resolution duly adopted by the Board of Directors of the Kentucky Bond Corporation on June 29, 2022, the above bid for the Kentucky Bond Corporation Financing Program Revenue Bonds, 2022 Taxable First Series C, is hereby accepted this June 30, 2022, having the adjusted maturities, as follows:

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>
2023	_____	2033	_____
2024	_____	2034	_____
2025	_____	2035	_____
2026	_____	2036	_____
2027	_____	2037	_____
2028	_____	2038	_____
2029	_____	2039	_____
2030	_____	2040	_____
2031	_____	2041	_____
2032	_____	2042	_____

KENTUCKY BOND CORPORATION

By: _____
Program Administrator

APPENDIX G-II

**OFFICIAL BID FORM FOR THE
2022 FIRST SERIES D BONDS**

June 30, 2022

Program Administrator and Members of the Board of Directors
Kentucky Bond Corporation
100 East Vine Street, Suite 800
Lexington, Kentucky 40507

Subject to the Official Terms and Conditions of Bond Sale with respect to the \$13,275,000 “Kentucky Bond Corporation Financing Program Revenue Bonds, 2022 First Series D,” dated their date of delivery, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said 2022 First Series D Bonds.

We hereby bid for said \$13,275,000 principal amount of 2022 First Series D Bonds the total sum of \$_____ (not less than \$13,009,500), at the following interest rates:

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal Amount*</u>	<u>Serial Bond Rate</u>	<u>Term Bond Rate</u>	<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal Amount*</u>	<u>Serial Bond Rate</u>	<u>Term Bond Rate</u>
2023	\$30,000	_____	_____	2038	\$ 90,000	_____	_____
2024	50,000	_____	_____	2039	90,000	_____	_____
2025	50,000	_____	_____	2040	95,000	_____	_____
2026	50,000	_____	_____	2041	105,000	_____	_____
2027	60,000	_____	_____	2042	550,000	_____	_____
2028	60,000	_____	_____	2043	860,000	_____	_____
2029	60,000	_____	_____	2044	895,000	_____	_____
2030	65,000	_____	_____	2045	930,000	_____	_____
2031	65,000	_____	_____	2046	975,000	_____	_____
2032	65,000	_____	_____	2047	1,015,000	_____	_____
2033	65,000	_____	_____	2048	1,060,000	_____	_____
2034	70,000	_____	_____	2049	1,110,000	_____	_____
2035	80,000	_____	_____	2050	1,160,000	_____	_____
2036	80,000	_____	_____	2051	1,210,000	_____	_____
2037	90,000	_____	_____	2052	2,190,000	_____	_____

*Bidders may elect to structure the maturities to include term bonds with mandatory sinking fund redemptions. To bid Term Bonds, put interest rate in Term Bond Rate column.

We understand this bid may be accepted for as much as \$14,605,000 of 2022 First Series D Bonds or as little as \$11,945,000 of 2022 First Series D Bonds, at the same price per \$1,000 of 2022 First Series D Bonds, with the variation in such amount occurring in any maturity or all maturities, which will be determined by the Program Administrator of the Issuer at the time of acceptance of the best bid.

It is understood that the Issuer will furnish the final approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel. We agree that if we are the successful bidder, immediately available funds in the amount of \$265,500, payable to the Issuer, will be deposited with The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, by federal wire transfer prior to the end of the business day following

the date of the award, in accordance with the Official Terms and Conditions of Bond Sale for the 2022 First Series D Bonds, with the understanding that the amount thereof, without interest, will be deducted from the purchase price of the 2022 First Series D Bonds when tendered to us for delivery. If we are the successful bidder, we agree to accept and make payment for the 2022 First Series D Bonds in accordance with the Official Terms and Conditions of Bond Sale for the 2022 First Series D Bonds.

Completed bid forms may be submitted via facsimile to the offices of the Program Administrator at Kentucky Bond Corporation, 100 East Vine Street, Suite 800, Lexington, Kentucky 40507 (FAX: (859) 977-4131). Neither the Issuer nor the Financial Advisor assumes any responsibility whatsoever with regard to the receipt of bids or that adequate personnel and/or equipment are available to accept all telephonic transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone. Bids may be submitted electronically via BIDCOMP™/PARITY™ pursuant to this Notice until the appointed date and time, but no bid will be received after such time.

Respectfully submitted,

Bidder

Address

Telephone Number

By: _____

Signature

The foregoing is our purchase offer, and we submit our own computations thereof only for your information and convenience:

- | | | |
|-----|--|----------|
| (a) | Total interest cost from July 21, 2022 to final maturity | \$ _____ |
| (b) | Plus discount or less premium, if any | \$ _____ |
| (c) | True interest cost (total interest cost plus discount) | \$ _____ |
| (d) | True interest rate or cost | _____ % |

ACCEPTANCE

Pursuant to a Resolution duly adopted by the Board of Directors of the Kentucky Bond Corporation on June 29, 2022, the above bid for the Kentucky Bond Corporation Financing Program Revenue Bonds, 2022 First Series D, is hereby accepted this June 30, 2022, having the adjusted maturities, as follows:

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>
2023	_____	2038	_____
2024	_____	2039	_____
2025	_____	2040	_____
2026	_____	2041	_____
2027	_____	2042	_____
2028	_____	2043	_____
2029	_____	2044	_____
2030	_____	2045	_____
2031	_____	2046	_____
2032	_____	2047	_____
2033	_____	2048	_____
2034	_____	2049	_____
2035	_____	2050	_____
2036	_____	2051	_____
2037	_____	2052	_____

KENTUCKY BOND CORPORATION

By: _____
Program Administrator