

**Book-Entry Only  
New Issue**

**Rating: S&P “AA-”  
See “RATING” herein**

*In the opinion of Bond Counsel for the 2024 First Series B Bonds, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the Corporation, and subject to the conditions and limitations set forth herein under the caption “TAX TREATMENT,” interest on the 2024 First Series B 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 imposed on individuals. Interest on the 2024 First Series B Bonds is exempt from Kentucky income tax, and the 2024 First Series B Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.*



**\$3,150,000\***  
**KENTUCKY BOND CORPORATION**  
**FINANCING PROGRAM REVENUE BONDS,**  
**2024 FIRST SERIES B**

**Dated: Date of Initial Delivery**

**Due: February 1, as shown below**

Interest on the above-referenced Bonds (the “2024 First Series B Bonds”) will be payable from the dated date, on each February 1 and August 1, commencing February 1, 2025, and the 2024 First Series B Bonds mature on each February 1, as shown below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u> <u>49120F</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u> <u>49120F</u>
2025	\$ 45,000	%	%	%		2038	\$160,000	%	%	%	
2026	100,000					2039	160,000				
2027	110,000					2040	175,000				
2028	110,000					2041	180,000				
2029	115,000					2042	190,000				
2030	120,000					2043	200,000				
2031	125,000					2044	210,000				
2032	130,000					2045	55,000				
2033	135,000					2046	60,000				
2034	135,000					2047	60,000				
2035	140,000					2048	65,000				
2036	150,000					2049	65,000				
2037	155,000										

Under the Kentucky Interlocal Cooperation Act (as defined herein), certain public agencies in the Commonwealth of Kentucky (the “Commonwealth”) 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 “Kentucky Participants”). The Interlocal Agreement provides for the creation of the Kentucky Bond Corporation (the “Corporation”), a nonprofit corporation and an agency and instrumentality of each Kentucky Participant, to issue bonds for and on behalf of the Kentucky Participants, provided that such bonds are payable solely from the revenues derived from the joint and cooperative action and do not constitute an indebtedness of the Commonwealth or of any Kentucky Participants, except to the extent a Kentucky Participant enters into a Financing Agreement, as defined herein, under the Program. The 2024 First Series B Bonds are special and limited obligations of the Corporation. See “THE PROGRAM” herein.

The 2024 First Series B Bonds are payable from (i) the payments made to The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) under the Financing Agreements executed by the Kentucky Participants under the Program, and (ii) other funds and any investment earnings thereon pledged under an Amended and Restated General Trust Indenture dated as of May 15, 2024, by and among (i) the Corporation, (ii) the Additional Issuers (as defined therein) that become parties thereto, in accordance therewith, and (iii) the Trustee (the “General Trust Indenture”), and available for such payment, including the Debt Service Reserve (as defined herein). The Public Building Authority of the City of Clarksville, Tennessee, a public, nonprofit Tennessee corporation (the “Authority”), has been joined as a party to, and an Additional Issuer under, the General Trust Indenture, by virtue of a Tennessee Supplemental Issuer Indenture dated as of May 15, 2024, by and between the Authority and the Trustee (the “Tennessee Indenture” and, together with the General Trust Indenture, the “Indenture”) Under the Indenture, additional bonds (together with the 2024 First Series B Bonds, the “Bonds”) have been and may be issued on a parity with the 2024 First Series B Bonds. See “SECURITY AND SOURCE OF PAYMENT” herein.

The 2024 First Series B Bonds are issuable as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The 2024 First Series B Bonds will initially be issued under a book-entry system, registered in the name of The Depository Trust Company (“DTC”) or its nominee. Purchases of the 2024 First Series B Bonds will be made in book-entry form only, except as permitted by the Indenture, and the purchasers of 2024 First Series B Bonds will not receive physical delivery of bond certificates. See “THE 2024 FIRST SERIES B BONDS – Book-Entry Only System” herein. So long as DTC or its nominee is the registered owner of the 2024 First Series B Bonds, the principal of and premium, if any, and interest on the 2024 First Series B Bonds will be paid directly to DTC by the Trustee.

The 2024 First Series B Bonds are subject to optional [and mandatory] redemption before maturity as described herein.

The Corporation deems this Preliminary Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for certain information set forth on the cover page hereof and in certain pages herein that has been omitted in accordance with Rule 15c2-12 and will be provided with the final Official Statement.

The 2024 First Series B Bonds are offered subject to prior sale, when, as, and if issued by the Corporation, subject to the approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel, and certain other conditions. It is expected that the 2024 First Series B Bonds will be available for delivery in New York, New York, on or about June 26, 2024.

Dated June \_\_, 2024.



\* Preliminary, subject to change.

\*\* See inside cover.

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 THESE SECURITIES BE ACCEPTED BEFORE 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 BEFORE REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF SUCH JURISDICTION.

## REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the 2024 First Series B Bonds. No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations in connection with the offering described herein, other than those contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the Corporation, the Municipal Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy the 2024 First Series B Bonds, nor shall there be any sale of the 2024 First Series B Bonds, by or to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. Neither the delivery of this Official Statement nor the sale of the 2024 First Series B Bonds implies that any of the information set forth herein is correct as of any time subsequent to the date hereof.

The information contained herein was obtained from the Corporation, the Kentucky Participants, the Trustee, and other sources believed to be reliable, but the accuracy or completeness of such is not guaranteed by, and should not be construed as a representation by, the Underwriter (other than any information under the heading “UNDERWRITING” herein).

UPON THEIR ISSUANCE, THE 2024 FIRST SERIES B BONDS WILL NOT BE REGISTERED UNDER ANY FEDERAL OR 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 CORPORATION (TO THE EXTENT DESCRIBED HEREIN), APPROVED THE 2024 FIRST SERIES B BONDS FOR SALE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH TEND TO STABILIZE OR MAINTAIN THE MARKET PRICE FOR THE 2024 FIRST SERIES B BONDS ABOVE THE LEVELS WHICH WOULD OTHERWISE PREVAIL, AND SUCH ACTIVITIES, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT IS NOT INTENDED TO BE USED, AND CANNOT BE USED, BY ANY PURCHASER OF THE 2024 FIRST SERIES B BONDS FOR THE PURPOSE OF AVOIDING ANY FEDERAL TAX PENALTIES. EACH PURCHASER OF THE 2024 FIRST SERIES B BONDS IS URGED TO CONTACT AN INDEPENDENT TAX ADVISOR CONCERNING ANY INVESTMENT IN THE 2024 FIRST SERIES B BONDS.

Insofar as any of the statements contained in the Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements have been or will be realized. In addition, such statements should be regarded as suggesting independent investigation or the consultation of other sources before the making of any investment decisions. Neither this Official Statement nor any oral or written representations made by or on behalf of the Corporation before the sale of the 2024 First Series B Bonds should be regarded as part of the Corporation’s contract with the successful bidder or the holders from time to time of the 2024 First Series B Bonds.

All references in this Official Statement to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes (“KRS”) or uncodified, or to any provisions of the Kentucky Constitution or the Corporation’s resolutions, are references to such provisions as they presently exist. Any of these provisions may, from time to time, be amended, repealed, or supplemented.

As used in this Official Statement, “debt service” means the principal of and premium, if any, and interest on the 2024 First Series B Bonds; “Corporation” means the Kentucky Bond Corporation; and “Commonwealth” or “Kentucky” means the Commonwealth of Kentucky.

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\*\* Copyright, American Bankers Association. CUSIP data contained herein are provided by Standard & Poor’s CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed on the cover page hereof are being provided solely for the convenience of the holders only at the time of issuance of the 2024 First Series B Bonds. The Corporation and the Underwriter do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity of the 2024 First Series B Bonds is subject to being changed after the issuance of the 2024 First Series B Bonds as a result of various subsequent

actions, including, but not limited to, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or any other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2024 First Series B Bonds.

**KENTUCKY BOND CORPORATION**

Stacy Thurman, Mayor  
Midway, Kentucky

Joe Davenport, Councilmember  
LaGrange, Kentucky

Carlos Campbell, Chief Financial Officer  
Hazard, Kentucky

Roddy Harrison, Mayor  
Williamsburg, Kentucky

Mike Hughes, Mayor  
Auburn, Kentucky

Paul Sandefur, Mayor  
Beaver Dam, Kentucky

**MUNICIPAL ADVISOR**

RSA Advisors, LLC  
Lexington, Kentucky

**BOND COUNSEL**

Dinsmore & Shohl LLP  
Louisville, Kentucky

**TRUSTEE**

The Bank of New York Mellon Trust Company, N.A.  
Pittsburgh, Pennsylvania

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**\$3,150,000\***  
**KENTUCKY BOND CORPORATION**  
**FINANCING PROGRAM REVENUE BONDS,**  
**2024 FIRST SERIES B**

**INTRODUCTORY STATEMENT**

The purpose of this Official Statement, including the cover page and Appendices hereto, is to provide certain information regarding the issuance of \$3,150,000\* aggregate principal amount of Financing Program Revenue Bonds, 2024 First Series B (the “2024 First Series B Bonds”) by the Kentucky Bond Corporation (the “Corporation”). The 2024 First Series B Bonds are special and limited obligations of the Corporation, as described herein under the heading “SECURITY AND SOURCE OF PAYMENT.”

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information set forth in the entire Official Statement, including the cover page and Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2024 First Series B Bonds to the potential investors is made only by means of this Official Statement.

The 2024 First Series B Bonds are being issued by the Corporation under and in accordance with an Amended and Restated General Trust Indenture dated as of May 15, 2024 (the “General Trust Indenture”), by and among (i) the Corporation, (ii) the Additional Issuers (as defined therein) that become parties thereto from time to time, as provided therein, and (iii) The Bank of New York Mellon Trust Company, N.A., as the trustee thereunder (the “Trustee”), a Tennessee Supplemental Issuer Indenture dated as of May 15, 2024 (the “Tennessee Issuer Indenture”), by and between The Public Building Authority of the City of Clarksville, Tennessee (the “Authority”) and the Trustee, and a Series Trust Indenture, 2024 First Series B dated as of June 1, 2024 (the “Series Trust Indenture” and, together with the General Trust Indenture and the Tennessee Issuer Indenture, the “Indenture”), by and between the Corporation and the Trustee. Under the Indenture, additional bonds of the Corporation (together with the 2024 First Series B Bonds, the “Kentucky Bonds”), the Authority, or any other Additional Issuer under the General Trust Indenture (together with the Kentucky Bonds, the “Bonds”) have been and may be issued on a parity with the 2024 First Series B Bonds (see “SECURITY AND SOURCE OF PAYMENT – Additional Bonds” herein).

The proceeds of the 2024 First Series B Bonds will be used for the purposes of (i) funding Financing Agreements to be entered into by and between participating public agencies in Kentucky (the “Kentucky Participants,” as further defined herein) and the Corporation to finance various projects of the Kentucky Participants, and (ii) paying the costs of issuance of the 2024 First Series B Bonds.

The 2024 First Series B Bonds are being issued under the Indenture, by virtue of the authority granted by the Act (as defined herein) and a 2024 First Series B Bond Resolution adopted by the Board of Directors (the “Board”) of the Corporation on June 7, 2024. A summary of the General Trust Indenture is set forth in “APPENDIX C – Summary of the General Trust Indenture” hereto, and, in addition to the words and terms defined elsewhere in this Official Statement, certain words and terms used in this Official Statement have the definitions provided in “APPENDIX C – Summary of the General Trust Indenture – Definitions” hereto.

Brief descriptions of the 2024 First Series B Bonds, the Corporation, the Program (as defined herein), the Kentucky Participants, the Program Administrator, the Indenture and related documents, and certain other matters are included herein and in the Appendices hereto, and such descriptions do not purport to be comprehensive or definitive. All statements made in this Official Statement with respect to any of the documents described or summarized herein are qualified in their entirety by reference to the documents

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\* Preliminary, subject to change.

themselves, copies of which are available for inspection at the designated corporate trust operations office of the Trustee, The Bank of New York Mellon Trust Company, N.A., 500 Ross Street, 12<sup>th</sup> Floor, AIM 154-1260, Pittsburgh, Pennsylvania 15262, Telephone (412) 234-5000, Attention: Corporate Trust Services, and at the offices of the Municipal Advisor, RSA Advisors, LLC, 147 East Third Street, Lexington, Kentucky 40508, Telephone (800) 255-0795, Attention: Joe Lakofka.

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

## **THE 2024 FIRST SERIES B BONDS**

### **General**

The 2024 First Series B Bonds will be issued solely as fully registered bonds, in denominations of \$5,000 and any integral multiple thereof. The 2024 First Series B Bonds will be dated their date of delivery and will accrue interest from such date, payable semiannually on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing February 1, 2025, at the rates set forth on the cover page hereof. The 2024 First Series B Bonds will mature, subject to redemption before maturity as described herein under the heading “THE 2024 FIRST SERIES B BONDS – Redemption of 2024 First Series B Bonds,” on February 1 in the years and in the principal amounts set forth on the cover page hereof.

The 2024 First Series B Bonds will initially be issued solely in book-entry only form. See “Book-Entry Only System” below. If the 2024 First Series B Bonds are no longer held in a book-entry only system, the principal of and the redemption premium (if any) on the 2024 First Series B Bonds will be payable at the designated corporate trust operations office of the Trustee, as the Paying Agent for the 2024 First Series B Bonds, and the payments of interest due on each 2024 First Series B Bond will be made by check mailed by the Trustee on each Interest Payment Date to the Holder of that 2024 First Series B Bond as of the close of business on the Record Date, at such Holder’s address as it appears on the registration books maintained by the Trustee, as the Registrar for the 2024 First Series B Bonds, except that all Holders of at least \$1,000,000 in aggregate principal amount of 2024 First Series B Bonds will receive payments of interest by wire transfer on each Interest Payment Date upon supplying the Trustee, as Paying Agent, with a wire address.

### **Book-Entry Only System**

The 2024 First Series B 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 the book-entry system is used, only DTC or its nominee will receive or have the right to receive physical delivery of the 2024 First Series B Bonds and, except as otherwise provided herein with respect to any tenders by Beneficial Owners of their beneficial ownership interests, each as described in “APPENDIX E – Book-Entry Only System” hereto, the Beneficial Owners will not be or be considered to be, and will not have any rights as, Owners or Holders of the 2024 First Series B Bonds under the Indenture. For additional information about DTC and its book-entry only system see “APPENDIX E – Book-Entry Only System” hereto.

THE INFORMATION CONTAINED IN THIS SECTION AND IN APPENDIX E HERETO WITH RESPECT TO DTC AND ITS BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CORPORATION BELIEVES TO BE RELIABLE, BUT THE CORPORATION TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

## Revision of Book-Entry System; Replacement 2024 First Series B Bonds

If DTC determines not to continue to act as securities depository for the 2024 First Series B Bonds, the Indenture provides for the issuance and delivery of new, fully registered 2024 First Series B Bonds (the “Replacement 2024 First Series B Bonds”) directly to Holders of 2024 First Series B Bonds other than DTC.

Upon the occurrence of such event, the Corporation may attempt to establish a securities depository book-entry relationship with another securities depository. If the Corporation does not do so or is unable to do so, and after the Trustee has notified the owners of any book-entry interests in the 2024 First Series B Bonds by giving appropriate notice to DTC, the Corporation will issue and the Trustee will authenticate and deliver Replacement 2024 First Series B Bonds with a minimum denomination of \$5,000 to the assignees of DTC or its nominee.

If the use of the book-entry only system is discontinued, the principal and redemption price of the 2024 First Series B Bonds and the interest thereon will be payable in the manner described herein under the heading “THE 2024 FIRST SERIES B BONDS – General,” and the following provisions will apply. The 2024 First Series B Bonds may be transferred or exchanged for any one or more 2024 First Series B Bonds in different authorized denominations, upon the surrender of the 2024 First Series B Bonds to be transferred or exchanged at the designated corporate trust operations office of the Trustee, as Registrar, or at the designated office of any Paying Agent (initially, the Trustee), by the registered owners of such 2024 First Series B Bonds or their duly authorized attorneys or other legal representatives. Upon the surrender of any 2024 First Series B Bonds for transfer or exchange, the Registrar will record such transfer or exchange in its registration books, and the Corporation will execute, and the Registrar will authenticate and deliver, one or more new 2024 First Series B Bonds, appropriately registered and in authorized denominations. Neither the Corporation, the Trustee, as the Registrar, nor any Paying Agent will be required to transfer or exchange any 2024 First Series B Bond during a period beginning fifteen business days before the date of the mailing of any notice of redemption of any 2024 First Series B Bonds and ending at the close of business on the date of such mailing, nor any 2024 First Series B Bond all or a portion of which has been selected for redemption.

## Redemption of 2024 First Series B Bonds

Optional Redemption. The 2024 First Series B Bonds maturing on and after February 1, 2033 are subject to optional redemption before maturity on February 1, 2032 and any date thereafter, in whole or in part, in such order of maturity as may be selected by the Corporation and by lot within a maturity, at a redemption price equal to the principal amount of 2024 First Series B Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

[Mandatory Sinking Fund Redemption. The 2024 First Series B Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption before maturity, at a redemption price equal to the principal amount of 2024 First Series B Bonds 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, 20__	\$	February 1, 20__	\$
February 1, 20__	\$	February 1, 20__	\$
<u>February 1, 20__*</u>	\$	<u>February 1, 20__*</u>	\$
* Maturity		* Maturity	

Selection of 2024 First Series B Bonds to be Redeemed. At least thirty days, but not more than sixty days, before the redemption date for any of the 2024 First Series B 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 the securities depository for the 2024 First Series B Bonds, then to the substitute securities depository, or if none, to all of the registered owners of the 2024 First Series B Bonds to be redeemed, at their addresses set forth on the registration books maintained by the Trustee, as Registrar. Failure to mail any such notice or any defect in such notice with respect to any 2024 First Series B Bond shall not affect the validity of the redemption of any other 2024 First Series B Bond. Any such redemption notice received by DTC will be forwarded by DTC to the appropriate DTC participants, and then will be provided by such DTC participants to the Beneficial Owners of the 2024 First Series B Bonds, in accordance with standing instructions from the respective Beneficial Owners or customary practice.

Notice of Redemption. Each notice of redemption shall state that such notice is given subject to the condition that it is revocable and that the redemption of the 2024 First Series B Bonds will be effected only if, on the date set for redemption, the Trustee shall have sufficient moneys on deposit to pay the redemption price of the 2024 First Series B Bonds selected for optional redemption. If such moneys are not received by the Trustee by the date set for redemption, 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 2024 First Series B Bonds have not been redeemed.

## **THE PROGRAM**

### **The Program**

Under the Kentucky Interlocal Cooperation Act, as set forth in Sections 65.210 to 65.300, inclusive, of the Kentucky Revised Statutes (“KRS”), certain public agencies located in the Commonwealth 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 in the Commonwealth that are or become parties to the Interlocal Agreement (the “Kentucky Participants”).

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

The Interlocal Agreement provides for the creation of the Corporation, a nonprofit, non-stock public corporation and an agency and instrumentality of each Kentucky Participant, under and in accordance KRS Sections 273.161 through 273.390, inclusive, and KRS Section 58.180, (a) to administrate and operate the Program, and (b) to issue the Kentucky Bonds for and on behalf of the Kentucky Participants for the purpose of defraying the cost of the Program. The Corporation is not a political subdivision of the Commonwealth, but is an agency and instrumentality of each Kentucky Participant acting on behalf of the Kentucky Participants.

The Kentucky Bonds issued by the Corporation under the Indenture must be payable solely from the revenues derived from the joint and cooperative action and must not constitute an indebtedness of the Commonwealth or any of the Kentucky Participants, except to the extent that a Kentucky Participant enters into a Financing Agreement with the Corporation under the Program. The Kentucky Bonds, including the 2024 First Series B Bonds, are special and limited obligations of the Corporation.

The Corporation is governed by a Board of Directors (the “Board”) consisting of six members who serve until they resign or become unable to serve. Any vacancies on the Board of the Corporation are filled by an action of the Kentucky League of Cities, Inc. At the time of their appointment, each member of the Board of the Corporation must be an elected official of a city in Kentucky. The Board of the Corporation has no assets, liabilities, or activities at the present time, other than the assets and liabilities related to the Kentucky Bonds issued under the Indenture.

In order to provide funding for the Kentucky Participants under the Program, the Corporation will issue its Kentucky Bonds under the General Trust Indenture from time to time. In accordance with the General Trust Indenture, the issuance of the 2024 First Series B Bonds was authorized by a 2024 First Series B Bond Resolution duly adopted by the Board of the Corporation on June 7, 2024. The General Trust Indenture also authorizes the issuance of Financing Program Revenue Bonds, Second Series (the “Second Series Bonds”) and Financing Program Revenue Bonds, Third Series (the “Third Series Bonds”) to provide moneys for deposit in the Debt Service Reserve and the Supplemental Debt Service Reserve. Several Series of Kentucky Bonds have previously been issued by the Corporation under the General Trust Indenture, and additional Series of Bonds may be issued from time to time by any of the Issuers under the General Trust Indenture. For more information regarding the Outstanding Bonds and the issuance of additional Bonds, see “SECURITY AND SOURCE OF PAYMENT” herein.

### **Expansion of the Program**

In an effort to enhance and benefit the Program, the Corporation, as authorized by a resolution adopted by the Board of Directors (the “Board”) of the Corporation on January 25, 2024, adopted an Amended and Restated General Trust Indenture dated as of May 15, 2024, by and among (i) the Corporation, (ii) the Additional Issuers that become parties thereto from time to time, as provided therein, and (iii) the Trustee, in order to permit other entities to become parties thereto and issuers of Bonds thereunder.

Under the General Trust Indenture, the Corporation and each Additional Issuer (each, an “Issuer” and collectively, the “Issuers”) are authorized to issue Bonds, in accordance with the laws of the applicable state, to provide for the financing or refinancing of various public projects for certain governmental entities located in the same state as the Issuer, all as authorized by the General Trust Indenture and the laws of the applicable state. Each governmental entity that has received or will receive proceeds of a Series of Bonds issued by the applicable Issuer under the General Trust Indenture (each, a “Participant” and collectively, the “Participants”) has entered or will enter into a Financing Agreement with the related Issuer under the General Trust Indenture. No Participant is responsible for the failure of any other Participant to pay its obligations under its respective Financing Agreement. Each Participant and its respective obligation under a particular Financing Agreement to pay principal with respect to the related Bonds of the applicable Issuer are listed in “APPENDIX A – The Participants” hereto. The financial statements and additional information with respect to all current Participants in the Program can be found at <https://www.kybondcorp.org>.

In accordance with the General Trust Indenture and the Act, and as authorized by a resolution adopted by the Board of the Corporation on January 25, 2024 and a resolution adopted by the Board of The Public Building Authority of the City of Clarksville, Tennessee (the “Authority”) on February 13, 2024, the Authority has been joined as a party to, and as an Additional Issuer of Bonds under, the General Trust

Indenture, by the execution and delivery of a Tennessee Supplemental Issuer Indenture dated as of May 15, 2024, by and between the Authority and the Trustee.

### **The Program Administrators**

The Kentucky League of Cities, Inc. (“KLC”), a nonprofit corporation duly organized and validly existing under and by virtue of the laws of the Commonwealth and an organization whose income is exempt from federal income taxation under Section 115(1) of the Internal Revenue Code of 1986, as amended, is a voluntary association of cities established in 1927 to assist municipal officials in representing the interests of cities and to provide services to members to foster improved municipal government in the Commonwealth. KLC represents the needs of city governments in legislative matters and offers a variety of services to its members to promote the progress of city government in the Commonwealth.

KLC offers an array of financing programs to assist cities with their capital projects and purchases, including (i) the Kentucky League of Cities Funding Trust, which has established several dedicated bond pools that have financed and refinanced over \$460 million of projects for various public agencies throughout the Commonwealth, and (ii) the Program.

KLC is the sponsor of the Program and the Corporation, and will serve as a Program Administrator under the Indenture for the Kentucky Participants.

The Authority has entered into a Tennessee Program Administration Agreement dated as of May 15, 2024 (the “Tennessee Program Administration Agreement”), by and among the Authority, KLC, and the Tennessee Municipal Bond Fund (“TMBF”), whereby KLC and TMBF will provide certain management and administrative services in connection with Bonds issued by the Authority for the benefit of Participants in Tennessee under the Indenture and certain origination and administrative services in connection with Financing Agreements entered into with Participants in Tennessee funded by the proceeds of such Bonds. Neither the Authority nor TMBF will provide program administration services in connection with Bonds issued by the Corporation for the benefit of Kentucky Participants.

## **THE PARTICIPANTS**

Each Kentucky Participant has entered into to the Interlocal Agreement that created the Corporation. Through the issuance of its Bonds from time to time, the Corporation is acting on behalf of each respective Kentucky Participant. Each Kentucky Participant has entered into a Financing Agreement with the Corporation; see “SECURITY AND SOURCE OF PAYMENT – Financing Agreements.”

The Participants and their respective obligations to pay principal under their particular Financing Agreement are listed in “APPENDIX A – The Participants” hereto. In addition, certain demographic and financial information regarding each Kentucky Participant that is receiving proceeds of the 2024 First Series B Bonds is set forth in “APPENDIX B – Demographic and Financial Information Relating to Kentucky Participants Receiving Proceeds of the 2024 First Series B Bonds” hereto. The financial statements and additional information for all current Participants in the Program can be found at <https://www.kybondcorp.org>.

## **SECURITY AND SOURCE OF PAYMENT**

### **Special and Limited Obligations**

The 2024 First Series B Bonds are not general obligations of the Corporation or of any Kentucky Participant, except to the extent of each Kentucky Participant’s particular obligations under its Financing Agreement, but are special and limited obligations of the Corporation payable solely from the Trust Estate pledged under the Indenture. The 2024 First Series B Bonds do not constitute an indebtedness of the

Corporation within the meaning of any constitutional or statutory debt limitation or restriction and do not constitute a pledge of the full faith and credit or any of the revenues of the Corporation. The Corporation has no taxing power.

### **Financing Agreements**

Certain proceeds of the 2024 First Series B Bonds will be advanced to the Kentucky Participants under the Financing Agreements by and between the Corporation and each of the Kentucky Participants, in accordance with the terms prescribed in the Indenture. Under the Financing Agreements, repayment schedules are established in order to enable the Corporation to meet the principal and interest requirements with respect to the 2024 First Series B Bonds. However, no Kentucky Participant is responsible for the failure of any other Kentucky 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 Lease, a Participant Bond, and a Participant Note. See “APPENDIX C – Summary of the General Trust Indenture – Summary of the Financing Agreements” hereto for a description of the terms of each form of the Financing Agreements.

### **Statutory Lien**

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

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

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 of the Bonds Outstanding thereunder from time to time. In accordance with the Indenture, the Corporation is required to maintain an amount on deposit in the Debt Service Reserve equal to the Debt Service Reserve Requirement, which is the amount required to maintain the current rating on all of the First Series Bonds from S&P, if S&P is then rating the First Series Bonds, or Moody’s, if Moody’s is then rating the First Series Bonds. Any interest earned or sums realized as a result of the investment of any moneys in the Debt Service reserve in Investment Obligations will accrue to, and be a part of, the Debt Service Reserve; provided, however, that any such interest earned or sums realized which causes the amount on deposit in the Debt Service Reserve to exceed the Debt Service Reserve Requirement on the day preceding any Interest Payment Date shall be transferred to the Revenue Fund in accordance with the Indenture.

In addition, the Indenture also establishes a Supplemental Debt Service Reserve to further secure all of the Bonds Outstanding thereunder from time to time. In accordance with the Indenture, the Corporation is required to maintain an amount on deposit in the Supplemental Debt Service Reserve equal to the Supplemental Debt Service Reserve Requirement, which is the amount required to maintain the current rating on all First Series Bonds and Second Series Bonds, from S&P, if S&P is then rating the First Series Bonds and Second Series Bonds, or Moody's, if Moody's is then rating the First Series Bonds and Second Series Bonds. Under the Indenture, the 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 the investment of any moneys in the Supplemental Debt Service Reserve in Investment Obligations will accrue to, and be a part of, the Supplemental Debt Service Reserve and will be transferred to the Debt Service Fund to pay the debt service on (i) the Second Series Bonds, so long as the amount on deposit in the Supplemental Debt Service Reserve is not less than the Supplemental Debt Service Reserve Requirement after any transfer to the Debt Service Fund for the payment of the 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 not less than the Supplemental Debt Service Reserve Requirement after any transfer to the Debt Service Fund for the payment of the debt service on the Third Series Bonds.

The Indenture also creates a Surplus Fund, into which certain amounts will be deposited after the payment of the debt service on the Bonds and the payment of certain Fiduciary Fees. Amounts on deposit in the Surplus Fund may (a) be used to pay the debt service on the Bonds; (b) be transferred to the Debt Service Reserve and Supplemental Debt Service Reserve, if the amounts on deposit therein are less than the Debt Service Reserve Requirement or Supplemental Debt Service Reserve Requirement, respectively; and (c) 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 S&P, if S&P is then rating such Bonds, or Moody's, if Moody's is then rating such Bonds, would not be lowered or withdrawn.

As of the date of issuance and delivery of the 2024 First Series B Bonds, the amount on deposit in the Debt Service Reserve is \$13,478,739.00\*, 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.

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

## **Second Series Bonds**

Upon their issuance, the proceeds of the Outstanding Second Series Bonds were deposited in the Supplemental Debt Service Reserve. In accordance with the Indenture, the Second Series Bonds are secured by the Trust Estate; provided, however, that the lien with respect to the Second Series Bonds is subordinate and inferior to the lien on the Trust Estate with respect to the First Series Bonds. The Second Series Bonds cannot mature or be redeemed prior to the latest maturity date for any Outstanding First Series Bonds, unless the Corporation provides the Trustee with confirmation that such redemption will not cause the existing

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\* Preliminary, subject to change.

rating on the First Series Bonds from S&P, if S&P is then rating the First Series Bonds, or Moody's, if Moody's is then rating the First Series Bonds, to be lowered or withdrawn.

### Third Series Bonds

Upon their issuance, the proceeds of the Outstanding Third Series Bonds were deposited in the Supplemental Debt Service Reserve. In accordance with the Indenture, the Third Series Bonds are secured by the Trust Estate; provided, however, that the lien with respect to the Third Series Bonds is subordinate and inferior to the lien on the Trust Estate with respect to the First Series Bonds and the Second Series Bonds. The Third Series Bonds cannot mature or be redeemed prior to the latest maturity date for any Outstanding First Series Bonds and any Outstanding Second Series Bonds, unless the Corporation provides the Trustee with confirmation that such redemption will not cause the existing rating on the First Series Bonds and the Second Series Bonds from S&P, if S&P is then rating such Bonds, or Moody's, if Moody's is then rating such Bonds, to be lowered or withdrawn.

### Outstanding Bonds

In addition to the 2024 First Series B Bonds, the following Bonds are currently Outstanding under the Indenture:

<u>Issue</u>	<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	300,000	2037
2012 First Series B Bonds	2012	505,000	505,000	2041
2012 First Series C Bonds	2012	5,985,000	1,655,000	2032
2012 First Series D Bonds	2012	7,635,000	3,715,000	2033
2012 First Series E Bonds	2012	6,650,000	3,085,000	2038
2012 First Series F Bonds	2012	21,850,000	1,650,000	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	3,205,000	2040
2013 First Series B Bonds	2013	6,090,000	3,230,000	2040
2014 First Series A Bonds	2014	3,155,000	410,000	2041
2014 First Series B Bonds	2014	8,460,000	4,215,000	2041
2014 First Series D Bonds	2014	5,480,000	3,165,000	2040
2014 First Series E Bonds	2014	4,380,000	2,680,000	2040
2014 First Series F Bonds	2014	2,200,000	1,115,000	2031
2015 First Series A Bonds	2015	9,550,000	6,600,000	2038
2015 First Series B Bonds	2015	4,985,000	295,000	2035
2016 First Series A Bonds	2016	2,675,000	2,200,000	2037
2016 First Series B Bonds	2016	5,665,000	5,090,000	2042
2016 First Series C Bonds	2016	6,090,000	5,105,000	2037
2016 First Series D Bonds	2016	2,550,000	1,550,000	2037
2017 First Series A Bonds	2017	4,050,000	3,350,000	2037
2018 First Series A Bonds	2018	9,505,000	8,115,000	2037
2018 Third Series A Bonds	2018	700,000	700,000	2058
2018 First Series B Bonds	2018	2,160,000	1,730,000	2048

2018 First Series C Bonds	2018	4,180,000	2,900,000	2033
2018 First Series D Bonds	2018	1,910,000	1,490,000	2039
2019 First Series A Bonds	2019	11,070,000	10,575,000	2049
2019 First Series B Bonds	2019	4,800,000	3,620,000	2040
2019 First Series C Bonds	2019	11,855,000	10,150,000	2046
2020 First Series A Bonds	2020	14,575,000	11,770,000	2047
2020 First Series B Bonds	2020	4,255,000	3,130,000	2044
2020 First Series C Bonds	2020	6,940,000	6,065,000	2046
2020 First Series D Bonds	2020	5,575,000	3,815,000	2040
2020 First Series E Bonds	2020	3,280,000	3,260,000	2050
2020 First Series F Bonds	2020	20,550,000	18,875,000	2050
2021 First Series A Bonds	2021	11,390,000	10,335,000	2051
2021 First Series B Bonds	2021	20,285,000	18,365,000	2051
2021 First Series C Bonds	2021	8,580,000	7,925,000	2047
2021 First Series D Bonds	2021	15,785,000	15,430,000	2052
2021 First Series E Bonds	2021	5,940,000	5,545,000	2051
2021 First Series F Bonds	2021	17,255,000	15,420,000	2051
2022 First Series A Bonds	2022	13,160,000	12,570,000	2047
2022 First Series B Bonds	2022	2,860,000	2,785,000	2052
2022 First Series C Bonds	2022	3,160,000	3,015,000	2042
2022 First Series D Bonds	2022	13,420,000	13,365,000	2052
2023 First Series A Bonds	2023	40,115,000	39,965,000	2053
2024 First Series A Bonds	2024	<u>7,830,000</u>	<u>7,830,000</u>	2054
Totals		\$387,140,000	\$296,015,000	

### **Additional Bonds**

In order to provide additional funds for the Program, the Corporation may issue additional Bonds from time to time, without limitation as to amount, except as provided in the General Trust Indenture and the Series Trust Indentures authorized by the General Trust Indenture (see “SECURITY AND SOURCE OF PAYMENT – Debt Service Reserve; Supplemental Debt Service Reserve; Surplus Fund” herein). 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 Indenture to secure the full and final payment of the principal and redemption price of and interest on the First Series Bonds. In addition, Second Series Bonds, which are subordinate to the First Series Bonds, and Third Series Bonds, which are subordinate to the First Series Bonds and the Second Series Bonds, may also be issued in accordance with the Indenture.

### **PLAN OF FINANCING**

The proceeds of the 2024 First Series B Bonds will be used for the purposes of (i) funding Financing Agreements to be entered into by and between the Kentucky Participants and the Corporation to finance and refinance various projects of the Kentucky Participants, and (ii) paying the costs of issuance of the 2024 First Series B Bonds.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds received from the sale of the 2024 First Series B Bonds will be applied as follows:

#### Sources of Funds

Par Amount of 2024 First Series B Bonds	\$
[Less/Plus] Net Original Issue [Discount/Premium]	
Total	\$

#### Uses of Funds

Underwriter’s Discount	\$
Deposit in Program Fund – Participant Disbursement Accounts	
Deposit in Program Fund – Cost of Issuance Account	
Total	\$

## TAX TREATMENT

### General

In the opinion of Bond Counsel for the 2024 First Series B Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the 2024 First Series B Bonds will be excludable from gross income for federal income tax purposes. Further, Bond Counsel is also of the opinion that interest on the 2024 First Series B Bonds will not be a specific item of tax preference under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the “Code”) for purposes of the federal alternative minimum tax imposed on individuals (for a discussion of the corporate alternative minimum tax, see “TAX TREATMENT – Corporate Alternative Minimum Tax” herein). In addition, Bond Counsel is also of the opinion that interest on the 2024 First Series B Bonds will be exempt from income taxation by the Commonwealth of Kentucky and that the 2024 First Series B Bonds will be exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A copy of the opinion Bond Counsel will deliver in connection with the 2024 First Series B Bonds is set forth in “APPENDIX D – Form of Bond Counsel Opinion” hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion of interest on certain obligations, such as the 2024 First Series B Bonds, from gross income for federal income tax purposes. The Corporation has covenanted to comply with certain restrictions designed to ensure that interest on the 2024 First Series B Bonds will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in the interest on the 2024 First Series B Bonds being includable in gross income of the Holders thereof for federal income tax purposes, and such inclusion could be required retroactively to the date of issuance of the 2024 First Series B Bonds. The opinion of Bond Counsel assumes compliance with such 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 issue date of the 2024 First Series B Bonds may adversely affect either the federal or Kentucky tax status of the 2024 First Series B Bonds.

Certain requirements and procedures contained or referred to in the 2024 First Series B Bonds, each of the Financing Agreements funded by the proceeds of the 2024 First Series B Bonds, and any other relevant documents may be changed, and certain actions (including, without limitation, defeasance of the 2024 First Series B 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 2024 First Series B Bonds or the tax status of 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 is of the opinion that interest on the 2024 First Series B Bonds is excludable from the gross income of the Holders thereof for federal and Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2024 First Series B 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 and potential Bondholder is urged to consult with tax counsel regarding the effects of purchasing, holding, or disposing of any of the 2024 First Series B Bonds on the tax liabilities of the individual or entity.



Receipt of tax-exempt interest, ownership, or disposition of the 2024 First Series B 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 Section 1362 and Section 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. The ownership of any of the 2024 First Series B Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers under Section 265 of the Code. Finally, residence of a Holder of the 2024 First Series B Bonds in a state other than Kentucky, or the Holder 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 2024 First Series B Bonds.

The Corporation has not designated the 2024 First Series B Bonds as “qualified tax-exempt obligations” under Section 265 of the Code.

### **Original Issue Discount**

The 2024 First Series B Bonds having a yield that is higher than the interest rate on such 2024 First Series B Bonds (as shown on the cover page hereof) are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable at maturity thereon (the “Discount 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 that bond. The amount of OID accrued will be based upon a single rate of interest, compounded semiannually (the “yield to maturity”), and during each semiannual period, the amount of OID will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Bond, at its issue price, owns such Discount Bond is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of such Discount Bond. In practical effect, accrued OID is treated the same as stated interest, i.e., excludable from gross income for federal income tax purposes.

Additionally, the OID that accrues in each year to an owner of any Discount Bond is included in the calculation of the distribution requirements for certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed herein. Consequently, all owners of any 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, even if the owner of such Discount Bond has not received cash attributable to such OID in such year.

### **Original Issue Premium**

Certain 2024 First Series B Bonds (the “Premium Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price (their principal amount) at maturity. If a resident of the United States purchases a Premium Bond, that owner will be considered to have purchased such Premium Bond with “amortizable bond premium” in an amount equal to such excess. Any such owner may elect, in accordance with the applicable provisions of Section 171 of the Code, to amortize such bond premium as an offset to the interest payments on the Premium Bond using a constant yield to maturity method over the remaining term of such Premium Bond (or, if required by the applicable Treasury Regulations, to an earlier call date). Under Section 67(b)(11) of the Code, the amortization of bond premium is not considered a miscellaneous itemized

deduction. However, the amortization of bond premium will reduce the basis of such Premium Bond under Section 1016(a)(5) of the Code.

The owners of any Discount Bonds or Premium Bonds (or any book-entry interests in such Discount Bonds or Premium Bonds) should consult their own tax advisers regarding the determination for federal tax purposes of the amount of OID or amortizable bond premium properly accruable in any period with respect to the Discount Bonds or Premium Bonds and regarding 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.

### **Corporate Alternative Minimum Tax**

The Inflation Reduction Act of 2022 imposes a new corporate alternative minimum tax equal to 15% of the “adjusted financial statement income” of “applicable corporations,” both as defined in Section 59(k) of the Code. Generally, an applicable corporation includes any corporation (as defined for federal income tax purposes, other than S corporations, regulated investment companies, and real estate investment trusts) with an “average annual adjusted financial statement income” of more than \$1,000,000,000 over any preceding period of three tax years (ending with a tax year ending after December 31, 2021). The corporate alternative minimum tax applies for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on tax-exempt bonds, such as the interest on the 2024 First Series B Bonds, is included (i) in computing “average annual adjusted financial statement income” for the purpose of determining whether a corporation qualifies as an “applicable corporation,” and (ii) in determining an applicable corporation’s “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on applicable corporations under Section 55 of the Code, regardless of the issue date of such tax-exempt bonds.

### **LEGAL MATTERS**

Legal matters incident to the authorization, issuance, and sale of the 2024 First Series B Bonds and with respect to the tax-exempt status thereof are subject to the approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, as Bond Counsel for the 2024 First Series B Bonds, a form of which is set forth in “APPENDIX D – Form of Bond Counsel Opinion” hereto. Certain legal matters relating to the Financing Agreements will be passed upon for each Kentucky Participant by their respective counsel.

As Bond Counsel, Dinsmore & Shohl LLP has performed certain functions to assist the Corporation in the preparation of this Official Statement. However, the firm assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the Corporation or the 2024 First Series B Bonds that may be made available by the Corporation or others, including the Kentucky Participants, to the bidders, the Holders of the 2024 First Series B Bonds, or others.

The engagement of the firm as Bond Counsel for the 2024 First Series B Bonds is limited to (i) the preparation of certain documents contained in the transcript of proceedings for the 2024 First Series B Bonds and in the transcript of proceedings for each related Financing Agreement, and (ii) an examination of all such transcripts incident to rendering its approving legal opinion for the 2024 First Series B Bonds. In its capacity as Bond Counsel, the firm has also reviewed the information contained in this Official Statement under the headings entitled “INTRODUCTORY STATEMENT,” “THE 2024 FIRST SERIES B BONDS” (except for the information contained therein with respect to DTC and its book-entry system), “SECURITY AND SOURCE OF PAYMENT,” “TAX TREATMENT,” and “LEGAL MATTERS,” and the information set forth in “APPENDIX C – Summary of the General Trust Indenture” hereto, which review did not include any independent verification of the financial statements and statistical data included therein, if any.

### **RATING**

As noted on the cover page, the 2024 First Series B 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 this 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 S&P if, in the judgment of S&P, the circumstances so warrant. Any downward revision or withdrawal of the rating could have an adverse effect on the marketability and/or market price of the 2024 First Series B Bonds.

### CONTINUING DISCLOSURE

In accordance with Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”), and so long as any of the 2024 First Series B Bonds are Outstanding, the Corporation will agree, under the Continuing Disclosure Agreements (each, a “Continuing Disclosure Agreement”) to be dated as of the date of issuance and delivery of the 2024 First Series B Bonds, by and between the Corporation and each Kentucky Participant receiving proceeds of the 2024 First Series B Bonds (each, an “Obligated Person”), and attached as an Exhibit to the applicable Kentucky Participant’s Financing Agreement, to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board (the “MSRB”), or to any successor thereto for the purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) System, as described in 1934 Act Release No. 59062, or any other similar system acceptable to the SEC, for each fiscal year, audited financial statements for each Obligated Person (the “Annual Financial Information”), found at [www.kybondcorp.org](http://www.kybondcorp.org), all prepared in accordance with generally accepted accounting principles as applied to governmental units, such Annual Financial Information to be provided no later than 300 days after the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2023, provided, however, that the audited financial statements for an Obligated Person may not be available by such date, but will be made available to the Corporation immediately upon the delivery thereof by the auditor to such Obligated Person; and
- (ii) to the MSRB, through EMMA, notice of the occurrence of any 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 2024 First Series B 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, issuance by the Internal Revenue Service of any 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 any 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 any 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 any Obligated Person (Note – This event is considered to have occurred upon the occurrence of any of the following events: the appointment of a receiver, fiscal agent, or similar officer for an Obligated Person in any proceeding under the U.S. Bankruptcy Code or under any other 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 the officials or officers of the Obligated Person in possession of the assets or business of the Obligated Person, 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 any merger, consolidation, or acquisition involving an Obligated Person, the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action, or the termination of a definitive agreement relating to any such action, other than in accordance with its terms, if material;
  - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - (o) Incurrence of a financial obligation of an Obligated Person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; and
  - (p) Defaults, events of acceleration, termination events, modifications of terms, or other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties; and
- (iii) to the MSRB, through EMMA, in a timely manner, notice of the failure (of which an Obligated Person has knowledge) of any Obligated Person to provide the required Annual Financial Information on or before the date specified in the related Continuing Disclosure Agreement.

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

The Continuing Disclosure Agreements provide Bondholders, including any beneficial owners, with certain enforcement rights in the event of a failure by any Obligated Person to comply with the terms of its Continuing Disclosure Agreement; however, a default under the Continuing Disclosure Agreements does not constitute a default under the Indenture. The Continuing Disclosure Agreements may be amended or terminated under certain circumstances in accordance with the Rule, as more fully described therein. All Bondholders are advised that the Continuing Disclosure Agreements, copies of which are available at the respective offices of the Obligated Persons, should be read in their entirety for more complete information regarding their 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 2024 First Series B Bonds.

The Corporation first issued Bonds under the Indenture on August 25, 2010. Although required under the Continuing Disclosure Agreements related to the Outstanding Bonds, the Corporation has failed to provide, or has failed to timely provide, certain Annual Financial Information by the required deadline each year since 2011. Failure to file Annual Financial Information notices have been filed in the past;

however, not all Kentucky Participants were identified in the failure to file notices. The Corporation has retained the Kentucky League of Cities to assist in meeting its continuing disclosure obligations under the Continuing Disclosure Agreements. Except for certain operating data regarding certain Kentucky Participants that has not been made available to the Corporation by those Kentucky Participants, as of the date of this Official Statement, the Corporation is in compliance, in all material respects, with its undertaking to provide Annual Financial Information, notices of material events, and notices of failure to file Annual Financial Information pursuant to the Rule.

Additional information with respect to the continuing disclosure filings with the MSRB is set forth in “APPENDIX A – The Participants” hereto.

### **MUNICIPAL ADVISOR**

RSA Advisors, LLC, Lexington, Kentucky, has acted as Municipal Advisor (the “Municipal Advisor”) to the Corporation in connection with the issuance of the 2024 First Series B Bonds and will receive a fee, payable from the proceeds of the 2024 First Series B Bonds, for their services as Municipal Advisor.

### **UNDERWRITING**

After requesting competitive bids for the 2024 First Series B Bonds, the Corporation has accepted the bid of [\_\_\_\_\_] (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the 2024 First Series B Bonds at an aggregate purchase price of \$[\_\_\_\_] which is an amount equal to the principal amount of the 2024 First Series B Bonds, [plus/less] net original issue [premium/discount] of \$[\_\_\_\_] and less underwriters’ discount of \$[\_\_\_\_]. The Underwriter is obligated to purchase all of the 2024 First Series B Bonds. The initial public offering prices that produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter, and the Underwriter may offer and sell the 2024 First Series B Bonds to certain dealers (including dealers depositing the 2024 First Series B Bonds into investment trusts) and others at prices which are lower than the offering prices that produce the yields set forth on the cover page hereto.

### **MISCELLANEOUS**

This Official Statement is made available in connection with the sale and issuance of the 2024 First Series B Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such, and are not intended to be representations of fact or certainty. This Official Statement is not to be construed as a contract or agreement between the Corporation and the purchasers or Holders of any of the 2024 First Series B Bonds.

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

### **KENTUCKY BOND CORPORATION**

By: /s/ \_\_\_\_\_

Vice Chair

## APPENDIX A

### The Participants

#### Kentucky Participants

<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>
Lexington Public Library	Revenue	March 29, 2012	\$300,000	February 1, 2027
City of Jenkins	General Obligation	July 31, 2012	80,000	February 1, 2032
City of Vanceburg	Utility Revenue	July 31, 2012	1,575,000	February 1, 2030
Caldwell County Public Health District	General Obligation	September 28, 2012	1,020,000	February 1, 2033
City of Irvington	General Obligation	September 28, 2012	45,000	February 1, 2033
County of Lee	General Obligation	September 28, 2012	1,070,000	February 1, 2032
County of Owsley	General Obligation	September 28, 2012	575,000	February 1, 2032
County of Wolfe	General Obligation	September 28, 2012	1,005,000	February 1, 2032
City of Albany	Utility Revenue	November 28, 2012	2,855,000	February 1, 2038
City of Jackson	General Obligation	November 28, 2012	230,000	February 1, 2033
City of Greenup	Utility Revenue	December 20, 2012	1,650,000	February 1, 2038
City of Jenkins	General Obligation	February 14, 2013	105,000	February 1, 2034
City of Liberty	Utility Revenue	February 14, 2013	3,100,000	February 1, 2040
City of Ashland	Utility Revenue	July 11, 2013	605,000	February 1, 2029
City of Greensburg	General Obligation	July 11, 2013	495,000	February 1, 2029
City of Nortonville	Utility Revenue	July 11, 2013	2,130,000	February 1, 2040
City of Louisa	General Obligation	February 28, 2014	5,000	February 1, 2025
City of New Castle	General Obligation	February 28, 2014	5,000	February 1, 2025
City of Wheelwright	General Obligation	February 28, 2014	400,000	February 1, 2041
City of Ashland	General Obligation	May 2, 2014	1,005,000	February 1, 2030
City of Beaver Dam	General Obligation	May 2, 2014	1,575,000	February 1, 2041
City of Jackson	General Obligation	May 2, 2014	765,000	February 1, 2027
City of Ludlow	General Obligation	May 2, 2014	710,000	February 1, 2041
City of Muldraugh	General Obligation	May 2, 2014	160,000	February 1, 2035
Concord Fire Protection District	General Obligation	November 20, 2014	565,000	February 1, 2031
City of Greensburg	Utility Revenue	November 20, 2014	650,000	February 1, 2032
City of Vanceburg	Utility Revenue	November 20, 2014	1,950,000	February 1, 2040
East Casey County Water District	Utility Revenue	December 17, 2014	1,885,000	February 1, 2039
City of Frenchburg	Utility Revenue	December 17, 2014	795,000	February 1, 2040
City of Williamsburg	General Obligation	December 30, 2014	1,115,000	February 1, 2031
Boyd County Sanitation District No. 4	Utility Revenue	May 6, 2015	6,070,000	February 1, 2038
City of Williamstown	General Obligation	May 6, 2015	590,000	February 1, 2036
City of LaGrange	General Obligation	December 2, 2015	295,000	February 1, 2028
City of Hickman	General Obligation	March 16, 2016	2,200,000	February 1, 2037
City of Frenchburg	General Obligation	June 1, 2016	95,000	February 1, 2029
City of Hillview	General Obligation	June 1, 2016	4,995,000	February 1, 2042
City of Fulton	Renewable Lease	October 20, 2016	5,105,000	February 1, 2037
City of Franklin	Utility Revenue	November 30, 2016	850,000	February 1, 2037
City of Grand Rivers	General Obligation	November 30, 2016	190,000	February 1, 2037
City of LaGrange	General Obligation	November 30, 2016	510,000	February 1, 2027
Magoffin County Library District	General Obligation	October 24, 2017	3,350,000	February 1, 2042
City of Campbellsville	General Obligation	March 29, 2018	495,000	February 1, 2033
City of Grayson	General Obligation	March 29, 2018	6,430,000	February 1, 2048

<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>
Monroe County Library District	General Obligation	March 29, 2018	985,000	February 1, 2048
City of Williamsburg	General Obligation	March 29, 2018	205,000	February 1, 2033
Corbin Public Library	Revenue	August 2, 2018	1,125,000	February 1, 2042
City of Rolling Hills	General Obligation	August 2, 2018	150,000	February 1, 2042
City of Southgate	General Obligation	August 2, 2018	455,000	February 1, 2042
Kentucky Bar Association	Revenue	September 26, 2018	2,900,000	February 1, 2042
City of Bardwell	Utility Revenue	December 20, 2018	880,000	February 1, 2039
City of Hillview	General Obligation	December 20, 2018	610,000	February 1, 2034
City of Augusta	General Obligation	June 5, 2019	125,000	February 1, 2029
City of Olive Hill	Utility Revenue	June 5, 2019	10,450,000	February 1, 2049
City of Jackson	Utility Revenue	September 25, 2019	2,205,000	February 1, 2040
City of Lewisport	General Obligation	September 25, 2019	120,000	February 1, 2029
City of Russell Springs	Utility Revenue	September 25, 2019	1,295,000	February 1, 2037
City of Clarkson	General Obligation	October 16, 2019	115,000	February 1, 2030
City of Hardinsburg	Utility Revenue	October 16, 2019	5,840,000	February 1, 2046
City of Harrodsburg	Utility Revenue	October 16, 2019	2,650,000	February 1, 2043
City of West Liberty	Utility Revenue	October 16, 2019	1,545,000	February 1, 2044
City of Beattyville	Utility Revenue	January 9, 2020	2,305,000	February 1, 2045
City of Grayson	Utility Revenue	January 9, 2020	1,660,000	February 1, 2040
City of Hazard	Utility Revenue	January 9, 2020	2,915,000	February 1, 2046
City of Jamestown	Utility Revenue	January 9, 2020	3,890,000	February 1, 2047
City of Lancaster	Utility Revenue	January 9, 2020	1,000,000	February 1, 2042
City of Booneville	Utility Revenue	May 13, 2020	1,195,000	February 1, 2044
City of Burkesville	Utility Revenue	May 13, 2020	610,000	February 1, 2032
City of Campton	Utility Revenue	May 13, 2020	775,000	February 1, 2043
City of Lewisburg	Utility Revenue	May 13, 2020	550,000	February 1, 2038
City of Cynthiana	General Obligation	July 1, 2020	2,755,000	February 1, 2043
City of Elkton	Utility Revenue	July 1, 2020	290,000	February 1, 2046
City of Hopkinsville	General Obligation	July 1, 2020	3,020,000	February 1, 2040
City of Corbin	General Obligation	July 30, 2020	1,960,000	February 1, 2029
City of Hillview	General Obligation	July 30, 2020	450,000	February 1, 2030
City of Jackson	Utility Revenue	July 30, 2020	605,000	February 1, 2040
City of Lynnview	General Obligation	July 30, 2020	295,000	February 1, 2035
City of West Liberty	General Obligation	July 30, 2020	505,000	February 1, 2040
Greenup Boyd County Riverport	Revenue	July 30, 2020	3,260,000	February 1, 2050
City of Booneville	General Obligation	November 19, 2020	265,000	February 1, 2040
City of Fort Thomas	General Obligation	November 19, 2020	9,015,000	February 1, 2050
City of Hazard	Utility Revenue	November 19, 2020	9,025,000	February 1, 2042
City of Paintsville	General Obligation	November 19, 2020	570,000	February 1, 2031
City of Corbin	General Obligation	February 4, 2021	2,295,000	February 1, 2051
City of Brandenburg	Utility Revenue	February 4, 2021	8,040,000	February 1, 2042
City of Crescent Springs Fire Authority	General Obligation	April 21, 2021	2,102,000	February 1, 2046
City of Villa Hills Fire Authority	General Obligation	April 21, 2021	3,153,000	February 1, 2046
City of Evarts	Utility Revenue	April 21, 2021	370,000	February 1, 2034
City of Hodgenville	Utility Revenue	April 21, 2021	730,000	February 1, 2039
Meade County Water	Utility Revenue	April 21, 2021	1,910,000	February 1, 2050
City of Morgantown	General Obligation	April 21, 2021	2,930,000	February 1, 2041

<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 Pineville	General Obligation	April 21, 2021	1,350,000	February 1, 2051
City of Shelbyville	General Obligation	April 21, 2021	5,820,000	February 1, 2041
City of Hopkinsville	General Obligation	May 20, 2021	300,000	February 1, 2040
City of Williamsburg	General Obligation	May 20, 2021	5,650,000	February 1, 2046
City of Williamsburg	Revenue	May 20, 2021	1,975,000	February 1, 2047
City of Barbourville	General Obligation	July 13, 2021	635,000	February 1, 2051
Corinth Water District	Utility Revenue	July 13, 2021	1,840,000	February 1, 2045
County of Boyd	General Obligation	July 13, 2021	12,955,000	February 1, 2052
City of Booneville	General Obligation	October 20, 2021	140,000	February 1, 2051
Boyd County Sanitation District No. 4	Utility Revenue	October 20, 2021	1,010,000	February 1, 2033
City of Paintsville	General Obligation	October 20, 2021	1,420,000	February 1, 2051
City of Southgate	General Obligation	October 20, 2021	375,000	February 1, 2041
City of Tompkinsville	Utility Revenue	October 20, 2021	2,600,000	February 1, 2048
City of Campbellsburg	General Obligation	December 16, 2021	600,000	February 1, 2051
City of Corbin	General Obligation	December 16, 2021	2,820,000	February 1, 2037
Hopkinsville Electric Plant Board	Utility Revenue	December 16, 2021	9,170,000	February 1, 2038
City of Pineville	Utility Revenue	December 16, 2021	2,830,000	February 1, 2040
Boyd County Sanitation District No. 4	Utility Revenue	April 6, 2022	7,245,000	February 1, 2043
City of Calvert City	General Obligation	April 6, 2022	550,000	February 1, 2047
City of Grayson	Utility Revenue	April 6, 2022	4,775,000	February 1, 2044
City of Midway	General Obligation	June 8, 2022	2,785,000	February 1, 2052
City of Shelbyville	General Obligation	July 21, 2022	3,015,000	February 1, 2042
City of Shelbyville	General Obligation	July 21, 2022	13,365,000	February 1, 2052
Carter County Public Health District	General Obligation	May 24, 2023	2,530,000	February 1, 2048
City of Franklin	General Obligation	May 24, 2023	4,080,000	February 1, 2053
City of Pikeville	General Obligation	May 24, 2023	250,000	February 1, 2033
City of Shepherdsville	General Obligation	May 24, 2023	30,470,000	February 1, 2048
City of Paris	General Obligation	March 27, 2024	6,775,000	February 1, 2054
City of Park City	General Obligation	March 27, 2024	515,000	February 1, 2054
Hopkinsville Electric Plant Board	Utility Revenue	June 26, 2024	1,560,000*	February 1, 2044
City of Pineville	Utility Revenue	June 26, 2024	1,040,000*	February 1, 2049
City of Southgate	General Obligation	June 26, 2024	550,000*	February 1, 2044

**Tennessee Participants**

<u>Participant</u>	<u>Pledge Under Loan Agreement</u>	<u>Date of Loan Agreement</u>	<u>Principal Amount Outstanding</u>	<u>Final Principal Payment Date</u>
Town of Chapel Hill	General Obligation	June 25, 2024	\$16,975,000*	February 1, 2054

[The remainder of this page is intentionally left blank.]

\* Preliminary, subject to change.

\* Preliminary, subject to change.



**APPENDIX B**

**Demographic and Financial Information Relating to Participants  
Receiving Proceeds of the 2024 First Series B Bonds**

(See attachment)

**Continuing Disclosure Filing Information - Annual Financial Information**

Participant	Pool	Final Maturity	2019	2020	2021	2022	2023
			Filing On Time/ Notice Filed	Filing On Time/ Notice Filed	Filing On Time/ Notice Filed	Filing On Time/ Notice Filed	Filing On Time/ Notice Filed
Lexington Public Lib	2012A	2/1/2027	On Time	Notice Filed	On Time	Notice Filed	On Time
Jenkins	2012C	2/1/2032	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Vanceburg Electric	2012C	2/1/2030	On Time	On Time	On Time	On Time	On Time
Caldwell Co Pub Health	2012D	2/1/2033	On Time	On Time	On Time	On Time	On Time
Irvington	2012D	2/1/2033	Notice Filed	On Time	On Time	Notice Filed	Notice Filed
Lee County	2012D	2/1/2032	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Owsley County	2012D	2/1/2032	Notice Filed	On Time	Notice Filed	Notice Filed	Notice Filed
Wolfe County	2012D	2/1/2032	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Albany	2012E	2/1/2038	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Jackson	2012E	2/1/2033	Notice Filed	On Time	On Time	On Time	Notice Filed
Greenup	2012F	2/1/2038	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Williamstown	2012F	2/1/2024	On Time	On Time	On Time	On Time	On Time
Hopkinsville Electric	2013A	2/1/2024	Notice Filed	Notice Filed	On Time	On Time	On Time
Jenkins	2013A	2/1/2034	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Liberty	2013A	2/1/2040	Notice Filed	Notice Filed	On Time	On Time	On Time
Ashland	2013B	2/1/2029	On Time	On Time	On Time	Notice Filed	Notice Filed
Greensburg	2013B	2/1/2029	On Time	On Time	Notice Filed	Notice Filed	Notice Filed
Nortonville	2013B	2/1/2040	Notice Filed	On Time	Notice Filed	On Time	On Time
Louisa	2014A	2/1/2025	On Time	On Time	On Time	On Time	On Time
New Castle	2014A	2/1/2025	On Time	On Time	On Time	On Time	On Time
Paris	2014A	2/1/2032	On Time	On Time	Notice Filed	Notice Filed	On Time
Wheelwright	2014A	2/1/2041	On Time	Notice Filed	On Time	On Time	Notice Filed
Ashland	2014B	2/1/2030	On Time	On Time	On Time	Notice Filed	Notice Filed
Beaver Dam	2014B	2/1/2041	Notice Filed	On Time	Notice Filed	Notice Filed	Notice Filed
Jackson	2014B	2/1/2027	On Time	On Time	On Time	On Time	Notice Filed
Ludlow	2014B	2/1/2041	On Time	On Time	On Time	On Time	Notice Filed
Muldrough	2014B	2/1/2035	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Concord Fire	2014D	2/1/2031	Notice Filed	On Time	Notice Filed	On Time	On Time
Greensburg	2014D	2/1/2032	Notice Filed	On Time	Notice Filed	Notice Filed	Notice Filed
Vanceburg Electric	2014D	2/1/2040	On Time	On Time	On Time	On Time	On Time
East Casey Water	2014E	2/1/2039	On Time	Notice Filed	On Time	Notice Filed	Notice Filed
Frenchburg	2014E	2/1/2040	On Time	On Time	On Time	Notice Filed	Notice Filed
Williamsburg	2014E	2/1/2031	On Time	On Time	On Time	Notice Filed	On Time
Boyd Sanitation	2015A	2/1/2038	Notice Filed	On Time	Notice Filed	On Time	On Time
Williamstown	2015A	2/1/2036	On Time	On Time	On Time	On Time	On Time
LaGrange	2015B	2/1/2028	On Time	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Hickman	2016A	2/1/2037	On Time	On Time	Notice Filed	Notice Filed	Notice Filed
Frenchburg	2016B	2/1/2029	Notice Filed	On Time	On Time	Notice Filed	Notice Filed
Hillview	2016B	2/1/2042	On Time	On Time	Notice Filed	Notice Filed	Notice Filed
Fulton	2016C	2/1/2037	On Time	On Time	On Time	Notice Filed	Notice Filed
Franklin	2016D	2/1/2037	Notice Filed	On Time	Notice Filed	Notice Filed	Notice Filed
Grand Rivers	2016D	2/1/2037	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
LaGrange	2016D	2/1/2027	On Time	Notice Filed	Notice Filed	Notice Filed	Notice Filed

**Continuing Disclosure Filing Information - Annual Financial Information**

Participant	Pool	Final Maturity	2019	2020	2021	2022	2023
			Filing On Time/ Notice Filed	Filing On Time/ Notice Filed	Filing On Time/ Notice Filed	Filing On Time/ Notice Filed	Filing On Time/ Notice Filed
Magoffin Co. Library	2017A	2/1/2042	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Campbellsville	2018A	2/1/2033	On Time	On Time	Notice Filed	Notice Filed	Notice Filed
Grayson	2018A	2/1/2048	On Time	On Time	On Time	Notice Filed	On Time
Monroe Co. Library	2018A	2/1/2048	Notice Filed	On Time	On Time	Notice Filed	Notice Filed
Williamsburg	2018A	2/1/2033	On Time	On Time	On Time	Notice Filed	On Time
Corbin Public Library	2018B	2/1/2048	On Time	On Time	On Time	Notice Filed	On Time
Rolling Hills	2018B	2/1/2033	On Time	On Time	On Time	On Time	On Time
Southgate	2018B	2/1/2038	On Time	On Time	On Time	Notice Filed	Notice Filed
KY Bar Assn	2018C	2/1/2033	On Time	On Time	On Time	Notice Filed	Notice Filed
Hillview	2018D	2/1/2034	On Time	On Time	Notice Filed	Notice Filed	Notice Filed
Bardwell	2018D	2/1/2039	Notice Filed	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Augusta	2019A	2/1/2029	On Time	Notice Filed	On Time	On Time	Notice Filed
Lynnview	2019A	2/1/2024	On Time	On Time	On Time	On Time	On Time
Olive Hill	2019A	2/1/2049	On Time	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Jackson	2019B	2/1/2040	Notice Filed	On Time	On Time	On Time	Notice Filed
Lewisport	2019B	2/1/2029	On Time	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Russell Springs	2019B	2/1/2037	On Time	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Clarkson	2019C	2/1/2030	Not Required	On Time	Notice Filed	On Time	Notice Filed
Hardinsburg	2019C	2/1/2046	Not Required	On Time	Notice Filed	Notice Filed	Notice Filed
Harrodsburg	2019C	2/1/2043	Not Required	On Time	On Time	Notice Filed	Notice Filed
West Liberty	2019C	2/1/2044	Not Required	On Time	On Time	On Time	On Time
Beattyville	2020A	2/1/2045	Not Required	On Time	On Time	Notice Filed	On Time
Grayson	2020A	2/1/2040	Not Required	On Time	On Time	Notice Filed	On Time
Hazard	2020A	2/1/2046	Not Required	On Time	Notice Filed	On Time	On Time
Jamestown	2020A	2/1/2047	Not Required	Notice Filed	On Time	On Time	On Time
Lancaster	2020A	2/1/2042	Not Required	On Time	On Time	Notice Filed	Notice Filed
Booneville	2020B	2/1/2044	Not Required	On Time	Notice Filed	On Time	Notice Filed
Burkesville	2020B	2/1/2032	Not Required	On Time	On Time	On Time	On Time
Campton	2020B	2/1/2043	Not Required	Notice Filed	Notice Filed	Notice Filed	Notice Filed
Lewisburg	2020B	2/1/2038	Not Required	On Time	Notice Filed	Notice Filed	Notice Filed
Cynthiana	2020C	2/1/2043	Not Required	Not Required	Notice Filed	Notice Filed	Notice Filed
Elkton	2020C	2/1/2046	Not Required	Not Required	On Time	On Time	Notice Filed
Hopkinsville	2020C	2/1/2040	Not Required	Not Required	On Time	On Time	On Time
Corbin	2020D	2/1/2029	Not Required	Not Required	On Time	On Time	On Time
Hillview	2020D	2/1/2030	Not Required	Not Required	Notice Filed	Notice Filed	Notice Filed
Jackson	2020D	2/1/2040	Not Required	Not Required	On Time	On Time	Notice Filed
Lynnview	2020D	2/1/2035	Not Required	Not Required	On Time	On Time	On Time
West Liberty	2020D	2/1/2040	Not Required	Not Required	On Time	On Time	On Time
Greenup-Boyd Riverport	2020E	2/1/2050	Not Required	Not Required	Notice Filed	Notice Filed	Notice Filed
Booneville	2020F	2/1/2040	Not Required	Not Required	Notice Filed	On Time	Notice Filed
Ft. Thomas	2020F	2/1/2050	Not Required	Not Required	Notice Filed	Notice Filed	Notice Filed
Hazard	2020F	2/1/2042	Not Required	Not Required	Notice Filed	On Time	On Time
Paintsville	2020F	2/1/2031	Not Required	Not Required	On Time	On Time	On Time

**Continuing Disclosure Filing Information - Annual Financial Information**

Participant	Pool	Final Maturity	2019	2020	2021	2022	2023
			Filing On Time/ Notice Filed	Filing On Time/ Notice Filed	Filing On Time/ Notice Filed	Filing On Time/ Notice Filed	Filing On Time/ Notice Filed
Corbin	2021A	2/1/2051	Not Required	Not Required	On Time	On Time	On Time
Brandenburg	2021A	2/1/2042	Not Required	Not Required	Notice Filed	Notice Filed	Notice Filed
Crescent Villa Fire Auth.	2021B	2/1/2046	Not Required	Not Required	On Time	On Time	On Time
Evarts	2021B	2/1/2034	Not Required	Not Required	Notice Filed	Notice Filed	Notice Filed
Hodgenville	2021B	2/1/2039	Not Required	Not Required	Notice Filed	Notice Filed	Notice Filed
Meade Water	2021B	2/1/2050	Not Required	Not Required	Notice Filed	Notice Filed	Notice Filed
Morgantown	2021B	2/1/2041	Not Required	Not Required	On Time	On Time	On Time
Pineville	2021B	2/1/2051	Not Required	Not Required	On Time	On Time	On Time
Shelbyville	2021B	2/1/2041	Not Required	Not Required	On Time	Notice Filed	Notice Filed
Hopkinsville	2021C	2/1/2040	Not Required	Not Required	Not Required	On Time	On Time
Williamsburg	2021C	2/1/2046	Not Required	Not Required	Not Required	Notice Filed	On Time
Williamsburg Tourism	2021C	2/1/2047	Not Required	Not Required	Not Required	On Time	On Time
Barbourville	2021D	2/1/2051	Not Required	Not Required	Not Required	On Time	On Time
Boyd County	2021D	2/1/2052	Not Required	Not Required	Not Required	Notice Filed	Notice Filed
Corinth Water	2021D	2/1/2045	Not Required	Not Required	Not Required	Notice Filed	Notice Filed
Booneville	2021E	2/1/2051	Not Required	Not Required	Not Required	On Time	Notice Filed
Boyd Sanitation	2021E	2/1/2033	Not Required	Not Required	Not Required	On Time	On Time
Paintsville	2021E	2/1/2051	Not Required	Not Required	Not Required	On Time	On Time
Southgate	2021E	2/1/2041	Not Required	Not Required	Not Required	Notice Filed	Notice Filed
Tompkinsville	2021E	2/1/2048	Not Required	Not Required	Not Required	Notice Filed	Notice Filed
Campbellsburg	2021F	2/1/2051	Not Required	Not Required	Not Required	On Time	Notice Filed
Corbin	2021F	2/1/2037	Not Required	Not Required	Not Required	On Time	On Time
Hopkinsville Electric	2021F	2/1/2038	Not Required	Not Required	Not Required	On Time	On Time
Pineville	2021F	2/1/2040	Not Required	Not Required	Not Required	On Time	On Time
Boyd Sanitation	2022A	2/1/2043	Not Required	Not Required	Not Required	On Time	Notice Filed
Calvert City	2022A	2/1/2047	Not Required	Not Required	Not Required	Notice Filed	Notice Filed
Grayson Utilities	2022A	2/1/2044	Not Required	Not Required	Not Required	On Time	On Time
Midway	2022B	2/1/2052	Not Required	Not Required	Not Required	Notice Filed	Notice Filed
Shelbyville	2022C	2/1/20442	Not Required	Not Required	Not Required	Not Required	Notice Filed
Shelbyville	2022D	2/1/2052	Not Required	Not Required	Not Required	Not Required	Notice Filed
Carter County Health	2023A	2/1/2048	Not Required	Not Required	Not Required	Not Required	On Time
Franklin	2023A	2/1/2053	Not Required	Not Required	Not Required	Not Required	Notice Filed
Pikeville	2023A	2/1/2033	Not Required	Not Required	Not Required	Not Required	On Time
Shepherdsville	2023A	2/1/2048	Not Required	Not Required	Not Required	Not Required	Notice Filed
Paris	2024A	2/1/2054	Not Required	Not Required	Not Required	Not Required	Not Required
Park City	2024A	2/1/2054	Not Required	Not Required	Not Required	Not Required	Not Required

\*\*Notified EMMA of Failure to provide financial information for 2019 - 2/28/20  
 \*\*Notified EMMA of Failure to provide financial information for 2020 - 2/26/21  
 \*\*Notified EMMA of Failure to provide financial information for 2021 - 2/28/22  
 \*\*Notified EMMA of Failure to provide financial information for 2022 - 3/1/23  
 \*\*Notified EMMA of Failure to provide financial information for 2023 - 3/1/24

### Hopkinsville Electric System

The City of Hopkinsville, Kentucky is located in Christian County, Kentucky. Christian County had an estimated population of 73,405 in 2023 and the city of Hopkinsville had an estimated population of 30,565 in 2023. Hopkinsville is located 210 miles from Lexington, KY, 168 miles from Louisville, KY 71 miles from Nashville, TN and 272 miles from Cincinnati, OH.

#### Economic Statistics for the year 2023

Median Household Income	\$45,415	Employment	10,717
Civilian Labor Force	12,277	Unemployment Rate	5.50%

Source: Kentucky Department of Economic Development

#### Customer Information

##### Customer Breakdown

Year	Number of Electric Customers	Number of Internet Customers
2022-23	12,865	8,670
2021-22	12,907	6,242
2020-21	12,931	4,530
2019-20	12,820	3,915
2018-19	12,862	3,544

##### Electric

Year	Residential	Commercial/Other	Total
2022-23	9,906	2,959	12,865
2021-22	10,003	2,904	12,907
2020-21	9,978	2,953	12,931
2019-20	9,967	2,853	12,820
2018-19	9,881	2,981	12,862

##### Internet

Year	Residential	Commercial/Other	Total
2022-23	7,480	1,190	8,670
2021-22	5,270	972	6,242
2020-21	3,658	872	4,530
2019-20	3,190	725	3,915
2018-19	2,871	673	3,544

##### 5 Largest Customers - Electric

Name	Annual Sales	Annual Usage	Percent of Total Usage
Superior Graphite	\$4,458,761	58,560,656	19.20%
US Smokeless Tobacco	\$892,227	9,676,811	3.20%
Jennie Stuart Medical Center	\$883,467	8,591,712	2.80%
Western State Hospital	\$582,023	5,412,000	1.80%
Hopkinsville Water Environment Authority	\$350,493	3,669,600	1.20%

##### 5 Largest Customers - Internet

Name	Annual Sales	Percent of Total Usage
Christian County Board of Education	\$266,400	2.80%
Jennie Stuart Medical Center	\$154,474	1.60%
City of Hopkinsville	\$100,882	1.10%
Russellville Electric Plant Board	\$60,000	0.60%
United Southern Bank	\$4,929	0.50%

HOPKINSVILLE ELECTRIC, KENTUCKY

BALANCE SHEET - UTILITY FUNDS

	2023	2022	2021
<b>ASSETS</b>			
Capital Assets	\$41,416,820	\$40,853,951	\$39,170,146
Cash - Restricted	\$4,194,462	\$9,960,563	\$2,294,877
Other Assets	\$903,952	\$914,201	\$913,948
Cash - General Funds	\$2,688,395	\$2,230,007	\$2,455,675
Accounts Receivable	4,091,510	2,897,064	2,428,789
Unbilled Revenue	1,197,133	1,558,429	1,371,236
Inventories	1,141,364	777,916	649,878
Prepaid Expenses	\$219,072	166,233	\$131,149
Other Current Assets	100,095	230,133	79,473
Deferred Charges	\$148,602	\$172,288	\$113,594
Total Assets	<u>\$56,101,405</u>	<u>\$59,760,785</u>	<u>\$49,608,765</u>
<b>LIABILITIES</b>			
Current Liabilities			
Revenue Bonds Payable	\$1,203,908	\$2,222,697	\$1,651,108
Line of Credit	\$0	600,000	-
Accounts Payable - Purchased Power	4,206,552	4,721,912	3,953,284
Account Payable - Other	701,570	918,009	621,086
Customer Deposits	1,540,023	1,521,207	1,530,594
Accrued Taxes	327,245	379,339	381,458
Accrued Interest	163,222	75,067	78,741
Unearned Revenue	142,287	145,825	160,351
Other Current and Accrued Liabilities	<u>639,065</u>	<u>782,874</u>	<u>909,829</u>
Total Current Liabilities	\$8,923,872	\$11,366,930	\$9,286,451
Noncurrent Liabilities			
Bonds Payable	\$18,386,475	\$19,341,675	\$11,495,249
Compensated Absences	227,006	166,041	153,556
Other	13,660,453	12,802,746	14,460,747
Conservation Advantages - TVA	<u>152,930</u>	<u>281,023</u>	<u>380,036</u>
Total Noncurrent Liabilities	\$32,426,864	\$32,591,485	\$26,489,588
Total Liabilities	<u>\$41,350,736</u>	<u>\$43,958,415</u>	<u>\$35,776,039</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	\$3,144,338	\$3,327,037	\$940,699
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	\$21,826,437	\$19,289,579	\$26,023,789
Restricted for Debt Service	4,194,462	9,960,563	2,294,877
Unrestricted	<u>(10,027,907)</u>	<u>(12,801,195)</u>	<u>(\$11,609,078)</u>
Total Net Position	\$15,992,992	\$16,448,947	\$16,709,588

STATEMENT OF INCOME

	2023	2022	2021
<b>OPERATING REVENUES</b>	<u>\$43,650,239</u>	<u>\$40,620,698</u>	<u>\$35,378,333</u>
<b>OPERATING EXPENSES</b>			
Cost of Power	\$27,214,707	\$25,237,903	\$20,845,480
Cost of Sales - Telecommunications	1,635,697	1,115,791	921,100
Disbribution - Operation	3,419,720	2,998,889	2,859,360
Disbribution - Maintenance	1,531,647	1,402,274	1,248,547
Customer Accounts	1,661,239	1,186,061	1,156,431
Sales	169,470	128,510	80,546
Administrative and General	3,638,726	3,936,793	4,204,202
Depreciation	3,050,577	2,883,237	2,831,675
Taxes	<u>1,596,527</u>	<u>1,511,646</u>	<u>1,485,924</u>
Total Operating Expenses	\$43,918,310	\$40,401,104	\$35,633,265
Net Operating Revenues	(\$268,071)	\$219,594	(\$254,932)
<b>NON-OPERATING REVENUES</b>			
Interest on Long-Term Debt	(\$527,064)	(\$472,080)	(\$407,731)
Other Interest	(37,196)	(7,408)	(18,956)
Amortization of Debt Expense	(11,183)	(20,602)	(27,263)
Interest Income	274,864	12,473	16,415
Gain on Sale of Fixed Assets	84,500	9,609	27,282
Other Revenue (Expenses)	<u>28,195</u>	<u>(2,227)</u>	<u>146,914</u>
Net Nonoperating Revenues	(\$187,884)	(\$480,235)	(\$263,339)
<b>Change in Net Position</b>	(\$455,955)	(\$260,641)	(\$518,271)
<b>Net Position-Beginning of Year</b>	<u>\$16,448,947</u>	<u>\$16,709,588</u>	<u>17,227,859</u>
<b>Net Position-End of Year</b>	<u>\$15,992,992</u>	<u>\$16,448,947</u>	<u>\$16,709,588</u>

**CITY OF PINEVILLE, KENTUCKY**

The city of Pineville, Kentucky is located in Bell County, Kentucky. The City of Pineville had a population of 2,094 in 2023, and Bell County had an estimated population of 23,691 in 2023. Pineville is located 119 miles from Lexington, KY, 193 miles from Louisville, KY, 88 miles from Nashville, TN and 228 miles from Knoxville, TN.

**Economic Statistics for Bell County**

Median Household Income	\$34,332	Employment	7,299
Civilian Labor Force	7,797	Unemployment Rate	6.39%

Source: Kentucky Department of Economic Development

**Customer Information**

**Customer Breakdown**

Year	Number of Water Customers	Number of Sewer Customers
2022-23	5,117	814
2021-22	5,146	818
2020-21	5,224	811
2019-20	5,190	808
2018-19	5,202	825

**Customer Breakdown - Water**

Year	Residential	Commercial/Other	Total
2022-23	4,728	389	5,117
2021-22	4,739	407	5,146
2020-21	4,799	425	5,224
2019-20	4,754	435	519
2018-19	4,797	405	5,202

**Customer Breakdown - Sewer**

Year	Residential	Commercial/Other	Total
2022-23	679	135	814
2021-22	679	139	818
2020-21	676	135	811
2019-20	669	139	808
2018-19	691	134	825

**5 Largest Customers - Water**

Name	Annual Sales	Annual Usage	Percent of Total Usage
Knox County Utility Commission	\$53,544	18,686,000	6%
Black Mountain Utility District	\$47,778	16,199,000	6%
Cawood Water District	\$42,900	13,407,000	5%
Pine Mtn State Park	\$41,513	5,326,000	2%
Mountain View Nursing Home	\$38,073	5,095,000	2%

**5 Largest Customers - Sewer**

Name	Annual Sales	Annual Usage	Percent of Total Usage
Pine Mtn State Park	\$266,400	5,326,000	8%
Mountain View Nursing Home	\$154,474	5,095,000	8%
Bell County Jail	\$100,882	4,612,000	7%
Bell County High School	\$60,000	1,989,000	3%
Wilderness Trail Manor	\$4,929	1,622,000	2%

**CITY OF PINEVILLE, KENTUCKY**

**BALANCE SHEET - GENERAL FUND**

	2023	2022	2021
<b>ASSETS</b>			
Cash & Cash Equivalents	\$1,161,314	\$891,526	\$466,351
Due (to) from Component Unit	76,896	51,332	11,562
<b>Total Assets</b>	<b>1,238,210</b>	<b>942,858</b>	<b>477,913</b>

**LIABILITES AND FUND EQUITY**

**Liabilities and Fund Balances**

Credit Card Payables	2,469	4,311	1,535
Unassigned	1,235,741	938,547	476,378
<b>Total Liabilities</b>	<b>1,238,210</b>	<b>942,858</b>	<b>477,913</b>

**STATEMENT OF INCOME**

<b>GENERAL REVENUES</b>	2023	2022	2021
Taxes	\$1,394,148	\$1,332,010	\$1,229,832
FEMA	-	29,927	26,322
Sanitation Department	103,124	104,044	133,724
Police Department	53,195	81,647	65,082
Fire Department	31,053	29,974	33,594
General Government	97,098	79,435	82,412
Earnings on Investment	8,960	1,538	2,183
Misc/Other	25,135	14,713	168,605
<b>Total Revenue</b>	<b>1,712,713</b>	<b>1,673,288</b>	<b>1,741,754</b>

**GENERAL FUND EXPENSES**

General Government	336,076	243,365	304,057
Police	430,319	489,476	460,889
Fire	343,112	285,382	290,118
Streets	334,529	337,973	386,866
Sanitation	78,118	78,556	142,215
Parks & Recreation	12,264	4,446	1,900
Debt Service	-	-	167,023
Capital Outlay	-	16,222	52,694
Special Projects	61,401	62,249	37,552
<b>Total Current Expenses</b>	<b>1,595,819</b>	<b>1,517,669</b>	<b>1,843,314</b>

Excess Deficiency/Revenues	116,894	155,619	(101,560)
Other Financing Sources (uses)	180,300	306,550	238,900
<b>CHANGE IN NET ASSETS</b>	<b>297,194</b>	<b>462,169</b>	<b>137,340</b>
<b>FUND BALANCE, BEGINNING</b>	<b>938,547</b>	<b>476,378</b>	<b>339,038</b>
<b>FUND BALANCE, ENDING</b>	<b>\$1,235,741</b>	<b>\$938,547</b>	<b>\$476,378</b>

Source: Audited financial statements summarized by the financial advisor



**City of Southgate, Kentucky**

The City of Southgate, Kentucky is located in Campbell County, Kentucky. Campbell County had an estimated population of 93,800 in 2023 and the City of Southgate had an estimated population of 3,611 in 2023. Southgate is located 86 miles from Lexington, KY, 102 miles from Louisville, KY, 274 miles from Nashville, TN, and 5 miles from Cincinnati, OH.

**Economic Statistics for the year 2023 - Campbell County**

Median Household Income	\$77,816	Employment	49,326
Civilian Labor Force	51,304	Unemployment Rate	3.9%

1) Data from 2023

Source: Kentucky Department of Economic Development

**Tax Base Information**

**Assessed Value**

Year	Real Estate	Tangible Personal
2022-23	\$215,367,540	\$1,282,872
2021-22	\$211,585,705	\$1,507,130
2020-21	\$207,616,758	\$3,457,348
2019-20	\$203,631,441	2,492,211
2018-19	\$201,906,912	\$1,509,537

**Property Tax Rates**

Year	Real Property	Tangible Property	Motor Vehicles and Watercraft
2022-23	\$0.525	\$0.727	\$0.270
2021-22	\$0.520	\$0.559	\$0.270
2020-21	\$0.5960	\$0.5590	\$0.270
2019-20	\$0.5960	\$0.6420	\$0.270
2018-19	\$0.5940	\$0.7500	\$0.270

**Other Tax Rates (expressed as a percentage)**

Year	Bank Shares	Payroll Tax	Insurance Premium	Franchise Tax			
	(per \$100)	(Occupational License Fee)	Tax	Electric	Garbage	Telephone	Cable
2022-23	0	2.5%	1000%	3%	0.00	0.00	0.00
2021-22	0	2.5%	1000%	3%	0.00	0.00	0.00
2020-21	0	2.5%	1000%	3%	0.00	0.00	0.00
2019-20	0	2.5%	1000%	3%	0.00	0.00	0.00
2018-19	0	2.5%	1000%	3%	0.00	0.00	0.00

**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	Percent Collected
2022-23	\$2,867,118	97.00%
2021-22	\$2,651,079	99.00%
2020-21	\$2,522,481	99.00%
2019-20	\$2,438,574	99.00%
2018-19	\$2,409,947	99.00%

**Largest Tax Payers**

Name	Amount Paid
Canterberry House	\$152,432
GAHC3	\$41,533
Fox Chase	\$27,785
Joslin	\$76,723
Reik	\$19,351
Monopoly	\$11,556

**CITY OF SOUTHGATE  
BALANCE SHEET - GENERAL FUND**

	2023	2022	2021
<b>ASSETS</b>			
Cash & Cash Equivalents	\$1,235,057	\$1,221,011	\$644,647
Receivables (net)	326,485	210,655	251,248
Prepaid	59,007	12,551	15,276
Due from other funds	<u>144,523</u>	<u>351,097</u>	143,803
Total Assets	<u>1,765,072</u>	<u>1,795,314</u>	<u>1,054,974</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts Payable	118,978	177,313	30,149
Accrued Liabilities	100,612	81,142	84,826
Deferred revenue	<u>60,487</u>	<u>812,119</u>	<u>11,743</u>
Total Liabilities	280,077	1,070,574	126,718
<b>Fund Balances</b>			
Restricted	65,476	77,397	72,959
Committed	175	175	500
Nonspendable	59,007	12,551	15,276
Unassigned	<u>1,360,337</u>	<u>634,617</u>	<u>839,521</u>
Total Fund Balances	1,484,995	724,740	928,256
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<u>1,765,072</u>	<u>1,795,314</u>	<u>1,054,974</u>

**STATEMENT OF INCOME**

	2023	2022	2021
<b>GENERAL REVENUES</b>			
Taxes & Fees	\$2,945,771	\$2,491,947	\$2,344,591
Licenses and Permits	32,678	33,480	35,393
Intergovernmental	15,389	8,395	153,859
Fines, Forfeitures, Penalties	20,682	44,856	30,918
KLEFPF Income	37,157	33,400	33,513
Charges for Services	217,292	214,974	207,104
Investment Income	42,956	950	1,525
Misc	<u>16,280</u>	<u>14,642</u>	<u>10,472</u>
Total Revenue	<u>3,328,205</u>	<u>2,842,644</u>	<u>2,817,375</u>
<b>GENERAL FUND EXPENSES</b>			
Administration	526,283	359,128	404,648
Police	1,193,893	1,011,589	1,017,679
Fire & EMS	588,198	537,902	452,391
Waste Collection	184,698	184,518	175,514
Streets	156,368	170,176	152,774
Garage	222,086	188,800	197,598
Community Center	120,678	121,428	82,562
Parks	105,450	80,745	516,744
Capital Outlay	159,166	110,741	37,759
Debt Service	<u>173,178</u>	<u>176,435</u>	<u>159,501</u>
<b>TOTAL EXPENDITURES</b>	<u>3,429,998</u>	<u>2,941,462</u>	<u>3,197,170</u>
Loan/Lease Proceeds	124,485	73,616	-
CARES Act/ARPA	661,888	297,287	213,397
Operating Transfers in/Gain on Asset Sale	<u>(60,000)</u>	<u>(475,601)</u>	<u>(64,100)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>726,373</u>	<u>(104,698)</u>	<u>149,297</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$624,580</u>	<u>(\$203,516)</u>	<u>(\$230,498)</u>

Source: Audited financial statements summarized by the financial advisor

## APPENDIX C

### Summary of the General Trust Indenture

#### DEFINITIONS

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

“Account” means any separate account established and created within any Fund by an Issuer under and in accordance with Article V of the General Trust Indenture.

“Act” means, (i) with respect to the Corporation (a) Chapter 58, Chapter 74, Chapter 76, Chapter 96, Chapter 160, and Chapter 162 of the Kentucky Revised Statutes, (b) Sections 65.7701 to 65.7721, Sections 65.940 to 65.956, Sections 66.011 to 66.191, and Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes, all as amended, and (c) any other provisions of the Kentucky Revised Statutes that may apply to the funding, financing, or refinancing of Projects for any Participants in the Commonwealth, and (ii) with respect to any Additional Issuer, any applicable law of the State governing such Additional Issuer as may be set forth in the Supplemental Issuer Indenture related to the addition of such Additional Issuer as a party to the General Trust Indenture.

“Additional Issuer” means each entity that becomes a party to and an Issuer under the General Trust Indenture in accordance with the terms and conditions set forth herein and any additional terms and conditions as may be set forth in the related Supplemental Issuer Indenture.

“Administrative Expenses” means all of the fees and expenses incurred by each Program Administrator in the course of administering the Program, as shall be certified to the Trustee by such Program Administrator, and 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 that become due and payable to (i) the Corporation hereunder or under a related Financing Agreement, or (ii) any Additional Issuer hereunder or under the Supplemental Issuer Indenture governing such Additional Issuer or a related Financing Agreement.

“Annual Debt Service Requirement” means, at any time of determination, the maximum amount of Principal Installments and interest coming due on all Bonds Outstanding in any Fiscal Year; provided, however, that if the terms of any Bonds are such that the interest thereon, for any future period of time, is to be calculated at a variable rate, then the interest on such Bonds for such period shall 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 (i) with respect to the Corporation, the Chair, the Vice-Chair, the Secretary, the Assistant Secretary, or the Treasurer of the Corporation, and any other members, officers,

agents, or employees of the Corporation duly authorized by resolution of the Corporation to perform the act or sign the document in question, and (ii) with respect to any Additional Issuer, any of the persons defined or identified as the Authorized Officers of such Additional Issuer in the applicable Supplemental Issuer Indenture.

“Bond” means any bond executed, authenticated, and delivered under the General Trust Indenture and the related Series Trust Indenture and issued by an Issuer for any lawful purpose of the Program, including any Bonds issued to refund any Bonds at or in advance of maturity, and may include bonds, notes, certificates of indebtedness, trust units, bond anticipation notes, grant anticipation notes, certificates of participation, and any other evidence of a lawful obligation that is determined by the applicable Issuer to constitute a Bond hereunder.

“Bond Counsel” means an attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds and municipal finance, particularly in the issuance of obligations the interest on which is excluded from gross income for federal income tax purposes under the Code, as may be selected by the related Issuer and approved by the Corporation.

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

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

“Closing” means a closing at which one or more fully executed Financing Agreements are delivered by one or more Participants to an Issuer and after, or concurrently with, which a Series of Bonds may be issued by such Issuer to provide funding for such Participants, as the case may be.

“Code” means the Internal Revenue Code of 1986, as amended, including all regulations of the United States Department of the Treasury promulgated thereunder and any relevant provisions of the Internal Revenue Code of 1954.

“Commonwealth” means the Commonwealth of Kentucky.

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

“Cost of Issuance Account” means, for each Series of Bonds issued hereunder, the Account of the Program Fund so designated, established, and created for such Series of Bonds in accordance with Section 5.02 and Section 5.03 of the General Trust Indenture.

“Costs” means (i) with respect to any Participant located in the Commonwealth, the proceeds used by such Participant (a) to fund a floating indebtedness; (b) to fund the costs of providing a public service if the Participant determines an emergency exists and the public health or safety so requires; (c) to fund unfunded liabilities; (d) 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 any claims approved by a court; (e) to fund expenditures of the Participant to be repaid from the taxes and revenues of the Participant within the same Fiscal Year; (f) with respect to a Project, to fund all or a portion of the costs of: (1) the acquisition, construction, installation, and equipping of all land, buildings, structures, machinery, and equipment; (2)

finance charges; (3) the acquisition, construction, installation, and equipping of extensions, enlargements, additions, replacements, renovations, and improvements; (4) any engineering, financial, and legal services; (5) any plans, specifications, studies, surveys, estimates of cost of revenue, administrative expenses, and any other expenses necessary or incidental to determining the feasibility or practicability of constructing the Project; and (6) any such other expenses as may be necessary or incidental to (A) the acquisition, construction, installation, and equipping of the Project, (B) the financing of the acquisition, construction, installation, and equipping of the Project, (C) the financing of any interest during the acquisition, construction, installation, and equipping of the Project, and (D) the placing of the Project in service; and (ii) with respect to any Participant located outside the Commonwealth, for any other purpose authorized by the applicable laws of the State in which the Participant is located, as set forth in the Supplemental Issuer Indenture of the related Issuer.

“Costs of Issuance” means the costs incurred in the issuance of a Series of Bonds, including, but not limited to, (i) the fees and charges of financial advisors, underwriters or purchasers, Bond Counsel, the Trustee and other Fiduciaries, rating agencies, and bond and official statement printers, as applicable, (ii) any credit enhancement charges, and (iii) any other fees and expenses normally attendant to the issuance of a Series of Bonds hereunder.

“Debt Service Fund” means the Fund so designated, established, and created by Section 5.02 and Section 5.05 of the General Trust Indenture.

“Debt Service Fund – Series \_\_\_\_\_ Subaccount” means the portion of each Account of the Debt Service Fund so segregated and designated for each Series of Bonds which is established and created by Section 5.02 and Section 5.05 of the General Trust Indenture for accounting purposes.

“Debt Service Reserve” means the reserve for the payment of the principal of and interest on the Bonds which is established and created by Section 5.02 and Section 5.06 of the General Trust Indenture.

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

“Defaulting Participant” means the Participant that has caused a Participant Default to occur with respect to a particular Series of Bonds as a result of the nonpayment of any amount due but unpaid under the related Financing Agreement.

“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 Department of the Treasury itself or by any Federal Reserve Bank (not including any “CATS,” “TIGRS,” and “TRS,” unless the Trustee obtains a confirmation that the Bonds defeased thereby are rated in the highest rating category by S&P), and the interest components of any Resolution Funding Corporation (“REFCORP”) bonds with respect to which the underlying bond is noncallable (or noncallable before the due date of such interest component) and for which the separation of principal

and interest is made by request to the Federal Reserve Bank of New York in book-entry form, excluding any investments in any mutual funds or 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, (a) REFCORP debt obligations, and (b) U.S. Agency for International Development (“USAID”) guaranteed notes maturing 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), or “AAA” by Fitch (if rated by Fitch), evidencing ownership of the right to the payment of the principal of and the interest on any obligations described in paragraph (ii) above, 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, before their maturity or as to which an irrevocable notice has been given by the obligor to call such bonds or other obligations on the date specified in such notice, (b) the timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in paragraphs (i), (ii), or (iii) above, which fund may be applied only to the payment, when due, of such bonds or 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), or “AAA” by Fitch (if rated by Fitch); and

(v) noncallable senior debt obligations of United States government-sponsored agencies which are not backed by the full faith and credit of the United States of America, including, but not limited to, (a) Federal Home Loan Mortgage Corporation debt obligations, (b) Federal Farm Credit System consolidated bonds and notes, (c) Federal Home Loan Bank consolidated debt obligations, (d) Federal National Mortgage Association debt obligations, (e) Student Loan Marketing Association debt obligations, (f) REFCORP debt obligations, and (g) USAID guaranteed notes maturing at least four business days before the appropriate payment date.

“Draw Repayment” means an amount received by an Issuer from a Participant to repay any amounts drawn from the Debt Service Reserve or the Supplemental Debt Service Reserve as a result of any Participant Default on the part of such Participant under and in accordance with Section 5.06 and Section 5.07 of the General Trust Indenture.

“Electronic Means” means any of the following communication methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords or authentication keys issued by the Trustee, or any other method or system specified by the Trustee as available for use in connection with its services hereunder.

“Event of Default,” means (a) with respect to the Bonds, the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture, any event described in Section 10.02 of the General Trust Indenture, or (b) with respect to any Financing Agreement, any event described therein as an event of default thereunder.

“Event of Nonappropriation” means, with respect to any Financing Agreement in the form of an annually renewable Lease, (a) the failure, for any reason, of the applicable Participant to duly enact, by June 30 of each Fiscal Year, an appropriation ordinance or resolution for the succeeding Fiscal Year which includes an appropriation in the amount required to pay all of the Lease Rental Payments to become due under such Lease during that Fiscal Year, or (b) receipt by the related Issuer of notice from the applicable Participant stating that such Lease will be terminated.

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

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

“Financing Agreement” means (i) a Lease, (ii) a Participant Bond and related ordinance or resolution, (iii) a Participant Note and related ordinance or resolution, or (iv) a similar obligation of a Participant to pay amounts to an Issuer, as may be further set out in the Supplemental Issuer Indenture related to such Issuer, which Financing Agreement is pledged under the General Trust Indenture, the forms of which are set forth in Annex A attached to the General Trust Indenture or Annex A to the applicable Supplemental Issuer Indenture.

“Financing Payments” means the scheduled payments and any other payments received with respect to a Financing Agreement, including both timely and delinquent payments with late charges, which Financing Payments are “Lease Rental Payments” under Leases, “Debt Service” with respect to Participant Bonds, “Note Payments” with respect to Participant Notes, and any other payment by a Participant to an Issuer under the terms of a Financing Agreement, as may be provided by the Supplemental Issuer Indenture related to such Issuer.

“First Series Bond” means any Bond issued, executed, authenticated, and delivered under the General Trust Indenture and the related Series Trust Indenture that is designated as having a first priority lien on the Trust Estate.

“First Series Interest Account” means the Account of the Debt Service Fund so designated, established, and created for the First Series Bonds in accordance with Section 5.02 and Section 5.05 of the General Trust Indenture.

“First Series Principal Account” means the Account of the Debt Service Fund so designated, established, and created for the First Series Bonds in accordance with Section 5.02 and Section 5.05 of the General Trust Indenture.

“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.

“Fitch” means Fitch Ratings, New York, New York, a nationally recognized investment rating service, or its lawful successor.

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

“General Trust Indenture” means this Amended and Restated General Trust Indenture dated as of May 15, 2024, by and among the Corporation, each Additional Issuer that becomes a party to the General Trust Indenture from time to time in accordance herewith, and the Trustee, as amended or supplemented from time to time by Supplemental Trust Indentures, including Supplemental Issuer Indentures, or otherwise.

“Instructions” has the meaning provided in Section 7.04 of the General Trust Indenture.

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

“Interlocal Agreement” means the Interlocal Cooperation Agreement dated as of May 1, 2010 in accordance with which the Corporation was created.

“Investment Obligations” means any investment authorized under (i) Section 66.480 of the Kentucky Revised Statutes, or (ii) the applicable laws of the State governing a particular Additional Issuer as may be set forth in the Supplemental Issuer Indenture related to the addition of the Additional Issuer as a party to the General Trust Indenture.

“Issue Date” means, with respect to the Bonds of a particular Series, the date the Bonds of such Series are issued, delivered, and paid for, as specified and determined by the related Series Trust Indenture and the Series Resolution authorizing such Bonds.

“Issuer” means the Corporation and each Additional Issuer.

“Lease” means a Financing Agreement in the form of a lease agreement, in substantially the applicable form set forth in Annex A to the General Trust Indenture, under which a Project is leased to a Participant.

“Lessor” means the Corporation acting in its capacity 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.

“Opinion of Bond Counsel” means a legal opinion signed by Bond Counsel, as selected by the applicable Issuer.

“Optional Prepayment Price” means the amount determined by the Program Administrator and provided to the Trustee, which a Participant may, in its sole discretion, pay under its Financing Agreement in order to fully prepay all of its Financing Payments thereunder, which amount shall be equal to the outstanding principal component of such Financing Payments, plus the sum of (i) the unpaid amount of any then due or past due Financing Payments, together with all accrued interest on such Financing Payments to the date of the prepayment; (ii) the unpaid accrued interest on the outstanding principal component of the Participant’s 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 any other entity satisfactory to the Trustee), will be sufficient to pay any



Financing Payments which would have been due under the related Financing Agreement, if such Financing Agreement had not been prepaid, between the date of the prepayment and the date the prepayment will be used to redeem the related Bonds; (iv) any additional Financing Payments, to the extent that such amounts are known or determinable at the time the prepayment is made through the date that the prepayment will be used to redeem the related 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 by the Participant. A Financing Agreement may not be prepaid if, for any reason, the Optional Prepayment Price cannot be calculated.

“Original General Trust Indenture” means the General Trust Indenture dated as of July 1, 2010, by and between the Corporation and the Trustee.

“Outstanding,” when used with reference to the 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 before such date;
- (ii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered in accordance with the General Trust Indenture; and
- (iii) Bonds deemed to have been paid as provided in Section 12.01 of the General Trust Indenture.

“Participant” means an agency or any other unit of government within an applicable State, now having or hereafter granted the authority and power to finance, acquire, construct, maintain, and operate Projects, including, but not limited to, incorporated cities, counties, sanitation districts, water districts, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, public authorities, and any other agencies, commissions, districts, or other authorities (either acting alone or together under any regional or area compact or any multi-municipal agreement) now or hereafter established under and in accordance with applicable State Law having and possessing such powers, or any similar agency or other unit of government within an applicable State and authorized by any applicable State Law governing the related Issuer, as may be set forth in the Supplemental Issuer Indenture related to the addition of such Issuer as a party to the General Trust Indenture.

“Participant Bond” means a Financing Agreement in the form of a bond issued by any Participant, in substantially the form set forth in Annex A to the General Trust Indenture.

“Participant Default” means any failure by a Participant to pay a Financing Payment under its Financing Agreement when due thereunder.

“Participant Disbursement Account” means, for each Participant, the Account of the Program Fund so designated, established, and created for such Participant in accordance with Section 5.02 and Section 5.03 of the General Trust Indenture.

“Participant Note” means a Financing Agreement in the form of a note issued by any Participant, in substantially the form set forth in Annex A to the General Trust Indenture.

“Participant Payment Account” means, for each Participant, the Account of the Debt Service Fund so designated, established, and created for such Participant in accordance with Section 5.02 and Section 5.05 of the General Trust Indenture.

“Paying Agent” means any bank or trust company, and its successor or successors hereafter appointed, so designated as the paying agent for the Bonds of any Series in accordance with and 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” means:

- (i) all Financing Payments; and
- (ii) all interest earned and gains realized on Investment Obligations, unless the General Trust Indenture, any Supplemental Issuer Indenture, or any 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 such Series that 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 the Sinking Fund Installments, if any, 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.

“Principal Installment Date” means, for each Series of Bonds, the date upon which each Principal Installment on the Bonds of such Series shall be payable in accordance with the related Series Trust Indenture.

“Program” means all activities and undertakings of the Corporation and Additional Issuers consistent with the General Trust Indenture, the applicable Act, and, with respect to the Corporation, the Interlocal Agreement, and, with respect to any Additional Issuer, any other documents, agreements, or instruments required by the related Supplemental Issuer Indenture or under applicable State Law.

“Program Administration Agreement” means and includes each Program Administration Agreement for the administration of the Program entered into from time to time by the applicable Issuer and one or more Program Administrators, including the Program Administration Agreement dated as of July 1, 2010, by and between the Corporation and the Program Administrator.

“Program Administrator” means the Kentucky League of Cities, Inc., and any other entity serving in such capacity under and in accordance with Section 7.08 of the General Trust Indenture that is administering the Program and performing any of the duties and obligations of the Program Administrator under the General

Trust Indenture, including any additional Program Administrator hereafter identified in any Supplemental Trust Indenture.

“Program Fund” means the Fund so designated, established, and created in accordance with Section 5.02 and Section 5.03 of the General Trust Indenture.

“Project” means the Costs that are financed, refinanced, or reimbursed under a Financing Agreement, and which are more fully described in the related Financing Agreement.

“Rebate Fund” means the Fund so designated, established, and created in accordance with Section 5.02 and Section 5.08 of the General Trust Indenture for the purpose of complying with Section 148 of the Code.

“Record Date” means, unless otherwise provided in a Series Trust Indenture, the fifteenth day of the month next preceding an Interest Payment Date.

“Redemption Date” means, for each Series of Bonds, the date on which any Bonds of such Series may be called for redemption, as set forth in the related Series Trust Indenture.

“Redemption Price” means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof in accordance with the terms of the Series Trust Indenture under which such Bond was issued.

“Refunding Bonds” means all Bonds of any Issuer, whether issued in one or more Series, executed, authenticated, and delivered on original issuance in accordance with Section 2.07 of the General Trust Indenture in lieu of or in substitution for any Bonds previously issued by such Issuer under the General Trust Indenture and any Supplemental Issuer Indenture (if applicable).

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

“Responsible Officer” means, with respect to the Trustee, any vice president, assistant vice president, or other officer of the Trustee (i) in the corporate trust office of the Trustee in Pittsburgh, Pennsylvania (or any successor corporate trust office) customarily performing functions similar to those performed by any of the above-designated officers, or (ii) to whom any corporate trust matter is referred at the corporate trust office of the Trustee in Pittsburgh, Pennsylvania (or any successor corporate trust office) because such person (a) has knowledge of and familiarity with the particular subject, and (b) has direct responsibility for the administration of the General Trust Indenture.

“Revenue Fund” means the Fund so designated, established, and created in accordance with Section 5.02 and Section 5.04 of the General Trust Indenture.

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

“S&P” means S&P Global Ratings, a division of S&P Global, Inc., New York, New York, a nationally recognized investment rating service or its lawful successor.

“Second Series Bond” means any Bond issued, executed, authenticated, and delivered under the General Trust Indenture and the related Series Trust Indenture that is designated as having a lien on the Trust Estate that is subordinate to First Series Bonds.

“Second Series Interest Account” means the Account within the Debt Service Fund so designated, established, and created for the Second Series Bonds in accordance with Section 5.02 and Section 5.05 of the General Trust Indenture.

“Second Series Principal Account” means the Account within the Debt Service Fund so designated, established, and created for the Second Series Bonds in accordance with Section 5.02 and Section 5.05 of the General Trust Indenture.

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

“Series of Bonds,” and any words of similar import, means a Series of Bonds issued under and in accordance with the terms of a particular Series Trust Indenture and authorized by a particular Series Resolution, which may include First Series Bonds, Second Series Bonds, and Third Series Bonds.

“Series Resolution” means a resolution of an Issuer authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Trust Indenture, adopted by such Issuer in accordance with Section 2.04 of the General Trust Indenture.

“Series Trust Indenture” means a Supplemental Trust Indenture providing for the issuance of a particular Series of Bonds hereunder.

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

“State” means the state or commonwealth of the United States under which the applicable Issuer has been established and exists.

“State Law” means the laws of the state or commonwealth of the United States under which the applicable Issuer has been established and exists.

“Supplemental Debt Service Reserve” means the supplemental reserve for the payment of the principal of and interest on the Bonds, which is created and established by Section 5.02 and Section 5.07 of the General Trust Indenture.

“Supplemental Debt Service Reserve Requirement” means, as of any date of calculation, the amount that is required to be on deposit in the Supplemental Debt Service Reserve in order to maintain the current

rating on the First Series Bonds and the Second Series Bonds from S&P, if S&P is then rating such Bonds, or from Moody's, if Moody's is then rating such Bonds.

“Supplemental Issuer Indenture” means a Supplemental Trust Indenture entered into under and in accordance with Section 1.04, Article VIII, and Article IX of the General Trust Indenture for the purpose of adding an Additional Issuer as a party to the General Trust Indenture.

“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, any Supplemental Issuer Indenture, or any Series Trust Indenture that is entered into under and in accordance with Article VIII and Article IX of the General Trust Indenture, including any Series Trust Indentures and any Supplemental Issuer Indentures.

“Surplus Fund” means the Fund so designated, established, and created by Section 5.02 and Section 5.09 of the General Trust Indenture.

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

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

“Third Series Bond” means any Bond issued, executed, authenticated, and delivered under the General Trust Indenture and the related Series Trust Indenture that is designated as having a lien on the Trust Estate that is subordinate to First Series Bonds and the Second Series Bonds.

“Third Series Interest Account” means the Account of the Debt Service Fund so designated, established, and created for the Third Series Bonds in accordance with Section 5.02 and Section 5.05 of the General Trust Indenture.

“Third Series Principal Account” means the Account of the Debt Service Fund so designated, established, and created for the Third Series Bonds in accordance with Section 5.02 and Section 5.05 of the General Trust Indenture.

“Trust Estate” means the pledges, liens, and security described in Section 5.01 of the General Trust Indenture.

“Trustee” means the Trustee appointed in accordance with Section 11.02 of the General Trust Indenture, and its successor or successors, and any other corporation which may, at any time, be substituted in its place in accordance with the General Trust Indenture, or any Co-Trustee appointed for any Series of Bonds under the related Series Trust Indenture.

## **SUMMARY OF THE GENERAL TRUST INDENTURE**

The following is a summary of certain provisions of the General Trust Indenture and does not purport to set forth all of the provisions of the General Trust Indenture, to which reference is hereby made for the complete and actual terms thereof.

## **Article I – Short Title; Definitions; Construction**

### **Section 1.04 – Additional Issuers; Supplemental Issuer Indentures**

Additional Issuers become parties to the General Trust Indenture from time to time by the execution and delivery of a Supplemental Issuer Indenture, which becomes effective upon the execution thereof by the Authorized Officers of the applicable Additional Issuer and the Responsible Officers of the Trustee; provided that in the event of any conflict between the provisions of the General Trust Indenture and the provisions of a Supplemental Issuer Indenture, the provisions of the General Trust Indenture shall prevail. Any Supplemental Issuer Indenture that is executed in accordance with the provisions of the General Trust Indenture, among any other terms necessary to maintain the then-existing rating on the Bonds, and as may be required by applicable State Law, shall:

(a) cause the applicable Additional Issuer to be a party to and an Issuer of Bonds under the General Trust Indenture, subject to the terms and conditions thereof, all as further provided in the General Trust Indenture, so that all references to the Issuers in the General Trust Indenture shall include such Additional Issuer;

(b) include an acknowledgement (i) that the General Trust Indenture, such Supplemental Issuer Indenture, and any related Series Trust Indenture create a valid pledge of the Pledged Receipts and any other funds, assets, or revenues pledged for the payment of any Bonds issued in accordance with such Supplemental Issuer Indenture and related Series Trust Indenture, and (ii) that upon the execution, authentication, and delivery thereof, the Bonds of such Additional Issuer will be duly and validly issued and will constitute valid and binding obligations of such Additional Issuer under the General Trust Indenture, entitled to the benefits of the General Trust Indenture, such Supplemental Issuer Indenture, the applicable Series Trust Indenture, and the applicable Series Resolution;

(c) set forth the terms of any Bonds or any other matters that may be required to be set forth therein by applicable State Law; and

(d) include any other provisions deemed advisable by the applicable Additional Issuer and not in conflict with or in substitution for any of the provisions of the General Trust Indenture or any then-existing and effective Series Trust Indenture.

Concurrent with the execution and delivery of a Supplemental Issuer Indenture in accordance with the General Trust Indenture, the related Additional Issuer shall provide the Trustee and each then-existing Issuer under the General Trust Indenture with an Opinion of Bond Counsel stating that, in the opinion of such Bond Counsel, the Supplemental Issuer Indenture and, therefore, the General Trust Indenture, as then amended and supplemented to date, and as further amended and supplemented by such Supplemental Issuer Indenture, has been duly and lawfully adopted by the related Additional Issuer, and that such Supplemental Issuer Indenture (i) is in full force and effect, (ii) is valid and binding upon such Additional Issuer, and (iii) subject to the valid execution and delivery thereof by the Trustee, is enforceable against such Additional Issuer in accordance with its terms.

## **Article II – Authorization and Issuance of Bonds**

### **Section 2.02 – General Trust Indenture to Constitute Contract**

All provisions, covenants, and agreements contained in the General Trust Indenture to be performed by or on behalf of any Issuer shall 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, shall 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.

### **Section 2.03 – Authorization of Bonds**

In order to provide sufficient funds for the Program, which Program has been adopted, confirmed, and approved, the Bonds 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 applicable law, and such Bonds shall be issued subject to the terms, conditions, and limitations established in the General Trust Indenture and in one or more Series Trust Indentures as provided in the General Trust Indenture. All Bonds shall rank on a parity and equality with one another, and shall 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 or Redemption Price of or the interest on the Bonds, and any Sinking Fund Installments for the retirement thereof. The Bonds shall be special and limited obligations of their respective Issuer, payable solely and only from revenues and funds specifically pledged by such Issuer for the payment of the principal or Redemption Price of and interest on such Bonds.

### **Section 2.04 – Authorization for Bonds in Series**

From time to time when authorized by the General Trust Indenture and subject to the terms, limitations, and conditions set forth in the General Trust Indenture, an Issuer may authorize the issuance of a Series of its Bonds upon the adoption of a Series Resolution and the execution of a Series Trust Indenture, and the Bonds of 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 issued by the Corporation shall each 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 such Bonds from the Bonds of other Series and of other Issuers. The Bonds of any Series are authorized to be issued in substantially the form provided by the applicable Series Trust Indenture.

Each Series Trust Indenture shall specify and determine:

- (a) the authorized principal amount of such Series of Bonds;
- (b) the purpose for which such Series of Bonds is being issued, which shall be to provide funds for any of the purposes authorized by the General Trust Indenture, the related Supplemental Issuer Indenture, and the applicable Series Trust Indenture, including any one or more of the following purposes:
  - (i) for deposit in the Debt Service Reserve or the Supplemental Debt Service Reserve such amount as is required to increase the amount then held by the Trustee in the Debt Service Reserve or the Supplemental Debt Service Reserve to the Debt Service Reserve Requirement or the Supplemental Debt Service Reserve Requirement, respectively;
  - (ii) for deposit in each Participant Disbursement Account created in connection with such Series for any of the purposes for which such Accounts may be utilized, all as provided in Section 5.03 of the General Trust Indenture;
  - (iii) for the redemption of any Bonds and related purposes, as provided in and under the conditions and subject to the provisions and limitations set forth in Section 2.07 of the General Trust Indenture, if applicable; and

- (iv) for deposit to the Debt Service Fund, any accrued interest received;
- (c) the title and series designation of, the manner of numbering and lettering, and the denominations of the Bonds of such Series;
- (d) the dates of maturity of the Bonds of such Series and the amounts thereof, including any Sinking Fund Installments, and the Issue Date of the Bonds of such Series;
- (e) the interest rates, or the manner of determining such interest rates, applicable to the Bonds of such Series, and the Interest Payment Dates for such Bonds;
- (f) the Redemption Prices, Redemption Dates, and any other terms with respect to the redemption of any of the Bonds of such Series;
- (g) if the Paying Agent is to be different from the Paying Agent then serving under the General Trust Indenture, the Paying Agent or Paying Agents for such Series of Bonds, subject to the provisions of Section 11.02 of the General Trust Indenture;
- (h) the manner in which Bonds of such Series are to be sold and provisions for the sale thereof; and
- (i) any other provisions which are deemed advisable by the applicable Issuer and which are not in conflict with or in substitution for any provisions of the General Trust Indenture or any Series Trust Indenture.

#### **Article V – Establishment of Funds and Accounts; Application of Pledged Receipts**

##### **Section 5.01 – Pledge Effected by the General Trust Indenture**

(a) Under Section 5.01 of the General Trust Indenture, there are pledged for the payment of the principal or Redemption Price of and the interest on the Bonds, and any 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, (i) the proceeds from the sale of the Bonds, to the extent not required to be utilized for the payment of obligations issued in specific anticipation thereof or otherwise, as provided in the General Trust Indenture, (ii) any permitted Investment Obligations acquired from the proceeds of the Bonds or by the application of the moneys on deposit in the Funds and Accounts established by the General Trust Indenture or any Supplemental Issuer Indenture or Series Trust Indenture; (iii) the Pledged Receipts; (iv) all Financing Agreements; and (v) all Funds and Accounts established in accordance with the General Trust Indenture or any Supplemental Issuer Indenture or Series Trust Indenture, including all moneys and securities on deposit therein, except the Rebate Fund.

(b) The pledges set forth in paragraph (a) above shall constitute (i) a first and prior lien for the Holders of First Series Bonds; (ii) a second lien for the Holders of Second Series Bonds; and (iii) 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.



(c) The proceeds of the Bonds, the Investment Obligations, the Pledged Receipts, all Financing Agreements, and all Funds and Accounts established by the General Trust Indenture, any Supplemental Issuer Indenture, and any Series Trust Indenture (except the Rebate Fund), and all moneys and securities on deposit therein, pledged under the General Trust Indenture, shall immediately be subject to the lien of the pledges of Section 5.01 of the General Trust Indenture, without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against any Issuer, irrespective of whether such parties have notice thereof; provided that (i) 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 (ii) 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 the Second Series Bonds.

(d) Notwithstanding the pledges contained in Section 5.01 of the General Trust Indenture, the amount on deposit in any Participant Disbursement Account shall be pledged under the General Trust Indenture only as security for the obligations of the applicable Participant under the particular Financing Agreement for which such Participant Disbursement Account was established, and shall not be available as security for the Bonds unless such funds are available in accordance with such Financing Agreement.

#### **Section 5.02 – Establishment of Funds and Accounts**

The Corporation, under the terms of the Original General Trust Indenture, on the effective date of the Original General Trust Indenture, formally established, separate and apart from all other funds and accounts of the Corporation, and on the effective date of the General Trust Indenture, affirmed, the following special trust Funds and the following Accounts within such Funds:

- (a) Program Fund
  - (i) Cost of Issuance Account (Series designation)
  - (ii) Participant Disbursement Accounts (Participant designation)
- (b) Revenue Fund
- (c) Debt Service Fund
  - (i) First Series Interest Account
  - (ii) First Series Principal Account
  - (iii) Second Series Interest Account
  - (iv) Second Series Principal Account
  - (v) Third Series Interest Account
  - (vi) Third Series Principal Account
  - (vii) Participant Payment Accounts (Participant designation)
- (d) Debt Service Reserve
- (e) Supplemental Debt Service Reserve
- (f) Rebate Fund
- (g) Surplus Fund
- (h) Such other Funds and Accounts as may be created by a Supplemental Issuer Indenture or a Series Trust Indenture which are not inconsistent with the requirements of the General Trust Indenture

Each of the Funds and Accounts listed above, in addition to any other Accounts established from time to time, shall be held and maintained by the Trustee in accordance with the provisions of the General Trust Indenture, any Supplemental Issuer Indenture, and any Series Trust Indenture.

### **Section 5.03 – Program Fund**

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

(b) There shall be deposited from time to time in the Cost of Issuance Account created for each Series of Bonds, the amount of moneys necessary to pay all Costs of Issuance of such Series, as specified and determined in the Series Trust Indenture authorizing the issuance of such Series.

(c) The Trustee shall, 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 by Article V of the General Trust Indenture, for the purpose of paying, in the manner authorized in the General Trust Indenture, any Costs of Issuance of the Series for which such Account was established, upon receipt by such Trustee of the following:

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

(A) the item for which such payment is to be made;

(B) the name of the persons or parties to whom such payment is to be made; and

(C) the amount to be paid; and

(ii) a Certificate signed by an Authorized Officer of the applicable Issuer stating that all of the amounts to be paid from the Cost of Issuance Account in accordance with such requisition are proper charges thereon.

Upon receipt of each such requisition, the Trustee shall deliver to each payee designated in such Certificate or requisition, a check, draft, or wire payable from the moneys in the applicable Cost of Issuance Account for the payment of the applicable item. If any moneys remain in a Cost of Issuance Account on the date which is one year from the Issue Date of the applicable Series of Bonds, the Trustee shall advise the applicable Issuer of such amount and such Issuer shall direct the Trustee as to the disposition of such amounts.

(d) There shall be deposited in the appropriate Participant Disbursement Accounts such portion of the proceeds of any Series of Bonds required to be deposited therein, as shall be specified and determined in the related Series Trust Indenture in accordance with and subject to the terms of Article IV of the General Trust Indenture. In addition, the Trustee shall also deposit the amounts required by the provisions of any Financing Agreement requiring any casualty insurance proceeds to be deposited in the related Participant Disbursement Account to be so deposited.

(e) Any moneys credited to a Participant Disbursement Account shall be expended only for the purpose identified in the related Financing Agreement, subject to the provisions and restrictions set forth in Section 5.03 of the General Trust Indenture and in the particular Series Trust Indenture. Any interest earned or sums realized as a result of the investment of moneys on deposit in a Participant Disbursement Account shall accrue to, and be a part of, such Participant Disbursement Account.

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

(f) Upon the deposit in Participant Disbursement Accounts of a portion of the proceeds of a Series of Bonds or other moneys in the manner prescribed in the General Trust Indenture, the related Issuer or the appropriate Program Administrator under the related Program Administration Agreement shall furnish the Trustee with a schedule of dates on which it is estimated by either the related Issuer or the applicable Program Administrator that such moneys in each subaccount will be required to be expended. The applicable Program Administrator shall, from time to time, amend the schedule so furnished as further data and information with respect to the acquisition, construction, installation, and equipping of Projects become available. After such schedule, or any amendment thereto, has been furnished to the Trustee, the Trustee shall invest and reinvest the moneys on deposit in each Participant Disbursement Account as provided in Section 5.11 of the General Trust Indenture. All Investment Obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of such Participant Disbursement Account, unless contained in a special and separate escrow account for the purpose of refunding or advance refunding any Bonds issued on behalf of the related Participant. Any surplus remaining in any Participant Disbursement Account upon the completion of the applicable Project shall be transferred in accordance with Section 5.03(i) of the General Trust Indenture.

(g) So long as the Trustee is not in receipt of notice from a Program Administrator that (a) any Event of Default has occurred under a particular Financing Agreement, or (b) the right of a Participant to control the acquisition, construction, installation, or equipping of a particular Project has otherwise been terminated under and in accordance with the related Financing Agreement, the Trustee shall, from time to time, pay out or permit the withdrawal of moneys from the related Participant Disbursement Account, upon the receipt by the Trustee of a written requisition, in substantially the form of the disbursement request attached to the Financing Agreement (or related thereto), executed by an authorized officer of the applicable Participant.

(h) All written requisitions executed by a Participant in accordance with Section 5.03(g) of the General Trust Indenture and received by the Trustee as set forth therein, (i) may be relied upon by the Trustee, and (ii) shall be retained in the possession of the Trustee, subject, at all times, to the inspection of the related Issuer and the related Participant, together with their respective agents and representatives.

(i) At such time as all moneys due to be disbursed from a Participant Disbursement Account with respect to a particular Financing Agreement have been so disbursed and paid, the Trustee, upon receipt of a certificate executed by an authorized officer of the applicable Participant stating that the completion of the related Project has occurred (which certification of completion may be set forth in such Participant's final disbursement request), shall transfer the balance remaining in such Participant Disbursement Account to the related Participant Payment Account of the Debt Service Fund, and such Participant shall receive a credit in the amount so transferred against its interest obligations under the applicable Financing Agreement, as provided in such Financing Agreement.

(j) Notwithstanding any of the requirements for the disbursement of moneys from a Participant Disbursement Account set forth in Section 5.03 of the General Trust Indenture, the disbursement of all moneys on deposit in any Participant Disbursement Account may be made in accordance with the particular terms prescribed by the related Supplemental Issuer Indenture (if any) and the related Financing Agreement.

#### **Section 5.04 – Revenue Fund**

(a) Each Issuer shall cause to be deposited in the Revenue Fund (i) all moneys received from the Participants under Financing Agreements; (ii) any amounts to be transferred from the Debt Service Reserve in accordance with Section 5.06(d) of the General Trust Indenture; (iii) any amounts to be transferred from any Participant Payment Account in accordance with Section 5.05(a) of the General Trust Indenture; and (iv) all investment earnings from the amounts on deposit in the Debt Service Fund, other than any amounts on deposit in a Participant Payment Account. All principal components and interest components of Financing Payments and payments of an Optional Prepayment Price deposited in the Revenue Fund as required by Section 5.04(a) of the General Trust Indenture shall 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 any amounts drawn from the Debt Service Reserve because such Participant failed to pay a Financing Payment when due.

(b) On or before the fifteenth day of each calendar month, the Trustee shall submit to both the Corporation and the Issuer of the Bonds to which the statement applies, a statement of account with respect to the preceding monthly period, setting forth:

(i) the total amount of all moneys received during such period as repayments from the applicable Participants in accordance with the related Financing Agreements; and

(ii) each particular Financing Agreement in accordance with which any such repayment was received, and identifying and explaining the repayments received from each particular Financing Agreement.

To the extent any moneys are received by an Issuer from other available resources of such Issuer, such funds shall be promptly transmitted to the Trustee for deposit to the Fund or Account so specified or, if not so specified, to the Revenue Fund.

(c) The Trustee shall cause the moneys remaining on deposit in the Revenue Fund following the transfer of all amounts to the Participant Payment Accounts required by Section 5.04(a) of the General Trust Indenture to be transferred to the following Funds and Accounts or disbursed for the following purposes, in the amounts hereinafter stated, at the times, and in the prescribed sequence:

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

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

Third: On each Interest Payment Date for the Second Series Bonds, to the Second Series Interest Account of the Debt Service Fund, such an amount as, when added to the amount then on deposit therein (after the transfers of all amounts in Participant Payment Accounts available for such purpose and the transfer of the amount from the Supplemental Debt Service Reserve required to pay

interest on the Supplemental Reserve Bonds), will equal the interest on all Outstanding Second Series Bonds accrued and unpaid as of such Interest Payment Date.

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

Fifth: Upon deposit to the Revenue Fund, to the Debt Service Reserve, an amount equal to the portions of any Financing Payments comprising Draw Repayments because a Participant incurred a Participant Default, but only if the amount in the Debt Service Reserve at such time 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 the Third Series Bonds, to the Third Series Interest Account of the Debt Service Fund, such an amount as, when added to the amount then on deposit therein (after the transfers of all amounts in Participant Payment Accounts available for such purpose and the transfer of the amount from the Supplemental Debt Service Reserve required to pay interest on the Supplemental Reserve Bonds), will equal the interest on all Outstanding Third Series Bonds accrued and unpaid as of such Interest Payment Date

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

Ninth: When due, to pay Administrative Expenses to the persons or entities entitled thereto.

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 the First Series Bonds, to the Surplus Fund, the amount remaining in the Revenue Fund following the deposits and disbursements made in accordance with the First through Tenth items above; provided, however, that the Trustee may retain such amounts in the Revenue Fund to the extent that such amounts are required for disbursements that will be due but are not yet payable.

## **Section 5.05 – Debt Service Fund**

(a) There shall be deposited into the First Series Interest Account, the Second Series Interest Account, and the Third Series Interest Account, as applicable, any amounts transferred from each Participant Payment Account, the Revenue Fund, the Debt Service Reserve, the Supplemental Debt Service Reserve, or the Surplus Fund required to be deposited therein by the General Trust Indenture.

(b) The Trustee shall pay from the moneys in the First Series Interest Account to the respective Paying Agents for any First Series Bonds, (i) 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 (ii) on the day preceding the Redemption Date or the date of purchase, the amounts required for the payment of accrued interest on the First 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.

(c) The Trustee shall pay from the moneys in the Second Series Interest Account to the respective Paying Agents for any Second Series Bonds, (i) 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 (ii) on the day preceding the Redemption Date or the date of purchase, the amounts required for the payment of accrued interest on the Second 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, however, that any amounts transferred to the Second Series Interest Account from the Supplemental Debt Service Reserve in accordance with Section 5.07(c) of the General Trust Indenture will only be used for the payment of interest on the Supplemental Reserve Bonds.

(d) The Trustee shall pay from the moneys in the Third Series Interest Account to the respective Paying Agents for any Third Series Bonds, (i) 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 (ii) on the day preceding the Redemption Date or the date of purchase, the amounts required for the payment of accrued interest on the 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, however, that any amounts transferred to the Third Series Interest Account from the Supplemental Debt Service Reserve in accordance with Section 5.07(c) of the General Trust Indenture will only be used for the payment of interest on the Supplemental Reserve Bonds.

(e) There shall be deposited in the First Series Principal Account, the Second Series Principal Account, and the Third Series Principal Account, as applicable, 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.

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

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

(h) The Trustee shall pay from the moneys in the Third Series Principal Account to the respective Paying Agents for any Third Series Bonds, on the day preceding each applicable Principal Installment Date and Redemption Date for any Outstanding Third Series Bonds, the amounts required for the payment of the principal

of such Third Series Bonds due on such date, and such amounts shall be applied by the Paying Agents to such payments.

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

(i) to the purchase of the 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 the Sinking Fund Installments for such Bonds when such Bonds are redeemable by application of such Sinking Fund Installments, plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Trustee shall determine, or

(ii) to the redemption of such Bonds if then redeemable by their terms at the Redemption Price referred to in paragraph (i) above.

As soon as practicable after the forty-fifth day preceding the due date of any Sinking Fund Installment, the Trustee shall proceed to call for redemption, on such due date, the Bonds of the Series and maturity for which such Sinking Fund Installment was established, in such amount (after taking into account any Bonds purchased in accordance with Section 5.05(i) of the General Trust Indenture as shall be necessary to complete the retirement of the principal amount of the Bonds of such Series and maturity specified for such Sinking Fund Installment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys on deposit in the Debt Service Fund in the amount sufficient to pay the applicable Redemption Price thereof, plus accrued interest to the applicable Redemption Date. The Trustee shall pay out of the First Series Principal Account, the Second Series Principal Account, or the Third Series Principal Account, as applicable, 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 shall be applied by such Paying Agents to such redemption.

(j) Upon any purchase or redemption of the Bonds of any Series and maturity for which Sinking Fund Installments shall 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 shall 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 before the date of the 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 shall have been so credited) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of the Principal Installments due on a future date.

(k) Notwithstanding anything 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 shall be designated as the “Debt Service Fund – Series \_\_\_\_\_ Subaccount” in order to facilitate the various calculations required under the General Trust Indenture and the Code.

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

(m) The amount transferred from a Participant Disbursement Account to a Participant Payment Account shall 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 the next Principal Installment Date for First Series Bonds, respectively, until exhausted. The aggregate amount transferred from the Revenue Fund to each Participant Payment Account shall 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 the First Series Bonds and each Principal Installment Date for the First Series Bonds, respectively (unless such amounts are not required to be so transferred as a result of a transfer from a Participant Disbursement Account in accordance with the preceding sentence). Any Optional Prepayment Price deposited in a Participant Payment Account (i) shall 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 each Principal Installment Date for First Series Bonds, respectively, as required on and before the applicable Redemption Date for such First Series Bonds, and (ii) on the applicable Redemption Date for such First Series Bonds, shall be applied to the redemption of such Bonds.

#### **Section 5.06 – Debt Service Reserve**

(a) There shall be deposited in the Debt Service Reserve (i) any proceeds of any Bonds or any letter of credit, surety bond, insurance policy, or similar instrument required to be deposited therein by a Series Trust Indenture; (ii) 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; (iii) any moneys received on account of or in connection with permitted Investment Obligations credited to the Debt Service Reserve in accordance with Section 5.06 of the General Trust Indenture; and (iv) any other amount directed to be so deposited in accordance with a letter of instructions from an Authorized Officer addressed to the Trustee.

(b) The Debt Service Reserve is to be used for the payment of the Principal Installments of, or interest on, any Outstanding Bond when the amounts on deposit in the applicable Account of the Debt Service Fund or on deposit in the Surplus Fund or the Revenue Fund are not adequate for such purpose. In order to effectuate the intent of Section 5.06 of the General Trust Indenture and the purposes of the Debt Service Reserve, the amounts on deposit in the Debt Service Reserve shall be transferred in a timely manner to the following Funds and Accounts, in the following amounts and 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, such an amount as, when added to the amount then on deposit in such Account, will equal the total amount of accrued and unpaid interest on all Outstanding First Series Bonds due and payable on such Interest Payment Date.

Second: On any Principal Installment Date with respect to any First Series Bonds, to the First Series Principal Account of the Debt Service Fund, such an amount as, when added to the amount then



on deposit in such Account, will equal the total amount of the Principal Installments of all Outstanding First Series Bonds due and payable on, and unpaid as of, 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, such an amount as, when added to the amount then on deposit in such Account, will equal the total amount of accrued and unpaid interest on all Outstanding Second Series Bonds due and payable on such Interest Payment Date.

Fourth: On any Principal Installment Date with respect to any Second Series Bonds, to the Second Series Principal Account of the Debt Service Fund, such an amount as, when added to the amount then on deposit in such Account, will equal the total amount of the Principal Installments of all Outstanding Second Series Bonds due and payable on, and unpaid as of, such Principal Installment Date.

(c) Upon the occurrence of a Participant Default by a Defaulting Participant, the Trustee shall transfer moneys from the Debt Service Reserve to the Debt Service Fund in accordance with paragraph (b) above, in the following order of priority:

First: From the particular Account in the Debt Service Reserve established for any Series of Bonds with respect to which the Defaulting Participant has incurred a Participant Default. For purposes of clarity, the Trustee may transfer up to the entire available balance of any such Account to the Debt Service Fund, as required by paragraph (b) above, to remedy such Participant Default (representing both moneys allocated to the Defaulting Participant and moneys allocated to any other Participants within any such Account for administrative purposes).

Second: From any other Account in the Debt Service Reserve established for a particular Series of Bonds with respect to which the Defaulting Participant has participated, but not incurred a Participant Default. For purposes of clarity, the Trustee may transfer up to the entire available balance of any such Account to the Debt Service Fund, as required by paragraph (b) above, to remedy such Participant Default (representing both moneys allocated to the Defaulting Participant and moneys allocated to any other Participants within any such Account for administrative purposes).

Third: From the moneys deposited to the Debt Service Reserve from the proceeds of (i) the Kentucky Bond Corporation Financing Program Revenue Bond, 2010 First Series B dated August 25, 2010, (ii) the Kentucky Bond Corporation Financing Program Revenue Bond, 2010 First Series D dated November 4, 2010, (iii) the Kentucky Bond Corporation Financing Program Revenue Bonds, 2011 First Series B dated April 14, 2011, and (iv) the Kentucky Bond Corporation Financing Program Revenue Bond, 2012 First Series B dated March 29, 2012, together with the proceeds of any Series of Bonds issued in a direct private placement for the purpose of funding the Debt Service Reserve.

Fourth: From any other Account in the Debt Service Reserve established for a Series of Bonds issued for the benefit of any Participant (other than the Defaulting Participant) located in the same State as the Defaulting Participant. For purposes of clarity, the Trustee may transfer up to the entire available balance of any such Account to the Debt Service Fund as required by paragraph (b) above to remedy such Participant Default.

Fifth: From any other moneys on deposit in any other Account of the Debt Service Reserve.

(d) Any interest earned or sums realized as a result of the investment of any moneys in the Debt Service Reserve in any permitted Investment Obligations shall accrue to, and be a part of, the Debt Service Reserve; provided, however, that any such interest earned or sums realized which causes the amount in the Debt Service Reserve to exceed the Debt Service Reserve Requirement on the day preceding any Interest Payment Date shall, subject to the requirements of Section 5.08 of the General Trust Indenture, be transferred to the Revenue Fund.

### **Section 5.07 – Supplemental Debt Service Reserve**

(a) There shall be deposited in the Supplemental Debt Service Reserve (i) any proceeds of Bonds or other funds so provided to be deposited by any Series Trust Indenture; (ii) any amounts from the Revenue Fund or the Surplus Fund required to be deposited therein by the General Trust Indenture; (iii) any moneys received on account of or in connection with Investment Obligations credited to the Supplemental Debt Service Reserve as provided in Section 5.07 of the General Trust Indenture; and (iv) any other amounts directed to be so deposited in accordance with a letter of instructions from an Authorized Officer of the applicable Issuer addressed to the Trustee.

(b) In addition to the transfer of earnings provided in paragraph (c) 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 shall be less than the Debt Service Reserve Requirement.

(c) Any interest earned or sums realized as a result of the investment of any moneys on deposit 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 paragraph (b) above, shall be transferred in a timely manner to the following Funds and Accounts, in the following amounts, and in the following order of priority:

First: On any Interest Payment Date for Second Series Bonds, to the Second Series Interest Account of 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 as 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 of 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 as 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 remaining in the Supplemental Debt Service Reserve after any such transfer to the Third Series Interest Account would be no less than the Supplemental Debt Service Reserve Requirement.

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

(d) On any date that there are no Bonds Outstanding under the General Trust Indenture other than Third Series Bonds, the 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, however, that if no Bonds are Outstanding, such amounts shall be released to the Corporation.

### **Section 5.08 – Rebate Fund**

Any earnings on any Fund or Account created by the General Trust Indenture, any Supplemental Issuer 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 shall be paid to the United States of America in accordance with the requirements of the Code, and the Trustee shall establish a separate trust Fund under the General Trust Indenture for the benefit of the United States of America designated as the “Rebate Fund,” which Rebate Fund shall be utilized for the collection and payment of earnings from “non-purpose investments” in excess of the amount that such investments would have earned at a rate that is equal to the “yield” on the applicable Bonds, plus any income attributable to such excess.

To the extent any investment earnings are generated from any Fund or Account subject to the “rebate” requirements imposed by the Code, the Corporation (or any other Issuer or Program Administrator, as provided in a Supplemental Issuer Indenture) shall calculate the excess income generated over the permitted “yield” and shall advise and direct the Trustee to remit any such excess to the United States of America on or before the date that is 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; provided that the last installment of rebate, to the extent required, shall be made no later than sixty days following the date upon which moneys 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.

### **Section 5.09 – Surplus Fund**

(a) There shall 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.

(b) The Trustee shall apply the moneys on deposit in the Surplus Fund for the following purposes and 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 the 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 accrued and unpaid as of 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 the amounts required to be transferred to the First Series Principal Account from the Revenue Fund are not expected to be sufficient to pay the Principal Installments of all Outstanding First Series Bonds due and payable on, and unpaid as of, 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 the 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 any Supplemental Reserve Bonds, from the Supplemental Debt Service Reserve) are not expected to be sufficient to pay interest on all Outstanding Second Series Bonds accrued and unpaid as of 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 the 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 the Principal Installments of all Outstanding Second Series Bonds due and payable on, and unpaid as of, 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, or to any other Issuer, as provided in any Supplemental Issuer Indenture, on any February 1, any amounts directed to be so paid under and in accordance with a letter of instructions from an Authorized Officer of the Corporation or of the applicable Issuer, as the case may be, 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 S&P, if S&P is then rating such Bonds, or from Moody's, if Moody's is then rating such Bonds, would be lowered or withdrawn.

In addition, any amounts on deposit in the Surplus Fund may be transferred to (i) the Second Series Interest Account and the Second Series Principal Account in order to redeem any Second Series Bonds; and (ii) the Third Series Interest Account and the Third Series Principal Account in order to redeem any Third Series Bonds; provided, however, 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 S&P, if S&P is then rating such Bonds, or from Moody's, if Moody's is then rating such Bonds, would be lowered or withdrawn.

#### **Section 5.10 – Notes and Other Obligations**

(a) An Issuer may, at any time, and from time to time, issue notes, bonds, and other obligations having such terms and provisions and being secured by a pledge of such funds as the resolution authorizing the same shall provide; provided, however (except as otherwise provided in paragraph (b) below), that (i) any pledge of any Fund and Account created under the General Trust Indenture to the holders of any such notes, bonds, or other obligations shall be, and shall be expressed to be, subordinate, in all respects, to the pledge created under the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture for the benefit of the Holders of Bonds issued under the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture; and (ii) the consent to such pledge shall have been obtained from each Issuer having Bonds then Outstanding.

(b) Whenever an Issuer shall have authorized or made provision for the issuance of a Series of Bonds, such Issuer may, by resolution, authorize the issuance of notes in anticipation of the issuance of such Bonds, in a principal amount not to exceed the principal amount of such Series of Bonds. The principal of and

interest on such notes and any renewals thereof shall be payable from any moneys of the applicable Issuer available therefor and not pledged under the General Trust Indenture or any Series Trust Indenture, including, but not limited to, any Investment Obligations purchased with the proceeds of such notes. The principal of such notes shall also be payable from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. The proceeds from the sale of such Series of Bonds may be pledged for the payment of the principal of such notes, and any such pledge shall have priority over any other pledge created by the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture. The proceeds of such notes shall be applied to the purposes for which such notes are authorized and, if the resolution authorizing such notes so provides, to the payment of interest on such notes and any other costs incurred in connection with the sale and issuance of such notes.

### **Section 5.11 – Investment of Funds**

Except as otherwise provided for in the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture:

(a) Moneys in any Fund and Account pledged under the General Trust Indenture shall be invested in Investment Obligations permitted for the related Issuer, which Investment Obligations shall be held by the Trustee in accordance with the provisions of the General Trust Indenture and any applicable Supplemental Issuer Indenture, and shall be deemed, at all times, to be a part of the related Fund or Account, and the income or interest earned, gains realized, or losses suffered by any Fund or Account due to the investment thereof shall thus be retained in, credited to, or charged to such Fund or Account, unless required to be transferred to any other Fund or Account in accordance with the terms of the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture.

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

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

(d) The Trustee shall keep the Corporation and each Issuer fully advised as to the details of all investments made in accordance with Section 5.11 of the General Trust Indenture and shall also comply with any written directions from the Corporation or any other Issuer concerning investments in applicable Investment Obligations. Except as otherwise provided in the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture, earnings and losses on Investment Obligations shall be credited 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.

(e) The Trustee shall invest moneys held by it in any Fund or Account at the written direction of an Authorized Officer of the related Issuer in Investment Obligations permissible for such Issuer. The Corporation and each Additional Issuer acknowledge that to the extent the regulations of the Comptroller of the Currency or of any other applicable regulatory agency grant the Corporation and each Additional Issuer the right to receive brokerage confirmations of security transactions, the Corporation and each Additional Issuer waive receipt of any such confirmations. The Trustee shall be entitled to rely on all written investment instructions provided by an Authorized Officer of any Issuer under the General Trust Indenture or any Series Trust Indenture and shall have no duty to monitor the compliance thereof with any of the restrictions set forth in the General Trust Indenture, to the extent the Trustee complies with such instructions. The Trustee shall have no responsibility or liability for any depreciation in the 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 and any Additional Issuer. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including investment maintenance fees. In the absence of investment instructions from any Additional Issuer, the Trustee shall not be responsible or liable for keeping the related moneys held by it under the General Trust Indenture fully invested in permitted investments.

(f) 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.

## **Article VII – Particular Covenants of the Corporation**

### **Section 7.06 – Assignment and Transfer of Financing Agreements**

In accordance with the pledge set forth in Section 5.01 of the General Trust Indenture, each Issuer has assigned and transferred to the Trustee each Financing Agreement, and will instruct each Participant that is a party to any such Financing Agreement to make all payments thereunder directly to the Trustee, (a) for deposit in the Revenue Fund in accordance with Section 5.04 of the General Trust Indenture, or (b) for deposit in the related Participant Payment Account in accordance with Section 5.05(a) of the General Trust Indenture.

### **Section 7.07 – Accounts and Reports**

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

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

- (i) Program operations;
- (ii) Program receipts and expenditures; and

(iii) Program assets and liabilities at the end of such Fiscal Year, including all Funds and Accounts established by the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture, and a schedule of all Bonds Outstanding under the General Trust Indenture as of the end of such Fiscal Year, plus all notes and other obligations issued in accordance with Section 5.10 of the General Trust Indenture and Outstanding as of the end of such Fiscal Year.

Notwithstanding the foregoing, the Corporation shall not be considered in violation of Section 7.07 of the General Trust Indenture if any of the information necessary to complete such annual report is not provided by the related Additional Issuer or the applicable Program Administrator for such Additional Issuer.

(c) A copy of each annual report shall be promptly mailed by the Corporation to each Additional Issuer and each Bondholder who has filed their name and address with the Corporation for such purpose.

### **Section 7.08 – Program Administration**

(a) The Corporation covenants that it will, at all times, act as or retain a Program Administrator or Program Administrators to administer the Program and to perform the duties and obligations of the Program Administrator set forth in the General Trust Indenture and in each Program Administration Agreement. Each Program Administrator may perform such duties and obligations through, or with the assistance of, one or more independent entities selected from time to time by the Program Administrator and identified to the Corporation, the affected Issuers, and the Trustee. Each Program Administrator has accepted its respective duties as Program Administrator, as set forth in the related Program Administration Agreement, by the execution of such Program Administration Agreement, which Program Administration Agreement shall be enforceable by the Trustee and inure to the benefit of the Trustee and the Holders of the Bonds of the related Issuer.

(b) Each Program Administrator may resign and be discharged of all of the duties and obligations of Program Administrator by delivering a written notice of resignation, specifying the particular date when such resignation will take effect, to the Corporation, each affected Issuer, and the Trustee not less than ninety days before the resignation date specified in such notice. Any resignation will take effect on the date specified in the related notice of resignation, unless a successor Program Administrator has been appointed, in which case such resignation will take effect immediately upon the appointment 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 7.08(d) of the General Trust Indenture.

(c) A Program Administrator may be removed, by written notice given by the Holders of at least a majority in principal amount of the applicable Bonds then Outstanding to such Program Administrator, the Corporation, the affected Issuers, and the Trustee, only upon the happening of one or more of the following events:

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

(ii) any representation or certification made by such Program Administrator shall prove to have been incorrect or misleading, in any material respect, when the same was made, and such 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 it made such representation or certification;

(iii) any information furnished by such Program Administrator shall prove to have been incorrect or misleading, in any material respect, and such 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;

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

(v) such Program Administrator shall (A) 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 other similar person appointed in connection with any insolvency, readjustment of debt, marshalling of assets and liabilities, bankruptcy, reorganization, or other similar proceedings of, or relating to, such Program Administrator or all, or substantially all, of its property, or for the winding-up or liquidation of its affairs; or (B) suffer or permit to be instituted against it any proceedings under any law relating to bankruptcy, insolvency, or the reorganization or relief of debtors, and any such proceedings remain undismissed or pending and unstayed for a period of forty-five days;

(vi) such Program Administrator shall (A) consent to the appointment of any conservator, receiver, trustee, liquidator, or custodian in any insolvency, readjustment of debt, marshalling of assets and liabilities, or any other similar proceedings of, or relating to, such Program Administrator or all, or substantially all, of its property, or for the winding-up or liquidation of its affairs; (B) admit, in writing, its inability to pay its debts generally as they become due; (C) 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 the reorganization or relief of debtors; (D) make an assignment for the benefit of its creditors; or (E) suspend the payment of its obligations; or

(vi) an Event of Default shall occur.

(d) If a Program Administrator shall resign or shall be removed in accordance with the terms of the General Trust Indenture, the Corporation, after consultation with each affected Issuer and the applicable Participants to solicit names of a suitable successor, shall appoint another entity or unincorporated association to act as the successor Program Administrator; provided, however, that if the Corporation or the affected Issuers shall fail or refuse to appoint a successor Program Administrator within sixty days after the resignation or removal of such Program Administrator, the Trustee may appoint, or petition a court, at the Corporation's or the affected Issuers' expense, as applicable, for the appointment of, a successor Program Administrator. Any successor Program Administrator shall signify its acceptance of the duties and obligations of the Program Administrator under the General Trust Indenture and the applicable Program Administration Agreement by a written instrument of acceptance, in accordance with which such successor Program Administrator shall



(i) agree to perform and observe the duties and obligations of Program Administrator under the General Trust Indenture (such instrument to be enforceable by the Trustee and to inure to the benefit of the Trustee and the Holders of the Bonds of the affected Issuers) and under the applicable Program Administration Agreement, (ii) acknowledge receipt of copies of the General Trust Indenture and the applicable Financing Agreements, and (iii) specify its address for notices in accordance with the General Trust Indenture and the applicable Financing Agreements.

(e) Subject to the particular terms of the related Program Administration Agreement, each Program Administrator shall perform (i) all duties and obligations of the Corporation or the applicable Issuer under each Financing Agreement, (ii) all duties and obligations of the Corporation or the applicable Issuer, unless otherwise provided in the applicable Supplemental Issuer Indenture or the applicable Program Administration Agreement, under the General Trust Indenture (and the Corporation and each Issuer hereby appoint each applicable Program Administrator as its respective agent and attorney-in-fact for all such purposes), and (iii) such other duties and obligations relating to the Program as are customarily performed or otherwise required in connection with any similar programs.

(f) Without limiting the provisions of paragraph (e) above, each Program Administrator will have the following specific duties and obligations (any of which may be undertaken with any other Program Administrators, as more particularly identified and set out in a Supplemental Issuer Indenture or a Program Administration Agreement):

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

(A) 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 (1) will prepare and complete, or cause to be prepared and completed, all documentation relating to such Financing Agreements, and (2) will prepare the initial schedule of Financing Payments and review such budgets, appropriation ordinances, or revenue sources as may be relevant to and necessary for the payment of such Financing Payments. In addition to the foregoing, the Program Administrator will also hold Closings with respect to the Financing Agreements and, further, will approve disbursements from the 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.

(B) A Participant will submit the following documents to the Program Administrator in connection with the Closing of a Financing Agreement:

(1) a certified copy of the resolution or ordinance authorizing the execution and delivery of the Financing Agreement on behalf of the Participant, substantially in the form provided for in Annex A hereto or in Annex A to the applicable Supplemental Issuer Indenture;

(2) an opinion of counsel to the Participant, substantially in the form provided for in Annex A hereto or in Annex A to the applicable Supplemental Issuer Indenture;

(3) a Certificate of the officials of the Participant who execute the Financing Agreement, substantially in the form provided for in Annex A hereto or in Annex A to the applicable Supplemental Issuer Indenture;

(4) an executed Financing Agreement in the applicable form and substance substantially as set forth in Annex A hereto or in Annex A to the applicable Supplemental Issuer Indenture;

(5) for each Participant financing a Project, (a) contracts in form and substance acceptable to the Program Administrator for the components of the Project; (b) a schedule of the Costs of the Project giving the estimated dates and the amounts of projected expenditures for the Project; and (c) 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;

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

(7) if the Participant is refinancing outstanding obligations, in addition to items (1)-(6) above, (a) 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, (b) evidence satisfactory to the Program Administrator that the debt referred to in clause (a) above is being refinanced with the proceeds of the Financing Agreement, and (c) 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.

(8) any additional certificates, opinions, documents, and other information, including, without limitation, a title insurance policy, in form and substance satisfactory to the Program Administrator, as the Program Administrator may require.

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

(A) The Program Administrator will perform all obligations and duties of the "Lessor" under each Lease and, unless otherwise provided in a Supplemental Issuer Indenture or Program Administration Agreement, all obligations and duties of the applicable Issuer or applicable Participant under any other Financing Agreement authorized by the General Trust Indenture or a Supplemental Issuer Indenture, as the agent and attorney-in-fact for the Corporation or the applicable Issuer.

(B) 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.

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

(D) The Program Administrator will receive, from each Participant, a copy of such Participant's annual audit for each Fiscal Year, and upon request, will furnish copies of the same to the Trustee.

(E) Based on the requests for payment submitted by each Participant, the Program Administrator (1) will monitor the acquisition, construction, installation, and equipping of each Project in accordance with the related Financing Agreement, and (2) will determine, on a timely basis, whether the acquisition, construction, installation, and equipping of each Project is completed on or before the estimated completion date.

(F) 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 required by such 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.

(G) The Program Administrator will revise the schedules of payments under the Financing Agreements and will bill the Participants for, or notify the Participants of estimates of, additional payments under the Financing Agreements (1) at such times and in such manner as shall be required by the provisions of such Financing Agreements and the General Trust Indenture, and (2) at such other times, 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.

(H) 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.

(I) 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 regarding 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 or any auditors, accountants, and independent financial consultants at the Program Administrator's regular place of business. The Program Administrator will also meet, upon reasonable request and at mutually agreeable times and places, with representatives of the Participants, the Corporation, the Issuers, the Trustee, and any such auditors, accountants, and independent financial consultants.

(iii) After each Closing, the Program Administrator will send copies of all of the executed financing documents received by it to the Trustee. The Program Administrator will retain

all documents it receives at each Closing and will establish and maintain a file applicable to each Financing Agreement and will retain all documents with respect to each Financing Agreement (including, without limitation, all amendments thereto and written evidence of all monitoring with respect thereto) in the file for that Financing Agreement. Each such 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 Issuers, the Trustee, any auditors, accountants, and independent financial consultants, and the Participant to which such file pertains.

(iv) As soon as possible and, in any event, within ten days following (A) 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; (B) the receipt by the Program Administrator of notice from a Participant of its intention to terminate or otherwise discontinue its payments under its Financing Agreement; or (C) the Program Administrator obtaining knowledge of or becoming aware of any Event of Default under any 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 thereunder, 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.

(v) 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.

(vi) Upon (A) the payment of all sums due and to become due under a Financing Agreement by the Participant under such Financing Agreement, or (B) the prepayment of a Financing Agreement by payment in full of the Optional Prepayment Price with respect to such Financing Agreement by the Participant under such Financing Agreement, the Program Administrator will (1) cancel and release such Financing Agreement, (2) convey the Project under such Financing Agreement to the Participant thereunder, if applicable, and (3) 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 12.01 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 this paragraph in order to release all of the Financing Agreements.

(vii) 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.

#### **Section 7.09 – Trustee's Obligations Under the Program**

In addition to the duties and obligations of the Trustee expressed elsewhere in the General Trust Indenture (and without limiting any of such duties and obligations), the Trustee will also have the following specific duties and obligations:

(a) The Trustee will receive all Financing Payments and will apply the same in accordance with the provisions of the General Trust Indenture. Not later than the 10th day after the end of each calendar month, the Trustee will immediately furnish each Program Administrator with a statement setting forth each related Financing Payment which was payable during such month but which was not received by the Trustee (from the Program Administrator or the Participant obligated with respect thereto).

(b) The Trustee will, at all reasonable times, make its books, records, and papers relating to the Program available for inspection (and copying) by the Program Administrator or any auditors, accountants, and financial consultants (as appointed only by the Issuers) at the Trustee's regular place of business. The Trustee will meet, upon reasonable request and at mutually agreeable times and places, with representatives of the Program Administrator or any such auditors, accountants, and financial consultants.

#### **Section 7.14 – General Covenant to Enforce Financing Agreements**

Each Issuer generally covenants and agrees to take all actions and perform or cause to be performed all of its rights under the applicable Financing Agreements, all of which shall be instituted and done in a timely and due fashion.

#### **Section 7.16 – Issuance of Additional Obligations**

No Issuer shall create, permit the creation of, or issue any obligation or create any additional indebtedness which will be secured by a superior or equal charge and lien on the revenues and assets pledged under the General Trust Indenture, except that additional Series of Bonds may be issued from time to time, in accordance with the Series Trust Indenture executed in connection with such Series, on a parity with the Bonds then Outstanding and secured by an equal charge and lien on the revenues and assets pledged under the General Trust Indenture and payable equally therefrom.

### **Article VIII – Supplemental Trust Indentures**

#### **Section 8.01 – Supplemental Trust Indentures Effective Without Consent of Bondholders**

Notwithstanding any other provision of Article VIII or Article IX of the General Trust Indenture, each Issuer may execute and deliver, at any time and from time to time, (a) Series Trust Indentures for the purposes set forth in Section 2.04 of the General Trust Indenture, (b) with the prior written approval of the Corporation, a Supplemental Issuer Indenture for the purposes set forth in Section 1.04 of the General Trust Indenture, and (c) with the prior written approval of the Corporation, Supplemental Trust Indentures for any one or more of the following purposes:

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

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

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

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

(v) To modify any provisions of the General Trust Indenture, the related Supplemental Issuer Indenture (if any), or any Series Trust Indenture executed by such Issuer in any other respects, provided that such modifications shall not be effective until all Bonds of any Series affected by such modification and Outstanding as of the date of the execution and delivery of such Supplemental Trust Indenture shall cease to be Outstanding, and that all Bonds thereafter issued under the modified General Trust Indenture, Supplemental Issuer Indenture, or Series Trust Indenture, as applicable, shall contain a specific reference to the modifications contained in such subsequent General Trust Indenture, Supplemental Issuer Indenture, or Series Trust Indenture, as the case may be;

(vi) With the consent of the Trustee, to cure any ambiguity, defect, or inconsistent provision in the General Trust Indenture, the related Supplemental Issuer Indenture (if any), or any Series Trust Indenture executed by such Issuer, or to insert provisions to clarify any matters or questions arising under the General Trust Indenture, such Supplemental Issuer Indenture (if any), or any such Series Trust Indenture as are necessary or desirable, provided any such modifications are not contrary to or inconsistent with the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture as theretofore in effect;

(vii) To complete or modify the forms of the Financing Agreements of such Issuer (A) set forth in Annex A hereto, with respect to the Corporation, or (B) set forth in Annex A to the related Supplemental Issuer Indenture, with respect to any Additional Issuer, and in either case, provided that, in the opinion of Bond Counsel, the completion or modification of such Financing Agreements is required in order to comply with federal law, including the Code, or applicable State Law;

(viii) To effect any amendment or modification that does not adversely affect the then-existing rating on any of the Bonds; or

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

A Supplemental Trust Indenture executed for the purposes described in Section 8.01 of the General Trust Indenture shall be effective, subject to any required approval by the Corporation, upon the execution thereof by the applicable Issuer and the Trustee and the delivery thereof to the Trustee. At any time thereafter, notice stating that such Supplemental Trust Indenture (which may be referred to as a Supplemental Trust Indenture executed by the applicable Issuer on a stated date, a copy of which is on file with the Trustee) has been delivered to the Trustee and is effective in accordance with Section 8.01 of the General

Trust Indenture, shall be given to each Bondholder by the applicable Issuer by mailing such notice to the Bondholders.

### **Section 8.02 – Supplemental Trust Indentures Effective With Consent of Bondholders**

In addition to the modifications and amendments permitted by Section 8.01 of the General Trust Indenture, each Issuer may also modify or amend, in any manner, at any time and from time to time, any of the provisions of the General Trust Indenture, the related Supplemental Issuer Indenture (if any), or any Series Trust Indenture executed by such Issuer, by the execution and delivery of a Supplemental Trust Indenture, subject to the prior written approval of the Corporation and the consent of the Bondholders, all in accordance with and subject to the provisions of Article IX of the General Trust Indenture.

### **Section 8.03 – General Provisions Relating to Supplemental Trust Indentures**

The General Trust Indenture, the Supplemental Issuer Indentures, and the Series Trust Indentures shall not be modified or amended, in any respect, except in accordance with and subject to the provisions of Article VIII and Article IX of the General Trust Indenture. Nothing contained in Article VIII or Article IX of the General Trust Indenture shall affect or limit the rights or obligations of any Issuer to adopt, make, do, execute, or deliver any resolution, act, or other instrument in accordance with the provisions of Section 7.04 of the General Trust Indenture, or the right or obligation of any Issuer to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the General Trust Indenture, the related Supplemental Issuer Indenture (if any), or any related Series Trust Indenture provided or permitted to be delivered to the Trustee or any Paying Agent; including the execution and delivery of Series Trust Indentures to provide for the issuance of a Series of Bonds as described in Article II of the General Trust Indenture.

A copy of every Supplemental Trust Indenture executed by any Issuer, when filed with the Trustee, shall be accompanied by an Opinion of Bond Counsel stating that such Supplemental Trust Indenture (a) has been duly and lawfully executed in accordance with the provisions of the General Trust Indenture, (b) is authorized and permitted by the General Trust Indenture and any applicable Series Trust Indenture, and (c) is valid and binding upon the applicable Issuer and enforceable in accordance with its terms.

The Trustee is authorized to accept delivery of a certified copy of any Supplemental Trust Indenture permitted and authorized in accordance with the provisions of the General Trust Indenture and to make all further agreements and stipulations which may be contained therein, and, in taking any such action, the Trustee shall be fully protected in relying on the related Opinion of Bond Counsel stating that such Supplemental Trust Indenture is authorized and permitted by the provisions of the General Trust Indenture.

No Supplemental Trust Indenture changing, amending, or modifying any of the rights or obligations of any Fiduciary under the General Trust Indenture or any other Supplemental Trust Indenture may be adopted without the written consent of each Fiduciary affected thereby.

## **Article IX – Amendments of General Trust Indenture, Supplemental Issuer Indentures, and Series Trust Indentures**

### **Section 9.01 – Powers of Amendment**

Any modification or amendment of (a) the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture, or (b) the rights and obligations of any Issuer or the Bondholders,

in any manner, in accordance with Section 8.02 of the General Trust Indenture, may be made by the execution and delivery of a Supplemental Trust Indenture, subject to the prior written approval of the Corporation and the written consent, given as provided in Section 9.02 of the General Trust Indenture, of (i) the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given; or (ii) in case less than all of the Series of Bonds then Outstanding will be affected by such modification or amendment, 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 any 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 written consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of the Outstanding Bonds under Section 9.01 of the General Trust Indenture; and provided, further, that no such modification or amendment (A) shall permit (1) a change in the terms of the redemption or maturity of the principal of any Outstanding Bond or any installment of interest thereon, or (2) a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, in either case, without the consent of the Holder of such Bond; (B) shall 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) shall grant (1) a privilege or priority of any First Series Bond or Bonds over any other First Series Bond or Bonds, (2) 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, or (3) a privilege or priority of any Third Series Bond or Bonds over any other Third Series Bond or Bonds or over any First Series Bond or Bonds or any Second Series Bond or Bonds. For purposes of Section 9.01 of the General Trust Indenture, a Series of Bonds shall be deemed to be affected by any modification or amendment of the General Trust Indenture, any Supplemental Issuer 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, the Bonds of a particular Series or maturity would be adversely affected by a modification or amendment of the General Trust Indenture, and any such determination shall be binding and conclusive on all Issuers and all Bondholders. The Trustee may receive an opinion of counsel, including an Opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture.

### **Section 9.02 – Consent of Bondholders**

Each Issuer may, at any time, execute and deliver a Supplemental Trust Indenture making a modification or amendment permitted by the provisions of Section 8.02 of the General Trust Indenture, which shall take effect when and as provided in Section 9.02 thereof. A copy of such Supplemental Trust Indenture (or a brief summary thereof or reference thereto in form approved by the Trustee), together with a request to the applicable Bondholders for their consent thereto, in form satisfactory to the Trustee, shall, promptly after execution, be mailed by the applicable Issuer to the applicable Bondholders; provided, however, that any failure to mail such copy and request shall not affect the validity of such Supplemental Trust Indenture when consented to as provided in Section 9.02 of the General Trust Indenture). Any such Supplemental Trust Indenture shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of the Holders of the requisite percentages of the applicable Outstanding Bonds specified in Section 9.01 of the General Trust Indenture; and (ii) an Opinion of Bond Counsel stating that such Supplemental Trust Indenture has been duly and lawfully executed and filed by the applicable Issuer in accordance with the provisions of the General Trust Indenture, is authorized and permitted by the General



Trust Indenture, and is valid and binding upon each Issuer and enforceable in accordance with its terms, and (b) a notice shall have been mailed as provided in Section 9.02 of the General Trust Indenture. Each such consent shall 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 12.02 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 12.02 of the General Trust Indenture shall be conclusive that such consents have been given by the Holders of the Bonds described in such Certificate of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 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, before the time the written statement of the Trustee provided in Section 9.02 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 12.02 thereof. 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 shall have filed their consent to the Supplemental Trust Indenture, the Trustee shall make and file with each Issuer a written statement that the Holders of such required percentages of Bonds have filed such consents, and such written statement shall be conclusive evidence 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 executed 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 Section 9.02 of the General Trust Indenture, shall be given to all Bondholders by the applicable Issuer, by mailing such notice to the Bondholders not more than ninety days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Trust Indenture with the Trustee and the written statement of the Trustee provided for in the General Trust Indenture shall have been filed with each Issuer. The applicable Issuer shall also file proof of the mailing of any such notice with the Trustee. A transcript consisting of the papers required or permitted by Section 9.02 of the General Trust Indenture to be filed with the Trustee shall constitute proof of the matters stated therein. Any Supplemental Trust Indenture making any such amendment or modification and approved and consented to as provided in the General Trust Indenture shall be deemed conclusively binding upon the Issuers, the Fiduciaries, and the Bondholders at the expiration of thirty days after the making or the filing with the Trustee of the proof of the mailing of such notice.

## **Article X – Default and Remedies**

### **Section 10.01 – Trustee to Exercise Powers of Statutory Trustee**

The Trustee is vested with all of the rights, powers, and duties of a trustee permitted to be secured under and in accordance with the Act, and any right of the Bondholders to secure the appointment of a trustee is abrogated.

### **Section 10.02 – Events of Default**

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

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

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

(c) An Issuer shall default in the performance or observance of any other covenants, agreements, or conditions on its part contained in the General Trust Indenture, any Series Trust Indenture, or any Bonds, and such failure, refusal, or default shall continue 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 Bonds then Outstanding.

### **Section 10.03 – Remedies**

(a) Unless otherwise provided in a particular Series Trust Indenture, upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) of Section 10.02 of the General Trust Indenture, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c) of Section 10.02 of the General Trust Indenture, the Trustee may proceed, or upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Second Series Bonds plus the Holders of all Outstanding First Series Bonds, the Trustee shall proceed, in its own name, subject to the provisions of Section 10.03 of the General Trust Indenture and further subject 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:

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

(ii) by bringing suit upon the Bonds;

(iii) by action or suit in equity, require the Issuers to account as if it were the trustee of an express trust for the Holders of the Bonds;

(iv) 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;

(v) by declaring all Bonds to be due and payable, and if all defaults shall 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

(vi) if all Bonds are declared due and payable, by selling Investment Obligations and all other assets of the Issuers held under the General Trust Indenture and any Series Trust Indenture (to the extent not theretofore set aside for the redemption of any Bonds for which call for redemption has been made), and by enforcing, in the name of the Issuers, all Financing Agreements to the fullest legal extent, for the use and benefit of the Holders of the Bonds.

(b) In the enforcement of any rights and remedies under the General Trust Indenture or any Series Trust Indenture, the Trustee shall be entitled to sue for, enforce payment on, and receive all amounts then, or during any default becoming, and at any time remaining, due and unpaid from any Issuer for principal, Redemption Price, interest, or otherwise, under any provision of the General Trust Indenture, any Series Trust Indenture executed by such Issuer, or any Bonds of such Issuer, with interest on overdue payments at the rate 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 such 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 any Issuer for any portion of any 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.

#### **Section 10.04 – Priority of Payments After Default**

If, upon the happening and continuance of any Event of Default, the moneys held by the Fiduciaries shall be insufficient for the payment of any Principal Installment, Redemption Price, and interest then due on the Bonds, such moneys (other than moneys held for the payment or redemption of particular Bonds which have theretofore become due, either at maturity or by call for redemption), plus any other moneys received or collected by the Trustee acting in accordance with the Act and Article X of the General Trust Indenture, 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, 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, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or shall 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 shall not be sufficient to pay all of such installments in full, then to the payment thereof ratably, according 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 shall 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 all of the First Series Bonds due on any date in full, 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; and

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 all of such installments in full, then to the payment thereof ratably, according 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 shall 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 all of the Second Series Bonds due on any date in full, 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.

(b) If the principal of all of the Bonds shall have become or shall have been declared due and payable, (i) first, to the payment of the principal and interest then due and unpaid on 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, according to the respective amounts due 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 (ii) then, to the payment of the principal and interest then due and unpaid on 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, according to the respective amounts due 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 in accordance with the provisions of Section 10.04 of the General Trust Indenture, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee, in its sole discretion, shall determine, having due regard to the amount of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future. The deposit of any such moneys with the Fiduciaries, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to any Issuer, any Bondholder, or 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 shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date, unless the Trustee shall 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 shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make

payment to the Holder of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or, if fully paid, for cancellation.

#### **Section 10.06 – Bondholders’ Direction of Proceedings**

Unless otherwise provided in any Series Trust Indenture, notwithstanding anything in the General Trust Indenture or any Series Trust Indenture to the contrary, and subject to the Trustee’s right to be indemnified to its satisfaction, the Holders of at least a majority in principal amount of the Bonds then Outstanding shall 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 any such direction shall not be otherwise than in accordance with law or the provisions of the General Trust Indenture or any Series Trust Indenture, and provided, further, that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to any Bondholders which are not parties to such direction.

#### **Section 10.07 – Limitation on Rights of Bondholders**

No Bondholder shall have any right to institute any suit, action, mandamus, or other proceeding, at law or in equity, under the General Trust Indenture or for the protection or enforcement of any right under the General Trust Indenture, any Series Trust Indenture, or the law, unless (a) such Bondholder shall have given 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, (b) the Holders of not less than 25% in principal amount of the Bonds then Outstanding (i) shall have made written request of the Trustee after the right to exercise such powers or such right of action, as the case may be, shall have occurred, and (ii) shall have afforded the Trustee a reasonable opportunity either (A) to proceed to exercise the powers granted in the General Trust Indenture or granted under the law, or (B) to institute such action, suit, or proceeding in its name, and (c) there shall have been offered to the Trustee reasonable security and indemnity against the cost, expenses, and liabilities to be incurred thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request, and offer of indemnity are all hereby 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 applicable law. It is understood and intended (1) that no one or more Bondholders shall have any right, in any manner whatsoever, by 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 applicable law with respect to the Bonds, the General Trust Indenture, or any Series Trust Indenture, except in the manner provided in the General Trust Indenture, and (2) that all proceedings at law or in equity shall be instituted, had, and maintained in the manner provided in the General Trust Indenture and for the benefit of all Bondholders. Nothing contained in Article X of the General Trust Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on the Bonds held by it, or the obligation of each Issuer to pay the principal of and interest on each Bond issued by it under the General Trust Indenture to the Holder thereof, at the respective times and places stated in such Bonds.

Notwithstanding anything to the contrary contained in Section 10.07 of the General Trust Indenture or in any other provision of the General Trust Indenture or any Series Trust Indenture, each Bondholder, by their acceptance of the Bonds, shall 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 any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any

party litigant in any such suit of an undertaking to pay the reasonable cost of such suit, and, further, 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; provided, however, that the provisions set forth in this paragraph shall not apply to any suit instituted by the Trustee, any suit instituted by any Holder, or group of Holders, of at least 25% in principal amount of the Bonds then Outstanding, or any suit instituted by any Bondholder for enforcement of the payment of the principal or Redemption Price, if any, of or interest on any Bond on or after the respective due date of such Bond expressed therein.

## **Article XI – Concerning the Fiduciaries**

### **Section 11.03 – Responsibility of Fiduciaries**

The recitals of fact contained in the General Trust Indenture and the Bonds shall be taken as the respective statements of the related Issuers, 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, any Supplemental Issuer Indenture, any Series Trust Indenture, or any Bonds issued under the General Trust Indenture or in respect of the security afforded by the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representation contained in the Authentication Certificate executed by it on each of the Bonds. No Fiduciary shall 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 any Issuer. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in any 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 shall be liable in connection with the performance of its duties under the General Trust Indenture, except for its own negligence or willful default. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received under the General Trust Indenture, except as may otherwise be agreed upon. Further, no provision of the General Trust Indenture shall require any Fiduciary to expend or risk its own funds or to otherwise incur any financial liability in the performance of any of its duties thereunder, or in the exercise of any of its rights or powers.

### **Section 11.04 – Evidence on Which Fiduciaries May Act**

Each Fiduciary shall 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 parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to any Issuer, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered by such Fiduciary under the General Trust Indenture in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established before taking or suffering any action under the General Trust Indenture, including the payment of moneys out of any Fund or Account, then such matter (unless other evidence in respect thereof is specifically prescribed in the General Trust Indenture) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer of the applicable Issuer, and such Certificate shall be full warrant for any action taken or suffered by such Fiduciary in good faith under the provisions of the General Trust Indenture, any Supplemental Issuer Indenture, and any Series Trust Indenture

with respect to which such Fiduciary has accepted such trust upon the faith thereof, but, in its discretion, the Fiduciary may, in lieu thereof, accept any other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as expressly provided otherwise in the General Trust Indenture, any request, order, notice, or other direction required or permitted, in accordance with the provisions of the General Trust Indenture, to be furnished to any Fiduciary by an Issuer shall be sufficiently executed if executed in the name of such Issuer by an Authorized Officer thereof.

Before taking any action under Article X of the General Trust Indenture (except for any action under Section 10.11 thereof), 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 to any hazardous substances), except for any liability which is adjudicated to have resulted from the gross negligence or willful misconduct of the Trustee. When the Trustee incurs any expenses or renders any services after the occurrence of an Event of Default, such expenses and the compensation for such services shall be paid by the applicable Issuer in accordance with Section 11.05 of the General Trust Indenture, which expenses and compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization, or other debtor relief law.

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 any Series Trust Indenture, except any Event of Default described in paragraph (a) or (b) of Section 10.02 of the General Trust Indenture, unless a Responsible Officer of the Trustee shall be specifically notified of the default or Event of Default in a written instrument or document delivered to it by the defaulting Issuer or by the Holders of at least 10% in aggregate principal amount of the Bonds then Outstanding; provided, however, that any such notice and all other notices and instruments required to be delivered to the Trustee in accordance with the General Trust Indenture must, in order to be effective, be delivered to the designated corporate trust office of the Trustee. In the absence of the delivery of a notice satisfying such requirements, the Trustee may conclusively assume that there is no default or Event of Default, except as noted above.

The permissive right of the Trustee to do any of the things enumerated in the General Trust Indenture, any Supplemental Issuer Indenture, or 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 other disclosure material prepared or distributed with respect to the Bonds, except for any information therein provided by the Trustee. The Trustee shall not be accountable for the use or application by the Issuer 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 terms and provisions of the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture or for the use and application of any money received by any Paying Agent. The Trustee may perform any of its duties under the General Trust Indenture or under any Supplemental Issuer Indenture or 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 by it with reasonable care under the General Trust Indenture.

The Trustee shall be under no obligation to analyze or review any certificates, documents, information, certifications, financial statements, or reports (collectively, the "Documents") received by it under the General Trust Indenture, any Supplemental Issuer Indenture, 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 appropriate Issuers and Bondholders. 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 shall have the right to accept and act upon instructions, including any funds transfer instructions (“Instructions”), given under the General Trust Indenture and delivered using Electronic Means, and each Issuer shall provide the Trustee with an incumbency certificate listing the identity of the Authorized Officers of such Issuer with the authority to provide such Instructions and containing specimen signatures of all such Authorized Officers, which incumbency certificate shall be amended by such Issuer whenever a person is to be added or deleted from the listing. If an Issuer elects to give Instructions to the Trustee using Electronic Means and the Trustee, in its sole discretion, elects to act upon such Instructions, then the Trustee’s understanding of such Instructions shall be deemed to control. Each Issuer understands and agrees that if the Trustee cannot determine the identity of the actual sender of any such Instructions, the Trustee shall conclusively presume that any Instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. Each Issuer shall be responsible for ensuring that only its Authorized Officers transmit such Instructions to the Trustee and that such Issuer, and all Authorized Officers thereof, are solely responsible to safeguard the use and confidentiality of all applicable user and authorization codes, passwords, or authentication keys upon receipt by such Issuer. 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 any such Instructions, notwithstanding that such Instructions conflict with or are otherwise inconsistent with a subsequent written instruction. Each Issuer agrees: (a) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (b) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting any such Instructions than the method selected by it; (c) that the security procedures (if any) to be complied with in connection with its transmission of any Instructions provide it with a commercially reasonable degree of protection in light of its particular needs and circumstances; and (d) to notify the Trustee immediately upon learning of any compromise or unauthorized use of any such security procedures.

The Trustee may collect the monthly Financing Payments from the Participants via the Automated Clearing House Network (“ACH”) and shall be protected in acting in accordance with the terms and conditions of the ACH service agreement it enters into with each Participant.

### **Section 11.05 – Compensation**

The Issuers shall pay to each Fiduciary from time to time reasonable compensation for all of the services rendered by such Fiduciary under the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture, plus all reasonable expenses, charges, counsel fees, and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture. To the extent permitted by law, each Issuer has further agreed to indemnify and save each Fiduciary harmless against any liabilities, losses, damages, claims, fines, penalties, and expenses (including any attorneys’ fees and expenses) such Fiduciary may incur in the exercise and performance of its powers and duties under the General Trust Indenture which are not due to its negligence or willful default. The indemnification set forth in the General Trust Indenture shall survive any termination thereof and the resignation or removal of the Trustee thereunder. As security for the performance of the Issuers under Section



11.05 of the General Trust Indenture, the Trustee shall have a lien prior to any Bond issued under the General Trust Indenture upon all property and moneys held or collected by the Trustee as such, except any moneys held in trust for the payment of the principal of or interest or premiums on any Bonds.

#### **Section 11.07 – Resignation of Trustee**

The Trustee may, at any time, resign and be discharged of all of its duties and obligations created by the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture, by giving not less than sixty days' written notice to each Issuer and mailing such notice by regular United States mail, postage prepaid, to each Bondholder, and such resignation shall take effect on the resignation date specified in such notice, unless (a) no successor Trustee shall have been appointed as provided in Section 11.09 of the General Trust Indenture, or (b) a successor Trustee shall have been previously appointed, as provided in Section 11.09 of the General Trust Indenture, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee.

#### **Section 11.08 – Removal of Trustee**

The Trustee shall be removed by the Corporation, acting for itself and as representative of the Additional Issuers (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 each Issuer and signed by the Holders of at least a majority in principal amount of the Bonds then Outstanding, or by their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of an Issuer, by an instrument or concurrent instruments in writing filed with the Trustee and each Issuer and signed by each Issuer or such Bondholders, as appropriate. Notwithstanding the foregoing, no such removal will be effective until a successor Trustee has been appointed and has assumed the duties of Trustee as provided in Section 11.09 of the General Trust Indenture.

#### **Section 11.09 – Appointment of Successor Trustee**

If, at any time, the Trustee shall resign, be removed, become incapable of acting, or be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee, or its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or its property or affairs, the Corporation, acting for itself and as representative of the Additional Issuers, covenants and agrees that it will thereupon appoint a successor Trustee. The Corporation shall mail, by regular United States mail, notice of any such appointment made by it to each Bondholder and each Additional Issuer within twenty days after such appointment.

If no appointment of a successor Trustee shall be made in accordance with the foregoing provisions of Section 11.09 of the General Trust Indenture within forty-five days after the Trustee shall have given each Issuer written notice of resignation, as provided in Section 11.07 of the General Trust Indenture, or after a vacancy in the office of the Trustee shall have occurred by reason of its removal or its inability to act, then the Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor Trustee, and such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee appointed in accordance with the provisions of Section 11.09 of the General Trust Indenture shall be a national banking association, trust company, or bank having the powers of a trust

company within or outside the Commonwealth of Kentucky, having a capital and surplus aggregating at least \$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 of the duties of the Trustee imposed upon it by the General Trust Indenture, any Supplemental Issuer Indenture, and any Series Trust Indenture.

## **Article XII – Miscellaneous**

### **Section 12.01 – Defeasance**

(a) If any Issuer shall pay or cause to be paid, or there shall otherwise be paid, (i) to the applicable Bondholders, such amounts as will, taking into account all of the investment earnings therefrom, fully provide for all of the principal, interest, and Redemption Price, if any, to become due on a particular Series of its Bonds, at the times and in the manner stipulated therein and in the General Trust Indenture, the related Supplemental Issuer Indenture (if any), and the related Series Trust Indenture, and (ii) to the related Fiduciaries, all sums of money due or to become due with respect to such Series of Bonds in accordance with the provisions thereof and of the General Trust Indenture, the related Supplemental Issuer Indenture (if any), and the related Series Trust Indenture, then, and in that event, (A) as to that particular Series of Bonds, the General Trust Indenture, the related Supplemental Issuer Indenture (if any), and the related Series Trust Indenture shall cease, determine, and become null and void, and all of the covenants, agreements, and other obligations of such Issuer under the General Trust Indenture, the related Supplemental Issuer Indenture (if any), and the related Series Trust Indenture shall be satisfied and discharged with respect to such Series of Bonds, (B) the Trustee shall, upon the request of such Issuer, execute and deliver to such Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and (C) each Fiduciary shall pay over or deliver to such Issuer all moneys or securities held by such Fiduciary in accordance with the General Trust Indenture, the related Supplemental Issuer Indenture (if any), or the related Series Trust Indenture which are not otherwise required for the payment or redemption of any Bonds not theretofore surrendered for such payment or redemption for that particular Series of Bonds.

(b) Any Bonds, or any installments of interest thereon, 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 applicable Issuer of moneys 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 paragraph (a) above. The Bonds of a particular Series shall, before the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above if (i) with respect to any of such Bonds to be redeemed on any date before their maturity, the related Issuer 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 the redemption of such Bonds on such date; (ii) there shall have been deposited with the Trustee either (A) moneys in an amount which shall be sufficient, or (B) Defeasance Obligations, the principal of and the interest on which, when due, will provide moneys in an amount which, together with any moneys deposited with the Trustee at the same time, shall be sufficient, in either case, to pay, when due, the principal or Redemption Price, if any, and interest due and to become due on such Bonds on and before the Redemption Date or maturity date thereof, as the case may be; (iii) the Trustee shall have received (A) a certificate from a firm of independent certified public accountants to the effect that the amounts so deposited are sufficient, without the need to reinvest principal or interest (other than as set forth in any written instructions related thereto), to make all payments that might become due on such Bonds, or (B) an Opinion of Bond Counsel to the effect that all conditions precedent to

the defeasance of such Bonds have been complied with; and (iv) if such Bonds are not subject to redemption within the next sixty days, the applicable Issuer shall have given to 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 nor moneys deposited with the Trustee in accordance with Section 12.01 of the General Trust Indenture nor any 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, of and interest on such Bonds.

(c) Notwithstanding anything in the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture to the contrary, 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 (i) 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 moneys were held by such Fiduciary at such date, or (ii) the date of deposit of such moneys, if such moneys were deposited with such Fiduciary after the 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 applicable Issuer, be repaid by the Fiduciary to such applicable Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect to such moneys. In the absence of any such written request, the Fiduciary shall, from time to time, deliver any such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Fiduciary, in its sole discretion, 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 such escheat authority. All moneys held by a Fiduciary and subject to Section 12.01 of the General Trust Indenture shall be held uninvested and without liability for interest thereon.

#### **Section 12.04 – Parties in Interest**

Nothing contained in the General Trust Indenture or in any Supplemental Issuer Indenture or any Series Trust Indenture executed in accordance with the provisions of the General Trust Indenture, expressed or implied, is intended or shall be construed to confer upon or give to any person or party, other than the Issuers, the Fiduciaries, and the Holders of the Bonds, any rights, remedies, or claims under or by reason of the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture, or any covenants, conditions, stipulations, promises, or agreements therein; and all covenants, conditions, stipulations, promises, and agreements by or on behalf of the Issuers contained in the General Trust Indenture, any Supplemental Issuer Indenture, or any Series Trust Indenture shall be for the sole and exclusive benefit of the Issuers, the Fiduciaries, and the Holders from time to time of the Bonds.

### **SUMMARY OF THE FINANCING AGREEMENTS**

#### Financing Agreements in General

Each Kentucky Participant has entered into a Financing Agreement under and in accordance with the Act. The Financing Agreements may be in the form of (i) a Lease, which Leases may be in the form of an “Annually Renewable Lease,” a “Revenue Lease,” or a “General Obligation Lease;” (ii) a Participant Bond; or (iii) a Participant Note. The form of the Financing Agreement relating to each Kentucky Participant is more particularly set forth 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 the principal and interest payments on the Bonds. Additional Rentals are due under the Leases to pay any Fiduciary Fees relating to the Program. Each Kentucky Participant has the option to terminate its Lease at any time by paying the Optional Prepayment Price. The Lease Rental Payments and the Optional Prepayment Price are paid directly to the Trustee by the Kentucky Participants.

Each Lease provides that title to the Project will remain with the Kentucky Participant, and the Kentucky Participant is obligated to complete the construction of the Project. Amounts will be disbursed to the Kentucky Participant from its Kentucky Participant Disbursement Account as Costs of the Project become due and payable. The Kentucky 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 to the Project. The Kentucky 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 the Lease Rental Payments. The Kentucky Participant may not create any lien against the Project.

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

*General Obligation Lease.* Under a General Obligation Lease, the obligation of the Kentucky Participant is a full general obligation for the payment of the Lease Rental Payments and the full faith, credit, and revenue of the Kentucky Participant is pledged for the prompt payment thereof. During the period of the Lease, there is levied on all taxable property of the Kentucky 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 as and when due; provided, however, that in each year, to the extent that other taxes of the Kentucky 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 Kentucky Participant shall be reduced by the amount of such other taxes so available and appropriated. All of the funds derived from such tax levy are required to be placed in the Sinking Fund maintained by the Kentucky Participant and are irrevocably pledged for the payment of all bonds, notes, and other obligations issued under Chapter 66 of the Kentucky Revised Statutes, including all tax supported leases.

Upon the occurrence of an Event of Default, the Lessor may (i) 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 Kentucky 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 as and when due; (ii) sell or re-lease the Project or any portion thereof; or (iii) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to 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 Kentucky 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 Kentucky 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 Kentucky Participant will continue to be liable for the Lease Rental Payments during the remainder of the current Fiscal Year. On the first July 1 occurring after an Event of Nonappropriation, the Kentucky Participant will be

required to vacate or surrender the Project to the Lessor. In addition, amounts remaining in the Kentucky Participant Account may be applied to the completion of the Project.

An Event of Default occurs if the Kentucky 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 (i) terminate the Lease and give notice to the Kentucky Participant to vacate or surrender the Project within sixty days from the date of the notice; (ii) sell or re-lease the Project; (iii) recover from the Kentucky Participant all Lease Rental Payments due during the Fiscal Year in which the Event of Default occurs; or (iv) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to 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 Kentucky 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 the Kentucky Participants entering into Revenue Leases. Events of Default under a Revenue Lease include failure by the Kentucky Participant to pay Lease Rental Payments when due or failure by the Kentucky Participant to observe or perform any covenant for a period of thirty days after receipt of written notice specifying such failure and requesting that it be remedied. Upon the occurrence of an Event of Default, the Lessor may (i) terminate the Lease and give notice to the Kentucky Participant to vacate or surrender the Project within sixty days from the date of such notice; (ii) sell or re-lease the Project or any portion thereof; (iii) declare an amount equal to all of the Lease Rental Payments under the Lease to be immediately due and payable; or (iv) take whatever action at law or in equity may appear necessary or desirable to enforce the Lease.

#### Participant Bonds

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

During the period that any Participant Notes or Participant Bonds are outstanding, there will be levied on all of the taxable property in the Kentucky 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 such Participant Notes or Participant Bonds as and when due, it being found and determined that current tax rates are within all applicable limitations. The tax will be ordered to be 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 such years are certified, extended, and collected. The 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 other lawfully available funds of the Kentucky 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 taxable property in the Kentucky Participant shall be reduced by the amount of such other funds so available and appropriated.

The Kentucky Participant has established 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 such required tax levy or other lawfully available funds will be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged by the Kentucky

Participant for the payment of the principal of and interest on all bonds and other obligations issued under the General Obligation Act and all Tax-Supported Leases, as defined in the General Obligation Act, as and when the same fall due. Amounts shall be paid from the Sinking Fund at the times and in the amounts required to pay all amounts due with respect to a Participant Note and Participant Bond.

Upon an Event of Default, the Corporation, as the 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 of taxable property of the Kentucky Participant, in addition to all other taxes, without limitation as to rate or amount, a direct tax annually in an amount sufficient to pay all amounts required to be paid under the resolution or ordinance, as and when 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 Kentucky Participant within a Fiscal Year. Amounts will be disbursed to the Kentucky Participant from its Participant Disbursement Account as Costs become due and payable. As security for payment of its Participant Note, each Kentucky 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 Kentucky Participants operating fund for which the Participant Note was issued.

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

- (a) 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
- (b) 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 Corporation or the Trustee.

Subject to the limitations set forth in the Indenture, in case of an Event of Default under a Note Resolution, the Corporation 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 Kentucky Participant to comply with the terms of its Note Resolution.

If a Kentucky 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.

## APPENDIX D

### **Form of Bond Counsel Opinion**

*The form of the legal approving opinion of Dinsmore & Shohl LLP, Bond Counsel for the 2024 First Series B Bonds, is set forth below. The actual, final opinion will be delivered on the date of delivery of the 2024 First Series B 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 such opinion after the date of such opinion.*

[Date of Delivery]

Kentucky Bond Corporation  
Lexington, Kentucky

Re: \$3,150,000\* Kentucky Bond Corporation Financing Program Revenue Bonds, 2024  
First Series B, dated June 26, 2024

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issue of \$3,150,000\* Financing Program Revenue Bonds, 2024 First Series B (the “2024 First Series B Bonds”) of the Kentucky Bond Corporation (the “Corporation”), dated June 26, 2024, numbered R-1 upward, and of denominations of \$5,000 and any integral multiple thereof. The 2024 First Series B Bonds are initially being issued as fully registered bonds, bearing interest, maturing, and subject to mandatory and optional redemption upon the terms set forth therein and in an Amended and Restated General Trust Indenture dated as of May 15, 2024 (the “General Trust Indenture”), by and among (i) the Corporation, (ii) the Additional Issuers that become a party thereto, as provided therein, and (iii) The Bank of New York Mellon Trust Company, N.A., as the trustee (the “Trustee”), as supplemented by a Series Trust Indenture, 2024 First Series B dated as of June 1, 2024 (the “Series Indenture” and, together with the General Trust Indenture, the “Indenture”), by and between the Corporation and the Trustee.

The 2024 First Series B Bonds are authorized under and by virtue of (i) the Constitution and laws of the Commonwealth of Kentucky, including, particularly, (a) Sections 65.210 through 65.300, Sections 65.7701 et seq., Sections 65.940 et seq., Sections 66.011 et seq., Sections 103.200 et seq., and Sections 162.340 through 162.380, inclusive, of the Kentucky Revised Statutes; and (b) Chapter 58, Chapter 74, Chapter 76, Chapter 96, Chapter 160, and Chapter 162 of the Kentucky Revised Statutes, and (ii) a resolution adopted by the Board of Directors of the Corporation on June 7, 2024. The 2024 First Series B Bonds are being issued to finance various public projects and purposes of certain public agencies (the “Participants”) that have entered into financing agreements with the Corporation under the Indenture (the “Financing Agreements”).

In addition to our review of the transcript of proceedings for the 2024 First Series B Bonds, including the Indenture and the Financing Agreements, we have also examined laws we have deemed relevant and a specimen 2024 First Series B Bond of this issue and approve its form.

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

1. The Corporation is a nonprofit, non-stock corporation, duly organized and validly existing under and by virtue of the provisions of Chapter 58 and Chapter 273 of the Kentucky Revised Statutes to act as the agency and instrumentality of the Participants.

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\* Preliminary, subject to change.

2. The 2024 First Series B Bonds and the Indenture have been duly authorized, executed, and delivered by the Corporation and constitute valid, binding, and enforceable obligations of the Corporation in accordance with their respective terms.

3. The 2024 First Series B Bonds constitute special obligations of the Corporation, and the principal of and premium, if any, and interest on the 2024 First Series B Bonds (collectively, the “debt service”), are payable solely from the revenues and other moneys pledged and assigned by the Indenture to secure such payment. The 2024 First Series B Bonds and the payment of the debt service thereon are not secured by an obligation or pledge of any moneys raised by taxation, other than as provided in the Financing Agreements, and the 2024 First Series B Bonds do not represent or constitute an indebtedness of the Corporation or a pledge of the full faith and credit of the Corporation. The Corporation 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 2024 First Series B Bonds, is excludable from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Further, interest on the 2024 First Series B Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the federal alternative minimum tax imposed on individuals. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants that are designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the 2024 First Series B Bonds.

5. The interest on the 2024 First Series B Bonds is exempt from income taxation by the Commonwealth of Kentucky, and the 2024 First Series B Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

The Corporation and the Participants have not designated the Bonds as “qualified tax-exempt obligations” under Section 265 of the Code.

This opinion is based upon laws, regulations, rulings, and decisions in effect as of the date hereof. In rendering this opinion, we have relied upon covenants and certifications of facts, estimates, and expectations made by the Corporation, the Participants, and others in the transcript of proceedings for the 2024 First Series B Bonds, which we have not independently verified. It is to be understood that the enforceability of the 2024 First Series B Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors’ rights generally, and to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,



## **APPENDIX E**

### **Book-Entry Only System**

The 2024 First Series B Bonds will initially be issued solely in book-entry form, to be held in the book-entry 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 the 2024 First Series B Bonds and, except as otherwise provided herein with respect to the Beneficial Owners of any beneficial ownership interests, the Beneficial Owners of the 2024 First Series B Bonds will not be or be considered to be, and will not have any rights as, owners or holders of the 2024 First Series B Bonds under the Indenture.

The following information about the book-entry only system applicable to the 2024 First Series B Bonds has been supplied by DTC. None of the Corporation, 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 2024 First Series B Bonds. The 2024 First Series B Bonds will be issued in fully registered form, registered in the name of Cede & Co. (DTC’s partnership nominee) or registered in any other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the 2024 First Series B Bonds, each in the aggregate principal amount of the respective maturity of the 2024 First Series B Bonds, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company duly 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, corporate, and municipal debt issues, and for money market instruments from over 100 countries that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among the Direct Participants of sales and other securities transactions for deposited securities, through electronic computerized book-entry transfers and pledges between the Direct Participants’ accounts, which eliminates the need for physical movement of securities certificates. The Direct Participants include both U.S. and non-U.S. securities brokers, dealers, broker-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, dealers, broker-dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with any Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has rating from S&P Global Ratings 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](http://www.dtcc.com).

Purchases of 2024 First Series B Bonds under DTC’s book-entry system must be made by or through the Direct Participants, which will receive a credit for such 2024 First Series B Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024 First Series B Bond deposited with DTC (each, a “Beneficial Owner”) will be recorded on the Direct Participants’ and Indirect Participants’ respective records. The Beneficial Owners will not receive any written confirmation from DTC of their purchase. However, the Beneficial Owners are expected to receive written confirmations providing the details of the transaction, plus periodic statements of their holdings, from the Direct Participant or the Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of any ownership interests in the 2024 First Series B Bonds are to be accomplished by entries made on the books of the Direct Participants and Indirect Participants acting on behalf of the Beneficial Owners. The Beneficial Owners will not receive certificates representing

their ownership interests in the 2024 First Series B Bonds, except in the event that the use of the book-entry system for the 2024 First Series B Bonds is discontinued.

To facilitate subsequent transfers, all 2024 First Series B Bonds deposited by the 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 2024 First Series B Bonds with DTC and the registration of the 2024 First Series B Bonds in the name of Cede & Co., or other DTC nominee, do not affect any change in beneficial ownership of the 2024 First Series B Bonds. DTC has no knowledge of the actual Beneficial Owners of the 2024 First Series B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024 First Series B Bonds are credited, which may or may not be the Beneficial Owners of such 2024 First Series B Bonds. The Direct Participants and the Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

The conveyance of any 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 such parties, subject to any statutory or regulatory requirements as may be in effect from time to time. The Beneficial Owners of the 2024 First Series B Bonds may wish to take certain steps to augment the transmission to them of any notices of significant events with respect to the 2024 First Series B Bonds, such as any redemptions, tenders, defaults, and proposed amendments to the 2024 First Series B Bond documents. For example, the Beneficial Owners of the 2024 First Series B Bonds may wish to ascertain that the nominee holding such 2024 First Series B Bonds for their benefit has agreed to obtain and transmit such notices to the Beneficial Owners. In the alternative, the Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of such notices be provided to them directly.

All redemption notices with respect to the 2024 First Series B Bonds shall be sent to DTC. If less than all of the 2024 First Series B Bonds are being redeemed, DTC's practice is to determine, by lot, the amount of the interest of each Direct Participant in the 2024 First Series B Bonds to be redeemed.

Neither DTC, Cede & Co., nor any other DTC nominee will consent or vote with respect to the 2024 First Series B Bonds unless such party is authorized to do so 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 then assigns Cede & Co.'s consenting or voting rights to the Direct Participants to whose accounts any 2024 First Series B Bonds are credited on the record date (as identified in a listing attached to the Omnibus Proxy).

The payment of the principal of and premium (if any) and interest on the 2024 First Series B Bonds will be made to Cede & Co. or to such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit the Direct Participants' accounts for such payments upon DTC's receipt of funds and corresponding detailed information from the Trustee, on the payable date in accordance with their respective holdings, as shown on DTC's records. Payments by the Direct Participants and Indirect Participants to the Beneficial Owners will be governed by standing instructions and customary practices, as is the case with any 2024 First Series B Bonds held for the accounts of customers in bearer form or any 2024 First Series B Bonds registered in "street name," and such payments will be the responsibility of the Direct Participants and the Indirect Participants and not of DTC, DTC's nominee, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and premium (if any) and interest on the 2024 First Series B Bonds to Cede & Co. (or to such other nominee as may be requested by an authorized representative of DTC) will be the responsibility of the Corporation or the Trustee, the disbursement of such payments to the Direct Participants will be the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository for the 2024 First Series B Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under any such circumstances, in the event that a successor securities depository is not obtained, 2024 First Series B Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry only transfers of the 2024 First Series B Bonds through DTC (or a successor securities depository). In that event, the 2024 First Series B Bonds will be printed and delivered to DTC.

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

**APPENDIX F**

**OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

**\$3,150,000\***

**Kentucky Bond Corporation  
Financing Program Revenue Bonds,  
2024 First Series B**

**SALE**

As required by Chapter 424 of the Kentucky Revised Statutes, notice is hereby given that electronic bids will be received by the Kentucky Bond Corporation (the “Corporation”), acting as the agency and instrumentality of, and on behalf of, 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, until 11:00 A.M. E.D.T. on June 12, 2024 (or at such later times and dates announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system), for the purchase of its \$3,150,000\* Financing Program Revenue Bonds, 2024 First Series B (the “2024 First Series B Bonds”). Alternatively, written and sealed or facsimile bids for the 2024 First Series B Bonds will be received, by the designated date and time, in the office of the Kentucky League of Cities (the “Program Administrator”), 100 East Vine Street, Suite 800, Lexington, Kentucky 40507. All electronic bids must be submitted through BiDCOMP™/PARITY™, as described herein, and any bids submitted through any other provider of electronic bidding services will not be accepted. Bids will be opened and acted upon on June 12, 2024.

**THE 2024 FIRST SERIES B BONDS**

The 2024 First Series B Bonds are being offered for sale in an aggregate principal amount of Three Million One Hundred Fifty Thousand Dollars (\$3,150,000), issuable as fully registered bonds in authorized denominations of \$5,000 and any integral multiple thereof. The 2024 First Series B Bonds will be dated their date of initial delivery, will bear interest from such date, payable semiannually on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing February 1, 2025, and are scheduled to 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>
2025	\$ 45,000	2038	\$160,000
2026	100,000	2039	160,000
2027	110,000	2040	175,000
2028	110,000	2041	180,000
2029	115,000	2042	190,000
2030	120,000	2043	200,000
2031	125,000	2044	210,000
2032	130,000	2045	55,000
2033	135,000	2046	60,000
2034	135,000	2047	60,000
2035	140,000	2048	65,000
2036	150,000	2049	65,000
2037	155,000		

The 2024 First Series B Bonds maturing on and after February 1, 2033 shall be subject to optional redemption before their stated maturities on February 1, 2032 or any date thereafter, in whole or in part, in such order of maturity as may be selected by the Corporation, and by lot within a maturity, at a redemption price equal to the principal amount of 2024 First Series B Bonds to be redeemed, plus accrued interest to

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\* Preliminary, subject to change.

the date of redemption, all in accordance with the Preliminary Official Statement of the Corporation with respect to the 2024 First Series B Bonds (the “Preliminary Official Statement”), reference to which is hereby made.

The principal of and redemption premium, if any, on the 2024 First Series B Bonds will be payable at the designated corporate trust operations office of The Bank of New York Mellon Trust Company, N.A (the “Trustee”), and the payments of interest due on each 2024 First Series B Bond will be made by check mailed on each Interest Payment Date to the Holder of that 2024 First Series B Bond as of the close of business on the fifteenth day of the month preceding such Interest Payment Date, at such Holder’s address as it appears on the registration books maintained by the Trustee, except that all Holders of 2024 First Series B Bonds in an aggregate principal amount of \$1,000,000 or more will receive payments of interest by wire transfer on each Interest Payment Date, upon supplying the Trustee with a wire address. Interest on the 2024 First Series B Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth.

### **STATUTORY AUTHORITY, SECURITY, AND PURPOSE**

The authority, security, and source of payment for, and the purpose and application of the proceeds of, the 2024 First Series B Bonds are all described in the Preliminary Official Statement.

### **BIDDING CONDITIONS AND RESTRICTIONS**

(a) **Submission of Bids.** All electronic bids for the 2024 First Series B Bonds must be submitted through the BiDCOMP™/PARITY™ system, and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive Bidding System is required in order to submit an electronic bid for the 2024 First Series B Bonds. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For purposes of the bidding process, the time maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids, whether submitted in electronic or written form. To the extent any instructions or directions set forth in the BiDCOMP™/PARITY™ system conflict with any of the terms set forth herein, these Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the BiDCOMP™/PARITY™ facilities shall be deemed an offer to purchase the 2024 First Series B Bonds in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed, and written bids delivered or transferred via facsimile to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of the BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. For further information regarding BiDCOMP™/PARITY™, potential bidders may contact (i) RSA Advisors, LLC, the Municipal Advisor to the Corporation (the “Municipal Advisor”), at 147 East Third Street, Lexington, Kentucky 40508, Telephone: (800) 255-0795, Attention: Joe Lakofka, or (ii) BiDCOMP™/PARITY™ at 40 West 23rd Street, 5th Floor, New York, New York 10010, Telephone: (212) 404-8102.

Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by delivery to the Program Administrator utilizing the Official Bid Form. Each non-electronic bid on the Official Bid Form shall be in a sealed envelope addressed to the Program Administrator, and on the outside of such envelope, there shall appear a legend identifying the contents of such envelope as being a bid for the “Kentucky Bond Corporation Financing Program Revenue Bonds, 2024 First Series B.” Any non-electronic bid will not be given consideration unless it is actually received or is in the process of facsimile transfer in the office of the Program Administrator prior to the time bids are due, as set forth herein.

(b) **Minimum Bid.** Bids shall be for the entire issue of 2024 First Series B Bonds, at a price of not less than \$3,087,000 (98% of par), excluding any original issue discount, if applicable, PAYABLE IN IMMEDIATELY AVAILABLE FEDERAL FUNDS.

(c) Interest Rates. Bidders must stipulate an interest rates in multiples of 1/8, 1/10, or 1/20 of 1%. Only one interest rate shall be permitted per 2024 First Series B Bond, and all 2024 First Series B Bonds of the same maturity shall bear interest at the same rate. The interest rates must be on an ascending scale, such that the interest rate stipulated in any year may not be less than the interest rate stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(d) Award; Adjustment. The determination of the best bid for the purchase of the 2024 First Series B Bonds shall be made on the basis of the lowest true interest rate, which will be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal of and interest on the 2024 First Series B Bonds (compounded semiannually from the date of the issuance and delivery of the 2024 First Series B Bonds), produces an amount equal to the purchase price of the 2024 First Series B Bonds, as set forth in the Official Bid Form, for exactly \$3,150,000 principal amount of 2024 First Series B Bonds offered for sale under the terms and conditions specified herein; provided, however, that upon the determination of the lowest true interest rate, the Corporation shall increase or decrease the total principal amount of the 2024 First Series B Bonds sold to the best bidder, by an amount of up to \$315,000, with such increase or decrease made in any maturity, and the total amount of 2024 First Series B Bonds awarded to such bidder will be a minimum of \$2,835,000 and a maximum of \$3,465,000. Upon such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of 2024 First Series B Bonds will be sold will be at the same price per \$1,000 of 2024 First Series B Bonds as the price per \$1,000 for the \$3,150,000 of 2024 First Series B Bonds bid. If two or more bidders offer to purchase the 2024 First Series B Bonds at the same lowest true interest cost, the Program Administrator, with the advice of the Municipal Advisor, shall determine which of the bidders shall be awarded the 2024 First Series B Bonds.

(e) Good Faith Deposit. The successful bidder for the 2024 First Series B Bonds will be required (without any further advice from the Corporation) to wire transfer a good faith deposit, in an amount equal to 2% of the principal amount of 2024 First Series B Bonds awarded, to the Trustee by the close of business on the day following the award of the 2024 First Series B Bonds. Upon the delivery of the 2024 First Series B Bonds, the good faith deposit will be applied (without interest) to the purchase price of the 2024 First Series B Bonds; provided that such good faith deposit will be forfeited if such purchaser fails to take delivery of the 2024 First Series B Bonds.

(f) Term Bond Option. The purchaser of the 2024 First Series B Bonds may specify in their bid that any 2024 First Series B Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of Term Bonds bearing a single rate of interest and maturing in the latest of such years, and any such Term Bonds shall be subject to mandatory sinking fund redemption in each of the years and in the principal amounts of such Term Bonds.

(g) Bond Insurance. If the successful bidder for the 2024 First Series B Bonds desires to obtain insurance guaranteeing the payment of the principal of and/or interest on the 2024 First Series B Bonds, the Corporation agrees that it will cooperate with such successful bidder in obtaining such insurance; provided, however, that all of the expenses and charges in connection therewith shall be borne by such bidder and the Corporation shall not be liable for any such expenses or charges to any extent.

(h) CUSIP Numbers. The successful bidder will be required to pay the cost of obtaining CUSIP identification numbers for the 2024 First Series B Bonds. Neither the failure to print the CUSIP numbers on any 2024 First Series B Bond nor any error with respect to the CUSIP numbers shall constitute cause for the failure or refusal by the purchaser to accept delivery of and pay for the 2024 First Series B Bonds in accordance with the terms of its bid. No CUSIP number shall be deemed to be a part of any 2024 First Series B Bond or a part of the contract evidenced thereby, and no liability shall hereafter attach to the Corporation or any of its officers or agents because or on account of such CUSIP numbers.

(i) DTC. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2024 First Series B Bonds. The 2024 First Series B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered bond certificate will be issued for each maturity of the 2024 First Series B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the 2024 First Series B Bonds under the DTC system must be made by securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the “Direct Participants”), which will each receive a credit for the 2024 First Series B Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024 First Series B Bond (each, a “Beneficial Owner”) is, in turn, to be recorded on the records of Direct Participants or any securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the “Indirect Participants”). The Beneficial Owners of the 2024 First Series B Bonds will not receive written confirmation from DTC of their purchase, but such Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024 First Series B Bonds are to be accomplished by entries made on the books of the Direct Participants and Indirect Participants acting on behalf of the Beneficial Owners. The Beneficial Owners will not receive certificates representing their ownership interests in the 2024 First Series B Bonds, except in the event that use of the book-entry system for the 2024 First Series B Bonds is discontinued. The successful bidder may elect to notify the Municipal Advisor, within twenty-four hours of the award of the 2024 First Series B Bonds, that standard bond certificates be issued. If certificated 2024 First Series B Bonds are to be issued at the election of the successful bidder, the costs of printing such bond certificates shall be borne by such bidder. If no such election is made, then the 2024 First Series B Bonds will be delivered using the book-entry system administered by DTC.

(j) Acceptance of Bid. The Program Administrator will either accept a bid or reject all of the bids on June 12, 2024.

(k) Right to Reject Bids. The right to reject bids for any reason deemed advisable by the Board of Directors of the Corporation and the right to waive any possible informalities or irregularities in any bid which, in the judgment of the Board of Directors of the Corporation, are minor or immaterial are each expressly reserved to the Corporation. In addition to the foregoing, the Corporation also reserves the right to postpone the sale date of the 2024 First Series B Bonds, upon at least twenty-four hours advance notice before the sale date, given through the BiDCOMP™/PARITY™ system.

(l) Official Statement. The Corporation will provide the successful purchaser of the 2024 First Series B Bonds with a final Official Statement in accordance with Rule 15c2-12 of the Securities and Exchange Commission (“SEC”). The final Official Statement will be provided to the purchaser in electronic form, in sufficient time to allow the purchaser to comply with the requirements for the delivery of such final Official Statement under the applicable rules and regulations of the SEC and the Municipal Securities Rulemaking Board. The successful bidder shall be required to pay for the printing of the final Official Statement.

(m) Purchaser Certification. The winning bidder shall assist the Corporation in establishing the issue price of the 2024 First Series B Bonds by delivering an “issue price” certificate (the “Certificate”) dated the date of delivery of the 2024 First Series B Bonds, in substantially the applicable form set forth in the Exhibits attached hereto (depending on whether at least three bids are received), to the Corporation. If less than three bids are received for the 2024 First Series B Bonds, the winning bidder will be required to certify that it “held-the-price” for the 2024 First Series B Bonds during the Holding Period (as defined in the Certificate), at the prices identified on the Sale Date (as defined in the Certificate). The Corporation may, in its sole discretion, permit the winning bidder to certify that it will, immediately upon the sale of any of the 2024 First Series B Bonds, notify the Corporation (and the Municipal 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

Corporation to establish the issue price of the 2024 First Series B Bonds under these Official Terms and Conditions of Bond Sale may be taken on behalf of the Corporation by the Municipal Advisor, and any notice or report to be provided to the Corporation hereunder shall also be provided to the Municipal Advisor.

The Corporation intends that the provisions of Treas. Reg. § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2024 First Series B Bonds) will apply to the initial sale of each of the 2024 First Series B Bonds (the “competitive sale requirements”) because:

- (1) the Corporation will disseminate these Official Terms and Conditions of Bond Sale to the potential underwriters in a manner that is reasonably designed to reach the potential underwriters;
- (2) all bidders will have an equal opportunity to bid;
- (3) the Corporation 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 Corporation anticipates that it will award the 2024 First Series B Bonds to the bidder who submits a firm offer to purchase the 2024 First Series B Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

Any bid for the 2024 First Series B Bonds submitted in accordance with these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the 2024 First Series B Bonds, as specified in the bid.

#### **CONTINUING DISCLOSURE**

In accordance with Securities and Exchange Commission Rule 15c2-12, the Corporation has agreed, in the Continuing Disclosure Agreements to be entered into with each Participant, to provide certain annual financial information regarding the Participants and notices of material events with respect to the 2024 First Series B Bonds, as more particularly described in the Preliminary Official Statement.

#### **CONDITIONS TO DELIVERY**

The 2024 First Series B Bonds are being offered and are to be issued subject to, and the Corporation will furnish to the purchaser upon delivery, the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel for the 2024 First Series B Bonds, as to the due and proper authorization, validity, and tax-exempt status of the 2024 First Series B Bonds and interest thereon, as more particularly described in the Preliminary Official Statement. The Corporation will also furnish, at its own expense, the printed 2024 First Series B Bonds, together with customary closing documents, including a no-litigation certificate.

The 2024 First Series B Bonds are offered for sale on the basis of the principal not being subject to ad valorem taxation by the Commonwealth of Kentucky and on the basis of the interest on the 2024 First Series B Bonds being excludable from gross income for federal and Kentucky income tax purposes on the date of their delivery to the successful bidder, subject to the further exceptions, assumptions, and provisions set forth in the Preliminary Official Statement. The 2024 First Series B Bonds have not been designated by the Corporation as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. If, prior to the delivery of the 2024 First Series B Bonds, any event occurs that alters the tax-exempt status and any other status thereof, the purchaser will have the privilege of avoiding the purchase contract by giving immediate written notice to the Program Administrator, whereupon the good faith deposit made by the purchaser will be returned, and all respective obligations of the parties will be terminated.

By: /s/ Robyn Miller  
Program Administrator



EXHIBIT A-1

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of at least three qualified bids for the 2024 First Series B Bonds]

Dated June 26, 2024

Re: \$3,150,000\* Kentucky Bond Corporation Financing Program Revenue Bonds, 2024  
First Series B, dated June 26, 2024

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

1. Reasonably Expected Initial Offering Price.

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

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

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

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

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

4. Defined Terms.

(a) *Issuer* means the Kentucky Bond Corporation.

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

(c) *Public* means a person (including an individual, a trust, an estate, a company, a partnership, an association, or a 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.

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\* Preliminary, subject to change.

(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 12, 2024.

(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 contained in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including, specifically, Section 103 and Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations issued thereunder. The Underwriter understands that the information set forth in this certificate will be relied upon (i) by the Issuer with respect to certain representations set forth in the Memorandum of Instructions Regarding Use of Proceeds and Arbitrage Compliance, the No-Arbitrage Certificates, and the Tax Compliance Agreements, and with respect to compliance with the federal income tax rules affecting the Bonds, and (ii) by Dinsmore & Shohl LLP in connection with rendering its opinion that 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 any other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[Signature page to follow]

SIGNATURE PAGE TO ISSUE PRICE CERTIFICATE

IN WITNESS WHEREOF, I have hereunto set my official signature as of the date first set out above.

[UNDERWRITER NAME]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SCHEDULE I  
TO  
ISSUE PRICE CERTIFICATE  
EXPECTED OFFERING PRICES  
(See attachment)

SCHEDULE II  
TO  
ISSUE PRICE CERTIFICATE

COPY OF BID

(See attachment)

EXHIBIT A-2

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of less than three qualified bids for the 2024 First Series B Bonds]

Dated June 26, 2024

Re: \$3,150,000\* Kentucky Bond Corporation Financing Program Revenue Bonds, 2024  
First Series B, dated June 26, 2024

The undersigned, [Underwriter Name] (the “Transaction Underwriter”), hereby certifies as set forth below with respect to the sale of the above-captioned bonds (the “Bonds”).

1. Issue Price.

(a) As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule I attached hereto (the “Sale Price,” as applicable to each Maturity of the General Rule Maturities).

(b) The Transaction Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule I attached hereto (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule II.

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

(d) The aggregate of the Sale Prices of the General Rule Maturities and the Initial Offering Prices of the Hold-the-Offering-Price Maturities is \$[Issue Price] (the “Issue Price”).

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

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

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\* Preliminary, subject to change.

4. Defined Terms.

(a) *General Rule Maturities* means the Maturities of the Bonds listed as the “General Rule Maturities” in Schedule I attached hereto.

(b) *Hold-the-Offering-Price Maturities* means the Maturities of the Bonds listed as the “Hold-the-Offering Price Maturities” in Schedule I attached hereto.

(c) *Holding Period* means, with respect to any Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (March 14, 2024), or (ii) the date on which the Transaction Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Kentucky Bond Corporation.

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

(f) *Official Terms and Conditions of Bond Sale* means the Official Terms and Conditions of Bond Sale for the Bonds dated June 5, 2024.

(g) *Public* means any person (including an individual, a trust, an estate, a partnership, an association, a company, or a 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.

(h) *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 12, 2024.

(i) *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 any 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 contained in this certificate represents the Transaction Underwriter’s interpretation of any laws, including, specifically, Section 103 and Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations issued thereunder. The Transaction Underwriter understands that the information in this certificate will be relied upon (i) by the Issuer with respect to certain representations set forth in the Memorandum of Instructions Regarding Use of Proceeds and Arbitrage Compliance, the No-Arbitrage Certificates, and the Tax Compliance Agreements, and with respect to compliance with the federal income tax rules affecting the Bonds, and (ii) by Dinsmore & Shohl LLP in connection with rendering its opinion that 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 any other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[Signature page to follow]

SIGNATURE PAGE TO ISSUE PRICE CERTIFICATE

IN WITNESS WHEREOF, I have hereunto set my official signature as of the date first set out above.

[TRANSACTION UNDERWRITER NAME]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



SCHEDULE I  
TO  
ISSUE PRICE CERTIFICATE

SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF THE BONDS

General Rule Maturities

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Actual Sale Price of First 10%</u>	<u>Issue Price</u>	<u>CUSIP</u>
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Hold-the-Offering-Price Maturities

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Offering Price</u>	<u>Issue Price</u>	<u>CUSIP</u>
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SCHEDULE II  
TO  
ISSUE PRICE CERTIFICATE

PRICING WIRE OR EQUIVALENT COMMUNICATION

(See attachment)

**APPENDIX G**

**OFFICIAL BID FORM**

June 12, 2024

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 for the \$3,150,000\* Financing Program Revenue Bonds, 2024 First Series B (the “2024 First Series B Bonds”), dated the date of their initial issuance and delivery, and offered for sale by the Kentucky Bond Corporation (the “Corporation”) under and in accordance with the Preliminary Official Statement dated June 5, 2024, to all of which the undersigned hereby agrees, the undersigned hereby submits the following offer to purchase the 2024 First Series B Bonds.

We hereby bid for the \$3,150,000\* principal amount of 2024 First Series B Bonds, the total sum of \$\_\_\_\_\_ (not less than \$3,087,000), at the following interest rates:

<u>Maturity Date (February 1)</u>	<u>Principal Amount*</u>	<u>Serial Bond Rate**</u>	<u>Term Bond Rate**</u>	<u>Maturity Date (February 1)</u>	<u>Principal Amount*</u>	<u>Serial Bond Rate**</u>	<u>Term Bond Rate**</u>
2025	\$ 45,000	_____	_____	2038	\$160,000	_____	_____
2026	100,000	_____	_____	2039	160,000	_____	_____
2027	110,000	_____	_____	2040	175,000	_____	_____
2028	110,000	_____	_____	2041	180,000	_____	_____
2029	115,000	_____	_____	2042	190,000	_____	_____
2030	120,000	_____	_____	2043	200,000	_____	_____
2031	125,000	_____	_____	2044	210,000	_____	_____
2032	130,000	_____	_____	2045	55,000	_____	_____
2033	135,000	_____	_____	2046	60,000	_____	_____
2034	135,000	_____	_____	2047	60,000	_____	_____
2035	140,000	_____	_____	2048	65,000	_____	_____
2036	150,000	_____	_____	2049	65,000	_____	_____
2037	155,000	_____	_____				

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

We understand this bid may be accepted for as much as \$3,465,000 of 2024 First Series B Bonds or as little as \$2,835,000 of 2024 First Series B Bonds, at the same price per \$1,000 of 2024 First Series B Bonds, with the variation in such principal amount occurring in any maturity or all maturities, which will be determined by the Program Administrator, on behalf of the Corporation, at the time of acceptance of the best bid.

It is understood that the Corporation will furnish the final approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel for the 2024 First Series B Bonds upon the delivery thereof. We agree that if we are the successful bidder, immediately available funds in an amount equal to 2% of the principal amount of 2024 First Series B Bonds awarded, payable to the Corporation, will be deposited with The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, by federal wire transfer before the end of the business day following the date of the award of the 2024 First Series B Bonds, in accordance with the Official

\* Preliminary, subject to change.

Terms and Conditions of Bond Sale, with the understanding that such amount, without interest, will be deducted from the purchase price of the 2024 First Series B Bonds when tendered to us for delivery. If we are the successful bidder, we also agree to accept and make payment for the 2024 First Series B Bonds in accordance with the Official Terms and Conditions of Bond Sale.

**All bids may be submitted electronically via BiDCOMP™/PARITY™ pursuant to this Notice until the appointed date and time, but no bids will be received after such time. Notwithstanding the foregoing, completed bid forms may be submitted via delivery or facsimile to the office of the Program Administrator at Kentucky Bond Corporation, 100 East Vine Street, Suite 800, Lexington, Kentucky 40507 (FAX: (859) 977-4131). Neither the Corporation nor RSA Advisors, LLC, the Municipal Advisor to the Corporation, assumes any responsibility whatsoever for the receipt of bids for the 2024 First Series B Bonds or for ensuring that adequate personnel and/or equipment are available to accept all deliveries and facsimile transfers of all bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bid has been received via facsimile or has been otherwise 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.**

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 June 26, 2024 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**

In accordance with a Resolution adopted by the Board of Directors of the Kentucky Bond Corporation on June 7, 2024, the above bid for the Kentucky Bond Corporation Financing Program Revenue Bonds, 2024 First Series B, is hereby accepted this June 12, 2024, 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>
2025	_____	2038	_____
2026	_____	2039	_____
2027	_____	2040	_____
2028	_____	2041	_____
2029	_____	2042	_____
2030	_____	2043	_____
2031	_____	2044	_____
2032	_____	2045	_____
2033	_____	2046	_____
2034	_____	2047	_____
2035	_____	2048	_____
2036	_____	2049	_____
2037	_____		

**KENTUCKY BOND CORPORATION**

By: \_\_\_\_\_  
Program Administrator