

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 25, 2023

Book-Entry Only  
New Issue

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

In the opinion of Bond Counsel for the 2023 First Series A Bonds, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the Issuer, and subject to the conditions and limitations set forth herein under the caption “TAX TREATMENT,” interest on the 2023 First Series A 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; however, interest on any 2023 First Series A Bonds held by an “applicable corporation” is included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022. Interest on the 2023 First Series A Bonds is exempt from Kentucky income tax, and the 2023 First Series A Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

\$41,820,000\*

KENTUCKY BOND CORPORATION  
FINANCING PROGRAM REVENUE BONDS,  
2023 FIRST SERIES A

Dated: Date of Initial Delivery

Due: February 1, as shown below

Interest on the above-captioned Bonds (the “2023 First Series A Bonds”) will be payable from the dated date, on each February 1 and August 1, commencing February 1, 2024, and the Bonds mature on each February 1, as shown below:

| Year | Principal Amount* | Interest Rate | Yield | Price | CUSIP**<br>49120F | Year | Principal Amount* | Interest Rate | Yield | Price | CUSIP**<br>49120F |
|------|-------------------|---------------|-------|-------|-------------------|------|-------------------|---------------|-------|-------|-------------------|
| 2024 | \$ 150,000        |               |       |       |                   | 2037 | \$1,535,000       |               |       |       |                   |
| 2025 | 985,000           |               |       |       |                   | 2038 | 1,600,000         |               |       |       |                   |
| 2026 | 1,020,000         |               |       |       |                   | 2039 | 1,670,000         |               |       |       |                   |
| 2027 | 1,055,000         |               |       |       |                   | 2040 | 1,750,000         |               |       |       |                   |
| 2028 | 1,095,000         |               |       |       |                   | 2041 | 1,825,000         |               |       |       |                   |
| 2029 | 1,135,000         |               |       |       |                   | 2041 | 1,905,000         |               |       |       |                   |
| 2030 | 1,170,000         |               |       |       |                   | 2043 | 1,995,000         |               |       |       |                   |
| 2031 | 1,210,000         |               |       |       |                   | 2044 | 2,065,000         |               |       |       |                   |
| 2032 | 1,265,000         |               |       |       |                   | 2045 | 2,160,000         |               |       |       |                   |
| 2033 | 4,865,000         |               |       |       |                   | 2046 | 2,265,000         |               |       |       |                   |
| 2034 | 1,360,000         |               |       |       |                   | 2047 | 2,370,000         |               |       |       |                   |
| 2035 | 1,415,000         |               |       |       |                   | 2048 | 2,480,000         |               |       |       |                   |
| 2036 | 1,475,000         |               |       |       |                   |      |                   |               |       |       |                   |

Under the Kentucky Interlocal Cooperation Act, as defined herein, certain public agencies have entered into an agreement (the “Interlocal Agreement”) as a joint and cooperative action to provide a financing program (the “Program”) for public agencies that are or become parties to the Interlocal Agreement (the “Participants”). The Interlocal Agreement provides for the creation of the Kentucky Bond Corporation (the “Issuer”), a nonprofit, non-stock public corporation and an agency and instrumentality of each Participant, to issue bonds on behalf of the Participants, provided that such bonds are payable solely from the revenue derived from the joint and cooperative action and do not constitute an indebtedness of the Commonwealth of Kentucky or any of the Participants, except to the extent that a Participant enters into a Financing Agreement, as defined herein, under the Program. The 2023 First Series A Bonds are special and limited obligations of the Issuer.

The 2023 First Series A Bonds are payable from (i) payments made to The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) under the Financing Agreements executed by the Participants under the Program and (ii) other funds and any investment earnings thereon pledged under a General Trust Indenture (the “Indenture”), by and between the Issuer and the Trustee, and available for such payment, including the Debt Service Reserve. Under the Indenture, additional bonds (together with the 2023 First Series A Bonds, the “Bonds”) have been and may be issued on a parity with the 2023 First Series A Bonds. See “SECURITY AND SOURCE OF PAYMENT” herein.

The 2023 First Series A Bonds are issuable as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The 2023 First Series A 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 2023 First Series A Bonds will be made in book-entry form only, except as permitted by the Indenture, and purchasers of 2023 First Series A Bonds will not receive physical delivery of bond certificates. See “THE BONDS – Book-Entry Only System” herein. So long as DTC or its nominee is the registered owner of the 2023 First Series A Bonds, the principal of and premium, if any, and interest on the 2023 First Series A Bonds will be paid directly to DTC by the Trustee.

The 2023 First Series A Bonds are subject to optional [and mandatory] redemption prior to maturity as described herein.

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

The 2023 First Series A Bonds are offered subject to prior sale, when, as, and if issued by the Issuer, subject to the approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel, and certain other conditions. It is expected that the 2023 First Series A Bonds will be available for delivery in New York, New York, on or about May 24, 2023.

The date of this Official Statement is May \_\_, 2023.



\* 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 2023 First Series A Bonds. No dealer, broker, salesman, or other person has been authorized to give any information or to make any representation 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 Issuer, the Financial Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy the 2023 First Series A Bonds, nor shall there be any sale of the 2023 First Series A 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 2023 First Series A Bonds implies that the information set forth herein is correct as of any time subsequent to the date hereof.

The information contained herein was obtained from the Issuer, the 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 2023 FIRST SERIES A 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 ISSUER (TO THE EXTENT DESCRIBED HEREIN), APPROVED THE 2023 FIRST SERIES A 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 2023 FIRST SERIES A 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 2023 FIRST SERIES A BONDS FOR THE PURPOSE OF AVOIDING ANY FEDERAL TAX PENALTIES. EACH PURCHASER OF THE 2023 FIRST SERIES A BONDS IS URGED TO CONTACT AN INDEPENDENT TAX ADVISOR CONCERNING ANY INVESTMENT IN THE 2023 FIRST SERIES A BONDS.

Insofar as 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 consultation of other sources prior to the making of investment decisions. Neither this Official Statement nor any oral or written representations made by or on behalf of the Issuer prior to the sale of the 2023 First Series A Bonds should be regarded as part of the Issuer’s contract with the successful bidder or the holders from time to time of the 2023 First Series A Bonds.

All references in this Official Statement to any provisions of Kentucky law, whether codified in the Kentucky Revised Statutes (“KRS”) or uncodified, or to any provisions of the Kentucky Constitution or the Issuer’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 2023 First Series A Bonds; “Issuer” means the Kentucky Bond Corporation; and “Commonwealth” or “Kentucky” means the Commonwealth of Kentucky.

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\*\* Copyright, American Bankers Association. CUSIP data 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 2023 First Series A Bonds. The Issuer 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 2023 First Series A Bonds is subject to being changed after the issuance of the 2023 First Series A 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 other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2023 First Series A Bonds.

**KENTUCKY BOND CORPORATION**

Joe Davenport, Councilmember  
LaGrange, Kentucky

Roddy Harrison, Mayor  
Williamsburg, Kentucky

Carlos Campbell, Chief Financial Officer  
Hazard, Kentucky

Stacy Thurman, Mayor  
Midway, Kentucky

Rita Dotson, Mayor  
Benton, Kentucky

James Hamberg, Mayor  
Southgate, Kentucky

**FINANCIAL ADVISOR**

RSA Advisors, LLC  
Lexington, Kentucky

**BOND COUNSEL**

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Louisville, Kentucky

**TRUSTEE**

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

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**\$41,820,000\***  
**KENTUCKY BOND CORPORATION**  
**FINANCING PROGRAM REVENUE BONDS,**  
**2023 FIRST SERIES A**

**INTRODUCTORY STATEMENT**

The purpose of this Official Statement, including the cover page and Appendices hereto, is to provide certain information regarding the issuance of \$41,820,000\* aggregate principal amount of Financing Program Revenue Bonds, 2023 First Series A (the “2023 First Series A Bonds”) by the Kentucky Bond Corporation (the “Issuer”). The 2023 First Series A Bonds are special and limited obligations of the Issuer, 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 2023 First Series A Bonds to potential investors is made only by means of this Official Statement.

The 2023 First Series A Bonds are being issued by the Issuer under a General Trust Indenture dated as of July 1, 2010 (the “General Trust Indenture”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as the trustee thereunder (the “Trustee”), and a Series Trust Indenture dated as of May 1, 2023 (the “Series Trust Indenture” and, together with the General Trust Indenture, the “Indenture”), by and between the Issuer and the Trustee. In accordance with the Indenture, additional bonds of the Issuer (together with the 2023 First Series A Bonds, the “Bonds”) have been and may be issued on a parity with the 2023 First Series A Bonds.

The proceeds of the 2023 First Series A Bonds will be used for the purposes of (i) funding Financing Agreements entered into by and between participating public agencies (the “Participants”) and the Issuer to finance various projects of the Participants, (ii) funding the Debt Service Reserve in accordance with the Indenture, and (iii) paying the fees and costs of issuing the 2023 First Series A Bonds.

The 2023 First Series A Bonds are being issued under the Indenture and pursuant to the authority of the Act (as defined herein) and a Series Resolution duly adopted by the Board of Directors (the “Board”) of the Issuer on April 18, 2023. A summary of the Indenture is set forth in “APPENDIX C – Definitions and Summary of Indenture” hereto. In addition to the words and terms defined elsewhere in this Official Statement, certain words and terms are defined in “APPENDIX C – Definitions and Summary of Indenture – Definitions” hereto.

Brief descriptions of the 2023 First Series A Bonds, the Issuer, the Program (as defined herein), the 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 themselves, copies of which are available for inspection at the corporate trust office of the Trustee, 55 Monument Circle, Suite 1200C, Indianapolis, Indiana 46204, and at the office of the Financial Advisor, RSA Advisors, LLC, 147 East Third Street, Lexington, Kentucky 40508, Telephone (800) 255-0795, Attention: Joe Lakofka.

The Issuer 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 on the cover page hereof and certain pages herein that has been omitted in accordance with the Rule and will be provided with the final Official Statement.

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\* Preliminary, subject to change.

## THE 2023 FIRST SERIES A BONDS

### General

The 2023 First Series A Bonds will be issued solely as fully registered bonds, in denominations of \$5,000 and any integral multiple thereof. The 2023 First Series A 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, 2024, at the rates set forth on the cover page hereof. The 2023 First Series A Bonds will mature, subject to redemption prior to maturity as described under the heading “THE BONDS – Redemption of 2023 First Series A Bonds,” on February 1 in the years and in the principal amounts set forth on the cover page hereof.

The 2023 First Series A Bonds will initially be issued solely in book-entry only form. See “Book-Entry Only System” below. If the 2023 First Series A Bonds are no longer held in a book-entry only system, the principal of and redemption premium (if any) on the 2023 First Series A Bonds will be payable at the corporate trust office of, or at any other office designated by, the Trustee, as the Paying Agent for the 2023 First Series A Bonds, and the payments of interest due on each 2023 First Series A Bond will be made by check mailed on each Interest Payment Date to the Owner of that 2023 First Series A Bond as of the close of business on the Record Date, at such Owner’s address as it appears on the registration books maintained by the Trustee, as the Registrar for the 2023 Series A Bonds, except that all Owners of 2023 First Series A 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 Paying Agent with a wire address.

### Book-Entry Only System

The 2023 First Series A Bonds will initially be issued solely in book-entry form, to be held in the book-entry only system maintained by The Depository Trust Company (“DTC”), New York, New York. So long as such book-entry system is used, only DTC or its nominee will receive or have the right to receive physical delivery of 2023 First Series A 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 D – 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 2023 First Series A Bonds under the Indenture. For additional information about DTC and the book-entry only system see “APPENDIX D – Book-Entry Only System” hereto.

THE INFORMATION SET FORTH IN THIS SECTION AND IN APPENDIX D ATTACHED HERETO CONCERNING DTC AND THE BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES WHICH THE ISSUER BELIEVES TO BE RELIABLE, BUT THE ISSUER TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

### Revision of Book-Entry System; Replacement 2023 First Series A Bonds

If DTC determines not to continue to act as securities depository for the 2023 First Series A Bonds, the Indenture provides for the issuance and delivery of new, fully registered 2023 First Series A Bonds (the “Replacement 2023 First Series A Bonds”) directly to Owners other than DTC.

Upon the occurrence of such event, the Issuer may attempt to establish a securities depository book-entry relationship with another securities depository. If the Issuer does not do so or is unable to do so, and after the Trustee has notified the owners of any book-entry interests with respect to the 2023 First Series A Bonds by giving appropriate notice to DTC, the Issuer will issue and the Trustee will authenticate and deliver Replacement 2023 First Series A 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 2023 First Series A Bonds and the interest thereon will be payable in the manner described under the heading “THE BONDS – General,” and the following provisions will apply. The 2023 First Series A Bonds may be transferred or exchanged for one or more 2023 First Series A Bonds in different authorized denominations, upon the surrender of the 2023 First Series A Bonds to be transferred or exchanged at the designated office of the Trustee, as Registrar, or at the designated office of any Paying Agent (initially, the Trustee), by the registered owners of such 2023 First Series A Bonds or their duly authorized attorneys or legal representatives. Upon the surrender of any 2023 First Series A Bonds for transfer or exchange, the Registrar will record such transfer or exchange in its registration books, and the Issuer will execute, and the Registrar or Authenticating Agent will authenticate and deliver, new 2023 First Series A Bonds, appropriately registered and in authorized denominations. Neither the Issuer, the Trustee, as Registrar, nor any Paying Agent will be required to transfer or exchange any 2023 First Series A Bond during a period beginning fifteen business days before the day of the mailing of a notice of redemption of the 2023 First Series A Bonds and ending at the close of business on the day of such mailing, nor any 2023 First Series A Bond all or a portion of which has been selected for redemption.

### **Redemption of 2023 First Series A Bonds**

Optional Redemption. The 2023 First Series A Bonds maturing on and after February 1, 2032 are subject to optional redemption prior to maturity on any date on and after February 1, 2031, in whole or in part, in such order of maturity as may be selected by the Issuer and by lot within a maturity, at a redemption price equal to the principal amount of 2023 First Series A Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

[Mandatory Sinking Fund Redemption. The 2023 First Series A Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount of 2023 First Series A 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__                 | \$            |
| February 1, 20__ *               | \$            | February 1, 20__ *               | \$            |
| * Maturity                       |               | * Maturity                       |               |

Selection of 2023 First Series A Bonds to be Redeemed. At least thirty days, but not more than sixty days, before the redemption date for any of the 2023 First Series A Bonds, the Trustee shall cause a notice of redemption to be mailed, by regular, United States first-class mail, postage prepaid, to DTC or, if DTC is no longer serving as securities depository for the 2023 First Series A Bonds, to the substitute securities depository, or if none, to all of the registered owners of the 2023 First Series A 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 2023 First Series A Bond shall not affect the validity of the redemption of any other 2023 First Series A Bond. Any such 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 2023 First Series A 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 2023 First Series A Bonds will be effected only if, on the date set for redemption, the Trustee shall have sufficient funds on deposit to pay the redemption price of the 2023 First Series A Bonds so selected for optional redemption. If such funds 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 2023 First Series A Bonds have not been redeemed.

## **THE ISSUER AND THE PROGRAM**

### **The Program and the Issuer**

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

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

The Interlocal Agreement provides for the creation of the Issuer, a nonprofit, non-stock corporation and an agency and instrumentality of each Participant, pursuant to the provisions of KRS Sections 273.161 to 273.390 and KRS Section 58.180, (a) to administrate and operate the Program and (b) to issue Bonds on behalf of the Participants for the purpose of defraying the cost of the Program. The Issuer is not a political subdivision of the Commonwealth, but is an agency and instrumentality acting on behalf of the Participants. The Bonds issued by the Issuer under the Indenture must be payable solely from the revenues derived from the joint and cooperative action and must not constitute an indebtedness of any of the Participants, except to the extent a Participant enters into a Financing Agreement with the Issuer under the Program. The Bonds, including the 2023 First Series A Bonds, are special and limited obligations of the Issuer.

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

In order to provide funding for the Program, the Issuer will issue Bonds under the Indenture from time to time. In accordance with the Indenture, the issuance of the 2023 First Series A Bonds was authorized by a Series Resolution adopted by the Board of the Issuer on April 18, 2023. The 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 funds for deposit in the Debt Service Reserve and the Supplemental Debt Service Reserve. Additional Series of Bonds have previously been issued under the Indenture, see “SECURITY AND SOURCE OF PAYMENT” herein for information regarding Outstanding Bonds.

### **The Program Administrator**

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

KLC is the sponsor of the Program, the Issuer, and the Funding Trust and will serve as the Program Administrator under the Indenture.

### **THE PARTICIPANTS**

Each Participant has entered into to the Interlocal Agreement that created the Issuer. Through the issuance of its Bonds from time to time, the Issuer is acting on behalf of each respective Participant. Each Participant has entered into a Financing Agreement with the Issuer; 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 Participant that is receiving proceeds of the 2023 First Series A Bonds is set forth in “APPENDIX B – Demographic and Financial Information Relating to Participants Receiving Proceeds of the 2023 First Series A Bonds” hereto. The financial statements and additional information for all current Participants in the Program can be found at <http://www.kybondcorp.org>.

### **SECURITY AND SOURCE OF PAYMENT**

#### **Special and Limited Obligations**

The 2023 First Series A Bonds are not general obligations of the Issuer or any Participant, except to the extent of each Participant’s particular obligations under its Financing Agreement, but are special and limited obligations of the Issuer payable solely from the Trust Estate pledged under the Indenture. The 2023 First Series A Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional

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

### **Financing Agreements**

Certain proceeds of the 2023 First Series A Bonds will be advanced to the Participants under the Financing Agreements by and between the Issuer and each of the Participants, in accordance with the terms prescribed in the Indenture. Under the Financing Agreements, repayment schedules are established in order to enable the Issuer to meet the principal and interest requirements with respect to the 2023 First Series A Bonds. However, no Participant is responsible for the failure of any other Participant to pay its obligations under their respective Financing Agreement.

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

[A portion of the proceeds of the 2023 First Series A Bonds will initially be deposited in the Debt Service Reserve, to be invested in Investment Obligations by the Trustee in accordance with the Indenture and the written instructions of the Issuer, and may be advanced to the Participants for the payment of debt service under the terms prescribed in the Indenture and the Financing Agreements. Notwithstanding any of the provisions of the Indenture, the portion of the proceeds of the 2023 First Series A Bonds used to fund an increase to the Debt Service Reserve are payable solely from the investment earnings on such proceeds.]

As of the date of issuance and delivery of the 2023 First Series A Bonds, the amount on deposit in the Debt Service Reserve is \$13,992,287.50\*, the amount on deposit in the Supplemental Debt Service Reserve is \$1,670,000, the amount of Second Series Bonds Outstanding is \$670,000, and the amount of Third Series Bonds Outstanding is \$1,000,000.

Certain 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 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

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\* Preliminary, subject to change.

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 Issuer provides the Trustee with confirmation that such redemption will not cause the existing 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 Issuer 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 2023 First Series A 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              | 395,000                   | 2037                          |
| 2012 First Series B Bonds  | 2012                 | 505,000                | 505,000                   | 2041                          |
| 2012 First Series C Bonds  | 2012                 | 5,985,000              | 1,900,000                 | 2032                          |
| 2012 First Series D Bonds  | 2012                 | 7,635,000              | 4,105,000                 | 2033                          |
| 2012 First Series E Bonds  | 2012                 | 6,650,000              | 3,365,000                 | 2038                          |
| 2012 First Series F Bonds  | 2012                 | 21,850,000             | 1,820,000                 | 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              | 3,470,000                 | 2040                          |
| 2013 First Series B Bonds  | 2013                 | 6,090,000              | 3,545,000                 | 2040                          |
| 2014 First Series A Bonds  | 2014                 | 3,155,000              | 1,720,000                 | 2041                          |
| 2014 First Series B Bonds  | 2014                 | 8,460,000              | 4,715,000                 | 2041                          |
| 2014 First Series D Bonds  | 2014                 | 5,480,000              | 3,445,000                 | 2040                          |
| 2014 First Series E Bonds  | 2014                 | 4,380,000              | 2,890,000                 | 2040                          |
| 2014 First Series F Bonds  | 2014                 | 2,200,000              | 1,265,000                 | 2031                          |
| 2015 First Series A Bonds  | 2015                 | 9,550,000              | 7,060,000                 | 2038                          |
| 2015 First Series B Bonds  | 2015                 | 4,985,000              | 365,000                   | 2035                          |
| 2016 First Series A Bonds  | 2016                 | 2,675,000              | 2,295,000                 | 2037                          |
| 2016 First Series B Bonds  | 2016                 | 5,665,000              | 5,290,000                 | 2042                          |
| 2016 First Series C Bonds  | 2016                 | 6,090,000              | 5,300,000                 | 2037                          |

|                           |      |                   |                   |      |
|---------------------------|------|-------------------|-------------------|------|
| 2016 First Series D Bonds | 2016 | 2,550,000         | 1,770,000         | 2037 |
| 2017 First Series A Bonds | 2017 | 4,050,000         | 3,485,000         | 2037 |
| 2018 First Series A Bonds | 2018 | 9,505,000         | 8,390,000         | 2037 |
| 2018 Third Series A Bonds | 2018 | 700,000           | 700,000           | 2058 |
| 2018 First Series B Bonds | 2018 | 2,160,000         | 1,825,000         | 2048 |
| 2018 First Series C Bonds | 2018 | 4,180,000         | 3,165,000         | 2033 |
| 2018 First Series D Bonds | 2018 | 1,910,000         | 1,585,000         | 2039 |
| 2019 First Series A Bonds | 2019 | 11,070,000        | 10,710,000        | 2049 |
| 2019 First Series B Bonds | 2019 | 4,800,000         | 3,890,000         | 2040 |
| 2019 First Series C Bonds | 2019 | 11,855,000        | 10,555,000        | 2046 |
| 2020 First Series A Bonds | 2020 | 14,575,000        | 12,465,000        | 2047 |
| 2020 First Series B Bonds | 2020 | 4,255,000         | 3,440,000         | 2044 |
| 2020 First Series C Bonds | 2020 | 6,940,000         | 6,350,000         | 2046 |
| 2020 First Series D Bonds | 2020 | 5,575,000         | 4,325,000         | 2040 |
| 2020 First Series E Bonds | 2020 | 3,280,000         | 3,265,000         | 2050 |
| 2020 First Series F Bonds | 2020 | 20,550,000        | 19,465,000        | 2050 |
| 2021 First Series A Bonds | 2021 | 11,390,000        | 10,765,000        | 2051 |
| 2021 First Series B Bonds | 2021 | 20,285,000        | 19,115,000        | 2051 |
| 2021 First Series C Bonds | 2021 | 8,580,000         | 8,200,000         | 2047 |
| 2021 First Series D Bonds | 2021 | 15,785,000        | 15,590,000        | 2052 |
| 2021 First Series E Bonds | 2021 | 5,940,000         | 5,750,000         | 2051 |
| 2021 First Series F Bonds | 2021 | 17,255,000        | 16,390,000        | 2051 |
| 2022 First Series A Bonds | 2022 | 13,160,000        | 13,005,000        | 2047 |
| 2022 First Series B Bonds | 2022 | 2,860,000         | 2,835,000         | 2052 |
| 2022 First Series C Bonds | 2022 | 3,160,000         | 3,120,000         | 2042 |
| 2022 First Series D Bonds | 2022 | <u>13,420,000</u> | <u>13,420,000</u> | 2052 |
| Totals                    |      | \$339,195,000     | \$261,115,000     |      |

### **Additional Bonds**

In order to provide additional funds for the Program, the Issuer may issue Bonds from time to time, without limitation as to amount, except as provided in the General Trust Indenture and in 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 the 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.

### **Impact of the COVID-19 Pandemic**

*General.* The outbreak of a novel strain of coronavirus that can cause a severe respiratory disease, referred to as COVID-19, was first detected in China in December 2019. Since then, COVID-19 has spread across the world, resulting in the death of over 6,910,000 people internationally and over 1,130,000 people in the United States. In March 2020, the outbreak of COVID-19 was declared a pandemic (the “COVID-19 Pandemic”) by the World Health Organization, a national emergency in the United States, and a statewide emergency in the Commonwealth. The various responses of governments, businesses, and individuals to the COVID-19 Pandemic led to widespread and significant changes in economic activity. Certain sectors of the global, national, and local economies have experienced negative effects due to reduced consumer spending, increased unemployment, and government mandated and voluntary responses to mitigate the COVID-19 Pandemic, including school and business closures, event cancellations, and reduced travel. Unemployment in the United States and the Commonwealth both increased as a result of the COVID-19 Pandemic.

In March 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act, a \$2.2 trillion economic stimulus bill aimed at mitigating the economic effects of COVID-19 by providing money and support to individuals, in the form of direct payments and increased unemployment assistance, and to various businesses and governmental entities. In March 2021, Congress passed the American Rescue Plan Act, a \$1.9 trillion economic stimulus bill that provided additional direct payments to individuals and funding for various businesses and governmental entities, including an additional \$350 billion in relief for state, local, and tribal governments.

In December 2020, the first COVID-19 vaccine, developed by Pfizer-BioNTech, and a second vaccine, developed by Moderna, both began distribution in the United States. A third vaccine, developed by Johnson & Johnson, began distribution in February 2021. As of June 2022, all persons age 6 months and older are eligible to receive the COVID-19 vaccine. In November 2021, the FDA authorized the use of a booster dose of the COVID-19 vaccine for all persons age 18 and older, and as of May 2022, all persons age 5 and older are eligible to receive a booster dose of the COVID-19 vaccine. In August 2022, the FDA authorized the use of bivalent formulations of the Pfizer-BioNTech and Moderna vaccines as a booster dose for all persons age 12 and older, and as of October 2022, all persons age 6 and older are eligible to receive a bivalent booster dose. As of April 25, 2023, nearly 82% of the United States population had received at least one dose of a vaccine, over 69% of the population is considered fully vaccinated, and nearly 17% of the fully vaccinated population had received the bivalent booster dose.

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

*Impact on the Commonwealth.* In March 2020, pursuant to an executive order issued by Governor Andy Beshear, all businesses in Kentucky that encourage public congregation, including all entertainment, recreational, and sporting event facilities, were required to close. In April 2020, Governor Beshear announced the Healthy at Work initiative, a phased plan to reopen Kentucky's economy based on criteria set by public health experts, with progress to be monitored by the Kentucky Department for Public Health. In response to increases in new cases of COVID-19 in late June and early July 2020, Governor Beshear signed an executive order mandating masks in most public places for thirty days, which was renewed and remained in place until June 2021.

In June 2021, most COVID-19 regulations and mandates in Kentucky lapsed. As of April 25, 2023, nearly 60% of Kentucky's population is considered fully vaccinated.

*COVID-19 Delta Variant.* The Delta Variant is a mutation of COVID-19 that was first detected in India in December 2020. In July 2021, the Delta Variant became the dominant strain of COVID-19 in the United States. Initial research indicates that the Delta Variant is more contagious than the original strain of COVID-19 and causes more severe infection. Beginning in June 2021, both the United States and Kentucky began seeing an increase in average cases per week, potentially due to the Delta Variant.

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

*COVID-19 BA.2 Variant.* The BA.2 Variant is a subvariant and mutation of the Omicron Variant that was first detected in the Philippines in late November 2021. In March 2022, the BA.2 Variant became the dominant strain of COVID-19 in the United States. Initial research indicates that the BA.2 Variant is more contagious than prior strains of COVID-19 but causes less severe illness. Beginning in March 2022,

both the United States and Kentucky began seeing an increase in average cases per week, potentially due to the BA.2 Variant.

*COVID-19 BA.5 Variant.* The BA.5 Variant is a subvariant and mutation of the Omicron Variant that was first detected in South Africa in February 2022. In July 2022, the BA.5 Variant became the dominant strain of COVID-19 in the United States. Initial research indicates that the BA.5 Variant is more contagious than prior strains of COVID-19 but causes less severe illness. Beginning in June 2022, both the United States and Kentucky began seeing an increase in average cases per week, potentially due to the BA.5 Variant.

*COVID-19 BQ.1 and BQ.1.1 Variants.* The BQ.1 and BQ.1.1 Variants are subvariants and mutations of the BA.5 Variant that were first detected in Nigeria, France, Japan, Belgium, Denmark, Italy, the United Kingdom, and the United States in July 2022. In November 2022, the BQ.1 and BQ.1.1 Variants became the dominant strains of COVID-19 in the United States. Initial research indicates that the BQ.1 and BQ.1.1 Variants are more contagious than prior strains of COVID-19 but cause less severe illness. Beginning in October 2022, both the United States and Kentucky began seeing an increase in average cases per week, potentially due to the BQ.1 and BQ.1.1 Variants.

*COVID-19 XBB.1.5 Variant.* The XBB.1.5 Variant is a new subvariant and mutation of the BA.2 Variant that was first detected in the United States in October 2022. In January 2022, the XBB.1.5 Variant became the dominant strain of COVID-19 in the United States. Initial research indicates that the XBB.1.5 Variant is the most contagious strain of COVID-19 thus far, but causes less severe illness. Beginning in December 2022, both the United States and Kentucky began seeing an increase in average cases per week, potentially due to the XBB.1.5 Variant.

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

## PLAN OF FINANCING

The proceeds of the 2023 First Series A Bonds will be used for the purposes of (i) funding Financing Agreements entered into by and between the Participants and the Issuer to finance various projects of the Participants, (ii) funding the Debt Service Reserve in accordance with the Indenture, and (iii) paying the fees and costs of issuing the 2023 First Series A Bonds.

## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2023 First Series A Bonds are expected to be received and applied as follows:

### Sources of Funds

|   |           |
|---|-----------|
| Par Amount of 2023 First Series A Bonds           | \$        |
| [Less/Plus] Net Original Issue [Discount/Premium] |           |
| Total   | <u>\$</u> |

### Uses of Funds

|   |           |
|---|-----------|
| Underwriter's Discount                                      | \$        |
| Deposit in Program Fund – Participant Disbursement Accounts |           |
| Deposit in Program Fund – Cost of Issuance Account          |           |
| Deposit in Debt Service Reserve                             |           |
| Total   | <u>\$</u> |

## TAX TREATMENT

### General

In the opinion of Bond Counsel for the 2023 First Series A Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the 2023 First Series A Bonds will be excludable from gross income for federal income tax purposes. Further, Bond Counsel is also of the opinion that interest on the 2023 First Series A 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; provided, however, that interest on any 2023 First Series A Bonds held by an “applicable corporation” will be included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on all applicable corporations for tax years beginning after December 31, 2022 (see TAX TREATMENT – Corporate Alternative Minimum Tax” herein). Furthermore, Bond Counsel is also of the opinion that the interest on the 2023 First Series A Bonds will be exempt from income taxation by the Commonwealth of Kentucky and that the 2023 First Series A 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 2023 First Series A Bonds is set forth in “APPENDIX E – Form of Bond Counsel Opinion” hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion of the interest on certain obligations, such as the 2023 First Series A Bonds, from gross income for federal income tax purposes. The Issuer has covenanted to comply with certain restrictions designed to ensure that interest on the 2023 First Series A 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 2023 First Series A Bonds being includable in the 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 2023 First Series A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2023 First Series A Bonds may adversely affect either the federal or Kentucky tax status of the 2023 First Series A Bonds.

Certain requirements and procedures contained or referred to in the 2023 First Series A Bonds, each of the Financing Agreements funded by the proceeds of the 2023 First Series A Bonds, and any other relevant documents may be changed, and certain actions (including, without limitation, defeasance of the 2023 First Series A 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 2023 First Series A 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 2023 First Series A Bonds is excludable from gross income for federal and Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2023 First Series A 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 the 2023 First Series A Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the 2023 First Series A Bonds may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include,



without limitation, (i) increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, (ii) increasing the federal tax liability of certain insurance companies under Section 832 of the Code, (iii) increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, (iv) increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code, and (v) limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. The ownership of any 2023 First Series A 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 2023 First Series A 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 2023 First Series A Bonds.

The Issuer has not designated the 2023 First Series A Bonds as “qualified tax-exempt obligations” under Section 265 of the Code.

### **Original Issue Discount**

The 2023 First Series A Bonds having a yield that is higher than the interest rate on such 2023 First Series A 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 the bond. The amount of OID accrued will be based on 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 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, that is, as excludible from gross income for federal income tax purposes.

Additionally, the OID that accrues in each year to an owner of a 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 2023 First Series A 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 the Premium Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of such bond premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Bond pursuant to 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,” 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) having 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 that ends 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 interest on the 2023 First Series A Bonds, is included (i) in computing “average annual adjusted financial statement income” for the purpose of determining whether a corporation is 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 2023 First Series A 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 2023 First Series A Bonds, a form of which is set forth in “APPENDIX E – Form of Bond Counsel Opinion” hereto. Certain legal matters relating to the Financing Agreements will be passed upon for each Participant by their respective counsel.

As Bond Counsel, Dinsmore & Shohl has performed certain functions to assist the Issuer 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 Issuer or the 2023 First Series A Bonds that may be made available by the Issuer or others, including the Participants, to the bidders, the Holders of the 2023 First Series A Bonds, or others.

The engagement of the firm as Bond Counsel for the 2023 First Series A Bonds is limited to (i) the preparation of certain documents contained in the transcript of proceedings for the 2023 First Series A Bonds and the related Financing Agreements and (ii) an examination of such transcripts incident to rendering its approving legal opinion for the 2023 First Series A Bonds. In its capacity as Bond Counsel, the firm has reviewed the information set forth in this Official Statement under the headings entitled “INTRODUCTORY STATEMENT,” “THE 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 – Definitions and Summary of the 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 hereof, the 2023 First Series A Bonds have been assigned a rating of “AA-” by S&P Global Ratings (“S&P”). Such rating reflects only the view of S&P. An explanation of the significance of the rating may be obtained from S&P Global Ratings at 55 Water Street, New York, New York 10041, (212) 438-2124. There is no assurance that such rating will continue for any given period of

time or that it will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, the circumstances so warrant. Any such downward revision or withdrawal of such rating could have an adverse effect on the marketability and/or market price of the 2023 First Series A Bonds.

### **CONTINUING DISCLOSURE**

In accordance with Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”), and so long as the 2023 First Series A Bonds are Outstanding, the Issuer will agree, pursuant to the Continuing Disclosure Agreements (each, a “Continuing Disclosure Agreement”) to be dated as of the date of issuance and delivery of the 2023 First Series A Bonds, by and between the Issuer and each Participant receiving proceeds of the 2023 First Series A Bonds (each, an “Obligated Person”), and to each be attached as an Exhibit to the applicable 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 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 similar system that is acceptable to the SEC, audited financial statements for each Obligated Person (the “Annual Financial Information”), all prepared in accordance with generally accepted accounting principles as applied to governmental units, currently found at [www.kybondcorp.org](http://www.kybondcorp.org), and such Annual Financial Information shall be provided on or before March 1 following the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2022, 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 Issuer 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 2023 First Series A Bonds:
  - (a) Principal and interest payment delinquencies;
  - (b) Non-payment related defaults, if material;
  - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (e) Substitution of credit or liquidity providers, or their failure to perform;
  - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of 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 an 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 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 an action, or the termination of any definitive agreement relating to any of such actions, other than pursuant to its terms, if material; and
  - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - (o) Incurrence of a financial obligation of 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 any failure (of which the Obligated Person has knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the applicable Continuing Disclosure Agreement.

“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 an 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 office of the Obligated Parties, 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 2023 First Series A Bonds.

The Issuer first issued Bonds under the Indenture on August 25, 2010. Although required under the Continuing Disclosure Agreements related to the Outstanding Bonds, the Issuer has failed to provide, or has failed to timely provide, certain Annual Financial Information by March 1 of each year since March 2011. Failure to file Annual Financial Information notices have been filed in the past; however, not all Participants were identified in the failure to file notices. The Issuer 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 Participants that has not been made available to the Issuer by those Participants, as of the date of this Official Statement, the Issuer is in compliance, in all material respects, with its 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 regarding the continuing disclosure filings with the MSRB is set forth in “APPENDIX A – The Participants” hereto.

### **FINANCIAL ADVISOR**

RSA Advisors, LLC, Lexington, Kentucky, has acted as Financial Advisor (the “Financial Advisor”) to the Issuer in connection with the issuance of the 2023 First Series A Bonds and will receive a fee, payable from the proceeds of the 2023 First Series A Bonds, for their services as Financial Advisor.

### **UNDERWRITING**

After requesting competitive bids for the 2023 First Series A Bonds, the Issuer has accepted the bid of [\_\_\_\_\_] (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the 2023 First Series A Bonds at an aggregate purchase price of \$[\_\_\_\_\_] which is an amount equal to the principal amount of the 2023 First Series A Bonds, [plus/less] net original [premium/discount] of \$[\_\_\_\_\_] and less underwriters’ discount of \$[\_\_\_\_\_]. The Underwriter is obligated to purchase all of the 2023 First Series A 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 2023 First Series A Bonds to certain dealers (including dealers depositing the 2023 First Series A Bonds into investment trusts) and others at prices 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 2023 First Series A 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 not as representations of fact or certainty. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or Owners of any of the 2023 First Series A Bonds.

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

### **KENTUCKY BOND CORPORATION**

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

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## APPENDIX A

### The 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                     | \$395,000                           | February 1, 2027                    |
| City of Jenkins                        | General Obligation                 | July 31, 2012                      | 90,000                              | February 1, 2032                    |
| City of Vanceburg                      | Utility Revenue                    | July 31, 2012                      | 1,810,000                           | February 1, 2030                    |
| City of Irvington                      | General Obligation                 | September 28, 2012                 | 50,000                              | February 1, 2033                    |
| County of Lee                          | General Obligation                 | September 28, 2012                 | 1,185,000                           | February 1, 2032                    |
| County of Owsley                       | General Obligation                 | September 28, 2012                 | 640,000                             | February 1, 2032                    |
| County of Wolfe                        | General Obligation                 | September 28, 2012                 | 1,115,000                           | February 1, 2032                    |
| Caldwell County Public Health District | General Obligation                 | September 28, 2012                 | 1,115,000                           | February 1, 2033                    |
| City of Albany                         | Utility Revenue                    | November 28, 2012                  | 3,090,000                           | February 1, 2038                    |
| City of Jackson                        | General Obligation                 | November 28, 2012                  | 255,000                             | February 1, 2033                    |
| Fern Creek Fire Protection District    | General Obligation                 | November 28, 2012                  | 20,000                              | February 1, 2024                    |
| City of Greenup                        | Utility Revenue                    | December 20, 2012                  | 1,780,000                           | February 1, 2038                    |
| City of Williamstown                   | Utility Revenue                    | December 20, 2012                  | 40,000                              | February 1, 2024                    |
| City of Jenkins                        | General Obligation                 | February 14, 2013                  | 115,000                             | February 1, 2034                    |
| Hopkinsville Electric Plant Board      | Utility Revenue                    | February 14, 2013                  | 30,000                              | February 1, 2024                    |
| City of Liberty                        | Utility Revenue                    | February 14, 2013                  | 3,325,000                           | February 1, 2040                    |
| City of Ashland                        | Utility Revenue                    | July 11, 2013                      | 725,000                             | February 1, 2029                    |
| City of Greensburg                     | General Obligation                 | July 11, 2013                      | 595,000                             | February 1, 2029                    |
| City of Nortonville                    | Utility Revenue                    | July 11, 2013                      | 2,225,000                           | February 1, 2040                    |
| City of Louisa                         | General Obligation                 | February 28, 2014                  | 30,000                              | February 1, 2025                    |
| City of New Castle                     | General Obligation                 | February 28, 2014                  | 20,000                              | February 1, 2025                    |
| City of Paris                          | Utility Revenue                    | February 28, 2014                  | 1,255,000                           | February 1, 2032                    |
| City of Wheelwright                    | General Obligation                 | February 28, 2014                  | 415,000                             | February 1, 2041                    |
| City of Ashland                        | General Obligation                 | May 2, 2014                        | 1,085,000                           | February 1, 2030                    |
| City of Beaver Dam                     | General Obligation                 | May 2, 2014                        | 1,640,000                           | February 1, 2041                    |
| City of Jackson                        | General Obligation                 | May 2, 2014                        | 1,080,000                           | February 1, 2027                    |
| City of Ludlow                         | General Obligation                 | May 2, 2014                        | 740,000                             | February 1, 2041                    |
| City of Muldraugh                      | General Obligation                 | May 2, 2014                        | 170,000                             | February 1, 2035                    |
| Concorde Fire Protection District      | General Obligation                 | November 20, 2014                  | 640,000                             | February 1, 2031                    |
| City of Greensburg                     | Utility Revenue                    | November 20, 2014                  | 725,000                             | February 1, 2032                    |
| City of Vanceburg                      | Utility Revenue                    | November 20, 2014                  | 2,080,000                           | February 1, 2040                    |
| East Casey County Water District       | Utility Revenue                    | December 17, 2014                  | 2,020,000                           | February 1, 2039                    |
| City of Frenchburg                     | Utility Revenue                    | December 17, 2014                  | 870,000                             | February 1, 2040                    |
| City of Williamsburg                   | General Obligation                 | December 30, 2014                  | 1,265,000                           | February 1, 2031                    |
| Boyd County Sanitation District No. 4  | Utility Revenue                    | May 6, 2015                        | 6,430,000                           | February 1, 2038                    |
| City of Williamstown                   | General Obligation                 | May 6, 2015                        | 630,000                             | February 1, 2036                    |
| City of LaGrange                       | General Obligation                 | December 2, 2015                   | 365,000                             | February 1, 2028                    |
| City of Hickman                        | General Obligation                 | March 16, 2016                     | 2,295,000                           | February 1, 2037                    |
| City of Frenchburg                     | General Obligation                 | June 1, 2016                       | 115,000                             | February 1, 2029                    |
| City of Hillview                       | General Obligation                 | June 1, 2016                       | 5,175,000                           | February 1, 2042                    |
| City of Fulton                         | Renewable Lease                    | October 20, 2016                   | 5,300,000                           | February 1, 2037                    |
| City of Franklin                       | Utility Revenue                    | November 30, 2016                  | 905,000                             | February 1, 2037                    |
| City of Grand Rivers                   | General Obligation                 | November 30, 2016                  | 200,000                             | February 1, 2037                    |
| City of LaGrange                       | General Obligation                 | November 30, 2016                  | 665,000                             | February 1, 2027                    |

| <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> |
|---|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Magoffin County Library District        | General Obligation                 | October 24, 2017                   | 3,485,000                           | February 1, 2042                    |
| City of Campbellsville                  | General Obligation                 | March 29, 2018                     | 540,000                             | February 1, 2033                    |
| City of Grayson                         | General Obligation                 | March 29, 2018                     | 6,600,000                           | February 1, 2048                    |
| Monroe County Library District          | General Obligation                 | March 29, 2018                     | 1,025,000                           | February 1, 2048                    |
| City of Williamsburg                    | General Obligation                 | March 29, 2018                     | 225,000                             | February 1, 2033                    |
| Corbin Public Library                   | Revenue                            | August 2, 2018                     | 1,180,000                           | February 1, 2042                    |
| City of Rolling Hills                   | General Obligation                 | August 2, 2018                     | 165,000                             | February 1, 2042                    |
| City of Southgate                       | General Obligation                 | August 2, 2018                     | 480,000                             | February 1, 2042                    |
| Kentucky Bar Association                | Revenue                            | September 26, 2018                 | 3,165,000                           | February 1, 2042                    |
| City of Bardwell                        | Utility Revenue                    | December 20, 2018                  | 925,000                             | February 1, 2039                    |
| City of Hillview                        | General Obligation                 | December 20, 2018                  | 660,000                             | February 1, 2034                    |
| City of Augusta                         | General Obligation                 | June 5, 2019                       | 145,000                             | February 1, 2029                    |
| City of Lynnview                        | General Obligation                 | June 5, 2019                       | 60,000                              | February 1, 2024                    |
| City of Olive Hill                      | Utility Revenue                    | June 5, 2019                       | 10,505,000                          | February 1, 2049                    |
| City of Jackson                         | Utility Revenue                    | September 25, 2019                 | 2,345,000                           | February 1, 2040                    |
| City of Lewisport                       | General Obligation                 | September 25, 2019                 | 1640,000                            | February 1, 2029                    |
| City of Russell Springs                 | Utility Revenue                    | September 25, 2019                 | 1,405,000                           | February 1, 2037                    |
| City of Clarkson                        | General Obligation                 | October 16, 2019                   | 130,000                             | February 1, 2030                    |
| City of Hardinsburg                     | Utility Revenue                    | October 16, 2019                   | 6,040,000                           | February 1, 2046                    |
| City of Harrodsburg                     | Utility Revenue                    | October 16, 2019                   | 2,755,000                           | February 1, 2043                    |
| City of West Liberty                    | Utility Revenue                    | October 16, 2019                   | 1,630,000                           | February 1, 2044                    |
| City of Beattyville                     | Utility Revenue                    | January 9, 2020                    | 2,515,000                           | February 1, 2045                    |
| City of Grayson                         | Utility Revenue                    | January 9, 2020                    | 1,745,000                           | February 1, 2040                    |
| City of Hazard                          | Utility Revenue                    | January 9, 2020                    | 3,035,000                           | February 1, 2046                    |
| City of Jamestown                       | Utility Revenue                    | January 9, 2020                    | 4,070,000                           | February 1, 2047                    |
| City of Lancaster                       | Utility Revenue                    | January 9, 2020                    | 1,100,000                           | February 1, 2042                    |
| City of Booneville                      | Utility Revenue                    | May 13, 2020                       | 1,275,000                           | February 1, 2044                    |
| City of Burkesville                     | Utility Revenue                    | May 13, 2020                       | 690,000                             | February 1, 2032                    |
| City of Campton                         | Utility Revenue                    | May 13, 2020                       | 820,000                             | February 1, 2043                    |
| City of Lewisburg                       | Utility Revenue                    | May 13, 2020                       | 655,000                             | February 1, 2038                    |
| City of Cynthiana                       | General Obligation                 | July 1, 2020                       | 2,875,000                           | February 1, 2043                    |
| City of Elkton                          | Utility Revenue                    | July 1, 2020                       | 300,000                             | February 1, 2046                    |
| City of Hopkinsville                    | General Obligation                 | July 1, 2020                       | 3,175,000                           | February 1, 2040                    |
| Greenup Boyd County Riverport           | Revenue                            | July 30, 2020                      | 3,265,000                           | February 1, 2050                    |
| City of Corbin                          | General Obligation                 | July 30, 2020                      | 2,325,000                           | February 1, 2029                    |
| City of Hillview                        | General Obligation                 | July 30, 2020                      | 515,000                             | February 1, 2030                    |
| City of Jackson                         | Utility Revenue                    | July 30, 2020                      | 635,000                             | February 1, 2040                    |
| City of Lynnview                        | General Obligation                 | July 30, 2020                      | 320,000                             | February 1, 2035                    |
| City of West Liberty                    | General Obligation                 | July 30, 2020                      | 530,000                             | February 1, 2040                    |
| City of Booneville                      | General Obligation                 | November 19, 2020                  | 275,000                             | February 1, 2040                    |
| City of Fort Thomas                     | General Obligation                 | November 19, 2020                  | 9,405,000                           | February 1, 2050                    |
| City of Hazard                          | Utility Revenue                    | November 19, 2020                  | 9,145,000                           | February 1, 2042                    |
| City of Paintsville                     | General Obligation                 | November 19, 2020                  | 640,000                             | February 1, 2031                    |
| City of Corbin                          | General Obligation                 | February 4, 2021                   | 2,355,000                           | February 1, 2051                    |
| City of Brandenburg                     | Utility Revenue                    | February 4, 2021                   | 8,410,000                           | February 1, 2042                    |
| City of Crescent Springs Fire Authority | General Obligation                 | April 21, 2021                     | 2,166,000                           | February 1, 2046                    |
| City of Villa Hills Fire Authority      | General Obligation                 | April 21, 2021                     | 3,249,000                           | February 1, 2046                    |

| <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 Evarts                        | Utility Revenue                    | April 21, 2021                     | 440,000                             | February 1, 2034                    |
| City of Hodgenville                   | Utility Revenue                    | April 21, 2021                     | 770,000                             | February 1, 2039                    |
| Meade County Water                    | Utility Revenue                    | April 21, 2021                     | 1,975,000                           | February 1, 2050                    |
| City of Morgantown                    | General Obligation                 | April 21, 2021                     | 3,060,000                           | February 1, 2041                    |
| City of Pineville                     | General Obligation                 | April 21, 2021                     | 1,380,000                           | February 1, 2051                    |
| City of Shelbyville                   | General Obligation                 | April 21, 2021                     | 6,075,000                           | February 1, 2041                    |
| City of Hopkinsville                  | General Obligation                 | May 20, 2021                       | 315,000                             | February 1, 2040                    |
| City of Williamsburg                  | General Obligation                 | May 20, 2021                       | 5,845,000                           | February 1, 2046                    |
| City of Williamsburg                  | Revenue                            | May 20, 2021                       | 2,040,000                           | February 1, 2047                    |
| City of Barbourville                  | General Obligation                 | July 13, 2021                      | 650,000                             | February 1, 2051                    |
| Corinth Water District                | Utility Revenue                    | July 13, 2021                      | 1,920,000                           | February 1, 2045                    |
| County of Boyd                        | General Obligation                 | July 13, 2021                      | 13,020,000                          | February 1, 2052                    |
| City of Booneville                    | General Obligation                 | October 20, 2021                   | 145,000                             | February 1, 2051                    |
| Boyd County Sanitation District No. 4 | Utility Revenue                    | October 20, 2021                   | 1,115,000                           | February 1, 2033                    |
| City of Paintsville                   | General Obligation                 | October 20, 2021                   | 1,455,000                           | February 1, 2051                    |
| City of Southgate                     | General Obligation                 | October 20, 2021                   | 395,000                             | February 1, 2041                    |
| City of Tompkinsville                 | Utility Revenue                    | October 20, 2021                   | 2,640,000                           | February 1, 2048                    |
| City of Campbellsburg                 | General Obligation                 | December 16, 2021                  | 615,000                             | February 1, 2051                    |
| City of Corbin                        | General Obligation                 | December 16, 2021                  | 3,010,000                           | February 1, 2037                    |
| Hopkinsville Electric Plant Board     | Utility Revenue                    | December 16, 2021                  | 9,760,000                           | February 1, 2038                    |
| City of Pineville                     | Utility Revenue                    | December 16, 2021                  | 3,005,000                           | February 1, 2040                    |
| Boyd County Sanitation District No. 4 | Utility Revenue                    | April 6, 2022                      | 7,515,000                           | February 1, 2043                    |
| City of Calvert City                  | General Obligation                 | April 6, 2022                      | 565,000                             | February 1, 2047                    |
| City of Grayson                       | Utility Revenue                    | April 6, 2022                      | 4,925,000                           | February 1, 2044                    |
| City of Midway                        | General Obligation                 | June 8, 2022                       | 2,835,000                           | February 1, 2052                    |
| City of Shelbyville                   | General Obligation                 | July 21, 2022                      | 3,120,000                           | February 1, 2042                    |
| City of Shelbyville                   | General Obligation                 | July 21, 2022                      | 13,420,000                          | February 1, 2052                    |
| Carter County Public Health District  | General Obligation                 | May 24, 2023                       | 2,605,000*                          | February 1, 2048                    |
| City of Franklin                      | General Obligation                 | May 24, 2023                       | 4,165,000*                          | February 1, 2048                    |
| City of Pikeville                     | General Obligation                 | May 24, 2023                       | 275,000*                            | February 1, 2043                    |
| City of Shepherdsville                | General Obligation                 | May 24, 2023                       | 31,220,000*                         | February 1, 2048                    |

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\* Preliminary, subject to change.



**APPENDIX B**

**Demographic and Financial Information Relating to Participants  
Receiving Proceeds of the 2023 First Series A Bonds**

(See attachment)

## APPENDIX C

### **Definitions and Summary of the Indenture**

#### **Definitions**

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

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

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

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

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

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

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

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

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

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

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations of the United States Department of the Treasury promulgated thereunder.

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

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

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

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

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

“Debt Service Fund – Series Subaccount” means that part of the Debt Service Fund so segregated and designated for each Series of Bonds which is established and created by Section 502 and Section 505 of the General Trust Indenture for accounting purposes.

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

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

“Defeasance Obligations” means:

(i) noncallable direct obligations of the United States of America, noncallable and nonprepayable direct federal agency obligations the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the United States of America, noncallable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including “CATS,” “TIGRS,” and “TRS,” unless the Corporation obtains a confirmation that the Bonds defeased thereby shall be rated in the highest

rating category by S&P and the interest components of REFCORP bonds for which the underlying bond is noncallable (or noncallable before the due date of such interest component)) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book entry form, and shall exclude investments in mutual funds and unit investment trusts;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Optional Prepayment Price” means the amount, as determined by the Corporation and provided to the Trustee, which a Participant may, in its sole discretion, pay hereunder in order to prepay the Financing Payments in full, which amount shall be equal to the outstanding principal component of the Financing Payments, plus the sum of (a) the unpaid amount of any then due or past due Financing Payments, together with the accrued interest on such Financing Payments to the date of the prepayment; (b) the unpaid accrued interest on the outstanding principal component of the Financing Payments to the next date on which the Bonds can be redeemed; (c) an amount of Defeasance Obligations, as defined in the General Trust Indenture, 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, if the Financing Agreement had not been prepaid, between the date of the prepayment and the date on which the prepayment will be used to redeem the Bonds; (d) any additional Financing Payments, to the extent known or determinable at the time the prepayment is made through the date that the prepayment will be used to redeem the Bonds; and (e) an amount equal to the premium, if any, payable on any Bonds to be redeemed on account of the payment of such Optional Prepayment Price. A Financing Agreement may not be prepaid if, for any reason, the Optional Prepayment Price cannot be calculated.

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

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

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

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

“Participant Disbursement Accounts” means, for each Series of Bonds, the accounts of the Program Fund so designated which are established and created by Section 502 and Section 503 of the General Trust Indenture.

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

“Participant Payment Accounts” means, for each Series of Bonds, the accounts of the Debt Service Fund so designated which are established and created by Section 502 and Section 505 of the General Trust Indenture.

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

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

“Pledged Receipts”

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

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

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

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

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

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

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

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

“Program Fund” means the Fund so designated which is established and created by Section 502 and Section 503 of the General Trust Indenture.

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

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

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

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

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

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

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

“Revenue Fund” means the Fund so designated which is established and created by Section 502 and Section 504 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.

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

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

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

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

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

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

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

“State” means the Commonwealth of Kentucky.

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

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

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

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

“Surplus Fund” means the Fund so designated which is created by Section 502 and Section 508 of the General Trust Indenture.

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

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

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

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



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

## **Summary of the Indenture**

### Authorization and Issuance of Bonds

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

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

*Authorization for Issuance of 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, the Corporation may authorize the issuance of a Series of Bonds upon the adoption of a Series Resolution and the execution of a Series Trust Indenture, and the Bonds of any such Series may be issued and delivered upon compliance with the provisions of Article II and Article VIII of the General Trust Indenture. The Bonds of each Series will bear the title “Kentucky Bond Corporation Financing Program Revenue Bonds,” and, at the option of the Corporation, any other designation as may be necessary to distinguish such Bonds from the Bonds of any other Series. Bonds of any Series may be authorized to be issued in the form provided by the applicable Series Trust Indenture.

### Establishment of Funds and Accounts; Application of Pledged Receipts

#### *The Pledge Effected By the General Trust Indenture.*

(1) Under the General Trust Indenture, there are pledged, for the payment of the principal or Redemption Price of and interest on the Bonds and any Sinking Fund Installments in respect thereof, all 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 to or for the purposes and on the terms and conditions set forth therein: (i) the proceeds received 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 Investment Obligations acquired from the proceeds of any Bonds or by application of moneys on deposit in any of the Funds and Accounts; (iii) the Pledged Receipts; (iv) all of the Financing Agreements; and (v) all of the Funds and Accounts created and established under the General Trust Indenture and any Series Trust Indenture, including all moneys and securities on deposit therein, except the Rebate Fund.

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

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

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

*Establishment of Funds and Accounts.* The Corporation, in accordance with the terms of the General Trust Indenture, on the effective date thereof, formally established and affirmed, separate and apart from all other funds and accounts of the Corporation, the following special trust Funds and the following Accounts within such Funds:

- (1) Program Fund
  - (a) Cost of Issuance Account (Series)
  - (b) Participant Disbursement Accounts (Participant designation)
- (2) Revenue Fund
- (3) Debt Service Fund
  - (a) First Series Interest Account
  - (b) First Series Principal Account
  - (c) Second Series Interest Account
  - (d) Second Series Principal Account
  - (e) Third Series Interest Account
  - (f) Third Series Principal Account
  - (g) Participant Payment Accounts (Participant designation)
- (4) Debt Service Reserve
- (5) Supplemental Debt Service Reserve
- (6) Rebate Fund
- (7) Surplus Fund

- (8) Any other Funds and Accounts which may be created by a Series Trust Indenture and which are not inconsistent with the requirements of the General Trust Indenture.

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

*Program Fund.*

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

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

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

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

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

- (b) a Certificate signed by an Authorized Officer stating that the amount to be paid from the Cost of Issuance Account in accordance with such requisition is a proper charge thereon. Upon receipt of each such requisition, the Trustee will deliver to the Corporation, or the payee designated in such Certificate or requisition, a check, draft, or wire payable from the funds on deposit in the applicable Cost of Issuance Account for the payment of each item. If any moneys remain in a Cost of Issuance Account on the date which is one year from the date of issuance of the applicable Series of Bonds, the Trustee will notify the Corporation of the remaining balance and the Corporation will direct the Trustee with respect to the disposition of such amounts.

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

- (5) Any moneys credited to a Participant Disbursement Account will be expended only for the purpose identified in the related Financing Agreement, subject to the provisions and restrictions set forth in the General Trust Indenture and 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 will accrue to, and be a part of, such Participant Disbursement Account.

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

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

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

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

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

*Revenue Fund.*

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

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

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

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

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

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

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 transfers of amounts in the Participant Payment Accounts available for such purpose), will equal the interest on all Outstanding First Series Bonds accrued and unpaid on 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 transfers of amounts in the Participant Payment Accounts available for such purpose), will equal the Principal Installments of all Outstanding First Series Bonds due and unpaid on 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 transfers of amounts in the Participant Payment Accounts available for such purpose and amounts transferred from the Supplemental Debt Service Reserve to pay interest on the Supplemental Reserve Bonds), will equal the interest on all Outstanding Second Series Bonds accrued and unpaid on 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 transfers of amounts in the Participant Payment Accounts available for such purpose), will equal the Principal Installments of all Outstanding Second Series Bonds due and unpaid on such Principal Installment Date.

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

Sixth: When due, to pay the 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 transfers of amounts in the Participant Payment Accounts available for such purpose and amounts transferred from the Supplemental Debt Service Reserve to pay interest on the Supplemental Reserve Bonds), will equal the interest on all Outstanding Third Series Bonds accrued and unpaid on 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 transfers of amounts in the Participant Payment Accounts available for such purpose), will equal the Principal Installments of all Outstanding Third Series Bonds due and unpaid on such Principal Installment Date.

Ninth: When due, to pay the Administrative Expenses to the persons or entities entitled thereto; provided, however, that, in accordance with the Supplemental Trust Indenture authorizing the issuance of the 2012 First Series E Bonds, (i) no amounts on deposit in the Revenue Fund will be disbursed to pay any Administrative Expenses (the "Withheld Amounts") if the amount then on deposit in the Supplemental Debt Service Reserve is less than the Supplemental Debt Service Reserve Requirement, and (ii) the Withheld Amounts may be disbursed from the Revenue Fund (in the same priority as the Administrative Expenses) so long as the amount then on deposit in the Supplemental Debt Service Reserve is no less than the Supplemental Debt Service Reserve Requirement.

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

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

*Debt Service Fund.*

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

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

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

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

payments; provided, however, that amounts transferred from the Supplemental Debt Service Reserve under Section 507(3) of the General Trust Indenture will only be used to pay interest on the Supplemental Reserve Bonds.

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

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

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

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

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

(a) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not to exceed the Redemption Price payable from the Sinking Fund Installments for such Bonds when such Bonds are redeemable by application of the 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

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

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

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

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

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

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

*Debt Service Reserve.*

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

(2) 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 Debt Service Fund, the Surplus Fund, or the Revenue Fund are not adequate for such purpose, and the funds on deposit in the Debt Service Reserve will be transferred, in a timely manner, in order to effectuate the intent of General Trust Indenture and the



purposes of the Debt Service Reserve, to the following Funds and Accounts, in the amounts and in the order of priority as follows:

First: On any 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, will equal the interest on all Outstanding First Series Bonds accrued and unpaid on such Interest Payment Date.

Second: On any 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, will equal the Principal Installments of all Outstanding First Series Bonds accrued and unpaid on such Principal Installment Date.

Third: On any 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, will equal the interest on all Outstanding Second Series Bonds accrued and unpaid on such Interest Payment Date.

Fourth: On any 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, will equal the Principal Installments of all Outstanding Second Series Bonds accrued and unpaid on such Principal Installment Date for Second Series Bonds.

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

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

[Further, under certain Series Trust Indentures, a portion of the proceeds of the related First Series Bonds will be deposited in the Debt Service Reserve, to be invested in Investment Obligations by the Trustee in accordance with the applicable Series Trust Indenture and the written instructions of the Issuer, and may be advanced to the Participants for the payment of debt service under the terms prescribed in the General Trust Indenture, the applicable Series Trust Indentures, and the Financing Agreements. Notwithstanding the provisions of the General Trust Indenture regarding the Debt Service Reserve set forth above, the portions of the proceeds of any First Series Bonds used to fund an increase to the Debt Service Reserve are payable solely from the investment earnings on such proceeds.]

*Supplemental Debt Service Reserve.*

(1) There shall be deposited to the credit of the Supplemental Debt Service Reserve (a) the proceeds of any Bonds or any other funds so provided to be deposited therein by any Series Trust Indenture, (b) any amounts from the Revenue Fund or the Surplus Fund required to be deposited therein by the General Trust Indenture, (c) any moneys received on account of or in connection with any Investment Obligations

credited to the Supplemental Debt Service Reserve as provided herein, and (d) any other amount directed to be deposited therein as provided by a letter of instructions from an Authorized Officer of the Corporation addressed to the Trustee.

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

(3) Any interest earned or sums realized as a result of the investment of the 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 (2) above, shall be transferred in a timely manner to the following Funds and Accounts, in the amounts and in the order of priority as follows:

First: On any 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, will equal the interest on all Outstanding Second Series Bonds accrued and unpaid on such Interest Payment Date, but only to the extent required to pay the interest then due on the Supplemental Reserve Bonds that are Second Series Bonds (if any Second Series Bonds are then Outstanding).

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

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

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

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

To the extent that any investment earnings are generated from any Fund or Account subject to the “rebate” requirements under the Code, the Corporation will calculate the excess income generated over the permitted “yield” and advise and direct the Trustee to remit any such excess to the United States government on or before a 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 after the date on which funds sufficient for the complete retirement of the last remaining Series of Bonds Outstanding are deposited with the Paying Agent or any escrow agent, if and to the extent required by the Code.

*Surplus Fund.*

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

(2) The Trustee will apply the amounts on deposit in the Surplus Fund to the following purposes and in the following order of priority:

First: On any Interest Payment Date for the 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 the interest on all Outstanding First Series Bonds due on such Interest Payment Date.

Second: On any Principal Installment Date for the 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 on such Principal Installment Date.

Third: On any Interest Payment Date for the 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 the Supplemental Reserve Bonds, from the Supplemental Debt Service Reserve) are not expected to be sufficient to pay the interest on all Outstanding Second Series Bonds due on such Interest Payment Date.

Fourth: On any Principal Installment Date for the 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 on such Principal Installment Date.

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

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

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

*Notes and Other Obligations.*

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

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

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

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

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

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

(4) The Trustee shall keep the Corporation fully advised as to the details of all such investments and shall comply with any written instructions of the Corporation with respect to any investments in Investment Obligations. Except as otherwise provided in the General Trust Indenture or any Series Trust Indenture, earnings and losses on any 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.

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

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

#### Covenants of the Corporation

*Assignment of Financing Agreements.* In accordance with the pledge set forth in Section 501 of the General Trust Indenture, the Corporation will assign and transfer each Financing Agreement to the Trustee and will instruct each Participant which is a party to a Financing Agreement to make payments directly to the Trustee for deposit in the Revenue Fund under Section 504 of the General Trust Indenture or for deposit in a Participant Payment Account under Section 505(10) of the General Trust Indenture.

#### *Accounts and Reports.*

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

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

- (a) Program operations;
- (b) Program receipts and expenditures; and

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

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

*Program Administration.*

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

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

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

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

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

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

(d) the performance or observation by the Program Administrator of any of its duties or obligations with respect to the Financing Payments or the Optional Prepayment Prices in a manner which causes there to be an insufficiency of funds available to pay, when due, the amounts payable under or with respect to the Bonds or the expenses of the Program;

(e) the Program Administrator (i) suffers or permits to be entered a decree or order of any court, agency, or other supervisory authority having jurisdiction in the premises determining it to be insolvent or providing for the appointment of a conservator, receiver, liquidator, trustee, or

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

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

(g) the occurrence of an Event of Default.

(4) If the Program Administrator resigns or is removed in accordance with the terms of the General Trust Indenture, the Corporation, after consulting with the Participants to solicit names of a suitable successor, will appoint another entity to act as successor Program Administrator; provided, however, that if the Corporation fails or refuses to appoint a successor Program Administrator within sixty days after the resignation or removal of the Program Administrator, the Trustee may appoint, or may petition a court, at the expense of the Corporation, for the appointment of a successor Program Administrator. Any successor Program Administrator will signify its acceptance of the duties and obligations of Program Administrator by a written instrument of acceptance in accordance with which such successor Program Administrator will (a) agree to perform and observe all of the duties and obligations of the Program Administrator under the General Trust Indenture (such agreement to be enforceable by the Trustee and to inure to the benefit of the Trustee and the Holders of the Bonds), (b) acknowledge its receipt of copies of the General Trust Indenture and the Financing Agreements, and (c) specify its address for notices under the General Trust Indenture and the Financing Agreements.

(5) The Program Administrator will perform (i) all of the duties and obligations of the Lessor under each Lease, (ii) all of the duties and obligations of the Corporation under the General Trust Indenture (and the Corporation has appointed the Program Administrator as its 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 programs similar to the Program.

(6) Without limiting the provisions set forth in paragraph (5) above, the Program Administrator will have the following specific duties and obligations:

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

(i) The Program Administrator will collect, review, and, if appropriate, submit applications for Financing Agreements for review. In connection with the origination of the Financing Agreements, the Program Administrator (1) will prepare and complete, or cause to be prepared and completed, all documentation relating to the Financing Agreements, and (2) will prepare the initial schedule of Financing Payments under the Financing Agreements and review any 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 will approve any disbursements from Participant Disbursement Accounts if, and only

if, the applicable conditions to such disbursements set forth in the Financing Agreements and the General Trust Indenture have been fulfilled.

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

(1) a certified copy of the resolution or ordinance adopted by the Participant authorizing the execution and delivery of the Financing Agreement by the Participant, substantially in the form provided in Annex A to the General Trust Indenture;

(2) an opinion of counsel to the Participant, substantially in the form provided in Annex A to the General Trust Indenture;

(3) a certificate of the officials of the Participant that are authorized to execute the Financing Agreement on behalf of the Participant, substantially in the form provided in Annex A to the General Trust Indenture;

(4) a fully executed Financing Agreement, in the applicable form and substance, and substantially as set forth in Annex A to the General Trust Indenture;

(5) for each Participant financing a Project, (A) contracts in form and substance acceptable to the Program Administrator with respect to the components of the Project, (B) a schedule of the Costs of the Project giving the estimated dates and amounts of projected expenditures for the Project, and (C) a certificate stating that the Participant will use due diligence to expend all amounts deposited in its Participant Disbursement Account to acquire, construct, equip, and install the Project as promptly as reasonably possible;

(6) to the extent required by the Rule, an agreement with respect to its continuing disclosure obligations under the Rule;

(7) if the Participant is refinancing any outstanding obligations, in addition to the items required by (1) through (6) above, (A) the cancelled obligation or evidence satisfactory to the Program Administrator of the release and satisfaction of the outstanding obligation being refinanced, (B) evidence satisfactory to the Program Administrator that the outstanding obligation 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 information, including a title insurance policy, in form and substance satisfactory to the Program Administrator, as the Program Administrator may require.

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

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

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



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

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

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

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

(vii) The Program Administrator will revise the schedules of payments under the Financing Agreements and will bill the Participants for, and/or notify the Participants of estimates of, additional payments under the Financing Agreements (1) at such times and in such manner as is required by the provisions of the 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 in order to result in the availability of sufficient Financing Payments to pay, when due, all amounts due or to become due under and with respect to the Bonds and all expenses of the Program.

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

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

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

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

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

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

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

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

### Supplemental Trust Indentures

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

(1) To add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are

not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the General Trust Indenture;

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

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

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

(5) To modify any of the provisions of the General Trust Indenture or any Series Trust Indenture in any other respect; provided, however, that such modifications will not be effective until all of the Bonds of any Series Outstanding as of the date of the execution and delivery of such Series Resolution or Series Trust Indenture will cease to be Outstanding, and all Bonds issued under such Series Resolution will contain a specific reference to the modifications contained in such subsequent Series Resolutions or Series Trust Indentures;

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

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

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

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

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

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

#### Amendments to the General Trust Indenture and Series Trust Indentures

*Powers of Amendment.* Any modification of or amendment to the General Trust Indenture or any Series Trust Indenture and the rights and obligations of the Corporation and the Holders of the Bonds, in any particular, under and in accordance with Section 802 of the General Trust Indenture, may be made by

a Supplemental Trust Indenture, with the written consent, given as provided in Section 902 of the General Trust Indenture, (i) of 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 several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the General Trust Indenture; and provided, further, that no such modification or amendment (a) will permit a change in the terms of the redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond; (b) will reduce the percentages or otherwise affect the classes of the Bonds, the consent of the Holders of which is required to effect any such modification or amendment; or (c) will create a privilege or priority of any First Series Bond or Bonds over any other First Series Bond or Bonds or a privilege or priority of any Second Series Bond or Bonds over any other Second Series Bond or Bonds or over any First Series Bond or Bonds. A Series of Bonds will be deemed to be affected by a modification of or amendment to the General Trust Indenture or any Series Trust Indenture if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series. The Trustee may, in its discretion, determine whether or not, in accordance with the foregoing provisions, any Bonds of any particular Series or maturity would be adversely affected by any such modification of or amendment to the General Trust Indenture, and any such determination will be binding and conclusive on the Corporation and the Holders of the Bonds. The Trustee may receive an opinion of Counsel, including a Counsel's Opinion, as conclusive evidence as to whether the Bonds of any Series or maturity would be so affected by any modification of or amendment to the General Trust Indenture or any Series Trust Indenture.

*Consent of Bondholders.* The Corporation may, at any time, adopt a Supplemental Trust Indenture to make a modification or an amendment permitted by the provisions of Section 802 of the General Trust Indenture, to take effect when and as provided in Section 902 of the General Trust Indenture. A copy of such Supplemental Trust Indenture (or a brief summary thereof or reference thereto, in such form as is approved by the Trustee), together with a request to Bondholders for their consent thereto, in form satisfactory to the Trustee, will promptly, after the adoption thereof, be mailed by the Corporation to Bondholders; provided, however, that any failure to mail such copy and request will not affect the validity of the Supplemental Trust Indenture if consented to as provided in the General Trust Indenture. Such Supplemental Trust Indenture will not be effective unless and until (i) there is filed with the Trustee (a) the written consents of the Holders of the percentages of the Outstanding Bonds specified in Section 901 of the General Trust Indenture, and (b) a Counsel's Opinion stating that such Supplemental Trust Indenture has been duly and lawfully adopted and filed by the Corporation in accordance with the provisions of the General Trust Indenture, is authorized or permitted by the General Trust Indenture, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (ii) a notice is mailed as provided in General Trust Indenture. Each such consent will be effective only if accompanied by proof of the holding, on the date of such consent, of the Bonds with respect to which such consent is given, which proof shall comply with the provisions set forth in Section 1202 of the General Trust Indenture. A certificate of the Trustee stating that it has examined such proof and that such proof is sufficient under Section 1202 of the General Trust Indenture will be conclusive evidence that the consents have been given by the Holders of the Bonds described in such certificate of the Trustee. Such consent will be binding upon the Holder of the Bonds giving such consent and, notwithstanding anything in Section 1202 of the General Trust Indenture to the contrary, upon any subsequent Holder of such Bonds and any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided in Section 902 of the General Trust Indenture is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation, in the manner

permitted by Section 1202 of the General Trust Indenture. The fact that a consent has not been revoked may also 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 have filed their consent to the Supplemental Trust Indenture, the Trustee will make and file with the Corporation a written statement that the Holders of the required percentages of the Bonds have filed such consents, which written statement will be conclusive evidence that such consents have been so filed. At any time thereafter, notice, stating that the Supplemental Trust Indenture (which may be referred to as a Supplemental Trust Indenture adopted by the Corporation on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this paragraph, will be mailed to the Bondholders by the Corporation, not more than ninety days after the Holders of the required percentages of the Bonds file their consents to the Supplemental Trust Indenture and the written statement of the Trustee is filed. The Corporation will file with the Trustee proof of the mailing of such notice. A transcript, consisting of the papers required or permitted under Section 902 of the General Trust Indenture to be filed with the Trustee, will be proof of the matters therein stated. The Supplemental Trust Indenture making such amendment or modification will be deemed conclusively binding upon the Corporation, the Fiduciaries, and the Holders of all Bonds at the expiration of thirty days after the making or the filing with the Trustee of the proof of the first mailing of such last mentioned notice.

### Default and Remedies

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

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

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

(2) The Corporation shall default in the payment of any installment of interest on any Bond as and when the same shall become due, provided, however, that a failure to pay 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; and

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

### *Remedies.*

(1) Unless otherwise provided in a Series Trust Indenture upon the happening and continuance of any Event of Default specified in Section 1002(2) and (3) of the General Trust Indenture, the Trustee shall proceed or, upon the happening and continuance of any Event of Default specified in Section 1002(3) of the General Trust Indenture, may proceed and, upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Second Series Bonds plus 100% in principal amount of the Outstanding

First Series Bonds, shall proceed in its own name, subject to the provisions set forth herein and subject further to its right to be indemnified to its satisfaction, to protect and enforce its rights and the rights of the Holders of the Bonds by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

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

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

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

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

First: To the payment, to the persons entitled thereto, of all installments of interest then due on the First Series Bonds, in the order of the maturity of such installments, and, if

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

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

Whenever moneys are to be applied by the Trustee in accordance with the provisions of Section 1004 of the General Trust Indenture, such moneys will be applied by the Trustee at such times, and from time to time, as the Trustee, in its sole discretion, will determine, having due regard to the amount of money available for such application and the likelihood of additional money becoming available for such application in the future. The deposit of such moneys with the Fiduciaries, or otherwise setting aside such moneys in trust for the proper purpose, will constitute proper application by the Trustee, and the Trustee will incur no liability whatsoever to the Corporation, any Bondholder, or any other person for any delay in applying 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 the provisions of the General Trust Indenture as may be applicable at the time of application of the moneys by the Trustee. Whenever the Trustee exercises such discretion in applying such moneys, it will fix the date (which will be an Interest Payment Date, unless the Trustee deems another date more suitable) upon which such application is to be made, and upon such date, interest on the

amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate for the fixing of any such date. The Trustee will not be required to make payment to the Holder of any unpaid Bond, unless such Bond will be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

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

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

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

Notwithstanding anything in Section 1007 of the General Trust Indenture or any other provision of the General Trust Indenture or any Series Trust Indenture to the contrary, each Holder of any Bond, by his or her acceptance thereof, will be deemed to have agreed (i) that any court, in its discretion, may require, in any suit (a) for the enforcement of any right or remedy under the General Trust Indenture or any Series Trust Indenture or (b) against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable cost of such suit, and (ii) 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 of Section 1007 of the General Trust Indenture will not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder or group of Bondholders holding at least 25% in principal amount of the Bond then Outstanding, or to any suit instituted by any Bondholders for the enforcement of the payment of the principal or Redemption Price of and interest on any Bond on or after the respective due date of such Bonds, as expressed therein.

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

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

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

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

#### Concerning the Fiduciaries

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

*Evidence on Which Fiduciaries May Act.* Each Fiduciary will be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with Counsel, who may or may not be Counsel to the Corporation, and the opinion of such Counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Fiduciary in good faith and in accordance therewith. Whenever a Fiduciary deems 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, 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 executed by an Authorized Officer of the Corporation, and such certificate will be full warrant for any action taken or suffered in good faith under the General Trust Indenture and any Series Trust Indenture in which such Fiduciary has accepted such trust upon the faith thereof, but, in its discretion, the Fiduciary may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided in the General Trust Indenture, any request, order, notice, or other direction required or permitted under any provision of the General Trust Indenture to be furnished by the Corporation to any of the Fiduciaries will be sufficiently executed if executed in the name of the Corporation by an Authorized Officer thereof.

Prior to taking any action under Article X of the General Trust Indenture (with the exception of Section 1011 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 hazardous substances), except any liability which is adjudicated to have resulted from the gross negligence or willful misconduct of the Trustee. The Trustee may take action without liability, in which case the Corporation shall reimburse the Trustee for all of the fees and expenses incurred by it under and in accordance with Section 1105 of the General Trust Indenture.

The Trustee is not be required to take notice, and is not be deemed to have notice, of any default or Event of Default under the General Trust Indenture or any Series Trust Indenture, except Events of Defaults described in Section 1002(1) and (2) of the General Trust Indenture, unless the Trustee is specifically notified of the default or Event of Default in a written instrument or document delivered to it by the Corporation or by the Holders of at least 10% of the aggregate principal amount of the Bonds then Outstanding; provided that such notice and all other notices and instruments required to be delivered to the Trustee under the General Trust Indenture must, in order to be effective, be delivered to the designated office of the Trustee. In the absence of the delivery of a notice satisfying those 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 things enumerated in the General Trust Indenture and any Series Trust Indenture shall not be construed as a duty. The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee. The Trustee shall not be accountable for (i) the use or application by the Corporation of any of the Bonds or the proceeds thereof, (ii) the use or application of any money paid over by the Trustee in accordance with the provisions of the General Trust Indenture or any Series Trust Indenture, or (iii) 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 any Series Trust Indenture either directly or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by the Trustee with reasonable care under the General Trust Indenture.

The Trustee shall have no obligation to analyze or review any certificates, documents, information, certifications, financial statements, or reports (“Documents”) received by it under the General Trust 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 Corporation and the Holders of the Bonds. In addition, the Trustee shall have no duty to request copies of any such Documents which are required to be furnished to it under the General Trust Indenture.

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

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

*Resignation of Trustee.* The Trustee may, at any time, resign and be discharged of its duties and obligations under the General Trust Indenture or any Series Trust Indenture by giving not less than sixty days' written notice to the Corporation and by mailing such notice, first-class, postage prepaid, to each Holder of Bonds, and such resignation will take effect on the date specified in such notice unless (i) a successor Trustee has not been appointed as provided in Section 1109 of the General Trust Indenture, or (ii) a successor Trustee has previously been appointed, as provided in Section 1109 of the General Trust Indenture, in which case such resignation will take effect immediately upon the appointment of such successor Trustee.

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

*Appointment of Successor Trustee.* If, at any time, the Trustee resigns, is removed, becomes incapable of acting, or is adjudged as bankrupt or insolvent, or if a receiver, liquidator, or conservator is appointed for the Trustee or its property, or if any public officer takes charge or control of the Trustee or its property of affairs, the Corporation covenants and agrees that it will appoint a successor Trustee. The Corporation will mail notice of any such appointment within twenty days after making such appointment to the Holders of the Bonds by regular United States mail.

If a successor Trustee is not appointed in accordance with the provisions of Section 1109 of the General Trust Indenture within forty-five days after the Trustee gives the Corporation written notice of its

resignation, as provided in Section 1107 of the General Trust Indenture, or after any vacancy in the office of the Trustee has occurred by reason of its removal or its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee, and such court may thereupon, after giving any notice as such court deems proper and prescribes, appoint a successor Trustee.

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

### Miscellaneous

#### *Defeasance.*

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

(2) Bonds or interest installments of a particular Series of Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Corporation of funds for such payment or redemption or otherwise) shall, at the maturity or Redemption Date thereof, be deemed to have been paid, within the meaning and with the effect expressed in paragraph (1) above. Bonds of a particular Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid, within the meaning and with the effect expressed in paragraph (1) above if (i) in case any of such Bonds are to be redeemed on any date before their maturity, the Corporation has 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 has been deposited with the Trustee either moneys in an amount sufficient, or Defeasance Obligations, the principal of and the interest on which, when due, will provide moneys in an amount sufficient, or any Defeasance Obligations contained in the General Trust Indenture, the principal of and the interest on which, when due, will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal or Redemption Price, if any, and interest due and to become due on such Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and the Trustee has received a certificate from a firm of independent certified public accountants to the effect that the amounts deposited are sufficient, without the need to reinvest principal or interest (other than as set forth in written instructions), to make all payments that might become due on the Bonds, or an opinion of counsel to the effect that all conditions precedent to the defeasance have been complied with; and (iii) in the event that such Bonds are not subject to redemption within the next sixty days, the Corporation has given the Trustee,

in form satisfactory to it, irrevocable instructions to notify the Holders of such Bonds of such redemption, in the manner provided in the applicable Series Trust Indenture for giving notice of redemption. Neither the Defeasance Obligations, nor any moneys deposited with the Trustee in accordance with the provisions set forth herein, nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on such Bonds.

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

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

## **Summary of the Forms of Financing Agreements**

### Financing Agreements in General

Each Participant has entered into a Financing Agreement 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 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 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 Participants.

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

Each Lease is assigned to the Trustee, and the Participant acknowledges that the Lease is a part of the Program and that 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 Participant is a full general obligation for the payment of the Lease Rental Payments and the full faith, credit, and revenue of the Participant is pledged for the prompt payment thereof. During the period of the Lease, there is levied on all taxable property of the Participant, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the Lease Rental Payments as and when due; provided, however, that in each year, to the extent that other taxes of the Participant are available for the payment of the Lease Rental Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property of the Participant shall be reduced by the amount of such other taxes so available and appropriated. All of the funds derived from such tax levy are required to be placed in the Sinking Fund maintained by the 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 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 Participant provides written notice to the Lessor by May 31 of any year, the Lease will automatically renew on the following July 1. If the Participant fails to appropriate funds for the payment of Lease Rental Payments under its Lease during a Fiscal Year, an Event of Nonappropriation will be deemed to have occurred. If an Event of Nonappropriation occurs, the Participant will continue to be liable for the Lease Rental Payments during the remainder of the current Fiscal Year. On the first July 1 occurring after an Event of Nonappropriation, the Participant is required to vacate or surrender the Project to the Lessor. In addition, amounts remaining in the Participant Account may be applied to the completion of the Project.

An Event of Default occurs if the Participant fails to make a Lease Rental Payment, fails to vacate or surrender the Project by the July 1 following an Event of Nonappropriation or fails to observe or perform any covenant for a period of thirty days after written notice specifying such failure and requesting that it be remedied. Upon the occurrence of an Event of Default, the Lessor may (i) terminate the Lease and give notice to the 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 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 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 Participants entering into Revenue Leases. Events of Default under a Revenue Lease include failure by the Participant to pay Lease Rental Payments when due or failure by the Participant to observe or perform any covenant for a period of thirty days after 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 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 Participant and, for the payment of Participant Notes and Participant Bonds and the interest thereon, the full faith, credit, and revenue of the applicable Participant will be pledged for the prompt payment thereof.

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

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

Upon an Event of Default the Corporation, as holder of the Participant Bond or Participant Note may, by appropriate court action, enforce the pledge described above so that there is levied on all taxable property of the Participant, in addition to all other taxes, without limitation as to rate or amount, a direct tax annually in an amount sufficient to pay required to be paid under the resolution and 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 Participant within a Fiscal Year. Amounts will be disbursed to the Participant from its Participant Disbursement Account as Costs become due and payable.

As security for payment of its Participant Note, each Participant pledges and grants a first lien and charge on, and security interest in, all of the current taxes and current revenues to be received during the period that its Participant Note will be outstanding which are required by law to be deposited in the Participants operating fund for which the Participant Note was issued.

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

- (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 Issuer or the Trustee.

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

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



## **APPENDIX D**

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

The 2023 First Series A 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 2023 First Series A Bonds and, except as otherwise provided herein with respect to Beneficial Owners of beneficial ownership interests, the Beneficial Owners of the 2023 First Series A Bonds will not be or be considered to be, and will not have any rights as, owners or holders of the 2023 First Series A Bonds under the Indenture.

The following information about the book-entry only system applicable to the 2023 First Series A Bonds has been supplied by DTC. None of the Issuer, the Trustee, the Participants, or the Underwriter makes any representations, warranties, or guarantees with respect to its accuracy or completeness.

DTC will act as the securities depository for the 2023 First Series A Bonds. The 2023 First Series A 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 2023 First Series A Bonds, each in the aggregate principal amount of the respective maturity of the 2023 First Series A 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 a 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 the 2023 First Series A Bonds under DTC’s book-entry system must be made by or through the Direct Participants, which will receive a credit for such 2023 First Series A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2023 First Series A Bond deposited with DTC (each, a “Beneficial Owner”) will be recorded on the Direct Participants’ and the Indirect Participants’ respective records. The Beneficial Owners will not receive written confirmation from DTC of their purchase. However, the Beneficial Owners are expected to receive written confirmations providing the details of the transaction, together with periodic statements of their holdings, from the Direct Participant or the Indirect Participant through which the Beneficial Owner entered into the transaction. All transfers of any ownership

interests in the 2023 First Series A Bonds are to be accomplished by entries made on the books of the Direct Participants and the Indirect Participants acting on behalf of the Beneficial Owners. The Beneficial Owners will not receive certificates representing their ownership interests in the 2023 First Series A Bonds, except in the event that the use of the book-entry system for the 2023 First Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2023 First Series A 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 2023 First Series A Bonds with DTC and the registration of the 2023 First Series A Bonds in the name of Cede & Co., or other DTC nominee, do not affect any change in beneficial ownership of the 2023 First Series A Bonds. DTC has no knowledge of the actual Beneficial Owners of the 2023 First Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 First Series A Bonds are credited, which may or may not be the Beneficial Owners of such 2023 First Series A 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 2023 First Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 First Series A Bonds, such as any redemptions, tenders, defaults, and proposed amendments to the 2023 First Series A Bond documents. For example, the Beneficial Owners of 2023 First Series A Bonds may wish to ascertain that the nominee holding the 2023 First Series A 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 2023 First Series A Bonds shall be sent to DTC. If less than all of the 2023 First Series A Bonds are being redeemed, DTC's practice is to determine, by lot, the amount of the interest of each Direct Participant in the 2023 First Series A Bonds to be redeemed.

Neither DTC, Cede & Co., nor any other DTC nominee will consent or vote with respect to the 2023 First Series A 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 assigns Cede & Co.'s consenting or voting rights to the Direct Participants to whose accounts any of the 2023 First Series A 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 2023 First Series A 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 the Indirect Participants to the Beneficial Owners will be governed by standing instructions and customary practices, as is the case with any 2023 First Series A Bonds held for the accounts of customers in bearer form or any 2023 First Series A 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 Issuer, 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 2023 First Series A 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 Issuer 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 the Indirect Participants.

DTC may discontinue providing its services as the securities depository with respect to the 2023 First Series A Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under any such circumstances, in the event that a successor securities depository is not obtained, 2023 First Series A Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry only transfers of the 2023 First Series A Bonds through DTC (or a successor securities depository). In that event, the 2023 First Series A Bonds will be printed and delivered to DTC.

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

## APPENDIX E

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

*The form of the legal approving opinion of Dinsmore & Shohl LLP, Bond Counsel for the 2023 First Series A Bonds, is set forth below. The actual opinion will be delivered on the date of delivery of the 2023 First Series A 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

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issue of \$41,820,000\* Financing Program Revenue Bonds, 2023 First Series A (the “2023 First Series A Bonds”) of the Kentucky Bond Corporation (the “Issuer”), dated May 24, 2023, numbered R-1 upward, and of denominations of \$5,000 and any integral multiple thereof. The 2023 First Series A Bonds are initially being issued as fully registered bonds, bearing interest, maturing, and subject to mandatory and option redemption upon the terms set forth therein and in a Trust Indenture dated as of July 1, 2010, as supplemented by a Series Trust Indenture, 2023 First Series A dated as of May 1, 2023 (collectively, the “Indenture”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The 2023 First Series A Bonds are authorized under and by virtue of (i) the Constitution and statutes of the Commonwealth of Kentucky, including, particularly, (a) Sections 65.210 through 65.300, inclusive, of the Kentucky Revised Statutes; (b) Chapter 58, Chapter 74, Chapter 76, Chapter 96, Chapter 160, and Chapter 162 of the Kentucky Revised Statutes; and (c) 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 (collectively, the “Act”) and (ii) a resolution adopted by the Board of Directors of the Issuer on April 18, 2023. The 2023 First Series A 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 Issuer under the Indenture (the “Financing Agreements”).

In addition to the transcript of proceedings for the 2023 First Series A Bonds, which includes the Indenture and the Financing Agreements, we have examined laws we have deemed relevant and a specimen 2023 First Series A Bond of this issue and approve its form.

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

1. The Issuer 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.

2. The 2023 First Series A Bonds and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute valid, binding, and enforceable obligations of the Issuer in accordance with their respective terms.

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\* Preliminary, subject to change.

3. The 2023 First Series A Bonds constitute special obligations of the Issuer, and the principal of and premium, if any, and interest on the 2023 First Series A 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 2023 First Series A 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 2023 First Series A Bonds do not represent or constitute an indebtedness of the Issuer or a pledge of the full faith and credit of the Issuer. The Issuer has no taxing power.

4. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, on the 2023 First Series A Bonds, is excludible from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Further, interest on the 2023 First Series A Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax; however, the interest on any 2023 First Series A Bonds held by an applicable corporation, as defined in Section 59(k) of the Code (generally, any corporation with more than \$1,000,000,000 in average annual adjusted financial statement income over a period of three tax years), will be taken into account (a) in calculating average annual adjusted financial statement income for the purpose of determining whether a corporation is an applicable corporation, and (b) in determining adjusted financial statement income of applicable corporations for the purpose of computing the alternative minimum tax imposed on applicable corporations under Section 55 of the Code for all tax years beginning after December 31, 2022. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

5. The interest on the 2023 First Series A Bonds is exempt from income taxation by the Commonwealth of Kentucky, and the 2023 First Series A Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

The Issuer 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 on the date hereof. In giving this opinion, we have relied upon covenants and certifications of facts, estimates, and expectations made by the Issuer, the Participants, and others in the transcript for the 2023 First Series A Bonds, which we have not independently verified. It is to be understood that the enforceability of the 2023 First Series A 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 F**

**OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

**\$41,820,000\***

**Kentucky Bond Corporation  
Financing Program Revenue Bonds,  
2023 First Series A**

**SALE**

As noticed in conformity with Chapter 424 of the Kentucky Revised Statutes, the Kentucky Bond Corporation (the “Issuer”), acting as the agency and instrumentality of, and on behalf of, certain public agencies (the “Participants”) that are participating in a financing program (the “Program”) created for public agencies that are or become parties to an Interlocal Cooperation Agreement, will, until May 4, 2023, at 11:30 A.M., E.D.T. (or at such later times and dates announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system), receive electronic bids for the purchase of its \$41,820,000\* Financing Program Revenue Bonds, 2023 First Series A (the “2023 First Series A Bonds”). Alternatively, written and sealed or facsimile bids for the 2023 First Series A Bonds will be received, by the designated 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 no other provider of electronic bidding services will be accepted. Bids will be opened and acted upon later that same day.

**THE BONDS**

The 2023 First Series A Bonds are being offered for sale in a principal amount of Forty-Two Million Five Hundred Forty-Five Thousand Dollars (\$42,585,000), issuable as fully registered bonds in authorized denominations of \$5,000 and any integral multiple thereof, maturing as to principal on February 1, 2024 and each February 1 thereafter through and including February 1, 2048.

The 2023 First Series A Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, will be dated their date of initial delivery, will bear interest from such date, payable semiannually on each February 1 and August 1 (each, an “Interest Payment Date”), commencing February 1, 2024, 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> |
|-------------|----------------|-------------|----------------|
| 2024        | \$ 150,000     | 2037        | \$1,535,000    |
| 2025        | 985,000        | 2038        | 1,600,000      |
| 2026        | 1,020,000      | 2039        | 1,670,000      |
| 2027        | 1,055,000      | 2040        | 1,750,000      |
| 2028        | 1,095,000      | 2041        | 1,825,000      |
| 2029        | 1,135,000      | 2042        | 1,905,000      |
| 2030        | 1,170,000      | 2043        | 1,995,000      |
| 2031        | 1,210,000      | 2044        | 2,065,000      |
| 2032        | 1,265,000      | 2045        | 2,160,000      |
| 2033        | 4,865,000      | 2046        | 2,265,000      |
| 2034        | 1,360,000      | 2047        | 2,370,000      |
| 2035        | 1,415,000      | 2048        | 2,480,000      |
| 2036        | 1,475,000      |             |                |

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\* Preliminary, subject to change.

The 2023 First Series A Bonds maturing on and after February 1, 2032 shall be subject to optional redemption prior to their stated maturities on any date on or after February 1, 2031, in whole or in part, in such order of maturity as may be selected by the Issuer, and by lot within a maturity, at a redemption price equal to the principal amount of 2023 First Series A Bonds to be redeemed, plus accrued interest to the date of redemption, all in accordance with the Preliminary Official Statement.

The principal of and redemption premium, if any, on the 2023 First Series A Bonds will be payable at the corporate trust office of, or at any other office designated by, The Bank of New York Mellon Trust Company, N.A (the “Trustee”), and the payments of interest due on each 2023 First Series A Bond will be made by check mailed on each Interest Payment Date to the Owner of that 2023 First Series A Bond as of the close of business on the Record Date, at such Owner’s address as it appears on the registration books maintained by the Trustee, except that all Owners of 2023 First Series A 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 Paying Agent with a wire address. Interest on the 2023 First Series A Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth.

### **STATUTORY AUTHORITY AND PURPOSE**

The authority, security, and source of payment for, and the purpose and application of the proceeds of the 2023 First Series A Bonds are all described in the Preliminary Official Statement of the Issuer relating to the 2023 First Series A Bonds, reference to which is hereby made.

### **BIDDING CONDITIONS AND RESTRICTIONS**

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

(b) **Minimum Bid.** Bids shall be for the entire issue of 2023 First Series A Bonds, at a price of not less than \$40,983,600 (98% of par), excluding any original issue discount, if applicable, PAYABLE IN IMMEDIATELY AVAILABLE FEDERAL FUNDS.

(c) **Award; Adjustment.** The determination of the best bid for the purchase of the 2023 First Series A Bonds shall be made on the basis of all bids submitted for exactly \$41,820,000 principal amount of 2023 First Series A Bonds offered for sale under the terms and conditions specified herein; provided, however, that the Issuer reserves the right to increase or decrease the total principal amount of the 2023 First Series A Bonds sold to the best bidder, by an amount of up to \$4,185,000, with such increase or decrease made in any maturity, and the total amount of 2023 First Series A Bonds awarded to such bidder will be a minimum of \$37,635,000 and a maximum of \$46,005,000. In the event of such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of 2023 First Series A Bonds will be sold will be at the same price per \$1,000 of 2023 First Series A Bonds as the price per \$1,000 for the \$41,820,000 of 2023 First Series A Bonds bid.

(d) **Good Faith Deposit.** The successful purchaser of the 2023 First Series A Bonds shall be required (without further advice from the Issuer) to wire transfer a good faith deposit in an amount equal to \$836,400 to the Trustee by the close of business on the day following the award of the 2023 First Series A Bonds. Upon the delivery of the 2023 First Series A Bonds, the good faith deposit will be applied (without interest) to the purchase price of the 2023 First Series A Bonds; provided that such good faith deposit will be forfeited if the purchaser fails to take delivery of the 2023 First Series A Bonds.

(e) **Interest Rates.** Bidders must stipulate an interest rate or rates in multiples of 1/8, 1/10, or 1/20 of 1%. Only one interest rate shall be permitted per 2023 First Series A Bond, and all 2023 First Series

A Bonds of the same maturity shall bear interest at the same rate. The interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(f) Submission of Bids. Electronic bids for the 2023 First Series A 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 2023 First Series A Bonds. The Issuer will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids, whether in electronic or written form. To the extent any instructions or directions set forth in 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 2023 First Series A 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 Issuer. The Issuer 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 any additional information about BiDCOMP™/PARITY™, potential bidders may contact the Financial Advisor or BiDCOMP™/PARITY™ at 40 West 23rd Street, 5th Floor, New York, NY 10010, tel: (212) 404-8102.

Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by delivery to the Program Administrator utilizing the Official Bid Forms. Each non-electronic bid on the Official Bid Form shall be placed in a sealed envelope addressed to the Program Administrator, and on the outside of such envelope, there shall appear a legend identifying the contents as being a bid for the “Kentucky Bond Corporation Financing Program Revenue Bonds, 2023 First Series A.” No bid will 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.

(g) Term Bond Option. The purchaser of the 2023 First Series A Bonds may specify in their bid that any of the 2023 First Series A 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.

(h) Bond Insurance. If the successful bidder for the 2023 First Series A Bonds desires to obtain insurance guaranteeing the payment of the principal of and/or interest on the 2023 First Series A Bonds, the Issuer 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 Issuer shall not be liable to any extent therefor.

(i) DTC. The successful bidder may elect to notify the Financial Advisor within twenty-four hours of the award of the 2023 First Series A Bonds that standard bond certificates be issued. If no such election is made, then the 2023 First Series A Bonds will be delivered using the Book-Entry Only System administered by The Depository Trust Company.

(j) Acceptance of Bid. The Program Administrator will either accept a bid or reject all of the bids on May 4, 2023.

(k) Right to Reject. The right to reject bids for any reason deemed advisable by the Board of Directors of the Issuer and the right to waive any possible informalities or irregularities in any bid which,



in the judgment of the Board of Directors of the Issuer, are minor or immaterial is expressly reserved to the Issuer. In addition to the foregoing, the Issuer also reserves the right to postpone the sale date of the 2023 First Series A Bonds, upon at least twenty-four hours advance notice before the sale date, given through the BiDCOMP™/PARITY™ system.

(l) Official Statement. The Issuer will provide the successful purchaser of the 2023 First Series A 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 Issuer in establishing the issue price of the 2023 First Series A Bonds by delivering an “issue price” certificate (the “Certificate”) dated the date of delivery of the 2023 First Series A Bonds, in substantially the applicable form set forth in the Exhibits attached hereto (depending on whether at least three bids are received), to the Issuer. If less than three bids are received for the 2023 First Series A Bonds, the winning bidder will be required to certify that it “held-the-price” for the 2023 First Series A Bonds during the Holding Period (as defined in the Certificate), at the prices identified on the Sale Date (as defined in the Certificate). The Issuer may, in its sole discretion, permit the winning bidder to certify that it will, immediately upon the sale of any of the 2023 First Series A Bonds, notify the Issuer (and the Financial Advisor) of each subsequent offering price until the end of the Holding Period, all as set forth in the Certificate. All actions to be taken by the Issuer to establish the issue price of the 2023 First Series A Bonds under these Official Terms and Conditions of Bond Sale may be taken on behalf of the Issuer by the Financial Advisor, and any notice or report to be provided to the Issuer shall be provided to the Financial Advisor.

The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2023 First Series A Bonds) will apply to the initial sale of each of the 2023 First Series A Bonds (the “competitive sale requirements”) because:

- (1) the Issuer will disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders will have an equal opportunity to bid;
- (3) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the 2023 First Series A Bonds to the bidder who submits a firm offer to purchase the 2023 First Series A Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

Any bid for the 2023 First Series A Bonds submitted pursuant to these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the 2023 First Series A Bonds, as specified in the bid.

(n) CUSIP Numbers. It is anticipated that CUSIP identification numbers will be printed on each of the 2023 First Series A Bonds, but neither the failure to print such numbers on any 2023 First Series A Bond nor any error with respect to such numbers shall constitute cause for failure or refusal by the purchaser to accept delivery of and pay for the 2023 First Series A Bonds in accordance with the terms of its bid. No CUSIP identification number shall be deemed to be a part of any 2023 First Series A Bond or a part of the contract evidenced thereby, and no liability shall hereafter attach to the Issuer or any of its officers or agents

because or on account of such numbers. All expenses related to the printing of CUSIP identification numbers on the 2023 First Series A Bonds shall be paid for by the Issuer; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

### **CONTINUING DISCLOSURE**

In accordance with Securities and Exchange Commission Rule 15c2-12, the Issuer has agreed, pursuant to 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 2023 First Series A Bonds, as more particularly described in the Preliminary Official Statement, to which reference is hereby made.

### **CONDITIONS TO DELIVERY**

The purchaser will be required to take delivery of and pay for the 2023 First Series A Bonds on a date to be designated by the Issuer, which is expected to be on or about May 24, 2023, and upon notice of such delivery date being given by the Issuer or the Financial Advisor at least seven business days prior to the designated delivery date. The purchaser may specify the place of delivery, at the expense of the Issuer, at a bank or trust company situated in New York, New York; Lexington, Kentucky; Louisville, Kentucky; Cincinnati, Ohio; or Chicago, Illinois. Delivery elsewhere will be made at the expense of the purchaser.

The 2023 First Series A Bonds are being offered and are to be issued subject to, and the Issuer will furnish to the purchaser upon delivery, the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel for the 2023 First Series A Bonds, as to the due and proper authorization, validity, and tax-exempt status of the 2023 First Series A Bonds and interest thereon, as more particularly described in the Preliminary Official Statement, to which reference is hereby made. The Issuer will also furnish, at its own expense, the printed 2023 First Series A Bonds, together with customary closing documents, including a no-litigation certificate.

The 2023 First Series A 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 2023 First Series A 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 2023 First Series A Bonds have not been designated by the Issuer 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 2023 First Series A 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 2023 First Series A Bonds]

Dated May 24, 2023

Re: \$41,820,000\* Kentucky Bond Corporation Financing Program Revenue Bonds,  
2023 First Series A, dated May 24, 2023

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. Bonds with different maturity dates, or Bonds with the same maturity dates but different stated interest rates, are treated as separate Maturities.

(c) *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.

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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 May 4, 2023.

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including, specifically, Section 103 and Section 148 of the Internal Revenue Code of 1986, as amended, and the 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 of the representations set forth in the foregoing Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and (ii) by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and 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 2023 First Series A Bonds]

Dated May 24, 2023

Re: \$41,820,000\* Kentucky Bond Corporation Financing Program Revenue Bonds,  
2023 First Series A, dated May 24, 2023

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, 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 April 26, 2023.

(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 May 4, 2023.

(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 set forth in this certificate will be relied upon (i) by the Issuer with respect to certain of the representations set forth in the foregoing Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and (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 Internal Revenue Service Form 8038-G, and any other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

[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

| <u>General Rule Maturities</u> |                         |                      |                                       |                    |              |
|--------------------------------|-------------------------|----------------------|---------------------------------------|--------------------|--------------|
| <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> |

| <u>Hold-the-Offering-Price Maturities</u> |                         |                      |                               |                    |              |
|---|-------------------------|----------------------|-------------------------------|--------------------|--------------|
| <u>Maturity Date</u>                      | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Initial Offering Price</u> | <u>Issue Price</u> | <u>CUSIP</u> |

SCHEDULE II  
TO  
ISSUE PRICE CERTIFICATE

PRICING WIRE OR EQUIVALENT COMMUNICATION

(See attachment)

**APPENDIX G**

**OFFICIAL BID FORM**

May 4, 2023

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 \$41,820,000\* Financing Program Revenue Bonds, 2023 First Series A, dated the date of their initial issuance and delivery (the “2023 First Series A Bonds”), offered for sale by the Kentucky Bond Corporation (the “Issuer”) in accordance with the Preliminary Official Statement dated April 26, 2023, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the 2023 First Series A Bonds.

We hereby bid for the \$41,820,000\* principal amount of 2023 First Series A Bonds, the total sum of \$ \_\_\_\_\_ (not less than \$40,983,600), 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> |
|-----------------------------------|--------------------------|---------------------------|-------------------------|-----------------------------------|--------------------------|---------------------------|-------------------------|
| 2024                              | \$ 150,000               | _____                     | _____                   | 2037                              | \$1,535,000              | _____                     | _____                   |
| 2025                              | 985,000                  | _____                     | _____                   | 2038                              | 1,600,000                | _____                     | _____                   |
| 2026                              | 1,020,000                | _____                     | _____                   | 2039                              | 1,670,000                | _____                     | _____                   |
| 2027                              | 1,055,000                | _____                     | _____                   | 2040                              | 1,750,000                | _____                     | _____                   |
| 2028                              | 1,095,000                | _____                     | _____                   | 2041                              | 1,825,000                | _____                     | _____                   |
| 2029                              | 1,135,000                | _____                     | _____                   | 2042                              | 1,905,000                | _____                     | _____                   |
| 2030                              | 1,170,000                | _____                     | _____                   | 2043                              | 1,995,000                | _____                     | _____                   |
| 2031                              | 1,210,000                | _____                     | _____                   | 2044                              | 2,065,000                | _____                     | _____                   |
| 2032                              | 1,265,000                | _____                     | _____                   | 2045                              | 2,160,000                | _____                     | _____                   |
| 2033                              | 4,865,000                | _____                     | _____                   | 2046                              | 2,265,000                | _____                     | _____                   |
| 2034                              | 1,360,000                | _____                     | _____                   | 2047                              | 2,370,000                | _____                     | _____                   |
| 2035                              | 1,415,000                | _____                     | _____                   | 2048                              | 2,480,000                | _____                     | _____                   |
| 2036                              | 1,475,000                | _____                     | _____                   |                                   |                          |                           |                         |

\*\*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 \$46,005,000 of 2023 First Series A Bonds or as little as \$37,635,000 of 2023 First Series A Bonds, at the same price per \$1,000 of 2023 First Series A 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 Issuer, at the time of acceptance of the best bid.

It is understood that the Issuer will furnish the final approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel for the 2023 First Series A Bonds upon the delivery thereof. We agree that if we are the successful bidder, immediately available funds in the amount of \$850,900, payable to the Issuer, will be deposited with The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, by federal wire transfer prior to the end of the business day following the date of the award of the 2023 First Series A Bonds,

\* Preliminary, subject to change.

in accordance with the Official Terms and Conditions of Bond Sale, with the understanding that such amount, without interest, will be deducted from the purchase price of the 2023 First Series A Bonds when tendered to us for delivery. If we are the successful bidder, we agree to accept and make payment for the 2023 First Series A 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 Issuer nor the Financial Advisor assumes any responsibility whatsoever for the receipt of bids for the 2023 First Series A Bonds or for ensuring that adequate personnel and/or equipment are available to accept all deliveries and facsimile transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or have 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 May 24, 2023 to final maturity | \$ _____ |
| (b) | Plus discount or less premium, if any                   | \$ _____ |
| (c) | True interest cost (total interest cost plus discount)  | \$ _____ |
| (d) | True interest rate or cost                              | _____ %  |

**ACCEPTANCE**

Pursuant to a Resolution duly adopted by the Board of Directors of the Kentucky Bond Corporation on April 18, 2023, the above bid for the Kentucky Bond Corporation Financing Program Revenue Bonds, 2023 First Series A, is hereby accepted this May 4, 2023, having the adjusted maturities as follows:

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

**KENTUCKY BOND CORPORATION**

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