

RESOLUTION OF BOARD OF EDUCATION OF
FAYETTE COUNTY, KENTUCKY, RELATING TO THE
ISSUANCE OF FAYETTE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION SCHOOL BUILDING
REFUNDING REVENUE BONDS, SERIES 2015B

WHEREAS, the Fayette County School District Finance Corporation (the "Corporation") previously issued its Fayette County School District Finance Corporation School Building Revenue Bonds, Series 2007A, dated May 22, 2007, in an original principal amount of \$36,450,000 (the "Series 2007A Bonds"), on behalf of the Board of Education of Fayette County, Kentucky (the "Board of Education"), for the purposes of financing the construction and acquisition of William Wells Brown, Sandersville and Liberty Elementary Schools in the Fayette County School District, including buildings, additions, structures, fixtures, equipment, furnishings, appurtenances, improvements and the sites thereof (collectively, the "Projects"); and

WHEREAS, the Board of Education previously caused title to the Projects, including their sites, to be conveyed to the Corporation in connection with the issuance of the Series 2007A Bonds by the Corporation; and

WHEREAS, the Kentucky School Facilities Construction Commission (the "Commission") entered into a Participation Agreement with the Board of Education with regard to the financing of the Projects in connection with the issuance of the Series 2007A Bonds; and

WHEREAS, in order to refund the Series 2007A Bonds maturing on May 1, 2018 through May 1, 2027, in the outstanding principal amount of \$34,290,000 (collectively, the "Refunded Bonds"), and to pay related costs, it has been determined to be necessary to direct the Corporation to issue its School Building Refunding Revenue Bonds, Series 2015B, in the aggregate principal amount of \$37,410,000, subject to change as hereinafter provided (the "Series 2015B Bonds"), all pursuant to and as permitted by Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes ("KRS"); and

WHEREAS, the Board of Education will take any and all action necessary or desirable to cause the Corporation to call for redemption of the Refunded Bonds on May 1, 2017 at 100% of the face value thereof plus accrued interest thereon; and

WHEREAS, the continued use and occupancy of the Projects by the Board of Education is necessary to provide adequate educational facilities and to promote the general welfare of the school children in the Fayette County School District, and the annual revenues of the Board of Education are sufficient to permit payment from such revenues of the annual rentals for the use and occupancy of the facilities as hereinafter provided to be leased and rented.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF FAYETTE COUNTY, KENTUCKY, AS FOLLOWS:

Section 1. The facts and statements contained in the foregoing preamble of this Resolution, including the terms defined therein, are hereby affirmed and incorporated as a part of this Resolution.

Section 2. It is hereby found and declared to be necessary, advantageous and in the public interest that the Board of Education direct the Corporation to undertake the refunding of the Refunded Bonds in order to address the reduction in the interest subsidy and thereby effect debt service savings and to lease the Projects to the Board of Education for the Board's use and occupancy. The sites of the Projects are described in the Contract of Lease and Rent herein approved.

Section 3. The Board of Education hereby directs that the Corporation ratify, approve and accept the appointment of J.J.B. Hilliard, W.L. Lyons, LLC, as financial advisor, in accordance with the agreement previously made by the Board of Education, and Stoll Keenon Ogden PLLC, as bond counsel, to be paid from the proceeds of the Series 2015B Bonds when the same are received and not from any other funds or resources of the Corporation or the Board of Education (unless necessary to supplement such bond proceeds). All actions previously taken by Board of Education officials with respect to such appointments are approved, ratified and confirmed.

Section 4. Each of the Chairperson and the Vice Chairperson of the Board of Education is hereby authorized and directed to execute for and on behalf of the Board of Education a Participation Agreement with the Commission in substantially the form submitted herewith (and as adopted as a part hereof), with such changes as the authorized officer of the Board of Education may approve on behalf of the Board of Education, as evidenced by his or her execution of the final instrument. The Board hereby irrevocably pledges and assigns to the Corporation the agreed participation of the Commission allocable to the Series 2015B Bonds under the Participation Agreement for the benefit of the holders of the Series 2015B Bonds.

Section 5. Each of the Chairperson and the Vice Chairperson is hereby authorized and directed to execute for and on behalf of the Board of Education a Contract of Lease and Rent with the Corporation in substantially the form submitted herewith (and adopted as a part hereof), with such changes as the authorized officer of the Board of Education may approve on behalf of the Board of Education, as evidenced by his or her execution of the final instrument.

Section 6. The Secretary has filed a copy of this Resolution and the form of a proposed Resolution of the Corporation's Board of Directors with the Secretary of the Corporation with the direction that they be acted upon at the meeting of the Corporation's Board of Directors held on this date, and such action is approved and affirmed and the same shall constitute a direction and notice on behalf of the Board of Education that the Corporation, acting by and through its Board of Directors, take all action necessary and appropriate: (a) for the issuance, sale and delivery of School Building Refunding Revenue Bonds, Series 2015B, dated March 17, 2015, or such other date as may be set by the President, Treasurer or Secretary of the Corporation, in the aggregate principal amount of \$37,410,000 (subject to any adjustment provided for in the proposed Resolution); (b) for application of the proceeds of sale of the Series 2015B Bonds in accordance with the provisions of the Resolution of the Board of

Directors of the Corporation authorizing the Series 2015B Bonds (the “Bond Resolution”) for the purposes of refunding the Refunded Bonds and paying expenses in connection with the issuance of the Series 2015B Bonds, including the fees and expenses of the financial advisor, bond counsel and other advisors; and (c) for executing and delivering on behalf of the Corporation the proposed Contract of Lease and Rent as herein approved.

Section 7. When the Series 2015B Bonds have been sold, the Chairperson, Vice Chairperson, Treasurer, Secretary and other appropriate officers of the Board of Education, and each of them, are authorized to take such actions as may be necessary or desirable to carry out the issuance of the Series 2015B Bonds and the refunding of the Refunded Bonds. The Board of Education specifically authorizes its officers to take any and all action necessary or desirable to cause the Corporation to carry out the call for redemption of the Refunded Bonds on May 1, 2017. The Board of Education specifically authorizes its officers to take such actions under the terms of the representations, warranties and covenants contained in the Contract of Lease and Rent, hereinabove approved, as may be required to comply with the provisions of the United States Internal Revenue Code of 1986, as amended, in respect of the exclusion from gross income for federal income tax purposes of interest on the Series 2015B Bonds, and the applicable rules of the Securities and Exchange Commission.

Section 8. It is acknowledged that in connection with the sale of the Series 2015B Bonds a Preliminary Official Statement and a final Official Statement (collectively, the “Official Statement”) of the Corporation, as issuer of the Series 2015B Bonds, and the Board of Education will be distributed. The Official Statement and the use thereof in offering and selling the Series 2015B Bonds is hereby approved and the Chairperson or Secretary may execute the same on behalf of the Board of Education. The Preliminary Official Statement is hereby declared to be in form “deemed final” for purposes of SEC Rule 15c2-12(b)(1), but is subject to amendment, revision and completion in the final Official Statement.

Section 9. The Board of Education hereby covenants and agrees that it will, before the issuance of the Series 2015B Bonds, execute and deliver a Continuing Disclosure Certificate, as described in the Official Statement, and further will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. However, any failure of the Board of Education to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder or under the Contract of Lease and Rent herein approved. Any Bondholder may take such actions as may be necessary and appropriate to obtain specific performance by court order to cause the Board of Education to comply with its obligations under the Continuing Disclosure Certificate.

Section 10. The Treasurer is authorized to establish and transfer each year to the “School Building Fund” in accordance with KRS 160.476 sufficient general fund moneys to meet the debt service requirement on the Series 2015B Bonds in each year the Contract of Lease and Rent is in effect. Sufficient funds for each year means the difference between the total of all debt service requirements and the sum of the Board of Education’s SEEK capital outlay (80%), five cent equivalent tax and the FSPK equalization (if any) for that year.

Section 11. This Resolution shall take effect from and after its passage.

(Signature page immediately follows)

Adopted on January 26, 2015.

John D. Price, Chairperson
Board of Education of
Fayette County, Kentucky

Attest:

Marlene M. Helm, Ph.D., Secretary
Board of Education of
Fayette County, Kentucky

Certification

I, the undersigned, Secretary of the Board of Education of Fayette County, Kentucky, do hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by the Board of Education at a properly convened regular meeting of the Board of Education held on January 26, 2015, signed by the Chairperson thereof and attested by me as Secretary, as shown by the official records in my possession and under my control.

IN WITNESS WHEREOF, I have executed this Certification this March 17, 2015.

Marlene M. Helm, Ph.D., Secretary
Board of Education of
Fayette County, Kentucky

STAFF CONTACT: Mary Wright, Executive Director, Operations

POLICY REFERENCE: 01.11 (General Powers and Duties of the Board)

RECOMMENDATION: A motion is in order to:

“Adopt the resolution of the Board of Education related to issuance of the Fayette County School District Finance Corporation Building Refunding Revenue Bonds, Series 2015B”

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FAYETTE COUNTY SCHOOL DISTRICT FINANCE CORPORATION AUTHORIZING THE SALE AND ISSUANCE OF SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2015B, FOR THE PURPOSES OF REFUNDING A PORTION OF THE CORPORATION'S SCHOOL BUILDING REVENUE BONDS, SERIES 2007A, AND PAYING RELATED COSTS; PROVIDING FOR THE CREATION OF A FUND TO PAY THE INTEREST ON AND PRINCIPAL OF THE SERIES 2015B BONDS AS AND WHEN THEY BECOME DUE; AUTHORIZING THE EXECUTION OF A LEASE OF CERTAIN SCHOOL PROPERTIES TO THE BOARD OF EDUCATION OF FAYETTE COUNTY; PROVIDING FOR A PUBLIC, COMPETITIVE SALE OF THE SERIES 2015B BONDS; AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS.

Adopted January 26, 2015

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A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FAYETTE COUNTY SCHOOL DISTRICT FINANCE CORPORATION AUTHORIZING THE SALE AND ISSUANCE OF SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2015B, FOR THE PURPOSES OF REFUNDING A PORTION OF THE CORPORATION'S SCHOOL BUILDING REVENUE BONDS, SERIES 2007A, AND PAYING RELATED COSTS; PROVIDING FOR THE CREATION OF A FUND TO PAY THE INTEREST ON AND PRINCIPAL OF THE SERIES 2015B BONDS AS AND WHEN THEY BECOME DUE; AUTHORIZING THE EXECUTION OF A LEASE OF CERTAIN SCHOOL PROPERTIES TO THE BOARD OF EDUCATION OF FAYETTE COUNTY; PROVIDING FOR A PUBLIC, COMPETITIVE SALE OF THE SERIES 2015B BONDS; AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS.

WHEREAS, the Fayette County School District Finance Corporation (the "Corporation") previously issued its Fayette County School District Finance Corporation School Building Revenue Bonds, Series 2007A, dated May 15, 2007, in the original principal amount of \$36,450,000 (the "Series 2007A Bonds"), on behalf of the Board of Education of Fayette County, Kentucky (the "Board of Education"), for the purposes of financing the construction and acquisition of William Wells Brown, Sandersville and Liberty Elementary Schools in the Fayette County School District, including buildings, additions, structures, fixtures, equipment, furnishings, appurtenances, improvements and the sites thereof (collectively, the "Projects"); and

WHEREAS, the Board of Education, by Resolution dated January 26, 2015, has deemed it necessary, desirable and in the best interest of the Board of Education, and has directed the Corporation, in order to achieve interest cost savings, to refund the Series 2007A Bonds maturing on May 1, 2018 through May 1, 2027, in the outstanding principal amount of \$34,290,000 (collectively, the "Refunded Bonds"); and

WHEREAS, the Board of Education previously caused title to the Projects and their sites to be conveyed to the Corporation; and

WHEREAS, the Board of Education has agreed to continue to use and to occupy the Projects pursuant to the terms of a Contract of Lease and Rent as hereinafter provided, and said instrument has been examined and is now found and declared to be in conformity with statutory requirements; and

WHEREAS, in order to refund the Refunded Bonds and to pay related costs, it has been determined to be necessary to issue the Corporation's School Building Refunding Revenue Bonds, Series 2015B, in the aggregate principal amount of \$37,410,000, subject to change as hereinafter provided (the "Series 2015B Bonds"), all pursuant to and as permitted by Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes ("KRS"); and

WHEREAS, under the terms of a certain Participation Agreement by and between the Kentucky School Facilities Construction Commission (the "Commission") and the Board of Education (the "Participation Agreement"), the Commission has determined that the Board of Education is entitled to an Agreed Participation (as defined in the Participation Agreement) by

the Commission in an annual amount to satisfy a portion of the principal and interest requirements of the Series 2015B Bonds, subject to biennial renewal by the Commission; and the Board of Education has assigned such Agreed Participation to the Corporation for the payment of the Series 2015B Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FAYETTE COUNTY SCHOOL DISTRICT FINANCE CORPORATION AS FOLLOWS:

Section 1. Affirmation of Preamble Recitals; Authorization of Series 2015B Bonds.
All statements and recitals set forth in the preamble of this Resolution, including the terms defined therein, are hereby affirmed and adopted as a part of this Resolution.

For the purposes recited in the preamble hereof and pursuant to the Constitution and laws of the Commonwealth of Kentucky, particularly KRS 162.120 through 162.300 and 162.385, there are hereby authorized to be issued \$37,410,000 aggregate principal amount of Series 2015B Bonds, each of which Series 2015B Bonds shall be designated a "Fayette County School District Finance Corporation School Building Refunding Revenue Bond, Series 2015B," provided that such aggregate principal amount, together with corresponding amounts of annual maturities as set out in Section 2 hereof, may be increased by as much as \$3,740,000 (in \$5,000 denominations) and decreased by any amount (in \$5,000 denominations), and principal maturities may be otherwise adjusted, upon the sale of the Series 2015B Bonds, by the Corporation's Financial Advisor (as defined in Section 3(c) hereof), acting on behalf of the Corporation, as hereinafter provided in Section 16 hereof.

Section 2. Description of Series 2015B Bonds.

(a) Payment of Principal and Interest; Other Provisions.

The Series 2015B Bonds shall be dated the date of original issuance and delivery and shall bear interest payable on each May 1 and November 1, beginning May 1, 2015, to maturity or redemption and payment of the Series 2015B Bonds. Interest on each Series 2015B Bond not registered in Book-Entry Form to a Securities Depository (as described in Section 2(b) hereof) shall be paid by check drawn upon the Paying Agent and Bond Registrar, hereinafter designated, and mailed to each person in whose name a Series 2015B Bond is registered as hereinafter provided (a "Registered Holder") at the address of such Registered Holder as it appears on the registration books of the Paying Agent and Bond Registrar. Branch Banking and Trust Company, Wilson, North Carolina, or such other bank or trust company as the Treasurer shall select, is hereby designated and appointed as the Paying Agent and Bond Registrar. The principal of the Series 2015B Bonds not registered in Book-Entry Form to a Securities Depository (as described in Section 2(b) hereof) shall be payable to the respective Registered Holders without exchange or collection charges, in lawful money of the United States of America, upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the designated office of the Paying Agent and Bond Registrar, initially in Wilson, North Carolina. Series 2015B Bonds shall be issued and reissued by the Paying Agent and Bond Registrar from time to time only as fully registered bonds without coupons in the denominations of \$5,000 and any integral multiple thereof, as

hereinafter provided. Unless the Corporation shall otherwise direct, the Series 2015B Bonds shall be numbered separately from 1 upward.

Principal of and interest on Series 2015B Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee (all as described in Section 2(b) hereof) shall be payable by wire transfer from the Paying Agent and Bond Registrar to the Securities Depository or its nominee.

The Series 2015B Bonds shall bear interest at a rate or rates to be established by the Corporation on the basis of competition after the Series 2015B Bonds are offered for sale at an advertised, public, competitive sale as hereinafter provided. The fifteenth (15th) day of the month before a May 1 or November 1 interest payment date shall be the record date for the Series 2015B Bonds (the “Record Date”) for the purpose of determining the Registered Holder to whom interest shall be payable on the next succeeding interest payment date, and the Paying Agent and Bond Registrar may treat for such purpose the person in whose name any Series 2015B Bond is registered on the Record Date as the Registered Holder thereof. Interest shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

The Series 2015B Bonds shall mature and be payable as to principal as follows:

<u>Maturity</u>	<u>Preliminary Amount</u> [*]
May 1, 2015	\$525,000
May 1, 2016	230,000
May 1, 2017	235,000
May 1, 2018	500,000
May 1, 2019	510,000
May 1, 2020	525,000
May 1, 2021	970,000
May 1, 2022	1,030,000
May 1, 2023	1,040,000
May 1, 2024	4,250,000
May 1, 2025	4,380,000
May 1, 2026	11,430,000
May 1, 2027	11,785,000

^{*}Subject to adjustment by the Corporation as provided in Section 1 and Section 16 hereof and in the Notice and Official Terms and Conditions of Bond Sale approved in Section 16 hereof.

provided, however, certain Series 2015B Bonds may become Term Bonds subject to mandatory sinking fund redemption as described in Section 3 and Section 16 hereof.

All of the Series 2015B Bonds, together with interest thereon, shall be payable only out of the Fayette County School District Finance Corporation School Building Refunding Revenue Bond and Interest Redemption Fund, Series 2015B (the “Sinking Fund”), hereinafter created, and shall be a valid claim of the Registered Holder thereof only against the Sinking Fund and the

revenues of the Projects pledged to the Sinking Fund, which revenues are subject to the prior and superior pledge securing payments of interest on and principal of the unrefunded Series 2007A Bonds through May 1, 2017.

(b) Series 2015B Bonds Issued in Book-Entry Form.

As used in this Resolution, the following terms shall have the indicated meanings:

“Book-Entry Form” means, with respect to the Series 2015B Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in Series 2015B Bonds and principal and interest payments thereon may be transferred only through a book entry and (ii) physical Series 2015B Bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as Registered Holder, with the physical Series 2015B Bond certificates held in the custody of a Securities Depository.

“Participant” means a member of, or a participant in, the Securities Depository.

“Securities Depository” means any securities depository that is 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, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of beneficial interests in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

“Securities Depository Nominee” means any nominee of a Securities Depository and shall initially mean Cede & Co., New York, New York, as nominee of The Depository Trust Company.

The Series 2015B Bonds shall initially be issued in Book-Entry Form and registered in the name of the Securities Depository or the Securities Depository Nominee as provided in this Section 2(b). Except when the Series 2015B Bonds are no longer issued in Book-Entry Form as provided below in this Section 2(b), the Series 2015B Bonds shall be registered in the name of the Securities Depository or the Securities Depository Nominee, and ownership thereof shall be maintained in Book-Entry Form by the Securities Depository for the account of the Participants thereof. Initially, the Series 2015B Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company, which shall be the initial Securities Depository. Each of the President, Treasurer or Secretary is authorized to approve and execute on behalf of the Corporation a letter of representations or other appropriate instrument with The Depository Trust Company (to which the Paying Agent and Bond Registrar may also be a party) relating to the issuance and administration of the Series 2015B Bonds in Book-Entry Form.

Except when the Series 2015B Bonds are no longer issued in Book-Entry Form as provided below in this Section 2(b), the Series 2015B Bonds may be transferred, in whole but not in part, only to the Securities Depository or the Securities Depository Nominee, or to a successor Securities Depository selected or approved by the Corporation or to a nominee of such successor Securities Depository.

As to any Series 2015B Bond, the person in whose name the Series 2015B Bond shall be registered shall be the Registered Holder and the absolute owner thereof for all purposes, and payment of or on account of the principal of and interest on any such Series 2015B Bond shall be made only to or on the order of the Registered Holder thereof or his legal representative.

Neither the Corporation nor the Paying Agent and Bond Registrar shall have any responsibility or obligation with respect to:

- (i) the accuracy of the records of the Securities Depository or any Participant with respect to any beneficial ownership interest in the Series 2015B Bonds;
- (ii) the delivery to any Participant, any beneficial owner of the Series 2015B Bonds or any other person, other than the Securities Depository, of any notice with respect to the Series 2015B Bonds; or
- (iii) the payment to any Participant, any beneficial owner of the Series 2015B Bonds or any other person, other than the Securities Depository, of any amount with respect to the principal or interest on the Series 2015B Bonds.

So long as any Series 2015B Bonds are registered in Book-Entry Form, the Corporation and the Paying Agent and Bond Registrar may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner and the Registered Holder of such Series 2015B Bonds for all purposes whatsoever, including without limitation:

- (i) the payment of principal and interest on the Series 2015B Bonds;
- (ii) giving notices of redemption and other matters with respect to the Series 2015B Bonds;
- (iii) registering transfers with respect to the Series 2015B Bonds;
- (iv) selection of Series 2015B Bonds for redemption; and
- (v) for purposes of obtaining any consents under this Resolution.

As used herein, the terms “holder of Series 2015B Bonds” or “Bondholder” shall be deemed to refer to the Registered Holder of the Series 2015B Bonds.

If at any time the Securities Depository notifies the Corporation that it is unwilling or unable to continue as Securities Depository with respect to the Series 2015B Bonds, or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Securities Depository is not appointed by the Corporation within ninety (90) days after the Corporation receives notice or becomes aware of such condition, as the case may be, then this Section 2(b) shall no longer be applicable and the Corporation shall execute and the Paying Agent and Bond Registrar shall authenticate and deliver certificates representing the Series 2015B Bonds to the Registered Holders.

Payment of principal of and interest on any Series 2015B Bonds not registered in Book-Entry Form shall be made as provided in Section 2(A) hereof.

Section 3. Redemption of Series 2015B Bonds.

(a) Mandatory Sinking Fund Redemption.

If the successful bidder and original purchaser of the Series 2015B Bonds so elects in accordance with the provisions of Section 16 hereof and as may be provided in the official action of the President, Treasurer or Secretary awarding the Series 2015B Bonds to such original purchaser, the Series 2015B Bonds stated to mature on the maturity dates set out in the successful bid of such original purchaser shall be combined to comprise the maturities of Term Bonds as set out in said successful bid and in said official action; and such Term Bonds shall be subject to mandatory redemption in part, at the selection of the Paying Agent and Bond Registrar by lot in such manner as the Paying Agent and Bond Registrar may determine, from moneys in the Sinking Fund on each applicable May 1 at par plus accrued interest to the redemption date, according to the mandatory sinking fund redemption schedule or schedules set out in said official action and in principal amounts corresponding to the maturity schedule set out in Section 2 hereof (subject to adjustment as herein provided).

(b) Optional Redemption.

The Series 2015B Bonds maturing on and after May 1, 2026, are subject to redemption by the Corporation, at its option, before maturity on and after May 1, 2025, in whole or in part at any time or times in any order of maturity (less than all of a single maturity to be selected by lot in such manner as the Paying Agent and Bond Registrar may determine) at the redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

The Series 2015B Bonds maturing on and after May 1, 2026, shall be called for redemption by the Paying Agent and Bond Registrar as herein provided upon receipt by the Paying Agent and Bond Registrar at least thirty-five (35) days before the redemption date of a certificate of the Corporation or the Board of Education specifying the principal amount and maturities of the Series 2015B Bonds so to be called for redemption and the applicable redemption price or prices.

(c) Other Redemption Provisions.

The Paying Agent and Bond Registrar shall cause notice of the call for any redemption, identifying the Series 2015B Bonds or portions thereof (\$5,000 or any integral multiple thereof) to be redeemed, to be sent by first class mail at least thirty (30) days but no more than sixty (60) days before the date fixed for redemption to the Registered Holder of each Series 2015B Bond to be redeemed at the address shown on the registration books maintained by the Paying Agent and Bond Registrar. Failure to give such notice by mailing or any defect therein in respect of any Series 2015B Bond shall not affect the validity of any proceedings for the redemption of any other Series 2015B Bond. Any notice mailed as provided in this Section 3 shall be conclusively presumed to have been duly given, irrespective of whether the Registered Holder receives the notice.

Before the date fixed for redemption of Series 2015B Bonds, funds shall be deposited by the Corporation or the Board of Education with the Paying Agent and Bond Registrar to pay, and the Paying Agent and Bond Registrar is hereby authorized and directed to deposit such funds into the Sinking Fund hereinafter identified and to apply such funds to the payment of, the Series 2015B Bonds or portions thereof called for redemption, together with accrued interest thereon to the redemption date. Upon the giving of notice and the deposit of adequate funds in the Sinking Fund for redemption of Series 2015B Bonds, interest on the Series 2015B Bonds or portions thereof so called for redemption shall cease to accrue after the date fixed for redemption. No payment of principal or interest shall be made by the Paying Agent and Bond Registrar upon any Series 2015B Bond or portion thereof called for redemption until such Series 2015B Bond or portion thereof shall have been delivered to the Paying Agent and Bond Registrar for payment or cancellation, or the Paying Agent and Bond Registrar shall have received the items required by Section 6 hereof with respect to any mutilated, lost, stolen or destroyed Series 2015B Bond.

A portion of any Series 2015B Bond subject to redemption may be redeemed, but Series 2015B Bonds shall be redeemed only in the principal amount of \$5,000 each or any integral multiple thereof. Upon surrender of any Series 2015B Bond for redemption in part only, the Corporation shall execute and the Paying Agent and Bond Registrar shall register, authenticate and deliver to the holder thereof, within a period of three (3) days from surrender of such Series 2015B Bond to the Paying Agent and Bond Registrar, at the expense of the Corporation, a new Series 2015B Bond or Series 2015B Bonds of the same maturity, of authorized denominations and in aggregate principal amount equal to the unredeemed portion of the Series 2015B Bond surrendered.

With reference to Section 16 hereof, if the date of competitive sale of the Series 2015B Bonds (presently contemplated to be February 24, 2015) is postponed and rescheduled for a later time in calendar year 2015 (through December 31, 2015), the President, Treasurer or Secretary shall be authorized to act on behalf of the Corporation in adjusting, upon the advice of its Financial Advisor, J.J.B. Hilliard, W.L. Lyons, LLC (the "Financial Advisor"), some or all of the foregoing terms and provisions of the Series 2015B Bonds, including without limitation the date of the Series 2015B Bonds, the principal maturity schedule and the optional redemption dates, and the related terms and provisions of the Contract of Lease and Rent hereinafter approved.

Section 4. Execution of Series 2015B Bonds; Limited Obligation. The Series 2015B Bonds shall be executed on behalf of the Corporation by the manual or reproduced facsimile signature of its President and shall have impressed or imprinted thereon either a true impression or a reproduced facsimile of the official seal of the Corporation and shall be attested with the manual or reproduced facsimile signature of its Secretary. An authorized facsimile signature shall have the same force and effect as a manual signature. In case any officer of the Corporation whose signature or a facsimile of whose signature shall appear on the Series 2015B Bonds shall cease to be such officer before the delivery of such Series 2015B Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Series 2015B Bonds are not and shall never in any event become general obligations of the Corporation or the Board of Education but are special and limited obligations of the Corporation payable solely from the Sinking Fund as hereinafter provided, and the Sinking Fund

and the revenues of the Projects are hereby specifically assigned and pledged to the holders of the Series 2015B Bonds for the amortization of the Series 2015B Bonds in the manner and to the extent provided herein. The Series 2015B Bonds and the interest thereon shall never constitute a debt, indebtedness or pledge of the faith and credit of the Corporation or the Board of Education within the meaning of any provision or limitation of the Constitution or statutes of the Commonwealth of Kentucky, and shall not constitute or give rise to a pecuniary liability of the Corporation or the Board of Education or a charge against the general credit of either or against the taxing power of the Board of Education. The Corporation shall not be obligated to pay the principal of the Series 2015B Bonds or the interest thereon or other costs incident thereto except from the revenues and amounts pledged therefor.

Section 5. Form of Series 2015B Bonds. The Series 2015B Bonds shall be issued only in the form of bonds registered as to payment of both principal and interest in substantially the following form, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution, as follows:

(FORM OF SERIES 2015B BOND)

No. _____ \$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
FAYETTE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES 2015B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
_____ %	_____, 20__	_____, 2015	_____

REGISTERED HOLDER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the Fayette County School District Finance Corporation (the "Corporation"), a nonprofit Kentucky corporation acting as an agency, instrumentality and constituted authority of and on behalf of the Board of Education of Fayette County, Kentucky (the "Board of Education"), for value received, hereby promises to pay to the registered holder identified above (the "Registered Holder"), or registered assigns, solely and only from the special fund pledged for that purpose as hereinafter referred to and not otherwise, the principal amount set out above, on the maturity date set out above, and to pay interest from the same source on the unpaid balance of said sum at the interest rate per annum set out above, payable on the first days of May and November in each year, beginning May 1, 2015, until payment of the principal amount of this Series 2015B Bond has been made to the Registered Holder hereof. Each such interest payment shall represent interest accruing on this Series 2015B Bond from the later of the Bond Date set out above or the most recent interest payment date (May 1 or November 1) to which interest has been paid or duly provided for.

Interest accruing on this Series 2015B Bond (if not registered in book-entry form to a securities depository) shall be payable as aforesaid by check drawn upon Branch Banking and Trust Company, as the Paying Agent and Bond Registrar, or its successor as Paying Agent and Bond Registrar (the “Paying Agent and Bond Registrar”), and mailed to the person who is the Registered Holder hereof as of the close of business on the Record Date for such interest installment, which Record Date shall be the fifteenth (15th) day of the month (whether or not a business day) next preceding an interest payment date, at the address of such Registered Holder as it appears on the books of the Paying Agent and Bond Registrar. Principal shall be paid when due upon delivery of this Series 2015B Bond for payment at the designated office of the Paying Agent and Bond Registrar, initially in Wilson, North Carolina.

This Series 2015B Bond is one of a duly authorized issue of Bonds of the Corporation designated “Fayette County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2015B” (the “Series 2015B Bonds”), issued in the original principal amount of \$_____, authorized and issued by the Corporation pursuant to a Resolution duly adopted by its Board of Directors (the “Bond Resolution”) for the purpose of providing funds to refund certain of the Corporation’s School Building Revenue Bonds, Series 2007A (the “Series 2007A Bonds”), and to pay related costs, and this Series 2015B Bond has been issued under and in full compliance with the Constitution and statutes of the Commonwealth of Kentucky, including among others Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes.

Reference is made to the Bond Resolution for the provisions with respect to the nature and extent of the security, the rights, duties and obligations of the Corporation and the Paying Agent and Bond Registrar and the holders of the Series 2015B Bonds, the terms upon which the Series 2015B Bonds are issued and the terms and conditions upon which the Series 2015B Bonds will be deemed to be paid at or before their scheduled maturity or redemption upon the making of provision for the payment thereof in the manner set forth in the Bond Resolution.

*The Series 2015B Bonds maturing on May 1, 20____, are subject to mandatory sinking fund redemption in part, at the selection of the Paying Agent and Bond Registrar by lot, from moneys in the special fund identified hereinafter on each May 1, beginning May 1, 20____, at the principal amount thereof plus accrued interest to the redemption date, according to the following schedule of mandatory sinking fund installments:

<u>May 1</u>	<u>Amount</u>
_____	\$_____
_____	_____
_____	_____

*This paragraph is to be inserted, and may be repeated, with respect to any Term Bonds as described in Section 3 of this Resolution.

The Series 2015B Bonds maturing on and after May 1, 2026, are subject to redemption by the Corporation, at its option, before maturity on and after May 1, 2025, in whole or in part at any time or times in any order of maturity (less than all of a single maturity to be selected by lot

by the Paying Agent and Bond Registrar) at the redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date. At least thirty (30) days but no more than sixty (60) days before the redemption date of any Series 2015B Bonds, the Paying Agent and Bond Registrar shall cause a notice of redemption to be mailed postage prepaid by first class mail to all registered holders of Series 2015B Bonds to be redeemed in whole or in part at their registered addresses. Failure to mail any notice or any defect therein in respect of any such Series 2015B Bond shall not affect the validity of the redemption of any other Series 2015B Bond. Such redemption notice shall set forth in detail the redemption provisions.

This Series 2015B Bond and the issue of which it forms a part are payable from and secured by a pledge of the revenues to be derived from leasing certain school building properties (the “Projects”), which revenues are provided to be sufficient to pay the principal of and interest on this Series 2015B Bond and the issue of which it forms a part as and when the same become due and payable and which shall be set aside as a special fund for that purpose created by the Bond Resolution and identified as the “School Building Refunding Revenue Bond and Interest Redemption Fund, Series 2015B”; provided, however, that such revenues are subject to the prior and superior pledge securing certain Series 2007A Bonds which are to be fully paid on May 1, 2017. This Series 2015B Bond and the issue of which it forms a part do not constitute an indebtedness of the Corporation within the meaning of any constitutional or statutory provisions or limitations. The Corporation covenants that it will fix and charge such rentals for, and will collect and account for the revenues from, the Projects so that such revenues will be sufficient to pay the interest on and principal of this issue of Series 2015B Bonds. Funds for such payments on the Series 2015B Bonds are expected to be derived from rentals paid by the Board of Education of Fayette County, Kentucky, under a year-to-year lease of the Projects, and from certain participation payments made by the Commission under a biennium-to-biennium participation agreement with the Board of Education.

A nonforeclosable statutory mortgage lien on the Projects is granted and created by Section 162.200 of the Kentucky Revised Statutes in favor of the Bondholders, subject to the limitations set out therein and in the Bond Resolution, and further subject to the similar lien securing the Series 2007A Bonds.

This Series 2015B Bond is issued under and pursuant to the Constitution and statutory laws of the Commonwealth of Kentucky and its construction will be governed thereby.

This Series 2015B Bond shall be transferable only upon the presentation and surrender hereof at the designated office of the Paying Agent and Bond Registrar, initially in Wilson, North Carolina, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Holder or his authorized representative. The Paying Agent and Bond Registrar shall not be required to transfer or exchange this Series 2015B Bond (a) during any period beginning five (5) days before the selection by the Paying Agent and Bond Registrar of Series 2015B Bonds to be redeemed before maturity and ending on the date of mailing of notice of any such redemption or (b) if this Series 2015B Bond has been selected or called for redemption in whole or in part.

Series 2015B Bonds shall be exchangeable upon the presentation and surrender thereof at the designated office of the Paying Agent and Bond Registrar for a Series 2015B Bond or Series

2015B Bonds of the same maturity, and in the denomination of \$5,000 or any integral multiple thereof, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Series 2015B Bond or Series 2015B Bonds presented for exchange. The Paying Agent and Bond Registrar shall authenticate and deliver Series 2015B Bonds delivered in exchange in accordance herewith.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of this Series 2015B Bond have existed, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Series 2015B Bond and the issue of which it forms a part, together with all other obligations of the Corporation, does not exceed or violate any constitutional or statutory limitations; and that a sufficient portion of the revenues of the Projects has been pledged to and will be set aside into said special fund by the Corporation for the prompt payment of the principal of and interest on this issue of Series 2015B Bonds.

This Series 2015B Bond is exempt from *ad valorem* taxation by the Commonwealth of Kentucky and by all of the political subdivisions thereof.

This Series 2015B Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been executed by the Paying Agent and Bond Registrar.

IN WITNESS WHEREOF, the Fayette County School District Finance Corporation has caused this Series 2015B Bond to be executed with the manual or reproduced facsimile of the official signature of its President, to be sealed by an impression or a reproduced facsimile of an impression of the official seal of the Corporation and to be attested by the manual or reproduced facsimile signature of its Secretary, in each case as a duly authorized officer of the Corporation, all as of the date of this Series 2015B Bond, which is the Bond Date set out above.

(Facsimile of Seal)

FAYETTE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

By: (manual or facsimile signature)
President

ATTEST:

By: (manual or facsimile signature)
Secretary

CERTIFICATE OF AUTHENTICATION

The undersigned hereby certifies that this is
one of the Series 2015B Bonds described above.

BRANCH BANKING AND TRUST COMPANY
Wilson, North Carolina
Paying Agent and Bond Registrar

By: _____ (manual signature)
Authorized Officer

Authentication Date: _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name, Address and Social Security (or other Identifying) Number of Assignee)

the within Series 2015B Bond and does hereby irrevocably constitute and appoint _____

attorney to transfer the said Series 2015B Bond on the books kept for registration thereof with
full power of substitution in the premises.

Dated: _____

NOTICE: The signature of this assignment must correspond with
the name of the Registered Holder as it appears upon the face of
the within Series 2015B Bond in every particular, without
alteration or enlargement or any change whatever.

Signature guaranteed:

(END OF FORM OF SERIES 2015B BOND)

Section 6. Mutilated, Lost, Stolen or Destroyed Series 2015B Bonds. In the event any Series 2015B Bond is mutilated, lost, stolen or destroyed, the Corporation may execute and the Paying Agent and Bond Registrar may authenticate and deliver a new Series 2015B Bond of like series, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Series 2015B Bond, such Series 2015B Bond shall first be surrendered to the Paying Agent and Bond Registrar, and in the case of any lost, stolen or destroyed Series 2015B Bond, there shall be first furnished to the Corporation and the Paying Agent and Bond Registrar evidence of such loss, theft or destruction satisfactory to them and such indemnity as the Corporation and the Paying Agent and Bond Registrar may require. In the event any such Series 2015B Bond shall have matured, in lieu of issuing a duplicate Series 2015B Bond, the Corporation may pay the same without surrender thereof. The Corporation and

the Paying Agent and Bond Registrar may charge the holder or owner of such Series 2015B Bond their reasonable fees and expenses in this connection.

Section 7. Registration, Authentication, Transfer and Exchange of Series 2015B Bonds. So long as any Series 2015B Bonds remain outstanding, the Paying Agent and Bond Registrar shall keep and maintain at its designated office, initially in Wilson, North Carolina, complete registration books for the Series 2015B Bonds and shall provide for the registration and transfer of Series 2015B Bonds in accordance with the terms of this Resolution. Each Series 2015B Bond shall be authenticated by the Paying Agent and Bond Registrar. Except as may be otherwise provided in Section 2(b) hereof for Series 2015B Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee, each Series 2015B Bond shall be transferable only upon the presentation and surrender thereof at the principal office of the Paying Agent and Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Holder or his authorized representative. Upon receipt of any such Series 2015B Bond, duly endorsed for transfer or accompanied by any assignment for transfer, the Paying Agent and Bond Registrar shall transfer such Series 2015B Bond within a period of three (3) days by reissuing such Series 2015B Bond, duly executed by the Corporation and authenticated by the Paying Agent and Bond Registrar, and delivering the same to the new Registered Holder thereof forthwith.

The Paying Agent and Bond Registrar shall not be required to transfer or exchange any Series 2015B Bond (a) during any period beginning five (5) days before the selection by the Paying Agent and Bond Registrar of Series 2015B Bonds to be redeemed before maturity and ending on the date of mailing of notice of any such redemption or (b) if such Series 2015B Bond has been selected or called for redemption in whole or in part.

Except as may be otherwise provided in Section 2(b) hereof for Series 2015B Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee, each Series 2015B Bond shall be exchangeable upon the presentation and surrender thereof at the designated office of the Paying Agent and Bond Registrar for a Series 2015B Bond or Series 2015B Bonds of the same maturity, in the denomination of \$5,000 or an integral multiple thereof, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Series 2015B Bond or Series 2015B Bonds presented for exchange. The Paying Agent and Bond Registrar shall and is hereby authorized to authenticate and deliver Series 2015B Bonds delivered in exchange for surrendered Series 2015B Bonds in accordance herewith. Each Series 2015B Bond delivered in exchange for a surrendered Series 2015B Bond shall constitute an original contractual obligation of the Corporation and shall be entitled to the benefits and security of this Resolution to the same extent as the Series 2015B Bond or Series 2015B Bonds in lieu of which any Series 2015B Bond is delivered in exchange. Any Series 2015B Bonds surrendered for exchange shall be cancelled by the Paying Agent and Bond Registrar and the Paying Agent and Bond Registrar shall maintain a complete record of all exchanges, transfers and cancellations of Series 2015B Bonds and shall make a report thereof to the Corporation on not less than an annual basis.

Except as may be otherwise provided in Section 2(b) hereof for Series 2015B Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee, no service charge or other transfer fee shall be charged to any Bondholder

in connection with any transfer or exchange of a Series 2015B Bond. However, the Registered Holder of any Series 2015B Bond may be required to pay an amount equal to any tax or other governmental charge, if any, that may be imposed in connection with the transfer or exchange of any Series 2015B Bond.

Section 8. Destruction of Series 2015B Bonds. Whenever any outstanding Series 2015B Bond shall be delivered to the Paying Agent and Bond Registrar for cancellation thereof pursuant to this Resolution, upon payment of the principal amount or interest represented thereby or for replacement or exchange, such Series 2015B Bonds, following such replacement or exchange, shall be promptly cancelled and destroyed by the Paying Agent and Bond Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Paying Agent and Bond Registrar to the Corporation.

All Series 2015B Bonds which have been redeemed shall not be reissued but shall be cancelled and destroyed by the Paying Agent and Bond Registrar in accordance with this Section 8.

Section 9. Appointment and Duties of Paying Agent and Bond Registrar. The Corporation hereby appoints Branch Banking and Trust Company, Wilson, North Carolina, or such other bank or trust company as the Treasurer of the Corporation shall select, as Paying Agent and Bond Registrar in respect of the Series 2015B Bonds. The Paying Agent and Bond Registrar shall maintain a complete and current record of each Series 2015B Bond issued, the name and address of each owner (Registered Holder) of any Series 2015B Bonds and such additional information as may be required for compliance with applicable laws and regulations. The Paying Agent and Bond Registrar will also make all payments of interest on the Series 2015B Bonds and pay principal on the Series 2015B Bonds as herein provided.

The recitals of fact herein and in the Series 2015B Bonds contained shall be taken as the statements of the Corporation and the Paying Agent and Bond Registrar assumes no responsibility for the correctness of the same. The Paying Agent and Bond Registrar makes no representations as to the validity or sufficiency of this Resolution or of any Series 2015B Bonds issued hereunder or in respect of the security afforded by this Resolution, and the Paying Agent and Bond Registrar shall not incur any responsibility in respect thereof. The Corporation shall, however, be responsible for its representations contained in the Series 2015B Bonds. The Paying Agent and Bond Registrar shall not be under any responsibility or duty with respect to the issuance of the Series 2015B Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Corporation. The Paying Agent and Bond Registrar shall be under no obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. The Paying Agent and Bond Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Paying Agent and Bond Registrar may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever the Paying Agent and Bond Registrar shall deem it necessary or desirable that a matter be proved or established before taking or suffering any action hereunder, including payment of moneys out of

any fund, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an authorized officer of the Corporation and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent and Bond Registrar may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidences as to it may seem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Corporation to the Paying Agent and Bond Registrar shall be sufficiently executed if executed in the name of the Corporation by its President, Secretary or Treasurer. The Paying Agent and Bond Registrar may execute any of its trusts or powers and perform any of its duties under this Resolution by or through attorneys, agents or employees.

The Corporation shall pay to the Paying Agent and Bond Registrar from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. The Corporation further agrees to indemnify and hold the Paying Agent and Bond Registrar harmless against any losses, claims, damages, fines, penalties, expenses (including without limitation reasonable attorneys' fees and expenses) and liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or willful misconduct. This indemnification shall survive the termination of this Resolution.

The Paying Agent and Bond Registrar may become the owner of any Series 2015B Bonds, with the same rights it would have if it were not the Paying Agent and Bond Registrar. The Paying Agent and Bond Registrar and any other fiduciary may act as depository for, or permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Series 2015B Bonds or this Resolution, whether or not any such committee shall represent the holders of a majority in principal amount of the Series 2015B Bonds then outstanding.

Any entity into which the Paying Agent and Bond Registrar may be merged or converted or with which it may be consolidated or any entity resulting from any merger, conversion or consolidation to which it shall be a party or any entity to which the Paying Agent and Bond Registrar may sell or transfer all or substantially all of its banking and corporate trust business, provided such entity shall be authorized by law to perform all the duties imposed upon it by this Resolution, shall be the successor to the Paying Agent and Bond Registrar without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 10. Lease of Projects; Funds. Upon the issuance of the Series 2015B Bonds, the Projects located on the sites in the Fayette County School District described in Appendix A to the Contract of Lease and Rent hereinafter described shall for the purpose of this Resolution be leased, rented and occupied as a revenue-producing undertaking on a rental year basis commencing as of May 1 of each year and ending on each succeeding last day of April, and the

revenues from such lease, rental and occupancy, including specifically the revenues from the Contract of Lease and Rent with the Board of Education hereinafter described, shall be set aside and held apart from all other funds of the Corporation and shall be apportioned, as follows:

(a) There is hereby created an account to be known as the “Fayette County School District Finance Corporation School Building Refunding Revenue Bond and Interest Redemption Fund, Series 2015B” (the “Sinking Fund”), into which there shall be paid and set aside all or such portion of the revenues from the Projects (subject to the prior and superior pledge securing payments of interest on and principal of the unrefunded Series 2007A Bonds through May 1, 2017) as will be sufficient to pay the interest on and principal of the Series 2015B Bonds as the same are scheduled to become due. All sums received as accrued interest in the issuance of the Series 2015B Bonds shall be paid into the Sinking Fund. It is hereby determined that the amount to be annually set aside from the revenues as aforesaid and paid into the Sinking Fund during each rental year for the purpose of paying the interest on and principal of the Series 2015B Bonds shall be the sum required to pay the interest coming due on the Series 2015B Bonds on November 1 of such rental year, together with the Series 2015B Bonds maturing on May 1 in the next ensuing rental year plus the interest coming due on said date, based upon the interest rate or rates applicable to the Series 2015B Bonds.

The amount by which any such payment into the Sinking Fund in any rental year may exceed the aggregate amount of interest on and principal of the Series 2015B Bonds may be held therein as a reserve for subsequent annual interest and principal requirements. No further payments need to be made into the Sinking Fund whenever and so long as such amount of the Series 2015B Bonds payable therefrom shall have been retired such that the amount then held in the Sinking Fund is equal to the entire amount required to accomplish retirement of all of the Series 2015B Bonds then remaining outstanding and to pay all interest to accrue thereon, and including the amount of any additional interest incident to redemption, in the event it is desired that any of said outstanding Series 2015B Bonds be redeemed before stated maturities as herein provided.

If, in any year, the Corporation shall, for any reason, fail to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available revenues of the Projects for the following year or years and the same shall be in addition to the amount otherwise herein provided to be so set apart and paid during such succeeding year or years.

All moneys held in the Sinking Fund, as aforesaid, shall be deposited in Branch Banking and Trust Company, as Paying Agent and Bond Registrar, or any successor thereto, and to the extent that such moneys shall cause deposits of the Corporation in said bank to exceed the amount insured by the Federal Deposit Insurance Corporation or any agency thereof, such deposits shall be continuously secured by a valid pledge of bonds or notes of the United States Government having at all times an equivalent market value, or shall at the direction of the Board of Education, acting through the Board of Education’s Director of Financial Services or Treasurer, be invested:

- (i) in direct obligations of the United States;

(ii) in obligations fully guaranteed as to both principal and interest by the United States, having a maturity date before the date when the sums invested will be needed for meeting interest and principal payments;

(iii) money market funds composed of obligations described in (i) or (ii) above and rated at least AAA (or the equivalent thereof) by Moody's Investors Service, Inc., or Standard & Poor's Ratings Services;

(iv) in bank time deposits on an interest-bearing basis, evidenced by certificates of time deposit (issued in the name of the Sinking Fund and delivered into the custody of the Paying Agent and Bond Registrar), secured at all times by a valid pledge on the part of the issuer of said certificates of time deposit of obligations described in (i) or (ii) above having at all times during the continuance of each certificate a current market value (exclusive of accrued interest) at least equal to the full amount of such certificate. The custody of such obligations, whether actual or constructive, shall be in a financial institution other than the issuer of the certificate of time deposit in question. All such certificates of time deposit shall be issued so that the same may be reconverted into cash and deposited in the Sinking Fund as and when required to pay maturing principal and interest payments; or

(v) in such other investments as may be authorized by law including, without limitation, those authorized by KRS 66.480, which specifically include, without limitation, certain collateralized repurchase agreements and forward purchase agreements.

All income from the investment of the Sinking Fund or any portion thereof shall be deposited as received into the Sinking Fund and constitute a part thereof, and to the extent thereof may be used as a credit to the then, or any future, deposit required to be made hereunder by the Corporation into the Sinking Fund.

The annual rental payments so required shall be made in semiannual installments on or before the 20th day of April and October of the respective rental years, the first such payment to be made on or before October 20, 2015. If the Board of Education fails to make a rental payment when due, not less than three (3) days before the next interest due date the Paying Agent and Bond Registrar shall notify the Kentucky Department of Education of such failure.

The Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying interest on and principal of the Series 2015B Bonds as the same become due.

(b) Out of the balance of the revenue remaining after the payments into the Sinking Fund described above, there shall be set aside into a Maintenance Fund whatever amount may be necessary and is not otherwise provided for the proper maintenance of the Projects and to continuously insure the Projects against loss or damage by fire, lightning, windstorm or other calamity, in the amount of their full insurable value.

Such insurance shall be for the use and benefit of the holder or holders of any Series 2015B Bond or Series 2015B Bonds, it being the intention of the Corporation to provide that insurance shall be carried which shall be at all times equal to at least the full insurable value of the Projects.

Section 11. Contract of Lease and Rent; Participation Agreement. The Corporation hereby covenants and agrees with the holder or holders of the Series 2015B Bonds that it will faithfully and punctually perform all duties with reference to the Projects required by the Constitution and laws of the Commonwealth of Kentucky, including the making of reasonable and sufficient rentals for services rendered thereby, and will segregate said revenues and make application thereof to the respective funds created by this Resolution. The Corporation and its Board of Directors further irrevocably covenant, bind and obligate themselves to perform all duties imposed upon them by the Constitution and Statutes of the Commonwealth of Kentucky in relation to maintaining the Projects. It is the declared intention of the Corporation to continue to lease the Projects to the Board of Education for an extended period of years, as provided in a certain Resolution adopted by the Board of Education on the day of adoption of this Resolution (the "Board of Education Resolution"), which Board of Education Resolution and the proposed Contract of Lease and Rent between the Corporation, as lessor, and the Board of Education, as lessee (the "Lease"), appended thereto, together with the form of this Resolution, have been previously submitted to the Board of Directors of the Corporation. The Board of Education Resolution and the Lease, in substantially the form so submitted, are hereby accepted, approved and made a part hereof; and either the President or the Vice President is hereby authorized to execute the Lease for and on behalf of the Corporation. The Corporation further binds and obligates itself not to sell, mortgage or in any manner dispose of the Projects, including any and all additions that may be made thereto, except as specifically permitted and provided by this Resolution, until all the Series 2015B Bonds shall have been paid in full, both as to principal and interest. The Corporation further covenants and agrees with the holders of the Series 2015B Bonds to maintain the Projects in good condition and to charge and collect rents for services rendered thereby so that the gross revenues will be sufficient at all times to provide for the payment of the interest on and the principal of the Series 2015B Bonds, as and when they mature, and to pay the maintenance cost of the Projects, including the cost of insurance, as hereinabove provided.

The Lease reserves to the Board of Education the right and option to prepay rent and thereby purchase from the Corporation any of the respective Projects and to obtain a reconveyance thereof by the Corporation to the Board of Education free and clear of all liens and encumbrances provided by KRS 162.200 and herein recognized, upon the condition that a sum sufficient to retire a commensurate amount of Series 2015B Bonds then outstanding is paid in full, subject, however, to any applicable restrictions related to the unrefunded Series 2007A Bonds and any applicable restrictions that may hereafter be provided in the issuance of school building revenue bonds for properties constituting the Projects.

The Corporation acknowledges that, as set out in the preamble hereof, the Commission has agreed to provide financial assistance to the Board of Education through the payment of an annual amount equal to a portion of the principal and interest requirements of the Series 2015B Bonds, as evidenced by the Participation Agreement, such amount representing an agreed portion of the cost of the Projects, all subject to constitutional limits of agencies of the Commonwealth

of Kentucky in each biennium requiring that such commitment be subject to renewal (or cancellation) every two years.

Section 12. Statutory Mortgage Lien; Releases and Conveyances. For the further protection of the holders of the Series 2015B Bonds, a statutory mortgage lien upon the Projects is granted and created by KRS 162.200, which lien is hereby recognized and declared to be valid and binding upon the delivery of the Series 2015B Bonds; provided, however, that said statutory mortgage lien is and shall be restricted in its application to the Projects, those portions of the Projects' sites physically occupied thereby, and such easements and rights-of-way for ingress, egress, and the rendering of services thereto as may be necessary for the proper use and maintenance of the same, the right being hereby reserved to erect or construct upon the Projects' sites described in the Lease other structures and improvements free and clear of said statutory mortgage lien, even though the same are connected by using as party walls one or more walls of structures which are subject to said mortgage lien, providing the same are capable of use as separate entities in themselves and have their own outside entrances, and providing no part of the costs of said additional structures and improvements are paid from the proceeds of the Series 2015B Bonds or any parity bonds; and provided further, that said statutory mortgage lien is subject to the prior and superior statutory mortgage lien securing the unfunded Series 2007A Bonds.

The Corporation reserves the right (at the request of the Board of Education) to release or convey, with or without consideration, free of the statutory mortgage lien herein created securing the Series 2015B Bonds, such easements, rights-of-way, licenses or other rights over, upon, or beneath the surface of the land herein described as may reasonably be required for roads, utilities, drainage or other public purposes, provided (a) no such release or conveyance shall interfere with the ownership and efficient operation of the Projects (and the actual land on which they are located), (b) ingress to and egress from the Projects shall not thereby be impaired and (c) there shall be no reduction of the rentals otherwise required under the Lease.

Any holder of the Series 2015B Bonds, by suit, action, mandamus or other proceedings, either at law or in equity, may enforce and compel the performance of all duties required by the Constitution and the Statutes of the Commonwealth of Kentucky, including the charging and collection of sufficient rents and the segregation of revenues and income and the application thereof, and may by such action compel the performance of all duties imposed in the operation of an adequate school system as provided by law, but only insofar as the failure to perform such duties would or could affect the interests of any holder or holders of any Series 2015B Bond or Series 2015B Bonds.

If there is any default in the payment of the principal of or interest on any of the Series 2015B Bonds, then upon the filing of suit by any holder of the Series 2015B Bonds any court having jurisdiction of the action may appoint a receiver to administer the Projects on behalf of the Corporation or the Board of Education, with power to charge and collect rents sufficient to provide for the payment of any Series 2015B Bonds outstanding, and for the payment of the operating expenses, and to apply the income and revenues in conformity with this Resolution and the provisions of the previously cited laws of Kentucky.

Section 13. No Priorities among Series 2015B Bonds. Series 2015B Bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the revenues of the Projects or with respect to the statutory mortgage lien securing their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among such Series 2015B Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 14. Additional Series 2015B Bonds. While any of the Series 2015B Bonds or parity bonds herein permitted to be issued are outstanding, the Corporation shall not issue any additional bonds or incur any other obligations payable from the revenues of the Projects unless the lien and security of such bonds or other obligations on such revenues and on the Projects are made junior and subordinate in all respects to the lien and security of the Series 2015B Bonds; provided, however, that the Corporation hereby reserves the right and privilege of issuing additional bonds from time to time, payable from the income and revenues of the Projects and ranking on a parity with the Series 2015B Bonds, but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, not otherwise available, of completing the reconstruction, renovation, improvement and equipping of the Projects in accordance with plans and specifications approved by the Kentucky Department of Education and by the Board of Education, and filed in the office of the Board of Education; but before any such additional bonds ranking on a parity as aforesaid are issued, the issuance thereof shall be approved by the proper officials of the Kentucky Department of Education as required by law, and a Supplemental Contract of Lease and Rent shall have been entered into, under which the respective annual rental payments during the term of such additional bonds are increased by the amount of the annual interest and principal requirements of such additional bonds, and the interest payment dates for such additional bonds shall be May 1 and November 1 of each year, and the principal maturity dates shall be May 1 in any year when principal is scheduled to be paid.

Section 15. Receipts and Disbursements. So long as any Series 2015B Bonds are outstanding, the person holding the office of Treasurer of the Board of Education shall be and is hereby designated the person to act on behalf of the Corporation in handling receipts, disbursements and accounting in connection with the Series 2015B Bonds and the funds created by this Resolution with regard thereto, and the Treasurer of the Board of Education shall not be required to post any additional fiduciary bond unless the bond required to be posted by him/her by the Board of Education does not include his/her duties and responsibilities with regard to the Series 2015B Bonds. Upon evidence of the existence of such bond the Corporation shall accept the receipt of the Treasurer of the Board of Education for such Series 2015B Bond proceeds. The Treasurer of the Board of Education shall keep proper books of records and accounts (separate from all other records and accounts), in which complete and correct entries shall be made of all transactions relating to the Series 2015B Bonds and the Projects, and shall furnish on written request of any holder of Series 2015B Bonds, within ninety (90) days after the close of each fiscal year, complete financial statements of the Projects in reasonable detail covering such fiscal year.

Section 16. Series 2015B Bond Sale. It is hereby ordered that a Notice of Series 2015B Bond Sale be published in the newspapers required by law soliciting sealed, competitive bids for the purchase of the Series 2015B Bonds, the same to be received by a designated official

of the Kentucky Department of Education or of the Kentucky School Facilities Construction Commission at his or her office in Frankfort, Kentucky, until a specified hour and day, as determined by the President, Treasurer or Secretary (which time for receipt of bids may be rescheduled by the President or Treasurer, upon the advice of the Financial Advisor, to any date before or on December 31, 2015). The bids theretofore received shall be publicly opened and then considered by the Financial Advisor on behalf of the Corporation, and the best bid or bids, as the case may be, shall be determined by the Financial Advisor, with the approval of an officer of the Board of Education, on behalf of the Corporation. The Corporation reserves the right to increase the total amount of Series 2015B Bonds sold to the best bidder by an amount not exceeding \$3,740,000 (in \$5,000 denominations) or decrease the total amount of the Series 2015B Bonds sold to the best bidder by any amount, if the Corporation determines the total amount of the increase or decrease in the total amount of Series 2015B Bonds sold to be in the best interests of the Board of Education, by increasing or decreasing any of the stipulated principal maturities. The Corporation further reserves the right to adjust principal maturities of the Series 2015B Bonds without changing the total amount of Series 2015B Bonds sold. In the event of any such adjustment, no rebidding or recalculating of the bids submitted will be required or permitted. The price at which such adjusted amount of Series 2015B Bonds will be sold will be at the same price per \$1,000 of Series 2015B Bonds as the price bid per \$1,000 for the aggregate principal amount of Series 2015B Bonds stipulated in the successful bid.

Bidders shall have the option of specifying that all of the principal amount of Series 2015B Bonds maturing on any two or more consecutive dates set out in the schedule in Section 2 hereof may, in lieu of maturing on each of such dates, be combined to comprise one maturity of Series 2015B Bonds (“Term Bonds”) scheduled to mature on the latest of such dates and be subject to mandatory sinking fund redemption at par in the manner described in Section 3 hereof on each of the dates and in the principal amounts as set out in said schedule (subject to adjustment as herein provided), except for the principal amount of Series 2015B Bonds scheduled to mature on the date of maturity of the Term Bonds, which shall mature on such date. Bidders may specify one or more of such Term Bonds.

The Notice of Series 2015B Bond Sale shall be published as required by law, not less than seven (7) days and not more than twenty-one (21) days in advance of the date stated therein for the opening and consideration of purchase bids, making reference to the Notice and Official Terms and Conditions of Series 2015B Bond Sale and the Preliminary Official Statement hereinafter described. In the Notice of Series 2015B Bond Sale and the Notice and Official Terms and Conditions of Series 2015B Bond Sale hereinafter described, bidders shall be instructed, among other things, to offer a specified price in dollars and cents for the Series 2015B Bonds, to specify one or more interest rates of their own choosing in multiples of 1/8 or 1/20 of 1% and not more than one rate equal to or less than 5.5% to be stipulated for a single maturity, to offer a price in dollars and cents for the entire issue of Series 2015B Bonds and not to offer less than 98.50% of par value.

The Financial Advisor, which will not submit a bid or participate in a syndicate that submits a bid for the Series 2015B Bonds at the public sale thereof, is acting as financial advisor to the Corporation in connection with the issuance of the Series 2015B Bonds and will receive a fee, payable from Series 2015B Bond proceeds, for its services as Financial Advisor.

Upon the occasion of the receipt of bids, and after examination and recommendations by the Financial Advisor, the Financial Advisor, on behalf of and as agent of the Corporation, is hereby authorized to, and the Financial Advisor shall, establish the rates of interest on and the total amount and principal maturities and mandatory sinking fund installments, if any, of the Series 2015B Bonds by completion and execution of the acceptance on the Official Bid Form of the successful bidder or bidders, a copy of which document shall be filed in the official records of the Corporation and the Board of Education, provided that the net average interest rate on the Series 2015B Bonds shall not exceed 5.5% per annum.

A Notice of Series 2015B Bond Sale having been prepared in advance by Stoll Keenon Ogden PLLC, Bond Counsel, and having been examined and found to conform to the above conditions, said document is hereby approved and shall be signed by the President, Treasurer or Secretary and its use in advertising the Series 2015B Bond sale is approved and authorized, subject to such modifications in accordance with the provisions and intent of this Resolution as may be determined by the Financial Advisor and approved by the officer of the Corporation executing the document, and shall be executed by the President, Treasurer or Secretary and furnished to the interested bidders who request it.

A Notice and Official Terms and Conditions of Series 2015B Bond Sale having also been prepared in advance, in order to give a more complete description of the Series 2015B Bonds and specific instructions (including conditions not recited herein) calculated to bring about uniformity in the bidding, and containing the Official Bid Form, and the document having been examined by the Board of Directors, is hereby approved and authorized and shall be executed by the President, Treasurer or Secretary and furnished to interested bidders who may request it.

In addition to the foregoing, on the recommendation of the Financial Advisor bids may be taken or submitted electronically (provided all electronic proposals shall be deemed to incorporate in substance the provisions of the Official Bid Form). Any bid transmitted electronically shall be submitted through BIDCOMP/PARITY® and no other provider of electronic bidding services will be accepted. Bidders submitting an electronic proposal must fulfill any requirements of the bidding service provider over and above the requirements of the Corporation set forth in the Notice and Official Terms and Conditions of Series 2015B Bond Sale. Electronic bidding for the Series 2015B Bonds shall be made available to bidders solely as a courtesy by the Corporation. The Corporation shall assume no responsibility or liability for bids submitted through the electronic bidding service provider. Without limiting the generality of the foregoing disclaimers, the Corporation does not assume responsibility for any communications or negotiations between bidders and the electronic bidding service provider, or for any failure of the provider to accurately or timely submit any electronic proposal. Any electronic proposal shall be deemed to incorporate all of the provisions of the Official Bid Form and the Notice and Official Terms and Conditions of Series 2015B Bond Sale. Each bidder shall be solely responsible for making necessary arrangements to access the electronic bidding service provider for purposes of submitting such bidder's bid in a timely manner and in compliance with the requirements of the Corporation. The Corporation shall have no duty or obligation to provide or assure such access to any bidder. The Corporation shall not be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the provider's service. The Corporation shall use the provider's service solely as a communication mechanism, and not as the Corporation's agent, to conduct the electronic bidding

for the Series 2015B Bonds. If any provision in the Notice and Official Terms and Conditions of Series 2015B Bond Sale (herein approved) conflicts with information provided by the electronic bidding service provider, the Notice and Official Terms and Conditions of Series 2015B Bond Sale shall control.

In addition, in connection with the Series 2015B Bond sale the Corporation and the Board of Education have caused to be prepared a Preliminary Official Statement (the “Preliminary Official Statement”) setting forth relevant information concerning the issuance of the Series 2015B Bonds, including, *inter alia*, financial data relating to the Board of Education. The Preliminary Official Statement and the use thereof by the Corporation in offering and selling the Series 2015B Bonds, with such modifications in accordance with the provisions and intent of this Resolution as may be recommended by the Financial Advisor and approved by an officer of the Corporation, is hereby expressly approved, the Corporation, through certain of its officials and employees, having reviewed the Preliminary Official Statement and having found the factual statements and the data therein to be accurate. The Preliminary Official Statement shall be supplemented following sale of the Series 2015B Bonds, and the President is authorized to approve and sign such supplemented or final Official Statement on behalf of the Corporation, which is authorized for distribution in connection with the sale of the Series 2015B Bonds. The Preliminary Official Statement is in a form “deemed final” by the Corporation for purposes of SEC Rule 15c2-12(b)(1) but, as aforesaid, is subject to supplementation and completion following the sale of the Series 2015B Bonds. The President, Treasurer or Secretary is also hereby authorized and directed, on the recommendation of the Financial Advisor, to cause the Notice and Official Terms and Conditions of Series 2015B Bond Sale (including the Official Bid Form) and the Preliminary Official Statement to be posted on the Internet and through one or more nationally recognized municipal market information service providers. The electronic or physical distribution of the Notice and Official Terms and Conditions of Series 2015B Bond Sale (including the Official Bid Form) and the Preliminary Official Statement as herein provided is hereby ratified, authorized and approved. If any provision in the Notice and Official Terms and Conditions of Series 2015B Bond Sale, herein approved, conflicts with information provided by an electronic information service provider, the Notice and Official Terms and Conditions of Series 2015B Bond Sale as herein approved shall control.

The President and other officers of the Corporation, and each of them, together with the Financial Advisor, are further authorized to make such modifications to documents, including without limitation the provisions of this Resolution that are not in conflict with other provisions hereof and are necessary or desirable in connection with any rescheduling of the date of sale of the Series 2015B Bonds as provided in the first paragraph of this Section 16, and to enter into and to execute on behalf of the Corporation any and all certificates, opinions, instruments and documents necessary or desirable, upon the advice of counsel, to effectuate the sale and issuance of the Series 2015B Bonds and the investment of the proceeds thereof.

Section 17. Disposition of Proceeds of Series 2015B Bonds; Advance Refunding and Redemption of Refunded Bonds. When the Series 2015B Bonds are sold and delivered, from the amount received from the purchaser there shall be paid, according to the written direction of the President or Treasurer (which direction may include the establishment of a special, temporary trust account for the purpose), all expenses incident to the authorization, sale and delivery of the Series 2015B Bonds, including the fee of the Financial Advisor, fees and expenses of counsel

and the Paying Agent and Bond Registrar, rating service charges, refunding and redemption expenses and the like.

The proceeds of the Bonds to be applied to the advance refunding of the Refunded Bonds shall be deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as escrow agent (the "Escrow Agent"), in a special escrow fund (the "Escrow Fund") to be held, invested and paid out in accordance with an Escrow Agreement between the Corporation and the Escrow Agent, which is hereby authorized and approved in such form as shall be approved and executed by the President or Treasurer, for the purposes of (a) paying interest on the Refunded Bonds due on May 1, 2015, November 1, 2015, May 1, 2016, November 1, 2016 and May 1, 2017; (b) paying principal of the Refunded Bonds when due on May 1, 2015, May 1, 2016 and May 1, 2017; and (c) redeeming on May 1, 2017 all Refunded Bonds maturing on and after May 1, 2018 at 100% of par. Sums in the Escrow Fund shall be immediately invested in direct obligations of the United States Government, including without limitation book-entry obligations of the United States Treasury-State and Local Government Series ("SLGS"), which shall be scheduled to mature and pay interest at such time and in such amounts as will accomplish the aforesaid payment and advance refunding objectives. The Escrow Agent may receive a reasonable fee for custodial and administrative services as Escrow Agent. The President, Secretary and Treasurer, and each of them, or any of their respective designees, are hereby authorized to act on behalf of the Corporation in obtaining commitments for the purchase of such United States obligations, including the filing of subscriptions for SLGS. The President, the Secretary or the Treasurer is hereby authorized and directed to execute the Escrow Agreement on behalf of the Corporation in such form as she or he may approve, upon the advice of the Corporation's Financial Advisor.

The balance of the Series 2015B Bond proceeds, if any, shall be deposited in the Sinking Fund.

The Corporation hereby authorizes and directs the President, Secretary or Treasurer to take any and all action necessary or desirable to cause and to carry out the call for redemption of the Refunded Bonds at a price of 100% of par value and to certify the defeasance of the pledge and lien securing the Refunded Bonds.

The Corporation acknowledges and approves the provisions of the Board of Education Resolution approving the Lease and taking related action.

Section 18. Unclaimed Moneys. If, after five (5) years (i) from the date of the final maturity of the Series 2015B Bonds, or (ii) from such date as all Series 2015B Bonds shall have been duly called for redemption and the amount necessary to pay the Series 2015B Bonds, together with all interest accrued thereon, shall have been deposited to the Sinking Fund, as provided in this Resolution, whichever date is the earlier, there shall remain in the possession of the Paying Agent and Bond Registrar unclaimed moneys deposited to the Sinking Fund for the payment of the Series 2015B Bonds, then and in that event all right, title and interest of the respective Registered Holders for which said deposits were so made shall cease, determine and become void, and the Paying Agent and Bond Registrar shall upon the written request of the Board of Education turn over all such unclaimed deposits or investments constituting the entire balance of the Sinking Fund to the Board of Education.

Section 19. Concurrence in Employment Agreements. The Board of Directors hereby concurs in the selection and designation as Financial Advisor, in connection with the issuance and sale of the Series 2015B Bonds, of J.J.B. Hilliard, W.L. Lyons, LLC, and further concurs in the selection and designation of Stoll Keenon Ogden PLLC, as Bond Counsel, the compensation of them to be paid solely from the proceeds of the Series 2015B Bonds. All actions previously taken by the officers and officials of the Corporation and the Board of Education with respect to such appointments are approved, ratified and confirmed. The Financial Advisor shall be paid strictly in accordance with the limitations established in the fee schedule for services and expenses of financial advisors set forth in the regulations of the Kentucky Department of Education.

Section 20. Enforcement and Remedies. Any Registered Holder may either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance by the Corporation and its officers and agents of all duties and obligations imposed or required by law or this Resolution in connection with the Projects, including the making and collecting of sufficient rents and the application thereof.

If there be any default in the payment of the principal of or interest on any of the Series 2015B Bonds then, upon the filing of suit by any holder of the Series 2015B Bonds, any court having jurisdiction of the action may appoint a receiver to administer the Projects on behalf of the Corporation with power to charge and collect rents sufficient to provide for the payment of the Series 2015B Bonds and to apply the income and revenues in conformity with this Resolution and the provisions of KRS Chapter 162.

Section 21. Tax Covenants and Representations. The Corporation further certifies and covenants to and for the benefit of the Bondholders that so long as any of the Series 2015B Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Series 2015B Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2015B Bonds or from any other sources, will not be invested or used in a manner which will cause the Series 2015B Bonds to be “arbitrage bonds” within the meaning of Sections 103(b)(2) and 148 of the Code, as the same presently exist or may from time to time hereafter be amended, supplemented or revised. The President, Treasurer or Secretary, as the officers of the Corporation charged with the responsibility for issuing the Series 2015B Bonds, and each of them, are authorized and directed, for and on behalf of the Corporation, to execute all papers, documents, certificates and other instruments that may be required for evidencing compliance with federal tax rules, and any representations and certifications contained in such papers, documents, certificates and other instruments so executed shall be deemed to constitute representations and certifications of the Corporation. For the benefit of the Bondholders and the reliance of Bond Counsel, the Corporation further represents, warrants, agrees, covenants and certifies as follows:

(a) Within the meaning of Section 141 of the Code, and the Income Tax Regulations issued thereunder, over the term of the Series 2015B Bonds (i) less than 10% of the proceeds of the Series 2015B Bonds, if any, will be applied for any private business use, and the payment of the principal of or interest on less than 10% of the amount of the Series 2015B Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived directly or indirectly from payment

(whether or not to the Corporation or the Board of Education) in respect of such property; (ii) at least 90% of the proceeds of the Series 2015B Bonds will be applied for a governmental use of the Corporation or the Board of Education; (iii) any private business use of the Projects will be related to such governmental use of the Corporation and the Board of Education and will not be unrelated or disproportionate; and (iv) none of the proceeds of the Series 2015B Bonds will be used, directly or indirectly, to make or finance loans to private persons. It is reasonably expected that over the term of the Series 2015B Bonds (a) the Projects will be available for general public use, in that they will be reasonably available for use by natural persons not engaged in a trade or business on the same basis as any other person or entity, (b) no nongovernmental person will have any special legal entitlement to use the Projects and (c) there will be no direct or indirect payment made with respect to the Projects or the security of the Series 2015B Bonds by any persons or entities other than payment by the general public as described in clause (i) above.

(b) All proceeds of the Series 2015A Bonds will be expended by a date within ninety (90) days from their date of issuance.

(c) The Series 2015B Bonds are not federally guaranteed within the meaning of Section 149(b) of the Code.

(d) The Corporation will comply with the information reporting requirements of Section 149(e) of the Code.

(e) It is reasonably expected that, during the term of the Series 2015B Bonds, the Projects will not be disposed of; provided, however, should there be any disposition of any personal property constituting a part of the Projects because it is no longer suitable for its governmental purpose, it is reasonably expected that the fair market value of such personal property will not exceed 25% of its cost.

(f) The weighted average maturity of the Series 2015B Bonds does not exceed 120% of the remaining weighted average useful life of the facilities comprising the Projects.

(g) There are no other bonds or obligations of the Corporation or the Board of Education which are sold or issued at substantially the same time as the Series 2015B Bonds are sold pursuant to a common plan of financing together with the Series 2015B Bonds, or are payable out of substantially the same source of funds (or will have substantially the same claim to be paid out of substantially the same source of funds) as the Series 2015B Bonds.

(h) The Corporation will not use or permit the use of any of the funds provided by the Series 2015B Bonds in such a manner as to, or take or omit to take any action which would, impair the exclusion from gross income for federal income tax purposes of interest on the Series 2015B Bonds. The Corporation shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Corporation on the Series 2015B Bonds shall, for the purposes of federal income taxation, be excludable from gross income.

Section 22. Resolution Constitutes Contract. The provisions of this Resolution shall constitute a contract between the Corporation and the Bondholders, and after the issuance of any of the Series 2015B Bonds no material change in the provisions of this Resolution may be made

except as herein provided, until all of the Series 2015B Bonds have been paid in full as to both principal and interest or funds sufficient therefor have been duly provided and deposited as set forth in Section 23 hereof.

The Corporation may specifically make any amendment or change herein (a) to evidence the succession of an institution as Paying Agent and Bond Registrar, (b) to cure any ambiguity or to cure, correct or supplement any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto, (c) to grant to or confer on the Paying Agent and Bond Registrar for the benefit of the holders of the Series 2015B Bonds any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Resolution as theretofore in effect, (d) to permit the Paying Agent and Bond Registrar to comply with any obligations imposed on it by law, (e) to achieve compliance of this Resolution with any federal tax law, regulation or ruling, (f) to maintain or improve any rating on the Series 2015B Bonds or (g) for any other purpose not inconsistent with the terms of this Resolution which shall not impair the security of the Bondholders or otherwise materially adversely affect the rights of the Bondholders.

Section 23. Defeasance. If the Corporation shall pay or cause to be paid, or there shall otherwise be paid to the holders of all Series 2015B Bonds the total principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of this Resolution, and all covenants, agreements and other obligations of the Corporation to the Bondholders, shall thereon cease, terminate and become void and be discharged and satisfied.

The Corporation reserves the right at any time to cause the pledge of the revenues of the Projects and the statutory mortgage lien securing the Series 2015B Bonds, or any portion thereof, to be defeased and released by paying an amount into the Sinking Fund or an escrow fund established for such purpose sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of the United States Government, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire such Series 2015B Bonds, including principal and interest on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on such Series 2015B Bonds to and on said date, or (b) to pay all principal and interest requirements on such Series 2015B Bonds as the same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Corporation. Such United States Government obligations shall have maturities that will assure there will be sufficient funds for such purposes. If such defeasance is to be accomplished pursuant to subpart (a) above, the Corporation shall take all steps necessary to publish notice of the redemption of the Series 2015B Bonds or such portion thereof as herein provided. Upon the proper amount of United States Government obligations being placed in escrow and so pledged, the pledge of revenues securing the Series 2015B Bonds or such portion thereof shall be automatically fully defeased and released without any further action being necessary.

The immediately foregoing provisions are subject to the limitation that no such termination and release of the revenue pledge and the statutory mortgage lien shall be accomplished through the use of any funds or investments which, in the opinion of the

Corporation's Bond Counsel, would adversely affect the exclusion of interest on any such Series 2015B Bonds from gross income for federal income tax purposes.

Section 24. Rebate Fund. The following terms when used in this Section 24 shall have the indicated meanings:

"Computation Period" means, with respect to the Series 2015B Bonds, the period of time over which Excess Earnings are required to be computed under Section 148(f) of the Code and applicable regulations thereunder.

"Cumulative Excess Earnings" means the amount of all Excess Earnings earned from the date of original delivery of the Series 2015B Bonds through the end of the relevant computation date, less the amount of any Excess Earnings paid to the United States pursuant to this Section 24.

"Excess Earnings" means an amount equal to the sum of (i) plus (ii) where:

(i) is the excess of:

(1) the aggregate amount earned on all nonpurpose investments in which gross proceeds of the Series 2015B Bonds are invested (other than investments attributable to an excess described in this clause (i)); over

(2) the amount which would have been earned if such nonpurpose investments (other than amounts attributable to an excess described in this clause (i)) were invested at a rate equal to the yield on the Series 2015B Bonds; and

(ii) is any income attributable to the excess described in clause (i).

The sum of (i) plus (ii) shall be determined in accordance with Section 148(f) of the Code. As used herein, the terms "gross proceeds," "nonpurpose investments" and "yield" have the meanings assigned to them for purposes of Section 148(f) of the Code.

There is hereby created with the Depository Bank a special account of the Corporation designated "Fayette County School Building Finance Corporation School Building Refunding Revenue Bonds, Series 2015B Rebate Fund" (the "Rebate Fund"). Amounts from time to time held in the Rebate Fund, if any, shall be invested in any of the investment obligations described in Section 10 hereof (to the extent practicable), shall not be subject to the lien of this Resolution, shall not constitute a part of the trust estate held for the benefit of the holders of the Series 2015B Bonds and shall be dedicated to the United States of America to the extent of any obligation on the part of the Corporation to rebate to the United States Cumulative Excess Earnings.

Within five (5) days after the end of each Computation Period and within five (5) days after the payment in full of all outstanding Series 2015B Bonds, the Corporation shall calculate the amount of Cumulative Excess Earnings as of the end of that Computation Period or the date of such payment, and shall also determine the amount then on deposit in the Rebate Fund. If the amount then on deposit in the Rebate Fund is in excess of the Cumulative Excess Earnings, the

Corporation shall forthwith deposit that excess amount in the Sinking Fund. If the amount then on deposit in the Rebate Fund is less than the Cumulative Excess Earnings, the Corporation shall within five (5) days deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Cumulative Excess Earnings. Within thirty (30) days after the end of the fifth (5th) anniversary date of the issuance of the Series 2015B Bonds and every such fifth (5th) anniversary date thereafter, the Corporation shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to 90% (or such greater percentage not in excess of 100% as the Corporation may direct) of the Cumulative Excess Earnings as of the end of such fifth (5th) anniversary date. Within sixty (60) days after the payment in full of all outstanding Series 2015B Bonds, the Corporation shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to 100% of the Cumulative Excess Earnings as of the date of such payment and any moneys remaining in the Rebate Fund following such payment shall be paid to the Sinking Fund.

Section 25. Severability. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 26. Repeal of Inconsistent Provisions. All resolutions or parts thereof in conflict with the provisions of this Resolution are, to the extent of any such conflict, hereby repealed.

Section 27. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Resolution, is not a business day for the Paying Agent and Bond Registrar, such payment may be made or act performed or right exercised on the next succeeding business day with the same force and effect as if done on the date stipulated in this Resolution and no interest shall accrue for the period after such stipulated date.

Section 28. Captions. The captions and headings appearing in this Resolution, as well as the Table of Contents, are for convenience of reference only and in no way define, limit or describe the scope of any sections or provisions of this Resolution.

Section 29. When Resolution Effective. This Resolution shall be in full force and effect from and after its adoption.

ADOPTED BY THE BOARD OF DIRECTORS OF THE FAYETTE COUNTY SCHOOL DISTRICT FINANCE CORPORATION at a meeting held on January 26, 2015; and following such adoption signed by the President, attested by the Secretary and declared to be in full force and effect according to law.

John D. Price, President
Fayette County School District
Finance Corporation

Attest:

Marlene M. Helm, Ph.D., Secretary
Fayette County School District
Finance Corporation

Certification

I, the undersigned Secretary of the Fayette County School District Finance Corporation (the "Corporation"), do hereby certify that (2) the foregoing is a true, correct and copy of a Resolution duly adopted by the Board of Directors of the Corporation at a properly convened meeting of the Board of Directors of the Corporation duly held on January 26, 2015, signed by the President thereof and attested by me as Secretary, as shown by the official records in my possession and under my control; (2) the meeting was held pursuant to proper call and written notice duly given in compliance with KRS 61.823 and KRS 273.257 to all members of the Board of Directors of the Corporation and any local news media required to be notified; and (3) all official actions taken at the meeting are currently in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Certification this March 17, 2015.

Marlene M. Helm, Ph.D., Secretary
Fayette County School District
Finance Corporation

NOTICE AND OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$37,410,000* Fayette County School District Finance Corporation
School Building Refunding Revenue Bonds, Series 2015B
Bids due by 11:30 a.m., Eastern Standard Time (“EST”), February 24, 2015

Bid Date February 24, 2015

Bid Time: By 11:30 a.m. EST

Bids Submitted via: (i) **BIDCOMP/PARITY®**
 (ii) **Hand Delivery; or**
 (iii) **Facsimile.**

NOTICE IS HEREBY GIVEN that pursuant to the published Notice of Bond Sale the Fayette County School District Finance Corporation (the “Corporation”) will, on the Bid Date and by the Bid Time set out above (subject to any rescheduling as set out hereinafter under “RIGHT TO RESCHEDULE SALE”), receive in the office of Kristi Culpepper, Kentucky School Facilities Construction Commission (the “Commission”), 229 West Main Street, Suite 102, Frankfort, Kentucky 40601, competitive bids for the purchase of the above-described issue, to be dated the date of original issuance and delivery (the “Series 2015B Bonds”). Bids for the Series 2015B Bonds must be submitted by (1) hand delivery at the office shown above, (2) by facsimile to (888) 979-6152 as herein more particularly described, or (3) at the bidder’s option as more particularly hereinafter described, by electronic transmission through BIDCOMP/PARITY®.

On their issuance, the Series 2015B Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Series 2015B Bonds. Purchases of beneficial interests in the Series 2015B Bonds may be made in book-entry form only, in the principal amount of \$5,000 or any multiple of \$5,000. The Series 2015B Bonds will mature, or be subject to mandatory sinking fund redemption, as described in the Preliminary Official Statement for the Series 2015B Bonds and as hereinafter provided on the following dates and in the following principal amounts (subject to adjustment as hereinafter provided in the sole discretion of the Corporation), and shall be subject to prior optional redemption as described in the Preliminary Official Statement for the Series 2015B Bonds:

Maturity <u>Date</u>	Preliminary <u>Amount</u> *	Maturity <u>Date</u>	Preliminary <u>Amount</u> *
May 1, 2015	\$525,000	May 1, 2022	\$ 1,030,000
May 1, 2016	230,000	May 1, 2023	1,040,000
May 1, 2017	235,000	May 1, 2024	4,250,000
May 1, 2018	500,000	May 1, 2025	4,380,000
May 1, 2019	510,000	May 1, 2026	11,430,000
May 1, 2020	525,000	May 1, 2027	11,785,000
May 1, 2021	970,000		

* Preliminary, subject to change.

BID REQUIREMENTS

Bids not submitted by electronic transmission must be submitted in writing on an Official Bid Form (see attached Exhibit A), signed by the bidder or an authorized representative of the bidding syndicate, and either (i) enclosed in a sealed envelope clearly marked "Bid for Series 2015B Bonds" and delivered to the office specified above before the deadline for submission of bids or (ii) faxed to the attention of Kristi Culpepper to fax number (888) 979-6152; provided that, before the deadline for submission of bids, the bidder must actually have confirmed with Ms. Culpepper, at phone number (502) 564-5582, that Ms. Culpepper has received the bidder's facsimile. The Corporation and its officials, the Financial Advisor, J.J.B. Hilliard, W.L. Lyons, LLC, and Bond Counsel, Stoll Keenon Ogden PLLC, assume no responsibility for assuring that such bids submitted via facsimile are received before such deadline. It is the sole responsibility of the bidder, not the Corporation, to assure that any bid is submitted and received by the Corporation at the appointed time in accordance with the bidding conditions. No certified or bank cashier's check will be required to accompany a bid, but the successful bidder for the Series 2015B Bonds shall be required to wire transfer, by the close of business on February 25, 2015, to Branch Banking and Trust Company, Wilson, North Carolina, for the credit of the Corporation, an amount equal to 2.0% of the amount of Series 2015B Bonds awarded to such bidder, as a good faith deposit, which will secure the faithful performance of the terms of the bid. Such amount will be applied (without interest) to the purchase price of the Series 2015B Bonds. If the successful bidder should fail to accept and pay for the Series 2015B Bonds when tendered for delivery and payment, such amount will be retained by the Corporation as agreed liquidated damages.

Bidders are required to bid a cash price for each maturity of the Series 2015B Bonds (excluding original issue discount, if any) and a cash price of not less than 98.5% of the aggregate principal amount of the Series 2015B Bonds for which a bid is submitted (excluding original issue discount, if any). Bidders shall specify the annual rate or rates of interest to be borne by the Series 2015B Bonds, which shall be in multiples of 1/8 or 1/20 of 1%. All Series 2015B Bonds of the same maturity must bear interest at a single rate to maturity; provided however, that no rate may exceed 5.5%. No bid will be accepted for the purchase of less than all of the Series 2015B Bonds. On delivery of the Series 2015B Bonds, payment of the amount due must be made by the successful bidder to the order of the Corporation in immediately available federal funds or by such other means as may be acceptable to the President of the Corporation. Any expense of providing immediately available funds shall be borne by the bidder.

SPECIAL BIDDERS' OPTION

Bidders shall have the option of specifying that all of the Series 2015B Bonds maturing in any two or more consecutive years as given in the above preliminary schedule (as the principal amounts thereof may be adjusted in accordance herewith) may, in lieu of maturing in each of such years, be combined to compose one or more maturities of Series 2015B Bonds ("Term Bonds") scheduled to mature in the latest of such years and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts determined in accordance herewith, except for the principal amount of Term Bonds scheduled in the year of maturity of the Term Bonds, which principal amount shall mature in that year. Bidders may specify one or more of such Term Bonds.

SPECIAL REQUIREMENTS FOR ELECTRONIC BIDDING

Electronic bids for the Series 2015B Bonds must be submitted through BIDCOMP/PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the i-DEAL LLC Dalcomp Division's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by 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 BIDCOMP/PARITY® conflict with the terms of this Notice and Official Terms and Conditions of Bond Sale, this Notice and Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of BIDCOMP/PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and the Notice and Official Terms and Conditions of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation, the Financial Advisor and Bond Counsel 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 BIDCOMP/PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding BIDCOMP/PARITY®, potential bidders may contact BIDCOMP/PARITY®, 40 West 23rd Street, New York, New York 10010, Telephone: (800) 850-7422.

In the event of a system malfunction in the electronic bidding process or at the sole discretion of a bidder, an Official Bid Form may be sent before the appointed deadline (the time as maintained by BIDCOMP/PARITY® shall constitute the official time) to Kristi Culpepper via facsimile (888) 979-6152; provided that a bidder must have confirmed Ms. Culpepper's actual receipt of a facsimile bid by telephone before the appointed time bids are due by calling her at (502) 564-5582. If a bid is sent via facsimile, it is the sole responsibility of the bidder to assure that such bid is submitted and received by Ms. Culpepper before the appointed time. The Corporation and its officials, the Financial Advisor and Bond Counsel, assume no responsibility for assuring that such bids submitted via facsimile are received by the appointed hour.

RIGHT TO RESCHEDULE SALE

The Corporation reserves the right to reschedule the receipt of bids for the Series 2015B Bonds without further newspaper advertising by giving notice thereof as promptly as reasonably possible, and in any event at least 48 hours in advance of the rescheduled sale time, by the BIDCOMP/PARITY® system or Bloomberg Financial News Wire.

AWARD OF THE SERIES 2015B BONDS

The Series 2015B Bonds will be awarded to the bidder offering to purchase the Series 2015B Bonds at the lowest true interest cost ("TIC") to the Corporation based on the preliminary maturity schedule set out above. For the purpose only of determining the TIC of Term Bonds, if any, specified by bidders as described above, such Series 2015B Bonds will be deemed to mature on May 1 in each of the years as set forth in the preliminary schedule of principal amounts contained herein. If two or more bidders offer bids at the same lowest TIC and the Corporation wishes to award the Series 2015B Bonds, or a portion thereof as herein provided, the Corporation shall determine by lot which bidder will be awarded such Series 2015B Bonds.

Bids will be acted on following the tabulation and verification of the bids received. The Corporation intends to notify the successful bidder, through the Financial Advisor, of any increases or decreases in the principal amounts of the Series 2015B Bonds in the aggregate, or in the amounts of the Series 2015B Bonds maturing or subject to mandatory sinking fund redemption on any one or more dates, pursuant to this Notice and Official Terms and Conditions of Bond Sale, promptly and not later than 3:00 p.m. EST, on the sale date (unless waived by the successful bidder). Bids will be opened by the Executive Director of the Commission (Ms. Culpepper) or her designated representative at the time stated above and verbal confirmation of any successful bid or bids will be given as soon as possible thereafter. Formal award and approval of the successful bid or bids will be made on behalf of the Corporation by its Financial Advisor by 3:00 p.m., EST, on the sale date. The decision of the Corporation as to the award of the Series 2015B Bonds will be final.

The Corporation reserves the right, in its sole discretion, to accept a bid or bids for an aggregate principal amount of the Series 2015B Bonds in any amount not to exceed \$41,150,000 if the Corporation determines the total amount of the increase or decrease in the total amount of the Series 2015B Bonds sold to be in the best interests of the Board of Education of Fayette County, Kentucky (the "Board of Education"), with the variation in such amount occurring in any one or more of the stipulated maturities of the Series 2015B Bonds (or mandatory sinking fund installments for Term Bonds). The Corporation further reserves the right to adjust the stipulated maturities of the Series 2015B Bonds (or mandatory sinking fund installments for Term Bonds) without changing the total amount of the Series 2015B Bonds sold. In the event of any such adjustment, no rebidding will be permitted and no recalculation of bids will be made.

Among other factors the Corporation may (but shall be under no obligation to) consider, in sizing the issue of Series 2015B Bonds or in sizing individual maturities or mandatory sinking fund installments, are promoting level debt service and other preferences of the Corporation. The dollar amount bid for the Series 2015B Bonds by the successful bidder may be adjusted, if applicable, to reflect one or more of any adjustments made in the amortization schedule for the Series 2015B Bonds. Any bid price that is adjusted may reflect changes in the dollar amount of original issue discount or premium, if any, but will not change the per bond underwriter's discount.

THE RIGHT IS RESERVED TO REJECT ANY AND ALL BIDS OR TO WAIVE IRREGULARITIES IN ANY BID.

As a term of the bid and a condition to the award of the Series 2015B Bonds, each successful bidder agrees (1) to certify to the Corporation, on behalf of the successful bidder and its syndicate or selling group, at the time of the acceptance of the bid, (a) the bona fide initial offering or reoffering prices of the Series 2015B Bonds to the public (excluding bond houses, brokers and other intermediaries) at which prices a substantial amount (at least 10%) of each maturity of the Series 2015B Bonds is reasonably expected to be sold and (b) the amounts of the premium and taxes related to any municipal bond insurance policy purchased by the successful bidder in respect of the Series 2015B Bonds; (2) that the Corporation may rely on such certifications in complying with the arbitrage provisions of the Internal Revenue Code; and (3) at closing to affirm the foregoing certifications and provide any information (within the successful bidder's knowledge) required by the Corporation to comply with the arbitrage provisions of the Internal Revenue Code.

The Series 2015B Bonds will be issued in book-entry form, registered in the name of Cede & Co., as the nominee of DTC, all as provided in the Preliminary Official Statement.

It is anticipated that CUSIP identification numbers will be assigned to each maturity of the Series 2015B Bonds, but neither the failure to type or print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2015B Bonds in accordance with the terms of its bid. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the Corporation or any of its officers or agents because of or on account of such numbers. All expenses of typing or printing CUSIP identification numbers for the Series 2015B Bonds shall be paid by the Corporation; provided the CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid by the purchaser.

All charges of DTC and all other expenses of the successful bidder will be the responsibility of the successful bidder for the Series 2015B Bonds.

DELIVERY

Absent any failure of performance by the successful bidder, delivery of the Series 2015B Bonds is expected to be made at DTC in New York, New York, on or about March 17, 2015.

If any purchaser shall wrongfully fail or refuse to accept and pay for the Series 2015B Bonds purchased when tendered, as stated herein, the Corporation shall be authorized to retain the good faith deposit as agreed liquidated damages for the breach of the purchase contract.

If, before the delivery of the Series 2015B Bonds, any event should occur which adversely affects the tax-exempt status of interest on the Series 2015B Bonds, the purchaser of the Series 2015B Bonds shall have the privilege of avoiding the purchase contract by giving immediate written notice to the President, Treasurer or Secretary of the Corporation, whereupon the good faith deposit of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

CONTINUING DISCLOSURE

In order to assist bidders in complying with the requirements of subsection (5) of section (b) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”), the Board of Education, of which the Corporation is its agency, instrumentality and constituted authority, will execute a Continuing Disclosure Certificate dated as of the date of original issuance of the Series 2015B Bonds (the “Disclosure Certificate”), setting forth the undertaking of the Board of Education to provide certain annual financial reports and notices of the occurrence of certain events. A description of this undertaking, including certain limitations thereon, is set forth in the Preliminary Official Statement under the caption “Continuing Disclosure Undertaking” (reference to which is made) and will also be set forth in the final Official Statement. The Board of Education will deliver the Disclosure Certificate at the closing of the issue of Series 2015B Bonds.

BOND INSURANCE

If the successful bidder for the Series 2015B Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Series 2015B Bonds, the successful bidder does so at its own risk and expense and the obligation of the successful bidder to pay for the Series 2015B Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The Corporation will cooperate with the successful bidder in obtaining such

insurance but the Corporation will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy and any taxes related thereto, and excluding only the fees of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services.

LEGAL OPINION AND CLOSING DOCUMENTS

The approving legal opinion of Stoll Keenon Ogden PLLC, Louisville, Kentucky, Bond Counsel, will be furnished without cost to the purchaser or purchasers of the Series 2015B Bonds. A summary description of the tax treatment of the Series 2015B Bonds is contained in the Preliminary Official Statement. The proposed form of legal opinion of Bond Counsel is attached as an appendix to the Preliminary Official Statement.

In addition to the Disclosure Certificate described above under "CONTINUING DISCLOSURE," there will also be furnished the usual closing documents, including a certificate of the Corporation dated the date of delivery of the Series 2015B Bonds, as to the accuracy of the information contained in the Official Statement and stating that there is no litigation pending or, to the knowledge of the Corporation, threatened affecting the validity of the Series 2015B Bonds.

ADDITIONAL INFORMATION

This Notice and Official Terms and Conditions of Bond Sale is not a summary of the terms of the Series 2015B Bonds. Reference is hereby made to the Preliminary Official Statement for a further description of the Series 2015B Bonds and the Corporation. Investors must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

OFFICIAL BID FORM AND OFFICIAL STATEMENT

The Official Bid Form for the Series 2015B Bonds is attached hereto as Exhibit A, and a copy of the Preliminary Official Statement relating to the Series 2015B Bonds may be obtained from the Corporation's Financial Advisor, J.J.B. Hilliard, W.L. Lyons, LLC, Attn: Public Finance Department, PNC Plaza, Suite 700, 500 West Jefferson Street, Louisville, Kentucky 40202, telephone number (502) 588-8639, or the Financial Advisor's website <http://pos.hilliard.com>. If for any reason the Preliminary Official Statement or this Notice and Official Terms and Conditions of Bond Sale (including Exhibit A) cannot be obtained from the website, paper copies of such document printed from computer files may be obtained from the Corporation's Financial Advisor.

The Corporation deems, for purposes of Securities and Exchange Commission Rule 15c2-12, its Preliminary Official Statement relating to the Series 2015B Bonds to be final as of its date, except for information permitted by that Rule to be omitted from the Preliminary Official Statement including the following information relating to the Series 2015B Bonds: the offering prices, interest rates, selling compensation, principal amount per maturity, delivery date, any other terms or provisions to be determined by competitive bidding, ratings, other terms depending on such matters and the identity of the underwriters. The Preliminary Official Statement is subject to amendment or modification as deemed necessary by the Corporation. The Preliminary Official Statement is subject to revision and completion in a final Official Statement.

The Corporation will provide an electronic copy of the final Official Statement, which will be complete in all material respects up to the date of delivery of the Series 2015B Bonds, without cost to the successful bidder for the Series 2015B Bonds, within seven (7) business days of the award of the Series 2015B Bonds, such electronic copy to be sufficient for the successful bidder to comply with Rule 15c2-12 of the Securities and Exchange Commission and the rules of the Municipal Securities Rulemaking Board, provided that the successful bidder cooperates in providing information required to complete the final Official Statement.

By making a bid for the Series 2015B Bonds, any successful bidder agrees to [i] disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the Corporation, [ii] promptly file a copy of the final Official Statement, including any supplements prepared by the Corporation, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website and [iii] take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board governing the offering, sale and delivery of the Series 2015B Bonds to ultimate purchasers.

Dated: February 17, 2015

FAYETTE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

By /s/ Mary H. Wright
Treasurer

Exhibit A

OFFICIAL BID FORM
(Written Alternative)

February 24, 2015
(Sale time:
11:30 a.m. EST)

Fayette County School District Finance Corporation
c/o Office of Kristi Culpepper
Kentucky School Facilities Construction Commission
229 West Main Street, Suite 102
Frankfort, Kentucky 40601
Phone: (502) 564-5582 Fax: (888) 979-6152

The undersigned submits the following offer to purchase the \$37,410,000* School Building Refunding Revenue Bonds, Series 2015B (the “Series 2015B Bonds”), to be dated the date of original issuance and delivery, of the Fayette County School District Finance Corporation (the “Corporation”). This bid is made subject to the Notice and Official Terms and Conditions of Bond Sale for the Series 2015B Bonds, which is incorporated herein by reference as though fully set forth herein, and to all of the terms and conditions of which the undersigned, on behalf of the undersigned and our syndicate or selling group, agrees.

The undersigned hereby offers to purchase the entire aggregate principal amount of the Series 2015B Bonds to be issued and will pay you therefor the aggregate price described below (such aggregate purchase price may not be less than \$36,848,850 or 98.5% of the aggregate par amount of the Series 2015B Bonds), provided the Series 2015B Bonds bear interest at the following annual rates (each rate specified must be in a multiple of 1/8 or 1/20 of 1% and may not exceed 5.5%):

<u>Maturity Date</u>	<u>Principal Amount</u> *	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Amount</u> *	<u>Interest Rate</u>
May 1, 2015	\$525,000	____%	May 1, 2022	\$ 1,030,000	____%
May 1, 2016	230,000	____	May 1, 2023	1,040,000	____
May 1, 2017	235,000	____	May 1, 2024	4,250,000	____
May 1, 2018	500,000	____	May 1, 2025	4,380,000	____
May 1, 2019	510,000	____	May 1, 2026	11,430,000	____
May 1, 2020	525,000	____	May 1, 2027	11,785,000	____
May 1, 2021	970,000	____			

We understand that this bid may be accepted in any amount not to exceed \$41,150,000 if the Corporation determines the total amount of the increase or decrease in the total amount of the Series 2015B Bonds sold to be in the best interests of the Board of Education of Fayette County, Kentucky (the “Board of Education”), with the variation in such amount occurring in any one or more of the stipulated maturities of the Series 2015B Bonds (or mandatory sinking fund installments for Term Bonds). We also understand that the Corporation further reserves the right to adjust the stipulated

* Preliminary, subject to change as provided in the Notice and Official Terms and Conditions of Bond Sale.

maturities of the Series 2015B Bonds (or mandatory sinking fund installments for Term Bonds) without changing the total amount of the Series 2015B Bonds sold. The foregoing determinations shall be made by the Corporation in its sole discretion at the time of acceptance of the best bid.

SPECIAL BIDDER'S OPTION: The undersigned hereby elects to specify that all the Series 2015B Bonds stated to be due in the following two or more consecutive years (as the principal amounts thereof may be adjusted in accordance herewith) shall be combined to compose the maturities of Term Bonds indicated below:

<u>Principal Amounts Due</u>		
<u>Year</u>		<u>Year</u>
_____	through	_____
_____	through	_____
_____	through	_____
_____	through	_____

In accordance with the Notice and Official Terms and Conditions of Bond Sale we agree that, if we are the successful bidder for the Series 2015B Bonds, we will wire transfer, by the close of business on February 25, 2015, to Branch Banking and Trust Company, Wilson, North Carolina, for the credit of the Corporation, an amount equal to 2.0% of the amount of Series 2015B Bonds awarded. We understand that such amount shall be applied (without interest) to the purchase price of the Series 2015B Bonds. If the undersigned should fail to accept and pay for the Series 2015B Bonds when tendered for delivery, such amount will be retained by the Corporation as agreed liquidated damages.

If this bid is accepted and the Series 2015B Bonds are awarded to us, we will at the time of such acceptance certify to the Corporation, on behalf of the undersigned and our syndicate or selling group, (1) the bona fide initial offering or reoffering prices of the Series 2015B Bonds to the public (excluding bond houses, brokers and other intermediaries), at which prices a substantial amount (at least 10%) of each maturity of the Series 2015B Bonds is reasonably expected to be sold and the amounts of the premium and taxes related to any municipal bond insurance policy purchased by us in respect of the Series 2015B Bonds; (2) that the Corporation may rely on such certifications in complying with the arbitrage provisions of the Internal Revenue Code; and (3) that at closing we will affirm the foregoing certifications and provide any information (within the successful bidder's knowledge) required by the Corporation to comply with the arbitrage provisions of the Internal Revenue Code.

This bid is made with the understanding that the Corporation intends to notify the successful bidder of any increases or decreases in the principal amounts of the Series 2015B Bonds in the aggregate, or in the amounts of the Series 2015B Bonds maturing or subject to mandatory sinking fund redemption on any one or more dates, pursuant to the Notice and Official Terms and Conditions of Bond Sale, promptly and not later than twenty-four (24) hours after the bid opening (unless waived by the successful bidder).

The above is our purchase offer. We submit our own computations thereof only for your information and convenience:

- | | | |
|-----|--|----------|
| [a] | Total principal and interest payments at stipulated rates
from date of Series 2015B Bonds to final maturity | \$ _____ |
| [b] | Purchase price of the Series 2015B Bonds (to include premium or discount) | \$ _____ |
| [c] | True Interest Cost (TIC) | _____ % |

Respectfully submitted,

Authorized Signature

Name of Bidder or Representative of
Bidding Syndicate

Address

ACCEPTED on behalf of the Corporation by its Financial Advisor, as agent, for the final aggregate principal amount of \$_____, with maturities and/or mandatory sinking fund installments set out below, at a [an adjusted] purchase price of \$_____, this February 24, 2015.

<u>Maturity</u>	<u>Final Amount</u>	<u>Maturity</u>	<u>Final Amount</u>
May 1, 2015	\$ _____	May 1, 2022	\$ _____
May 1, 2016	\$ _____	May 1, 2023	\$ _____
May 1, 2017	\$ _____	May 1, 2024	\$ _____
May 1, 2018	\$ _____	May 1, 2025	\$ _____
May 1, 2019	\$ _____	May 1, 2026	\$ _____
May 1, 2020	\$ _____	May 1, 2027	\$ _____
May 1, 2021	\$ _____		

*Term Bond (if applicable)

FAYETTE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION, by its Financial
Advisor and Agent, J.J.B. HILLIARD, W.L.
LYONS, LLC

By: _____

Title: _____
J.J.B. Hilliard, W.L. Lyons, LLC

CONTRACT OF LEASE AND RENT

This CONTRACT OF LEASE AND RENT (this “Contract of Lease and Rent”), is dated as of March 17, 2015, by and between the FAYETTE COUNTY SCHOOL DISTRICT FINANCE CORPORATION (the “Corporation”), a Kentucky nonprofit corporation created pursuant to Sections 162.385, 58.180 and 273.161 through 273.390 of the Kentucky Revised Statutes and acting as the agency, instrumentality and constituted authority of the Board of Education of Fayette County, Kentucky, as lessor, and the BOARD OF EDUCATION OF FAYETTE COUNTY, KENTUCKY (the “Board of Education”), as lessee, both of which have a mailing address of 1126 Russell Cave Road, Lexington, Kentucky 40505-3412.

WITNESSETH:

WHEREAS, that in order to carry out the duty and authority vested in it by the Constitution and Statutes of the Commonwealth of Kentucky, the Board of Education finds it necessary, desirable and in the public interest to refund the Corporation’s outstanding School Building Revenue Bonds, Series 2007A maturing May 1, 2018 through May 1, 2027 in the principal amount of \$34,290,000 (the “Refunded Bonds”), which School Building Revenue Bonds, Series 2007A (the “Series 2007A Bonds”) were previously issued to finance the construction and acquisition of William Wells Brown, Sandersville and Liberty Elementary Schools in the Fayette County School District, including buildings, additions, structures, fixtures, equipment, furnishings, appurtenances, improvements and the sites thereof, such properties being referred to collectively herein as the “Projects”; and

WHEREAS, the Board of Education has previously caused title to the Projects, including their sites, to be conveyed to the Corporation; and pursuant to authority vested in it by the laws of the Commonwealth of Kentucky, including Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes, the Corporation, by Resolution of its Board of Directors, dated January 26, 2015 (the “Bond Resolution”), has agreed to authorize and to offer for sale at a competitive sale its School Building Refunding Revenue Bonds, Series 2015B, in the amount of \$37,410,000 (the “Series 2015B Bonds”), for the purposes of refunding the Refunded Bonds and paying related costs; and

WHEREAS, under the terms of that certain Participation Agreement dated as of March 1, 2015, by and between the Kentucky School Facilities Construction Commission (the “Commission”) and the Board of Education (the “Participation Agreement”), the Commission has determined that the Board of Education is entitled to an Agreed Participation (as defined in the Participation Agreement) by the Commission in an annual amount to satisfy a portion of the principal and interest requirements of the Series 2015B Bonds, subject to biennial renewal because of the constitutional limitation on obligations undertaken by agencies of the Commonwealth of Kentucky; and

WHEREAS, the Corporation and the Board of Education are parties to a Contract of Lease and Rent dated as of May 15, 2007, with respect to the Projects, which will remain in effect until May 1, 2017, subject to the terms and conditions thereof, and which creates a prior pledge of rentals from the Projects to secure the unrefunded Series 2007A Bonds maturing on May 1, 2015, through May 1, 2017.

NOW, THEREFORE, the Corporation hereby agrees to cause the Refunded Bonds to be refunded and to lease the Projects, including the sites thereof as described in Appendix A hereto, to the Board of Education, and the Board of Education hereby agrees to lease the Projects from year to year, for one year at a time, for a rental payable from year to year amounting to a sum sufficient to pay the principal and interest requirements of the Series 2015B Bonds as may from time to time be outstanding, together with the cost of maintaining and insuring the Projects, all subject to the following terms and conditions, to which the parties agree:

Section 1. The Board of Education agrees that the Projects, the sites of which are described in Appendix A hereto, shall be used and occupied for educational purposes and that the rental for each rental year beginning May 1 and ending on the next succeeding April 30 (the last such rental year ending on April 30, 2027) shall be a sum equal to the interest payment on the Series 2015B Bonds which will become due on November 1 during such rental year plus the principal amount of Series 2015B Bonds which will mature and interest which will become due on May 1 immediately following the close of such rental year, based upon the interest rates made applicable to the Series 2015B Bonds, as fixed by the Corporation.

All such rentals, other than the portions thereof which are payable by the Commission pursuant to the Participation Agreement, shall be payable in semiannual installments in accordance with the preceding paragraph on or before the 20th days of April and October of the respective rental years, beginning April 20, 2015, and shall be paid by the Board of Education in immediately available funds.

The Board of Education further agrees to pay as additional rental the appropriate fees and charges of the Paying Agent and Bond Registrar named in the Bond Resolution and any other administrative costs of the Series 2015B Bonds.

As a part of the consideration for the initial rental payments, the Board of Education is hereby given the right to use and to occupy any portions of the Projects as the same are reconstructed, renovated, improved and equipped and are available for such use.

Section 2. The Board of Education may terminate this Contract of Lease and Rent at the expiration of any rental year by giving written notice to the Corporation of its determination to so do ninety (90) days before the May 1 immediately following the end of such rental year, and it is specifically understood and agreed that the obligation of the Board of Education hereunder is an obligation to pay rentals on a year-to-year basis for services rendered as a result of the use and occupancy of the Projects, and that such obligation ceases upon its election to terminate this Contract of Lease and Rent as herein provided. If, in any year, this Contract of Lease and Rent is not terminated as herein provided, the obligation to pay rentals shall automatically extend for an additional rental year.

Section 3. If the Board of Education shall pay rentals from year to year as herein provided for said period of years ending April 30, 2027, then upon the completion of such payments the leased premises shall be and become the property of the Board of Education and shall be reconveyed to it or its nominee, subject, however, to the provisions of similar agreements or contracts which may hereafter be entered into between the Board of Education and

the Corporation. The consideration of such deed of conveyance shall be the recital of the fulfillment of this Contract of Lease and Rent.

Section 4. In case the Board of Education exercises its option to terminate this Contract of Lease and Rent, as hereinabove provided, then this Contract of Lease and Rent shall become null and void and shall be no longer binding, and all rentals and obligations due and unpaid for the then current rental year shall forthwith become due and collectible, and the Board of Education shall give immediate possession of the Projects to the Corporation.

Should the Board of Education fail to pay the stipulated rentals due hereunder for the original rental period or during any rental year for which this Contract of Lease and Rent is renewed, at the times herein stipulated, then this Contract of Lease and Rent may be immediately terminated by the Corporation, all rentals for which the Board of Education has become committed hereunder shall become due and payable, and all rights for the option to renew this Contract of Lease and Rent on the part of the Board of Education may be terminated and forfeited to the Corporation.

Notwithstanding the foregoing provisions of this Section 4, the Board of Education shall have a continuing beneficial interest in the Projects and the Projects' sites, which continuing beneficial interest is hereby acknowledged and granted and shall survive any such termination of this Contract of Lease and Rent, consisting of the unqualified right for a 90-day period following any such termination or default to elect in writing to acquire and receive title to the Projects and the Projects' sites when all Series 2015B Bonds and interest obligations thereon have been discharged pursuant to the Bond Resolution, if the Board of Education provides for such discharge before any disposition of the Corporation's interests in the Projects' sites; provided that no such disposition may occur within ninety (90) days from any such election.

Section 5. The Board of Education may purchase the Projects and the sites thereof and thereby terminate this Contract of Lease and Rent at any time by giving to the Corporation at least sixty (60) days' advance written notice of its intention so to do and by depositing with the Corporation, on or before the designated purchase date, a sum sufficient to provide for the redemption, defeasance or retirement of all of the then outstanding Series 2015B Bonds in accordance with the terms of the Bond Resolution, together with a further sum equal to the expenses, if any, which the Corporation and the Paying Agent and Bond Registrar named in the Bond Resolution may incur in calling outstanding Series 2015B Bonds for prior redemption and other related expenses. If the Board of Education shall elect to exercise such right to purchase and acquire the Projects and the Projects' sites, then in depositing the required funds with the Corporation as aforesaid the Board of Education may take credit for the balance, if any, then held by the Corporation to the credit of the Bondholders; provided, however, that provision shall be made for paying all proper costs, expenses and charges of the Corporation and the Paying Agent and Bond Registrar named in the Bond Resolution. Upon the happening of such event of purchase of the Projects and the Projects' sites by the Board of Education, and the issuance by the Corporation of an appropriate certificate evidencing defeasance of all outstanding Series 2015B Bonds, the Corporation shall immediately convey all its right, title and interest in the Projects and their respective sites to the Board of Education.

Further, the Board of Education may purchase any of the three component parts of the Projects, including their respective sites, as described below, free and clear of the statutory mortgage lien securing the Series 2015B Bonds, at any time by giving to the Corporation at least sixty (60) days' advance written notice of its intention so to do and by depositing with the Corporation, on or before the designated purchase date, a sum sufficient to provide for the redemption, defeasance or retirement of the applicable Pro Rata Share (as defined below) of the then outstanding Series 2015B Bonds in accordance with the terms of the Bond Resolution, together with a further sum equal to the expenses, if any, which the Corporation and the Paying Agent and Bond Registrar named in the Bond Resolution may incur in calling outstanding Series 2015B Bonds for prior redemption and other related expenses. Upon the happening of such event of purchase of any of the three component parts of the Projects, including their respective sites, by the Board of Education, and the issuance by the Corporation of an appropriate certificate evidencing defeasance of the applicable Pro Rata Share of outstanding Series 2015B Bonds, the Corporation shall immediately convey all its right, title and interest in such component part or parts of the Projects, including their respective sites, to the Board of Education. As used above in this paragraph, the term "Pro Rata Share" means, on the date of calculation, with regard to the Series 2015B Bonds and the Projects, a percentage with respect to (and based on an approximate allocation of Series 2015B Bond proceeds to) each component part of the Projects, as follows:

William Wells Elementary School	-	26.4%
Sandersville Middle School	-	38.9%
Liberty Elementary School	-	34.7%

The foregoing provisions of this Section 5 are subject to any applicable liens and restrictions relating to the unrefunded Series 2007A Bonds and any similar restrictions that may hereafter be provided in the issuance of school building revenue bonds for properties constituting the Projects.

Section 6. In case the Projects or any portion thereof are damaged or destroyed by fire, lightning, windstorm, or other hazard covered by insurance, such property shall be restored by the Corporation through application of the proceeds of such insurance, unless such proceeds are applied as permitted in the foregoing Section 5 hereof.

Section 7. It is agreed and understood that so long as the Board of Education continues to lease the Projects it will, at its own expense, maintain and keep the Projects in good state of repair and will procure and pay the cost of insurance on the Projects against loss by fire, lightning and windstorm, and the amount of such insurance shall be at all times the full insurable value of the Projects. From and after occupancy of the Projects by the Board of Education and so long as such occupancy continues under the terms of this Contract of Lease and Rent, the Board of Education shall, on or about July 1 of each year, furnish to the Corporation a report showing the types and amount of insurance coverage procured and maintained with respect to the Projects, together with evidence that premiums for such insurance have been paid in full for the ensuing year, or, if such premiums are not then due and payable, that the amounts which will become payable during the ensuing year have been properly budgeted. The Board of Education shall likewise furnish an annual report to the Corporation describing the condition of the Projects, reporting any maintenance and repair work undertaken during the previous year and

furnishing evidence that the cost thereof has been paid or properly budgeted by the Board of Education.

Section 8. The rentals herein stipulated and agreed to be paid by the Board of Education to the Corporation represent compensation for the use and occupancy of the Projects, and such rentals are separate from and in addition to any rentals which the Board of Education may hereafter agree to pay to the Corporation for the use and occupancy of any portion of the Projects' sites covered by any subsequent similar contract as provided in Section 9 hereafter.

Section 9. It is contemplated by the parties that the Board of Education may at some time in the future, or from time to time and before the full retirement of the Series 2015B Bonds, find it necessary or desirable that other school buildings and appurtenances be constructed upon one or more of the sites herein described, financed through the issuance of one or more additional series of similar bonds. It is acknowledged that in the Bond Resolution, and in the form of the Series 2015B Bonds, the statutory mortgage lien provided by Section 162.200 of the Kentucky Revised Statutes for the security and protection of the holders of the Series 2015B Bonds shall be restricted in its application to the buildings and appurtenances herein referred to and constituting the Projects, together with so much of the respective sites herein described as may be necessary to provide adequate ingress and egress and the rendering of necessary services to the Projects, with the right expressly reserved to the Corporation, at the request of the Board of Education, to construct and finance in a similar manner upon any unoccupied portions of the sites herein described other buildings and appurtenances for school purposes notwithstanding said buildings are connected by use of party walls with structures which are subject to the lien securing the Series 2015B Bonds; and provided said additional buildings are (a) capable of use as separate entities, (b) have their own outside entrances, and (c) no part of the costs of said additional structures and appurtenances are paid from the proceeds of the Series 2015B Bonds. The Board of Education agrees that in such event the construction at its request of such additional school buildings and appurtenances upon unoccupied portions of the sites shall not operate to reduce the rentals herein stipulated and the agreement of the Corporation to re-convey the Projects' sites as set forth in this Contract of Lease and Rent shall be ineffective with regard to any such unoccupied portions of the sites herein described on which additional buildings and appurtenances may hereafter be constructed (together with such portions of the sites as will provide for adequate ingress and egress and the rendering of necessary services to such additional buildings and appurtenances) until payment in full of all bonds at any time issued and outstanding for such additional buildings and appurtenances.

Section 10. The Board of Education and the Corporation each certifies and covenants with the holders of the Series 2015B Bonds that so long as any of the Series 2015B Bonds remain outstanding, each of them adopts and will comply or cause compliance with the tax covenants and representations contained in Section 21 of the Bond Resolution, which provisions are adopted by reference as a part of this Contract of Lease and Rent.

Section 11. The Commission has determined that the Board of Education is eligible for assistance from the Commission through annual Agreed Participation payments by the Commission in meeting the costs of the Projects. The amount of the annual Agreed Participation with respect to the Projects has been determined by the Commission to be an annual aggregate amount (payable periodically), which is allocated to the Series 2015B Bonds as set forth in the

Participation Agreement; and the Commission has agreed to participate to that extent in each year, with such amount to be applied to pay principal and interest requirements of the Series 2015B Bonds until the total principal amount of the Series 2015B Bonds and interest thereon is paid in full.

The obligation of the Commission to participate in meeting the rental payments is limited to the biennial budget period of the Commonwealth of Kentucky, and the Commission's obligation to participate to the extent of the amount stated is limited to the period commencing July 1, 2014, and terminating June 30, 2016; provided, however, that in the event that the Commission elects not to continue to participate in accordance with the Agreed Participation, it shall give written notice to the Board of Education, the Kentucky Department of Education and the original purchasers of the Series 2015B Bonds at least sixty (60) days before the expiration of the biennial budget period of the Commonwealth (June 30 of each even numbered year). Nothing contained herein shall be construed as binding the Commission to pay the Agreed Participation established under the Participation Agreement to be applied to the agreed rentals due hereunder for any period other than the initial biennial period ending June 30, 2016, but the obligation of the Commission to participate shall automatically renew itself each two years for a period of two years unless the Commission shall give notice of its intention not to participate as set out above. The Commission has expressed in the Participation Agreement its present intention to continue to pay the Agreed Participation annually in each successive biennial budget period until the retirement of the Series 2015B Bonds, but is not and cannot become legally obligated to do so.

The Commission's participation shall be evidenced by periodic remittances on or before the due dates for interest and principal of the Series 2015B Bonds in each year; and such remittances, which shall be taken as credits against rentals due from the Board of Education pursuant to this Contract of Lease and Rent, shall be made directly to the respective paying agents for the Series 2015B Bonds to be applied to the respective principal and interest payments of the Series 2015B Bonds falling due on such respective dates. Within thirty (30) days following each such payment, the Commission shall send the Board of Education written notice of such remittance.

In order to secure the payment in part of the Board of Education's rental obligations under this Contract of Lease and Rent, the Board of Education hereby pledges to the Corporation the Agreed Participation to which it is entitled under the Participation Agreement and does hereby assign to the Corporation, for the payment of the Series 2015B Bonds, all of the Board of Education's rights in and to the Agreed Participation so long as any of the Series 2015B Bonds remain outstanding and unpaid (and not defeased).

(signature page immediately follows)

IN TESTIMONY WHEREOF, the Fayette County School District Finance Corporation, acting by and through its Board of Directors, has caused this Contract of Lease and Rent to be executed for and on its behalf by its President, and the Board of Education of Fayette County, Kentucky, has caused this Contract of Lease and Rent to be executed for and on its behalf by its Chairperson.

FAYETTE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

By: _____
John D. Price
President

BOARD OF EDUCATION OF FAYETTE
COUNTY, KENTUCKY

By: _____
John D. Price
Chairperson

[illegible]

The undersigned, a Notary Public in and for the State and County identified above, hereby acknowledges that on this day John D. Price, the President of Fayette County School District Finance Corporation, personally known to me, appeared before me and he thereupon acknowledged the execution of the foregoing instrument by him to be his voluntary act and deed as such officer of said Corporation, and the official act and deed of said Corporation by and through him as its duly authorized officer.

My Commission expires: _____

WITNESS my hand this _____ day of March, 2015.

NOTARY PUBLIC, STATE AT LARGE

[illegible]

The undersigned, a Notary Public in and for the State and County identified above, hereby acknowledges that on this day John D. Price, the Chairperson of the Board of Education of Fayette County, Kentucky, personally known to me, appeared before me and he thereupon acknowledged the execution of the foregoing instrument by him to be his voluntary act and deed as such officer of said Board of Education, and the official act and deed of said Board of Education by and through him as its duly authorized officer.

My Commission expires: _____

WITNESS my hand this _____ day of March, 2015.

NOTARY PUBLIC, STATE AT LARGE

This Instrument Prepared by the
Undersigned Attorney at Law of
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2874

Mark S. Franklin

Appendix A

Legal Descriptions of the Project Sites

APPENDIX A

WILLIAM WELLS BROWN ELEMENTARY SCHOOL (formerly known as Bluegrass-Aspendale School Site)

All that tract of land located in Lexington, Fayette County, Kentucky consisting of 12.00 acres and designated as "Proposed School Site" as shown on the Amended Final Record Plat of Bluegrass Aspendale (L.F.U.C.G. Housing Authority) Shropshire, Breckenridge and East Sixth Street, of record in Plat Cabinet N, Slide 23, in the Fayette County Clerk's Office; to which plat reference is hereby made for a more particular description of said property; being known and designated as 555 East Fifth Street a/k/a 550 Shropshire Avenue a/k/a 510 East Sixth Street.

SANDERSVILLE ELEMENTARY SCHOOL (formerly known as Masterson Station School Site)

All that tract or parcel of land situated northeast of the intersection of Sandersville Road and Wiggington Point in Lexington, Fayette County, Kentucky, and more fully described and bounded as follows, to wit:

Commencing at the Point of Beginning (P.O.B.), said point being an iron pin & cap (set) PLS#2379 on the southeast right of way line of Sandersville Road and said point being N 21°00'23" E 124.68 feet from the intersection of the southeast right of way line of Sandersville Road and the northeast right of way line of Wiggington Point and said point being in the northeast unit boundary line of Masterson Station, Unit 10-A, Section 2, which is recorded in Plat Cabinet "L", Slide 726 in the Fayette County Clerk's Office; thence with the southeast right of way line of Sandersville Road N 21°00'23" E 59.35 feet to the northeast unit boundary corner of the said Masterson Station, Unit 10-A, Section 2; thence, on the same bearing with the proposed southeast right of way line of Sandersville Road as shown on the Second Amended Preliminary Subdivision Plan & Amended Preliminary Development Plan of Masterson-Depriest Unit 1, Masterson Station Unit 10 & Masterson Hills Unit 1 dated 8/01/01 an additional 776.23 feet, for a total distance of 835.58 feet to an iron pin & cap (set) PLS#2379; thence, leaving the said proposed southeast right of way line of Sandersville Road, through the Masterson Station Unit 10 portion of the property shown on the aforesaid Preliminary Plan, for three lines: S 68°59'37" E 445.04 feet to an iron pin & cap (set) PLS#2379, N 18°47'51" E 0.91 feet to an iron pin & cap (set) PLS#2379 and S 71°12'09" E 300.00 feet to an iron pin & cap (set) PLS#2379, said point being in the boundary line separating Masterson Station Unit 10 and Masterson Hills Unit 1 shown on the aforesaid Preliminary Plan; thence, with the boundary line separating Masterson Station Unit 10 and Masterson Hills Unit 1, S 18°47'51" W 907.51 feet to an iron pin & cap (set) PLS#2379; thence, leaving the said boundary line separating Masterson Station Unit 10 and Masterson Hills Unit 1, and through the Masterson Station Unit 10 portion of the property shown on the aforesaid Preliminary Plan N 71°12'09"W

110.00 feet to an iron pin & cap (set) PLS#2379, said point being on the southeast right of way line of Green Valley Drive and said point being on the northeast unit boundary line of Masterson Station Unit 10-B, which is recorded in Plat Cabinet "L", Slide 732 in the Fayette County Clerk's Office; thence, continuing with the said right of way line of Green Valley Drive and with the northeast unit boundary line of Masterson Station Unit 10-B for three lines: N 18°47'51" E 47.63 feet to an iron pin & cap (set) PLS #2379, N 71°12'09" W 50.00 feet to an iron pin & cap (set) PLS #2379, and N 18°47'51" E 2.12 feet to an iron pin & cap (set) PLS #2379, thence, leaving the aforesaid northeast unit boundary line of Masterson Station Unit 10-B and through the Masterson Station portion of the property shown on the aforesaid Preliminary Plan for three lines: N 68°46'24" W 487.59 feet to an iron pin & cap (set) PLS #2379, S 13°31'29" E 18.42 feet to an iron pin & cap (set) PLS #2379, and N 68°59'40" W 120.00 feet to the Point of Beginning and containing 15.00 acres. A plat of said property is attached as Exhibit "B" to the deed of record in Deed Book 2690, Page 430, Fayette County Clerk's Office.

LIBERTY ELEMENTARY SCHOOL
(formerly known as Liberty Road School Site)

Being all of Lot 1 as shown on the Public Acquisition Minor Plat of the Proposed Park & School Site for Lexington-Fayette Urban County Government from the Owners of Hamburg Place Farm, of record in Plat Cabinet L, Slide 376, in the Fayette County Clerk's Office, to which plat reference is hereby made for a more particular description of the property.

All three school sites being the same property conveyed to the Fayette County School District Finance Corporation from the Board of Education of Fayette County, Kentucky by deed dated May 15, 2007 and of record in Deed Book 2732, Page 280, Fayette County Clerk's Office.

PARTICIPATION AGREEMENT

This PARTICIPATION AGREEMENT, is made and entered into as of March 1, 2015, by the KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION, an independent corporate agency and instrumentality of the Commonwealth of Kentucky (the “Commission”), and the BOARD OF EDUCATION OF FAYETTE COUNTY, KENTUCKY a political subdivision of the Commonwealth of Kentucky (the “Board”).

WITNESSETH:

WHEREAS, the Commission has been established pursuant to the provisions of Sections 157.611 through 157.640 of the Kentucky Revised Statutes (the “Act”) for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth of Kentucky (the “State”) in a manner which will ensure an equitable distribution of funds based upon unmet need; and

WHEREAS, pursuant to Section 157.622 of the Act, the Commission, in reliance upon certified statements from the State Department of Education required under Section 157.620 of the Act, previously determined that the Board was entitled to financial assistance from the Commission in meeting the unmet need of the Board, as that term is defined in the Act, and made an offer of assistance to the Board (the “Offer of Assistance”) to provide financial assistance through the payment of a portion of the principal and interest requirements (the “Agreed Participation”) of those certain School Building Revenue Bonds, Series 2007A, issued by the Fayette County School District Finance Corporation (the “Corporation”), acting on behalf of the Board (the “Series 2007A Bonds”); and

WHEREAS, it is the desire and intent of the Board, in order to effect debt service savings, to refund a portion of the outstanding Series 2007A Bonds (maturities of May 1, 2018 through May 1, 2027) through the issuance of the Series 2015B Bonds (as herein defined) by the Corporation acting on behalf of the Board;

WHEREAS, the Commission, based upon the criteria contained in the Act and its Regulations, has determined that the Board has met the requirements of Section 157.620(1) of the Act and that the Board is entitled to an Agreed Participation by the Commission in the amount up to \$[Agreed Participation Amount] per annum to be applied toward payment of principal and interest requirements of the Corporation’s School Building Refunding Revenue Bonds, Series 2015B, dated March 17, 2015 (the “Series 2015B Bonds”), subject to the terms of this Participation Agreement, in order to refinance a portion of certain school facilities qualified under the Act hereinafter identified; and

WHEREAS, the Board will continue to be entitled to an agreed participation by the Commission to be applied toward payment of principal and interest requirements of the unrefunded Series 2007A Bonds (maturities of May 1, 2015 through May 1, 2017) (the “Series 2007A Bonds Agreed Participation”), under the terms of the Participation Agreement entered into by the Commission and the Board as of May 15, 2007, in connection with the issuance of the Series 2007A Bonds (the “Series 2007A Bonds Participation Agreement”); and

WHEREAS, pursuant to the provisions of the Act and the Regulations and Resolutions of the Commission promulgated thereunder and in compliance with the criteria or system for establishing priorities among applications by the Commission under the Act as certified by the State Department of Education relating to the ranking and approval of applications by eligible districts for financial assistance for the construction or improvement of school facilities, the Commission has determined that the Board is entitled to assistance from the Commission in accordance with the Act for the purposes of refinancing a qualified portion of certain school facilities previously approved by the Commission and originally financed by the Series 2007A Bonds (the “Project”); and

WHEREAS, the Board, in order to carry out the duty and authority vested in the Board, desires to maintain adequate school facilities for the district which it serves and has previously applied under the Act for assistance and has previously accepted the Commission’s Offer of Assistance in refinancing a portion of the costs of the Construction (as defined herein) of the Project; and

WHEREAS, it is desired that the Corporation, acting on behalf of the Board, authorize, sell, issue and deliver the Series 2015B Bonds pursuant to the provisions of Sections 162.120 to 162.300 and 162.385 of the Kentucky Revised Statutes (the “School Bond Act”); and

WHEREAS, pursuant to the provisions of the Act and the Regulations and Resolutions of the Commission promulgated thereunder, the Commission has previously passed and adopted Resolutions approving the Offer of Assistance to the Board and the issuance of the Series 2007A Bonds on behalf of the Board, and the Commission has committed itself to participate in the refunding of the Series 2007A Bonds and the corresponding refinancing of a portion of the costs of Construction of the Project through the payment of the Agreed Participation on the Series 2015B Bonds and has entered into this Participation Agreement in order to document its participation with respect to the Series 2015B Bonds; and

WHEREAS, the Commission remains committed to participate in providing a portion of the costs of Construction of the Project through the payment of the Series 2007A Bonds Agreed Participation on the unrefunded Series 2007A Bonds pursuant to the Series 2007A Bonds Participation Agreement; and

WHEREAS, the Board has previously allocated the Board’s Contribution (hereinafter defined) by the refinancing of a portion of the costs of Construction of the Project from its own funds in order to qualify for assistance from the Commission and ensure that the Project is refinanced in accordance with the requirements of the Act and the criteria established by the State Department of Education under the Act.

WHEREAS, the Corporation and the Board are parties to a Contract of Lease and Rent dated as of May 15, 2007, with respect to the Project (the “Series 2007A Bonds Contract of Lease and Rent”), which will remain in effect until May 1, 2017, subject to the terms and conditions thereof, and which creates a prior pledge of rentals from the Project to secure the unrefunded Series 2007A Bonds maturing on May 1, 2015, through May 1, 2017; and

WHEREAS, the Series 2007A Bonds Participation Agreement and the Series 2007A Bonds Contract of Lease and Rent will each remain in effect until May 1, 2017, subject to the their respective terms and conditions, and the payments respectively required to be made by the Commission and the Board pursuant to the Series 2007A Bonds Participation Agreement and the Series 2007A Bonds Contract of Lease and Rent and the other obligations respectively required to be observed by the Commission and the Board thereunder will continue to secure the unrefunded Series 2007A Bonds maturing on May 1, 2015, through May 1, 2017.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed between the parties hereto as follows:

ARTICLE I DEFINITIONS

Section 1.01 The following words and terms as used in this Participation Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Act” means Sections 157.611 through 157.640 of the Kentucky Revised Statutes, as amended.

“Agreed Participation” means the aforesaid amount up to \$[Agreed Participation Amount] per annum, which is the maximum annual amount the Commission will pay toward principal and interest requirements of the Series 2015B Bonds pursuant to the terms of this Participation Agreement. The actual annual Agreed Participation for each year allocated to the Series 2015B Bonds is set forth in Exhibit A hereto.

“Architect” means, collectively, the firms of licensed Kentucky architects employed by the Board for the design and supervision of the Construction of the Project.

“Available Local Revenue” means the amount required under the Act, as determined by the Department, in order for the Board to qualify as an “eligible district” under the Act.

“Board” means the Board of Education of Fayette County, Kentucky.

“Board’s Contribution” means that part of the Available Local Revenue under the Act and the Regulations of the Commission which the Board is required to expend for partial debt service on the refinancing of the Project in order to qualify as an “eligible district” under the Act and the Regulations of the Commission, such sum being the Board’s annual debt service on the Series 2015B Bonds in a maximum amount of \$[Board’s Maximum Contribution] (\$[Board’s Average Contribution] annual average).

“Bond Fund” or “Sinking Fund” means the separate and special debt service fund established with the Paying Agent and Bond Registrar under the Bond Resolution for the purpose of paying the principal of and interest on the Series 2015B Bonds.

“Bond Resolution” means the Resolution of the Board of Directors of the Corporation authorizing the Series 2015B Bonds.

“Bond Registrar” or “Paying Agent” means, with respect to the Series 2015B Bonds, Branch Banking and Trust Company, Wilson, North Carolina.

“Commonwealth” or “State” means the Commonwealth of Kentucky.

“Commission” means the School Facilities Construction Commission of the Commonwealth (or the Kentucky School Facilities Construction Commission) established pursuant to the Act.

“Construction” means and includes, *inter alia*, (a) preliminary planning to determine the feasibility of the Project; the engineering, architectural, legal, physical, and economic investigations and studies necessary thereto; and surveys, designs, plans, working drawings, specifications, procedures and other actions necessary for the construction and acquisition of the Project; (b) the erection, construction, renovation, acquisition, alteration, remodeling, improvement, equipping or extension of the Project; (c) the inspection and supervision of the acquisition and construction of the Project, and all costs incidental to the acquisition, construction and financing of the Project, and all costs incidental to the acquisition, construction and refinancing of same, and such terms shall also relate to and mean any other physical devices or appurtenances in connection therewith, or reasonably attendant thereto; and (d) any and all other acts performed in connection with the planning, implementation, acquisition, refinancing, renovation, improvement and equipment of the Project.

“Construction Contract” means, collectively, the contracts relating to the acquisition and construction of the Project entered by or on behalf of the Board in accordance with the provisions of the Kentucky Model Procurement Code as set forth in KRS 45A.005 through 45A.990.

“Construction Fund” means the Construction Fund funded with proceeds of the Series 2007A Bonds and established with the Construction Depository under the bond resolution of the Board of Directors of the Corporation authorizing the issuance and sale of the Series 2007A Bonds.

“Construction Depository” means Fifth Third Bank, Lexington, Kentucky, or other Lexington banks on a rotating basis each year (the “Depository Bank”) as designated by the Board.

“Contract of Lease and Rent” means the agreement by and between the Corporation, as lessor, and the Board, as lessee, under which the Project has been leased to the Board and the rental revenues derived thereunder (including the Agreed Participation) have been pledged to the payment of the Series 2015B Bonds.

“Corporation” means the Fayette County School District Finance Corporation, a corporate agency and instrumentality of the Board, acting by and through its Board of Directors.

“Department” means the State Department of Education.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, in its capacity as the Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement entered into between the Corporation and the Escrow Agent in connection with the refunding of the Series 2007A Bonds maturing on May 1, 2018, through May 1, 2027.

“Escrow Fund” means the escrow fund established with the Escrow Agent pursuant to the Bond Resolution and the Escrow Agreement for the purpose of consummating the refunding of the Series 2007A Bonds maturing on May 1, 2018, through May 1, 2027.

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

“Offer of Assistance” means the offers, as amended, submitted to the Board by the Commission pursuant to the Act and its Regulations, indicating the required amount of Available Local Revenue, as certified by the Department, the priority order of facilities to be built, as certified, the Commission’s Rate of Participation as defined under the Regulations of the Commission, and such other terms and conditions as required by the Regulations of the Commission.

“Participation Agreement” means this Participation Agreement.

“Percentage Discount” as defined under the Act or “Rate of Participation” as defined under the Regulations of the Commission, means the total annual amount to which the Commission has determined the Board is entitled under the Act and Regulations to be applied to the Board’s “unmet facilities need,” as defined in the Act.

“Project” means the acquisition and construction of school facilities which were previously identified on the Priority Order of the Approved School Facilities Plan of the Commission and Offer of Assistance (including the procurement of certain identified specialized equipment) and were originally financed, in part, by the Series 2007A Bonds.

“Regulations” means the Regulations of the Commission designated as 750 KAR 1:010, Commission Procedures.

“Schedule of Estimated Principal and Interest Requirements” means the schedule attached to this Participation Agreement as Exhibit A, setting forth the total estimated principal and interest requirements for the Series 2015B Bonds and indicating the Commission’s Agreed Participation and that part of the Board’s Contribution allocated to the Series 2015B Bonds.

“School Bond Act” means Sections 162.120 through 162.300 of the Kentucky Revised Statutes.

“Series 2007A Bonds” means the outstanding Fayette County School District Finance Corporation School Building Revenue Bonds, Series 2007A, that are being refunded, in part, by the Series 2015B Bonds.

“Series 2015B Bonds” means \$37,410,000 aggregate principal amount of the Corporation’s School Building Refunding Revenue Bonds, Series 2015B, dated March 17, 2015, authorized pursuant to the Bond Resolution and this Participation Agreement (subject to any

permitted adjustment of the principal amounts of the Series 2015B Bonds at the time of the sale of the Series 2015B Bonds).

ARTICLE II BOARD'S PARTICIPATION IN REFINANCING PROJECT

Section 2.01 Acceptance of Commission's Participation by the Board. The Board has by resolution accepted the Commission's Offer of Assistance, as amended, in refinancing a portion of the costs of Construction of the Project and has by resolution authorized the execution of this Participation Agreement and the execution of the Contract of Lease and Rent. By the execution of this Participation Agreement, the Board certifies to the Commission that the resolution authorizing the Board's participation in refinancing a portion of the costs of Construction of the Project has been duly adopted in accordance with law.

Section 2.02 Board's Contribution Established. By the acceptance of the Commission's Offer of Assistance, as amended, and the execution of this Participation Agreement, the Board hereby agrees to pay the amount indicated in Article I of this Participation Agreement as the Board's Contribution to the refinancing of a portion of the costs of Construction of the Project, subject to the year-to-year renewal provisions of the Contract of Lease and Rent.

ARTICLE III BOARD'S CONSTRUCTION OF PROJECT

Section 3.01 Commission as Conduit of Board's Funds. The Commission and the Board agree and acknowledge that, pursuant to the Act, the Commission is a conduit to provide financial assistance to the Board under the Act. Therefore, in accordance with the Act and the Constitution of the Commonwealth, the Project shall constitute a public project of the Board, and the Corporation acting on its behalf, and shall not be considered a project of the Commission within the meaning of Kentucky law, the legal responsibility for the construction, operation and maintenance of the Project being vested exclusively in the Board. The Commission and the Board acknowledge and agree that the remaining proceeds of the Series 2007A Bonds, if any, and the proceeds of the Series 2015B Bonds shall be considered as funds of the Board, or the Corporation acting on its behalf, and the Board, or the Corporation acting on its behalf, shall be solely responsible for the application thereof.

Section 3.02 Construction Contracts. The Board has let the Construction Contract, payable from the Construction Fund, for the acquisition and construction of the Project, which has been completed. The plans and specifications for the Project conformed with the requirements of and were approved by the Department.

Section 3.03 Board's Obligations Conditional upon Delivery of Series 2015B Bonds. All of the obligations of the Board set forth in this Participation Agreement are conditioned upon the successful sale and delivery of the Series 2015B Bonds.

ARTICLE IV
ISSUANCE OF SERIES 2015B BONDS

Section 4.01 Board's Covenant to Issue Series 2015B Bonds. The Board covenants to proceed with the issuance of the Series 2015B Bonds through the Corporation in accordance with the School Bond Act based upon the Commission's commitment to its Agreed Participation substantially in accordance with the Schedule of Estimated Principal and Interest Requirements set forth in Exhibit A to this Participation Agreement.

The Series 2015B Bonds shall be issued in the total principal amount indicated in Article I of this Participation Agreement, and shall be scheduled to mature as to principal annually in each of the years set forth in the Schedule of Estimated Principal and Interest Requirements and bear interest from their date payable semiannually.

The Series 2015B Bonds shall constitute special and limited obligations of the Corporation in accordance with their terms as set forth in the Bond Resolution and shall be payable from the rental revenues derived by the Corporation from the Board under the Contract of Lease and Rent. It is understood and agreed between the parties that the Commission's Agreed Participation as herein defined shall be assigned and pledged to the Corporation, in accordance with the terms hereof, the Bond Resolution and the Contract of Lease and Rent, and so long as this Participation Agreement remains in effect, the same shall be applied by the Paying Agent in order to meet principal and interest requirements of the Series 2015B Bonds.

Section 4.02 Establishment of Commission's Agreed Participation. Pursuant to the provisions of the Act and the Regulations and Resolutions of the Commission, the Commission has determined that the Board is eligible for assistance from the Commission in refinancing a portion of the costs of Construction of the Project and the Commission has determined the degree of its participation or the Agreed Participation in refinancing a portion of the costs of Construction of the Project shall be as set forth in Article I of this Participation Agreement; therefore, the Commission hereby agrees to participate in refinancing a portion of the costs of Construction of the Project through the semiannual payments of its Agreed Participation.

Notwithstanding anything contained in this Participation Agreement to the contrary, the obligation of the Commission to pay the Agreed Participation established hereunder shall be limited to the biennial period of the Commonwealth and the Commission's obligation to participate to the extent of the contractual amount of the Agreed Participation fixed herein shall be limited to the period commencing July 1, 2014, and terminating on June 30, 2016; provided, however, if the Commission elects not to continue to pay its Agreed Participation herein established, it shall give written notice to the Board and the original purchaser of the Series 2015B Bonds at least sixty (60) days before the expiration of the biennial budget period of the Commonwealth then in effect.

Nothing in this Participation Agreement or in the Contract of Lease and Rent shall be construed as binding the Commission to participate in refinancing a portion of the costs of Construction of the Project through the payment of the Agreed Participation herein established for any but the first biennial budget period ending June 30, 2016, but the obligation of the Commission to make said payments shall automatically renew itself each two years for a period

of two years unless the Commission shall give notice of its intention not to participate and make payments on the Agreed Participation as herein set forth.

The Commission, by the execution of this Participation Agreement and the adoption of the Resolution authorizing its execution, hereby expresses its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of the Series 2015B Bonds, but the execution of this Participation Agreement does not obligate the Commission to do so.

The Commission's participation in refinancing a portion of the costs of Construction of the Project through the payments due on the Agreed Participation shall be effected through periodic remittances directly to the Paying Agent in immediately available funds in accordance with the Schedule of Estimated Principal and Interest Requirements on or before the dates the principal or interest requirements are due on the Series 2015B Bonds. The Commission shall notify the Board in writing at the time each periodic payment on the Agreed Participation is made.

Section 4.03 Establishment of the Board's Contribution. The Board's Contribution in refinancing a portion of the costs of Construction of the Project has been determined to be as set forth in Article I of this Participation Agreement; therefore, the Board agrees to participate in refinancing a portion of the costs of Construction of the Project in supplementation of the payment of the Commission's Agreed Participation in the amount specified. To the extent of the Board's debt service on the Series 2015B Bonds, the Board shall make remittances directly to the Paying Agent in accordance with the Schedule of Estimated Principal and Interest Requirements on the fifteenth (15th) day of the month preceding the dates the principal or interest requirements are due on the Series 2015B Bonds.

Section 4.04 Board's Completion of the Project. The Board covenants with the Commission that it has completed Construction of the Project in accordance with the plans and specifications of its Architect to the satisfaction of the Commission and the Department.

ARTICLE V DISBURSEMENT OF SERIES 2015B BOND PROCEEDS

Section 5.01 Accounts Established. In accordance with the terms of the Bond Resolution, the proceeds received from the sale of the Series 2015B Bonds shall be disbursed in the following order and manner:

A. The amount representing interest accrued on the Series 2015B Bonds from their date to the date the Series 2015B Bonds are delivered, if any, shall be deposited in the Bond Fund for the Series 2015B Bonds established under the Bond Resolution and applied to the interest becoming due on the Series 2015B Bonds on the next succeeding interest due date. The Board shall receive a credit against the rentals due under the Contract of Lease and Rent securing the Series 2015B Bonds to the extent of said accrued interest; provided, however, that the Commission shall likewise receive a credit against its Agreed Participation to the extent of its pro rata share, if any, of said accrued interest.

B. The costs to the Board and the Commission incident to the issuance of the Series 2015B Bonds shall be deducted from the proceeds of the Series 2015B Bonds and paid in accordance with the orders of the Board and the Corporation.

C. The proceeds of the Series 2015B Bonds remaining after the required transfer to the Bond Fund for the Series 2015B Bonds and the payment of the costs of issuance of the Series 2015B Bonds shall be deposited in the Escrow Fund in accordance with the provisions of the Bond Resolution authorizing the Series 2015B Bonds.

Section 5.02 Disbursements from Construction Fund. The Construction Fund formerly maintained with the Construction Depository has been fully dispersed in accordance with the bond resolution of the Board of Directors of the Corporation authorizing the issuance and sale of the Series 2007A Bonds.

ARTICLE VI BOARD'S COVENANT TO OPERATE PROJECT

Section 6.01 Board's Covenants. In consideration of the contribution by the Commission of its Agreed Participation to the refinancing a portion of the costs of Construction of the Project, the Board covenants and agrees that so long as any of the Series 2015B Bonds remain outstanding and unpaid, the Board will operate and maintain the Project in accordance with the requirements of State law and the Regulations of the Commission and the Department and continue to pay the rentals due under the Contract of Lease and Rent for application to the payment of the Series 2015B Bonds.

Any other provisions of this Participation Agreement to the contrary notwithstanding, the Board shall be monetarily liable to the extent only of its anticipated revenue during any year in which this Participation Agreement is in effect and during which said obligations of the Board arise and all obligations set forth herein are on an annual basis; provided, however, the Board hereby expresses its present intention to fulfill its obligations under this Participation Agreement in accordance with its terms from year to year until the Series 2015B Bonds have been paid in full, plus all interest thereon.

ARTICLE VII MAINTENANCE AND INSURANCE

Section 7.01 Board's Obligation to Maintain and Insure. The Commission and the Board understand and agree that so long as the Series 2015B Bonds remain outstanding the Board will continue at its own expense to maintain and keep the Project in a good state of repair in accordance with the requirements of State law and the Regulations of the Commission and the Department and will procure and pay the costs of insurance on all buildings against loss by fire, lightning, windstorm, or other hazard covered by standard fire insurance policy with standard endorsement of "extended coverage"; the amount of such insurance shall be at all times the full insurable value of the Project or the amount of the unrefunded Series 2007A Bonds and the Series 2015B Bonds outstanding from time to time, whichever is greater. From and after the occupancy of the Project (or any part thereof) by the Board and so long as such occupancy continues the Board shall, on or about July 1 of each year, furnish to the Commission (as well as

the Department) a report showing the types and amount of insurance coverage procured and maintained with respect to the Project. In addition, the Board covenants and agrees to maintain and insure the Project in accordance with the provisions of the Bond Resolution.

Section 7.02 Application of Insurance Proceeds. The Commission and the Board further understand and agree that in case any of the buildings constituting the Project are totally destroyed by the hazards covered by insurance, the Board shall have the right to spend such proceeds to restore such portion of the Project; that if such proceeds are not expended by the Board for restoration of such portion of the Project at the earliest practical date, then all of such insurance proceeds shall be used for the purpose of redeeming outstanding Series 2015B Bonds; all subject to the terms and conditions of the Bond Resolution. Upon the partial destruction by the hazards covered by insurance, it is agreed by the Commission and the Board that the proceeds of such insurance shall be used solely and only for the purpose of making necessary replacements and repairs to the Project; provided, however, that if following such partial or complete destruction any principal or interest payment is due on the Series 2015B Bonds and there are not sufficient funds available for such payment, such insurance proceeds shall be applied to prevent a default in the payment of principal or interest then due on the Series 2015B Bonds, all subject to the terms of the Bond Resolution.

ARTICLE VIII GENERAL COVENANTS OF THE BOARD

Section 8.01 Commission May Transfer and Cause Department to Transfer Board's Funds Directly to Paying Agent. The Board agrees that, so long as the Series 2015B Bonds remain outstanding, pursuant to Section 157.627(5) of the Act, unless and until a court of competent jurisdiction rules to the contrary, unless the Commission has received from the Board, Upon a failure by the Board to comply with the terms of the Contract of Lease and Rent, the Bond Resolution or this Participation Agreement and the payment of the Series 2015B Bonds, satisfactory evidence that sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying debt service requirements and administrative costs on the Series 2015B Bonds when due, the Commission shall have the right to notify and request that the Department withhold from the Board a sufficient portion of any undisbursed funds then held, set aside or allocated to the Board and to request the Department to transfer the required amount thereof to the Paying Agent for the account of the Board.

Section 8.02 Board to Require Periodic Accounting from Depositories. The Board covenants and agrees that not less than annually, or more frequently should the Commission request, the Board will provide to the Commission periodic accountings from all depositories of funds related to the Series 2015B Bonds on such forms as may be prepared or supplied by the Commission or as the Commission otherwise directs.

Section 8.03 Audit of Board. The Board covenants and agrees that so long as the Series 2015B Bonds remain outstanding, the Board will supply audits of the financial records of the Board relating to the Project prepared by the Board's independent firm of certified public accountants which will be made available to the Commission not less than annually. The Commission shall supply the Board's firm of certified public accountants with summary identification and description of the Series 2015B Bonds with the request that the financial

records of the Board relating thereto be audited as part of the annual audit of the Board and that a separate statement or report thereof be filed with the Commission.

ARTICLE IX BOARD'S OPTION TO PURCHASE PROJECT

Section 9.01 Board's Option to Purchase. The Commission and the Board understand and agree that, under the Contract of Lease and Rent, the Board shall have the right at certain times to purchase the Project, or component parts thereof, from the Corporation and to secure the conveyance of the Project, or component parts thereof, for a price equal to the principal amount of all Series 2015B Bonds then outstanding or, in the case of a purchase of any of such component parts, an allocated portion of the Series 2015B Bonds then outstanding (plus a premium, if any, shall be payable as a result of the call of the Series 2015B Bonds), together with a sum equal to the interest due or to become due on said principal amount of Series 2015B Bonds until the retirement thereof, plus all expenses incident to such retirement, subject to the terms of the Bond Resolution.

The Board may exercise its option to purchase the Project, or component parts thereof, by giving the Commission, as well as the Corporation, at least ninety days (90) written notice before the date the purchase price for the Project, or the applicable component parts thereof, is to be tendered to the Corporation.

In the event the Board exercises its right to purchase the entire Project, then upon sufficient funds being deposited and earmarked for the retirement of all Series 2015B Bonds then outstanding, the Board's obligation to pay the annual rentals under the Contract of Lease and Rent shall terminate. In the event the Board exercises its option to purchase the Project under the Contract of Lease and Rent, the Commission shall have the option to continue to pay its Agreed Participation over the term of the Series 2015B Bonds or to liquidate its Agreed Participation by contributing to the retirement of the Series 2015B Bonds in cash its pro rata share of (i) the principal amount of Series 2015B Bonds then outstanding, (ii) the interest due or to become due on said principal amount of Series 2015B Bonds until the retirement thereof, and (iii) the redemption premium, if any, on said principal amount of the Series 2015B Bonds. The Commission's pro rata share shall be calculated on an annual basis utilizing the Agreed Participation as the numerator and total annual debt service on the Series 2015B Bonds as the denominator.

In the event the Commission shall elect not to liquidate its Agreed Participation in conjunction with the Board's exercise of its option to purchase the Project, the Commission shall continue to make all payments due under and in accordance with this Participation Agreement as if provisions had not been made by the Board for the retirement of the Series 2015B Bonds; provided, however, that said payments shall be made directly to the Board.

ARTICLE X COMMISSION'S RIGHTS REGARDING REFINANCING

Section 10.01 Board's Covenant to Initiate Refinancing. In consideration of the Commission's participation in refinancing a portion of the costs of Construction of the Project,

the Board agrees to initiate and complete in accordance with its rights under the School Bond Act a refinancing, refunding or defeasance of the Series 2015B Bonds upon the request of the Commission. Nothing herein contained shall prohibit the Board from initiating a refinancing, refunding or defeasance of the Series 2015B Bonds based upon its own determination, but the terms shall be subject to the approval of the Commission as well as the Department.

Section 10.02 Savings to Commission Unencumbered. Upon a refinancing, refunding or defeasance of the Series 2015B Bonds as contemplated by Section 10.01, any reduction in the Commission's pro rata share of the debt service on the Series 2015B Bonds and corresponding reduction in the Commission's Agreed Participation shall be allocated in accordance with KRS 157.622(6).

Section 10.03 Refinancing Subject to Federal Tax Rules. Any plan for the refinancing, refunding or defeasance of the Series 2015B Bonds as contemplated by Section 10.01 shall be subject to the requirements of the Internal Revenue code of 1986, as amended.

ARTICLE XI BOND RESOLUTION AND CONTRACT OF LEASE AND RENT INCORPORATED

Section 11.01 Bond Documents Incorporated. The Commission and the Board agree that all of the provisions of the Bond Resolution and the Contract of Lease and Rent are incorporated in this Participation Agreement as if copied in full herein.

ARTICLE XII CONSENT TO ASSIGNMENT

Section 12.01 Commission's Consent to Assignment. The Commission understands and agrees that the Board will assign and pledge this Participation Agreement to the Corporation under the terms of the Contract of Lease and Rent as security for the payment of the Board's rental obligations under the Contract of Lease and Rent, and by the execution hereof the Commission hereby consents to such assignment. Amounts paid by the Commission hereunder shall be credited against the Board's rental obligations under the Contract of Lease and Rent.

ARTICLE XIII BOARD'S RESPONSIBILITY FOR EXPENSES INCIDENT TO SERIES 2015B BOND ISSUE

Section 13.01 Board's Covenant to Pay Expenses. The Board covenants and agrees that all expenses incident to the authorization, issuance and sale of the Series 2015B Bonds and the refunding of a portion of the Series 2007A Bonds shall be solely the responsibility of the Board, including, but not being limited to, the fees and expenses of the Bond Registrar, Paying Agent and Escrow Agent under the Escrow Agreement, all of which expenses shall be considered as additional rentals under the Contract of Lease and Rent.

ARTICLE XIV
SEVERABILITY

Section 14.01 Provisions Severable. If any section, paragraph or clause of this Participation Agreement shall be held invalid by any court of competent jurisdiction, the invalidity of said section, paragraph, or clause shall not affect any of the remaining provisions hereof.

(Signature page to follow)

IN TESTIMONY WHEREOF, the Commission has caused this Participation Agreement to be executed in its name and on its behalf by its Chairman, and attested by its Secretary, and the Board has by Resolution duly adopted, caused this Participation Agreement to be executed in its name and on its behalf by its Vice Chairperson, and attested by its Secretary, all as of the date first above written.

KENTUCKY SCHOOL FACILITIES
CONSTRUCTION COMMISSION

Attest:

By: _____

Bernard Sandfoss, Chairman

Kristi Culpepper, Secretary

BOARD OF EDUCATION OF
FAYETTE COUNTY

Attest:

By: _____

John D. Price, Chairperson

Marlene Helm, Ph.D., Secretary

Fayette County School District Finance Corporation
School Building Refunding Revenue Bonds, Series 2015B

Debt Service Requirements

Kentucky School Facilities Construction Commission

(see following page)

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement"), is dated March 17, 2015, and is by and between the FAYETTE COUNTY SCHOOL DISTRICT FINANCE CORPORATION (the "Corporation") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Dallas, Texas, a national banking association with trust powers organized under the laws of the United States of America, as Escrow Agent (the "Escrow Agent").

W I T N E S S E T H:

WHEREAS, the Board of Education of Fayette County, Kentucky (the "Board of Education"), has directed the Corporation to undertake and implement for and on behalf of the Board of Education, in order to achieve debt service savings, the advance refunding of the following outstanding school building revenue bonds previously issued on behalf of the Board of Education by the Corporation to finance the construction and acquisition of certain school building facilities of the Board of Education:

School Building Revenue Bonds, Series 2007A, maturing on and after May 1, 2018, in the outstanding principal amount of \$34,290,000, payable as to principal on each May 1, first callable for redemption on May 1, 2017, at 100% par;

such outstanding bonds to be refunded being hereinafter referred to as the "Refunded Bonds"; and

WHEREAS, the Refunded Bonds are current as to the payment of principal and interest; and

WHEREAS, the Corporation has determined to advance refund the Refunded Bonds in the aggregate outstanding principal amount of \$34,290,000 and to provide for the redemption of the Refunded Bonds on their first optional redemption date (May 1, 2017) at par as stipulated in the Resolution of the Corporation authorizing the Refunded Bonds, by depositing with the Escrow Agent an amount to be used to acquire direct obligations of the United States consisting of United States Treasury Time Deposit Securities - State and Local Government Series (the "Federal Securities") as described herein, which Federal Securities will produce principal and interest in amounts and at times sufficient to pay interest when due on the Refunded Bonds and to provide for such redemption on the earliest redemption date; and

WHEREAS, the Refunded Bonds are payable as to principal and interest, when due, by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent");

WHEREAS, in order to provide the funds needed for the advance refunding of the Refunded Bonds, the Corporation has authorized and is, concurrently with the execution and delivery of this Agreement (on March 17, 2015), issuing its School Building Refunding Revenue Bonds, Series 2015B, dated March 17, 2015 (the "Series 2015B Bonds"), pursuant to a Resolution adopted by the Corporation on January 26, 2015 (the "Resolution");

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Corporation and the Escrow Agent agree as follows:

Section 1. The Escrow Fund.

(A) There is hereby created and established in trust with the Escrow Agent a special and irrevocable escrow fund designated the "Fayette County School District Finance Corporation Escrow Fund - 2015B Refunding" (the "Escrow Fund"), which shall be a trust fund held by the Escrow Agent as trustee.

(B) The Escrow Agent shall deposit in the Escrow Fund proceeds of the Series 2015A Bonds in the amount of \$[_____] (the "Bond Proceeds") which have been delivered by the Corporation to the Escrow Agent. The Bond Proceeds will be invested in the Federal Securities in the manner described in this Agreement, which Federal Securities and the income therefrom will be sufficient (1) to pay interest on the Refunded Bonds due on May 1, 2015, November 1, 2015, May 1, 2016, November 1, 2016 and May 1, 2017; (2) to pay principal of the Refunded Bonds when due on May 1, 2015, May 1, 2016 and May 1, 2017; and (3) to redeem on May 1, 2017 all Refunded Bonds maturing on and after May 1, 2018 at 100% of par. The Federal Securities and cash on deposit in the Escrow Fund shall be applied exclusively by the Escrow Agent, and are hereby pledged, for the foregoing purposes. The Refunded Bonds are payable, and shall be redeemed, as set out in the schedules attached hereto (the "Schedules").

(C) Except as may otherwise be provided in this Agreement, the deposit of Bond Proceeds in the Escrow Fund shall constitute an irrevocable deposit on behalf of and for the use and benefit of the holders of the Refunded Bonds and for their security. Subject to the foregoing requirements for the use of the Escrow Fund and the moneys and Federal Securities therein and except as otherwise provided herein, the Corporation and the Escrow Agent covenant and agree that the Escrow Agent shall have full and complete control and authority over and with respect to the Escrow Fund and moneys and Federal Securities therein, the Corporation shall not exercise any control or authority over and with respect to the Escrow Fund and the moneys and Federal Securities therein, and the Escrow Agent shall not surrender or otherwise attempt to redeem or otherwise negotiate the Federal Securities in the Escrow Fund except as they shall come due as shown in the attached Schedules.

Section 2. Use and Investment of Funds.

(A) The Escrow Agent acknowledges receipt on the date of execution and delivery of this Agreement (March 17, 2015) of the Bond Proceeds as described in paragraph (B) of Section 1 hereof and agrees, except as may otherwise be provided in this Agreement, to hold and apply the Bond Proceeds, together with all amounts derived from the investment or reinvestment thereof, in irrevocable escrow during the term of this Agreement.

(B) The Escrow Agent shall immediately invest (or cause the investment of), on the date of execution and delivery of this Agreement, Bond Proceeds deposited in the Escrow Fund in the amount of \$[_____] in the Federal Securities described in the Schedules, copies of the subscriptions for which are attached to the Schedules. The balance of the Bond Proceeds in the Escrow Fund in the amount of \$[_____] shall be held as cash uninvested and without liability for interest until May 1, 2017, and applied to the debt service on the Refunded Bonds then due on such date. [This paragraph to be expanded once the final escrow schedule is determined]

Section 3. Pledge.

All principal of and interest on all Federal Securities held in the Escrow Fund, all payments of principal and interest thereon and all other amounts held from time to time in the Escrow Fund are hereby pledged irrevocably, subject to the terms of this Agreement, to the payments set out in Section 1(B) hereof.

Section 4. Payments.

The Escrow Agent shall pay, as the Paying Agent for the Refunded Bonds, from the moneys on hand in the Escrow Fund, (A) on May 1, 2015, November 1, 2015, May 1, 2016, November 1, 2016 and May 1, 2017, the interest on the Refunded Bonds coming due on such date; (B) on May 1, 2015, May 1, 2016 and May 1, 2017, the principal of the Refunded Bonds maturing on such date; and (C) on May 1, 2017, the redemption price of all Refunded Bonds maturing on and after May 1, 2018 at 100% of par, all as set out in the Schedules.

Section 5. Reinvestment.

(A) Except as provided in Section 2 and in this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Federal Securities held hereunder.

(B) At the written request of the Corporation and upon compliance with the conditions hereinafter stated, the Escrow Agent shall invest cash in the Escrow Fund and/or shall sell, transfer, otherwise dispose of or request the redemption of any of the Federal Securities acquired hereunder and shall apply the amounts received upon such sale, transfer, disposition or redemption either to the purchase of Refunded Bonds or the purchase of other direct obligations of the United States in substitution for such Federal Securities. The Corporation covenants with the holders of the Series 2015A Bonds and the Refunded Bonds that it will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which, if such exercise had been reasonably expected on the date of issuance of the Series 2015A Bonds or the Refunded Bonds, respectively, would have caused the bonds of such issues to be “arbitrage bonds” within the meaning of the United States Internal Revenue Code of 1986, as amended (the “Code”), as implemented by such proposed, temporary and permanent regulations as have been or may be adopted from time to time by the United States Treasury Department in effect on the date of such exercise and applicable to obligations issued on the respective dates of issuance of such issues of bonds. The Escrow Agent will comply with the written request of the Corporation hereunder only upon receipt of (i) a certificate or opinion from a nationally recognized independent public accountant or accounting firm that the principal of and interest on the Federal Securities in the Escrow Fund, after the transactions are completed, together with other moneys in the Escrow Fund, will be sufficient to pay all principal of the Refunded Bonds called for redemption as herein provided, and all interest on the Refunded Bonds to the redemption date, and (ii) an opinion from nationally recognized bond counsel to the effect that the transactions will not cause the Series 2015A Bonds or the Refunded Bonds to be “arbitrage bonds” within the meaning of the Code.

Section 6. Redemption; Acceleration of Maturity; Defeasance.

At the request of the Board of Education, the Corporation has elected to, and hereby elects to, and shall call for redemption on May 1, 2017, the Refunded Bonds; and the Corporation represents that it has caused to be taken, or has irrevocably provided to be taken, all action legally required to call for redemption on May 1, 2017, the Refunded Bonds; otherwise, the Corporation will not accelerate the maturity of, or exercise any option to redeem before maturity, any Refunded Bonds.

It is acknowledged and determined by the Corporation that the Federal Securities and cash held in the Escrow Fund shall be sufficient to make the payments on the Refunded Bonds as set out in Section 4 hereof, such determination being based upon (and in reliance upon) certain certifications and schedules of J.J.B. Hilliard, W.L. Lyons, LLC, dated the date of delivery of the Series 2015A Bonds, the mathematical computations in which have been verified as to accuracy by [Verification Agent], as evidenced by its report also dated the date of delivery of the Series 2015A Bonds, all being of record in the Transcript of Proceedings relating to the issuance of the Series 2015A Bonds.

Section 7. Payment of Costs; Hold Harmless

(A) The Corporation agrees to pay the reasonable fees and expenses of the Escrow Agent that may be charged from time to time in connection with its duties as Escrow Agent (including reasonable counsel fees and expenses, if any).

(B) The Corporation hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against at any time, the Escrow Agent and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Federal Securities, the retention of the Federal Securities or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Corporation shall not be required to hold the Escrow Agent harmless against its own negligence or misconduct. In no event shall the Corporation be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this Section. The assurances contained in this Section shall survive the termination of this Agreement.

Section 8. Responsibilities of Escrow Agent.

The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the funds deposited therein, the purchase of the Federal Securities, the retention of the Federal Securities or the proceeds thereof or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason

of any nonnegligent act, omission or error of the Escrow Agent made in good faith in the conduct of its duties. The Escrow Agent shall, however, be liable to the Corporation for its negligent or willful acts, omissions or errors which violate or fail to comply with the terms of this Agreement that result in a loss to the Corporation. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement, and no implied duties of the Escrow Agent shall be read into this Agreement. The Escrow Agent may consult with counsel, and in reliance upon the opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Corporation. The Escrow Agent shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees, and shall not be responsible for the misconduct or negligence of such agents, attorneys, custodians and nominees appointed by it with due care. The Escrow Agent shall be protected in acting upon any notice, request, certificate, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed by the proper person or persons and shall not be held to have notice of any change of authority of any person, until receipt of written notice thereof from the Corporation. None of the provisions contained in this Agreement shall require the Escrow Agent to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder.

Section 9. Resignation of Escrow Agent.

The Escrow Agent may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the Corporation and mailed, first class mail, to the holders of the Refunded Bonds not less than sixty days before such resignation shall take effect, provided that such resignation shall not become effective until a successor Escrow Agent shall have been appointed. Such resignation shall take effect immediately upon the appointment of a new Escrow Agent hereunder, if such new Escrow Agent shall be appointed before the time limited by such notice and shall then accept the duties and obligations thereof.

Section 10. Removal of Escrow Agent.

(A) The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing executed by the holders of not less than 67% in aggregate principal amount of the Refunded Bonds, such instruments to be filed with the Corporation and notice thereof to be mailed in the manner and to the holders described in Section 9 hereof not less than sixty days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument filed with the Corporation under the provisions of this paragraph shall be delivered by the Corporation to the Escrow Agent.

(B) The Escrow Agent may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Agreement with respect to the duties and obligations of the Escrow Agent by any court of competent jurisdiction upon the application of the Corporation or the holders of not less than 5% in aggregate principal amount of the Refunded Bonds.

Section 11. Successor Escrow Agent.

If at any time hereafter the Escrow Agent shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Escrow Agent shall thereupon become vacant. In the event of a vacancy in the position of Escrow Agent without availability of a successor for any reason, the Corporation shall appoint a successor Escrow Agent within thirty days from the occurrence of such vacancy and, if no such appointment shall be made, the holder of any Refunded Bonds or the retiring Escrow Agent, at the Corporation's expense, may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Escrow Agent. Any corporation, association or other entity into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust assets and business or any corporation, association or other entity resulting from any such conversion, sale, merger, consolidation or other transfer to which it is a party, ipso facto, shall be and become successor Escrow Agent hereunder, vested with all other matters as was its predecessor, without the execution or filing of any instrument or any further act on the part of the parties hereto, notwithstanding anything herein to the contrary.

Section 12. Term.

Except as provided in Section 7(B), this Agreement shall commence upon its execution and delivery and shall terminate when the interest on and principal of the Refunded Bonds and the redemption prices of the Refunded Bonds have been paid and such payment obligations discharged in accordance with the proceedings authorizing the Refunded Bonds, upon which payment and discharge any sums remaining in the Escrow Fund shall be paid, but in no event prior to May 1, 2017, over to the Corporation.

Section 13. Severability.

If any one or more of the covenants or agreements provided in this Agreement on the part of the Corporation or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants or agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 14. Counterparts.

This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 15. Governing Law.

This Agreement shall be construed under the laws of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

FAYETTE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

By _____
John D. Price
President

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By _____
Name _____
Title _____