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BOND RESOLUTION

MARION COUNTY SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REVENUE BONDS

SERIES 2020

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## **BOND RESOLUTION**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARION COUNTY SCHOOL DISTRICT FINANCE CORPORATION, RELATING TO THE ISSUANCE AND SALE OF \$1,580,000 (SUBJECT TO AN ADJUSTMENT UPWARD IN THE AMOUNT OF \$155,000 OR DOWNWARD IN ANY AMOUNT) PRINCIPAL AMOUNT OF MARION COUNTY SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REVENUE BONDS, SERIES 2020, IN ACCORDANCE WITH SECTIONS 162.120 THROUGH 162.300 AND 162.385 AND 58.010 THROUGH 58.140 AND 58.180 OF THE KENTUCKY REVISED STATUTES, TO PROVIDE FUNDS TO BE APPLIED TO FINANCE THE COSTS OF RENOVATIONS TO MARION COUNTY MIDDLE SCHOOL.**

WHEREAS, the Marion County School District Finance Corporation (the "Corporation") is a nonstock, nonprofit corporation duly organized pursuant to the provisions of Section 162.385, Sections 273.161 through 273.390 and Section 58.180 of the Kentucky Revised Statutes, having for its corporate purpose cooperation with the Board of Education of Marion County, Kentucky (the "Board of Education"), in financing the costs incident to the acquisition, construction and equipping of school facilities necessary for the Board of Education to fulfill its duties delegated under Chapter 160 of the Kentucky Revised Statutes, in maintaining a system of common schools in the County of Marion, Kentucky, and

WHEREAS, the Board of Education has authorized and directed the Corporation to issue its School Building Revenue Bonds to finance renovations to Marion County Middle School including but not limited to the construction of three standard classrooms, two resource rooms and an addition to the cafeteria (the "Project") upon properties which have heretofore been conveyed or will be conveyed to the Corporation by the Board of Education, and to lease the Project to the Board of Education, pursuant to a Contract, Lease, and Option (the "Lease"), and

WHEREAS, the Board of Education has tendered to the Board of Directors of the Corporation a Deed conveying to the Corporation the site of the proposed Project, and has agreed to lease the Project from the Corporation pursuant to the terms of the Lease, and

WHEREAS, the plans and specifications for the Project have heretofore been prepared and filed in the office of the Secretary of the Corporation and have been approved by the Board of Education and by the Kentucky Department of Education, pursuant to Chapter 162 of the Kentucky Revised Statutes, and contracts for the Project have been duly awarded, to be secured by 100% performance bond, executed by responsible, approved surety, and

WHEREAS, in order to pay the costs of the Project, it is necessary that the Corporation authorize, issue and sell \$1,580,000 (subject to an adjustment upward in the amount of \$155,000 or downward in any amount) of Marion County School District Finance Corporation School Building

Revenue Bonds, Series 2020, dated the Date of Issuance, (which amount of bonds has been approved by the Kentucky Department of Education), all pursuant to and as permitted by the Act (hereinafter defined).

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

**Section 1. Definitions.** As used in this Resolution, unless the context requires otherwise:

*"Act"* refers to Sections 162.120 through 162.300 and 162.385, and Sections 58.010 through 58.140 and 58.180, of the Kentucky Revised Statutes.

*"Agreed Participation"* refers to the amount which the Commission has agreed to provide, pursuant to the terms of the Participation Agreement, to assist the Board of Education in meeting the principal and interest requirements due on the Bonds.

*"Board of Directors"* refers to the governing body of the Corporation.

*"Board of Education"* refers to the Board of Education of Marion County, Kentucky.

*"Bond Counsel"* refers to Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky.

*"Bondowner"* and *"Owner"* shall refer to the owner of any of the Bonds as shown on the Bond Register maintained by the Registrar.

*"Bond Register"* means the books and records maintained by the Registrar as to the registered ownership and transfers of ownership of the Bonds from time to time.

*"Bonds"* refers to the \$1,580,000 (subject to an adjustment upward in the amount of \$155,000 or downward in any amount) of bonds authorized herein, bearing the designation "Marion County School District Finance Corporation School Building Revenue Bonds, Series 2020."

*"Book Entry Form"* means, with respect to the Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book entry, and (ii) physical Bond certificates in fully registered form are registered only in the name of a Securities Depository, or its nominee, as holder, with the physical Bond certificates in the custody of a Securities Depository.

*"Code"* refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations pertaining thereto.

*"Commission"* refers to the Kentucky School Facilities Construction Commission.

*"Corporation"* refers to the Marion County School District Finance Corporation, a nonstock, nonprofit corporation created pursuant to the provisions of Section 273.161 through 273.390, Section 58.180 and Section 162.385 of the Kentucky Revised Statutes to act as an agency and instrumentality and constituted authority of the Board of Education.

*"Dated Date"* or *"Date of Issuance"* refers to the date of issuance of the Bonds.

*"Debt Service Fund"* refers to the Marion County School District Finance Corporation School Building Revenue Bond Debt Service Fund Series 2020, created pursuant to the provisions of Section 9 hereof.

*"Depository Bank"* refers to Citizens National Bank, Lebanon, Kentucky, which shall have the duties and responsibilities of serving as a depository of the Construction Account created herein.

*"FDIC"* refers to the Federal Deposit Insurance Corporation, or a successor entity providing insurance on deposits in banking institutions.

*"Financial Advisor"* refers to Robert W. Baird & Co. Incorporated.

*"Initial Purchasers"* or *"Purchasers"* refers to the initial purchasers of the Bonds at the public sale, including all members of their purchasing syndicate or group.

*"Interest Payment Date"* shall mean February 1 and August 1 of each year, commencing on August 1, 2020.

*"Lease"* refers to the Contract, Lease, and Option, dated as of the date of the Bonds, between the Board of Education and the Corporation, which instrument is a lease of the Project of the kind prescribed by Section 162.140 of the Kentucky Revised Statutes, and which Lease is approved in this Resolution.

*"Participation Agreement"* refers to an agreement between the Board of Education and the Commission wherein the Commission agreed to provide financial assistance to the Board of Education in an amount equal to the Agreed Participation.

*"Paying Agent"* and *"Registrar"* refers to Citizens National Bank, Lebanon, Kentucky.

*"President"* refers to the President of the Corporation.

*"Project"* refers to the construction of renovations to Marion County Middle School including but not limited to the construction of three standard classrooms, two resource rooms and an addition to the cafeteria.

*"Project Site"* refers to the actual site of the Project, as described in Exhibit A attached to the Lease.

*"Record Date"* shall mean, with respect to any Interest Payment Date, the close of business on the 15<sup>th</sup> day of the month next preceding an Interest Payment Date.

*"Secretary"* refers to the Secretary of the Corporation.

*"Securities Depository"* means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of book entry interests in the Bonds, and to effect transfers of book entry interests in the Bonds in Book Entry Form, and includes and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

## **Section 2. Approval of Documents.**

(a) Approval of Financial Advisor Agreement. The Financial Advisor Agreement tendered to the Board of Education by Robert W. Baird & Co. Incorporated (the "Financial Advisor") whereby said firm agrees to act as Financial Advisor for the Corporation and the Board of Education, in connection with the issuance, sale and delivery of the Bonds, is hereby approved, and the President and the Secretary are authorized and empowered to execute said Financial Advisor Agreement on behalf of the Corporation.

(b) Designation of Architects; Approval of Plans and Specifications; Approval of Board of Education Bid Procedures. The Corporation hereby selects and designates RossTarrant Architects, Lexington, Kentucky (the "Architects"), as the Architects for the Project, and to exercise supervision thereof, the Board of Education having indicated that said Architects are approved by said Board of Education, as contemplated by Section 162.160 of the Kentucky Revised Statutes; approves the plans and specifications for such Project as prepared by the Architects and previously approved by the Board of Education; and specifically authorizes, approves, ratifies and confirms all previous actions of the Board of Education in connection with the advertisement, receipt and award of bids for the construction of the Project.

(c) Approval of Lease. The Lease tendered to the Corporation by the Board of Education, having been approved by resolution duly adopted by the Board of Education is hereby accepted and approved by the Corporation, and the President and Secretary are authorized and empowered to execute and deliver said Lease on behalf of the Corporation.

(d) Participation Agreement Between the Board of Education and the Commission. The Corporation acknowledges that it has been informed that the Commission has agreed to provide financial assistance to the Board of Education in this financing, to the extent of the Agreed Participation, subject to the constitutional limitations on state agencies requiring that such commitment be subject to renewal or cancellation every two (2) years.

**Section 3. Authorization of Bonds; Maturities.** For the purpose of financing the costs, not otherwise provided, of the Project, there are hereby authorized to be issued and sold, at such time as may be determined by the Corporation to be appropriate, \$1,580,000 (subject to an adjustment upward in the amount of \$155,000 or downward in any amount) principal amount of the Bonds. Said Bonds shall mature and/or be subject to mandatory redemption on February 1 of the years 2021 through 2040, in such principal amounts, and shall bear interest payable semiannually on February 1 and August 1 of each year at an interest rate or rates to be fixed by the Corporation as a result of the public sale of the Bonds.

**Section 4. Bonds Issued as Fully Registered Bonds; Registered Owners.** The Bonds shall be issued only in registered form in the denomination of \$5,000 or any integral multiple thereof within a single maturity, shall be dated as of the Dated Date, and shall be numbered consecutively from R-1 upward. Each Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date on which such Bond is authenticated by the Registrar, unless such Bond is authenticated on an Interest Payment Date to which interest has been paid, in which event it shall bear interest from such date, or if such Bond is authenticated prior to the first Interest Payment Date, such Bond shall bear interest from the Dated Date.

So long as any Bonds remain outstanding, the Registrar shall keep at its principal office a Bond Register showing and recording a register of the Owners of the Bonds and shall provide for the registration and transfer of Bonds in accordance with the terms of this Resolution, subject to such reasonable regulations as the Registrar may prescribe.

The person in whose name any Bond is registered on the Bond Register maintained by the Registrar, at the Record Date with respect to an Interest Payment Date, shall be entitled to receive the interest payable on such Interest Payment Date (unless such Bond shall have been called for redemption on a redemption date which is prior to such Interest Payment Date) notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date.

**Section 5. Place of Payment; Manner of Execution; and Redemption Provisions.** The principal of (redemption price, if redeemed prior to maturity) and interest on the Bonds shall be payable in lawful money of the United States of America as same respectively become due. The principal of each Bond is payable upon surrender of same at the designated office of the Paying Agent. Interest on the Bonds shall be paid by wire transfer by the Paying Agent on or before each Interest Payment Date to the Owners of the Bonds shown on the Bond Register as of the end of business on the Record Date, at the respective addresses appearing on the Bond Register.

The Bonds shall be executed on behalf of the Corporation, as permitted by Section 61.390 of the Kentucky Revised Statutes, with the duly authorized reproduced facsimile signature of the President, attested by the reproduced facsimile signature of the Secretary; and said officials, by the execution of appropriate certifications, shall adopt as and for their own proper signatures, their respective facsimile signatures on said Bonds; provided the Authentication Certificate of Registrar

must be executed by the manual signature of the Registrar on each Bond before such Bond shall be valid, as set out in Section 7 hereof.

Pending the preparation of the definitive Bonds, the Corporation may execute and, upon the Corporation's request, the Registrar shall authenticate and deliver, one or more temporary Bonds which may be printed, lithographed, typewritten, mimeographed or otherwise reproduced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, in registered form, and with such appropriate insertions, omissions, substitutions and other appropriate and necessary variations as the officers of the Corporation executing such temporary Bonds may determine, as evidenced by their signing such temporary Bonds.

Until exchanged for Bonds in definitive form, such temporary Bonds shall be entitled to the benefit and security of this Resolution. The Corporation shall, without unreasonable delay, prepare and execute, and, upon the presentation and surrender of the temporary Bonds, shall deliver such printed Bonds to the registered owners thereof or, in the event the Bonds are issued in Book Entry Form, to the Securities Depository, or its nominee, in exchange therefor. Such exchange shall be made without the making of any charge therefor to any Owner of the Bonds.

At least five (5) business days prior to the date for payment of the purchase price for the Bonds, the Initial Purchasers shall furnish to the Registrar the name, address, social security number or taxpayer identification number, of each party to whom beneficial interests in the Bonds shall have been resold, and the principal amounts and maturities thereof. The Registrar shall then issue and deliver to said parties, on the closing date, fully registered Bonds in accordance with said instructions.

The Registrar shall have the right to order the preparation of whatever number of Bond certificates as, in the sole discretion of the Registrar, shall be deemed necessary in order to enable the Registrar to maintain an adequate reserve supply of such Bond certificates to effect properly the continuing transfers and exchanges of ownership of Bond certificates as same are sold, exchanged and/or otherwise surrendered in the future. No further action regarding the authorization or execution of additional Bond certificates shall be required by the Corporation, the President or the Secretary, and all expenses incident thereto shall be borne by the Board of Education as an additional rental charge in connection therewith in each year in which the Board of Education shall renew its rental of the Project.

All Bonds shall be exchangeable and transferable upon presentation and surrender thereof at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his authorized representative, for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination of \$5,000 and/or a multiple thereof within a single maturity, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Bond or Bonds presented for exchange and transfer. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section 5. Each exchange Bond delivered in accordance with this Section 5 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 Bond or Bonds in lieu of which such exchange Bond is delivered.

Bonds maturing on and after February 1, 2028, shall be subject to redemption by the Corporation prior to maturity, in whole or in part, in any order of their maturities (less than all of a single maturity to be selected by lot), on any date falling on or after February 1, 2027, at par, plus unpaid interest accrued to the date of redemption.

In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with this Resolution, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

The Registrar shall give notice of any redemption by sending such notice by United States mail, first class, postage prepaid, not less than thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, to the registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register as of the date of mailing of such notice. Such notice shall state the redemption date, the place at which the Bonds are to be surrendered for payment, and, if less than all of the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice.

Prior to each redemption date, the Registrar shall make provision, to the extent funds are then available therefor, for the payment of the redemption price of the Bonds to be redeemed on such date by setting aside and holding in trust an amount sufficient to pay such redemption price. Upon presentation and surrender of any such Bond at the main corporate trust office of the Registrar on or after the date fixed for redemption, the Registrar shall pay the redemption price of such Bond (plus accrued interest to the date of redemption) from the funds set aside for such purpose.

All of said Bonds as to which the Corporation reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

The Registrar shall not be required to transfer or exchange any Bonds (i) during the period between the Record Date and the next Interest Payment Date of such Bond; (ii) after notice calling such Bond for redemption has been mailed; or (iii) during a period of fifteen (15) days next preceding the mailing of a notice of redemption of any Bond.

No service charge shall be made for any transfer or exchange of Bonds, but the Corporation and the Registrar may require payment of a sum sufficient to cover any tax or any other governmental charge that may be imposed in connection with any transfer or exchange of Bonds,



except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

**Section 6. Bonds Payable out of a Special Fund; Not a General Obligation Debt of Corporation.**

(a) Bonds Payable Out of Special Fund. The Bonds, together with the interest thereon, shall be payable only out of the Debt Service Fund, and shall be a valid first claim of the Owners thereof solely against said Debt Service Fund and against the income and revenues of the Project.

(b) Bonds Are Not a General Obligation Indebtedness of the Corporation. The Bonds shall not constitute a debt, indebtedness, general obligation or pledge of the full faith and credit of the Corporation or the Board of Education within the meaning of any provision of the Constitution or Statutes of the Commonwealth of Kentucky, and shall not constitute or give rise to any pecuniary liability of the Corporation or the Board of Education or a charge against the Board of Education's general credit or taxing powers.

(c) Corporation Officers Are Not Personally Liable on Bonds. Neither the officers of the Corporation nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability by reason of the issuance of the Bonds.

**Section 7. Authentication of Bonds; Mutilated, Lost, Stolen or Destroyed Bonds.**

(a) Authentication of Bonds. The Bonds, after execution by the Corporation, shall be delivered to the Registrar. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until such Bond has been duly authenticated by the Registrar by the execution of the Authentication Certificate of Registrar appearing on such Bond. Such Certificate appearing on any Bond shall be deemed to have been duly executed by the Registrar if manually signed by an authorized officer of the Registrar. It shall not be required that the same officer of the Registrar sign such Certificate on all of the Bonds.

(b) Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond shall be mutilated, lost, stolen or destroyed, the Corporation may execute, authenticate and deliver a new Bond of like maturity and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Corporation, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Corporation satisfactory evidence of the ownership of such Bond and of such loss, theft or destruction, together with indemnity satisfactory to the Corporation and the Board of Education. If any such Bond shall have matured, the Corporation may pay the same instead of issuing a new Bond. The Corporation may charge the Owner of such Bond its reasonable fees and expenses in this connection.

(c) Book Entry System. The Bonds may be issued in certificated or Book Entry Form. If the Bonds are issued in Book Entry Form they shall be issued to a Securities Depository to be held in a book entry system in which (i) the Bonds shall be registered in the name of the Securities Depository, or its nominee, as Bondowner, and immobilized in the custody of the Securities Depository; (ii) there shall, unless otherwise requested by the Securities Depository, be a single bond certificate representing each maturity of the Bonds; and (iii) the Bonds shall not be transferable or exchangeable, except for transfer to another Securities Depository or another nominee of a Securities Depository, without further action of the Corporation as set forth in the next succeeding literary paragraph of this paragraph (c).

If the Securities Depository determines not to continue to act as a Securities Depository for the Bonds held in Book Entry Form, the Corporation may attempt to have established a securities depository/book entry system relationship with another Securities Depository under this Resolution. If the Corporation does not or is unable to do so, the Corporation and the Registrar, after the Registrar has made provision for notification of the owners of book entry interests by appropriate notice to the then Securities Depository, shall permit withdrawal of the Bonds from the Securities Depository and shall authenticate and deliver Bond certificates in fully registered form to the assignees of the Securities Depository or its nominee. If the event is not the result of Corporation action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing and delivery such replacement Bonds), of those persons requesting the authentication and delivery.

**Section 8. Bond Form.** The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
MARION COUNTY SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REVENUE BOND  
SERIES 2020

NO. R-\_\_\_\_\_ \$ \_\_\_\_\_

DATE OF ORIGINAL ISSUE:

INTEREST RATE:

MATURITY DATE:

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL MEN BY THESE PRESENTS: That the Marion County School District Finance Corporation (the "Corporation"), as an agency and instrumentality and constituted authority of the Board of Education of Marion County, Kentucky (the "Board of Education"), for value received, hereby promises to pay to the Registered Owner named above, or registered assigns or legal representatives, as herein provided, solely from the special fund hereinafter identified, upon presentation and surrender of this Bond, the Principal Amount specified above, on the Maturity Date specified above, and to pay interest on said sum at the per annum Interest Rate specified above, from the interest payment date to which interest has been paid next preceding the date on which this Bond is authenticated, unless this Bond is authenticated on an interest payment date to which interest has been paid, in which event this Bond shall bear interest from such date, or if this Bond is authenticated prior to the first interest payment date, this Bond shall bear interest from the Date of Original Issue set out above, semiannually on February 1 and August 1 of each year, commencing August 1, 2020, until payment of the Principal Amount, except as the provisions hereinafter set forth with regard to redemption prior to maturity may be and become applicable hereto. The principal amount of this Bond (and redemption price, if redeemed prior to maturity) is payable upon surrender of this Bond, at maturity or at earlier redemption prior to maturity, in lawful money of the United States of America at the main office of Citizens National Bank, Lebanon, Kentucky (the "Paying Agent" and "Registrar"). Interest due on this Bond shall be paid by check or draft mailed by regular United States mail, postmarked no later than the due date thereof, by the Paying Agent to the Registered Owner and at the address shown as of the 15th day of the month preceding such interest payment date on the Bond Register kept by the Paying Agent.

This Bond is part of an authorized issue of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) principal amount of bonds (hereinafter collectively referred to as the "Bonds") authorized to be issued by the Corporation pursuant to a Resolution (the "Bond Resolution") of the Board of Directors of the Corporation, to provide funds to pay the cost, not otherwise provided, of the construction of renovations to Marion County Middle School including but not limited to the construction of three standard classrooms, two resource rooms and an addition to the cafeteria (the "Project"), pursuant to and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.120 through 162.300 and 162.385 and 58.010 through 58.140 and 58.180 of the Kentucky Revised Statutes.

The Bonds are payable solely from and secured by a first pledge of a fixed amount of the gross income and revenues to be derived from the leasing of the Project, which amount has been pledged to be set aside as a special fund for that purpose and identified as the "Marion County School District Finance Corporation School Building Revenue Bond Debt Service Fund, Series 2020" (the "Debt Service Fund") and the Bonds do not constitute an indebtedness of the Corporation or the Board of Education within the meaning of any constitutional provision or limitation.

The Corporation covenants that it will fix and maintain rentals and charges for the use of the Project, adequate to pay the principal of and interest on the Bonds, and sufficient to pay the cost of maintenance of, operation of and insurance on the Project.

A statutory mortgage lien on the Project, which is hereby recognized as valid and binding on the Project, is hereby created and granted in favor of the owners of the Bonds, pursuant to Section 162.200 of the Kentucky Revised Statutes; provided said statutory mortgage lien (and the revenue pledge) securing the Bonds is and shall be limited and restricted in its application to the Project and appurtenances financed by the Bonds, supplemented by other funds, subject to certain reservations as to possible future release, withdrawal and use of unimproved portions of the site for other independently financed school buildings and/or for other purposes, rights of ingress and egress, and easements for utility lines, and subject to certain options as to release, none of which provisions may adversely affect the security of the owners of the Bonds or the income necessary to meet the principal and interest requirements of the Bonds, and all of which provisions are set out in detail in the Bond Resolution, to which reference is hereby made for further details.

The Bonds are issuable as fully registered bonds in the denomination of \$5,000 and any authorized multiple thereof within a single maturity.

This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the main office of the Registrar, but only in the manner and subject to the limitations provided in the Bond Resolution, and upon surrender and cancellation of this Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative. Upon such transfer being made, a new registered Bond or Bonds of the same series and the same maturity of authorized denomination, for the same aggregate principal amount, will be issued to the transferee in exchange for this Bond.

The Corporation and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of principal hereof (redemption price, if redeemed prior to maturity) and interest due hereon and for all other purposes, and neither the Corporation nor the Registrar shall be affected by any notice to the contrary.

Bonds maturing on and after February 1, 2028, shall be subject to redemption by the Corporation prior to maturity, in whole or in part, in any order of their maturities (less than all of a single maturity to be selected by lot), on any date falling on or after February 1, 2027, at a redemption price of par, plus unpaid interest accrued to the date of redemption.

[ The Bonds maturing on February 1, \_\_\_\_, are subject to mandatory redemption, at 100% of the principal amount redeemed plus accrued interest to the date of redemption, on February 1 in the years and in the principal amounts to be selected by lot by the Registrar, as follows:

<u>February 1</u>	<u>Amounts</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____]

In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with the Bond Resolution, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

The Registrar shall give notice of any redemption by sending such notice by United States mail, first class, postage prepaid, not less than thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, to the Registered Owner of this Bond at the address shown on the Bond Register as of the date of mailing of such notice.

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 issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law; and that the amount of this Bond, together with all other obligations of the Corporation and the Board of Education, does not exceed any limit prescribed by the Constitution or the Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, the Corporation has caused this Bond to be executed on its behalf with the duly authorized reproduced facsimile signature of its President, attested by the reproduced facsimile signature of its Secretary; provided, however, that this Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit under the Bond Resolution pursuant to which it was authorized until the Authentication Certificate of Registrar printed hereon shall have been executed by the manual signature of a duly authorized officer of the Registrar.

MARION COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION

By \_\_\_\_\_ (Facsimile Signature)  
President

Attest:

\_\_\_\_\_  
(Facsimile Signature)  
Secretary

## AUTHENTICATION CERTIFICATE OF REGISTRAR

This is to certify that this Bond is one of the Bonds referred to in the within Bond and in the Bond Resolution authorizing same.

Date of Authentication: \_\_\_\_\_

CITIZENS NATIONAL BANK  
Lebanon, Kentucky

By \_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration and transfer of said Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner (Signature must correspond with name of Registered Owner as it appears on the front of this Bond in every particular, without alteration, enlargement or any change whatsoever.)

Social Security Number or other taxpayer identification number: \_\_\_\_\_

Signature Guaranteed By:

\_\_\_\_\_

Notice: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

**Section 9. Lease of Project; Creation of Debt Service Fund.** The Project shall be operated, leased, rented and occupied as a revenue-producing undertaking on a fiscal year basis, commencing on July 1 of each year and ending on June 30 of each respective following year, except that the first rental period shall be for the period ending June 30, 2020; and on that basis the income

and revenues from the Lease shall be set apart into a separate and special fund to be used for the retirement of the Bonds, and for the purpose of providing for the maintenance, operation and insurance of the Project, as hereinafter provided. It is the declared intention of the Corporation to continue to lease the Project to the Board of Education (or its successors) for an extended period of years, as provided in the Lease approved in Section 2 hereof.

There shall be and there is hereby created an account to be known as the "Marion County School District Finance Corporation School Building Revenue Bond Debt Service Fund, Series 2020" (the "Debt Service Fund"), to be deposited with the Paying Agent, into which there shall first be set aside from the proceeds of the sale of the Bonds, the amount received from the Purchaser representing collected accrued interest, if any, and there shall be set aside into the Debt Service Fund from the gross income and revenues of the Project an amount sufficient to pay the principal of and interest on the Bonds as same fall due, which amounts are hereby exclusively pledged to and shall be used only for such purpose. Such amounts shall be deposited into the Debt Service Fund at least ten (10) days prior to each Interest Payment Date.

In any event, there shall be set aside into the Debt Service Fund and there is pledged out of the revenues of the Project, such amounts (and at such times) as may from year to year be necessary to meet the principal and interest requirements of all of the outstanding Bonds.

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

The Debt Service Fund, as hereinbefore provided, shall be used solely and only, and is hereby pledged, for the purpose of paying principal of and interest on the Bonds, as same become due.

Any balances in the Debt Service Fund in excess of the principal and interest requirements for the current fiscal year and payments therefrom required to be made on the next succeeding Interest Payment Date, may be used to purchase, redeem and/or retire Bonds in advance of maturity (subject to all requirements necessary to assure that the use of said funds does not cause the Bonds to become arbitrage bonds within the meaning of Section 148 of the Code). No additional payments need be made into the Debt Service Fund whenever and so long as such amount of the Bonds payable therefrom shall have been retired that the amount then held in the Debt Service Fund is equal to or adequate to provide not less than the entire amount required to provide for all principal, interest and redemption price (if any) requirements of the Bonds then remaining outstanding to and at the time of final maturity or redemption of the Bonds.

The Paying Agent shall invest for the benefit of the Debt Service Fund such portion of the Debt Service Fund as is designated by the Board of Education, in obligations of the United States Government or any of its agencies, or in certificates of time deposit of the Paying Agent, or any other

FDIC insured bank, maturing as same will be needed for meeting payments on the Bonds, and any of such funds invested in such certificates of time deposit (in excess of the amount insured by the FDIC) shall until expended be earmarked and secured by a pledge of an equivalent amount of obligations of the United States Government or any of its agencies, and/or school building revenue bonds of a Kentucky city, county or school district finance corporation (or of The Kentucky School Facilities Construction Commission, or its predecessor, the Kentucky School Building Authority), as required by Section 66.480 of the Kentucky Revised Statutes. All such investments shall be subject to applicable limitations (if any) set out in Section 21 hereof. Interest earned on such investments shall be credited to the Debt Service Fund and applied to the purposes thereof.

**Section 10. Maintenance and Operation Fund.** The balance of the income and revenue remaining after the aforesaid payments into the Debt Service Fund have been made shall be set aside into a maintenance and operation fund and used for the maintenance and operation of the Project and to pay the cost of insuring the Project against loss or damage by fire, windstorm or other hazard in an amount substantially equal to either at least the amount of the Bonds at any time outstanding, or to the maximum insurable value of the Project, whichever is less. Such insurance shall be for the use and benefit of the Owners of the Bonds. The requirements of this Section shall be deemed to be satisfied by such maintenance, operation and insurance being affected by the Board of Education pursuant to the Lease.

**Section 11. Insurance.** If the Project is destroyed by fire, lightning, windstorm or other hazard covered by insurance, the Corporation shall have the right to expend such insurance proceeds to rebuild or replace the Project. If such proceeds are not expended by the Corporation for such replacement at the earliest practicable date, then all of such insurance proceeds shall be used at the earliest possible time for the purpose of redeeming outstanding Bonds, and the Project shall thereby be released from any lien and shall then become the property of the Board of Education, in which case the Corporation shall convey the Project to the Board of Education free and clear of all encumbrances.

In the event of damage or partial destruction by fire, windstorm or other hazard covered by insurance, the proceeds of such insurance shall be used solely and only for the purpose of making the necessary replacements and repairs to the damaged Project, provided further that if, following such partial or complete destruction, any principal or interest payment is due and there are no other funds available for said payment, such insurance proceeds must be applied first to the defaulted payment.

**Section 12. General Covenants of the Corporation.** The Corporation hereby covenants and agrees with the Owners of the Bonds herein authorized, so long as any of said Bonds are outstanding and unpaid, as follows:

(a) That the Corporation will faithfully and punctually perform all duties with reference to the Project which are required by this Resolution, including the segregation of the revenues of the Project, and the application of such revenues to the respective funds created by this Resolution.



(b) That the Corporation will perform all duties imposed upon it by this Resolution in relation to maintaining, operating and insuring the Project (or causing same to be insured).

(c) That the Corporation will maintain the Project (or cause same to be maintained) in good condition and will charge and collect sufficient rents for the use of the Project so that the gross revenues will be sufficient at all times to provide for the payment of the principal of and interest on the Bonds, as and when the same become due, and to pay the cost, not otherwise provided, of maintaining, operating and insuring the Project.

(d) That the Corporation will not sell, mortgage or in any manner dispose of the Project, or the revenues thereof, in violation of the provisions of this Resolution, until all of the Bonds shall have been paid in full, as to both principal and interest.

(e) That while any of the Bonds are outstanding, the Corporation shall not issue any additional bonds payable from the revenues of the Project unless the revenue pledge and lien to secure such additional bonds are made inferior and subordinate in all respects to the revenue pledge and lien securing the Bonds authorized herein, subject to the reserved right to construct other independently financed school buildings on any unimproved portion of the Project Site as provided in Section 13 of this Resolution.

(f) That the Corporation shall keep proper books and records (separate from all other records and accounts) of all transactions regarding the Bonds, that it will furnish, or cause to be furnished, to the Initial Purchasers of the Bonds and to the Owner of any of the Bonds, upon written request, not more than thirty (30) days after the close of each fiscal period, complete operating and income statements as to the Project, certified by the auditors for the Corporation or for the Board of Education, and that the Corporation will grant to any Owner or Owners of at least twenty-five percent of the Bonds then outstanding the right at all reasonable times to inspect the Project and all records and accounts of the Corporation relating thereto.

**Section 13. Creation of Statutory Mortgage Lien; Reservation of Right of Partial Release; Other Rights of Release and Conveyance Reserved.** For the further protection of the Owners of the Bonds authorized herein, a statutory mortgage lien (in addition to the pledge of the revenues) upon the Project is granted and created pursuant to and by Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes, which statutory mortgage lien is hereby recognized and declared to be valid and binding upon the Corporation and upon the Project described herein and shall take effect immediately; provided, however, that such statutory mortgage lien is and shall be restricted in its application to the Project and appurtenances financed by said Bonds (supplemented by other funds), and to such easements and rights-of-way for ingress, egress and the rendering of service thereto as may be necessary for the proper use and maintenance of the same; the right being hereby expressly reserved to erect or construct upon any unimproved portion(s) of the Project Site other independently financed school buildings, free and clear of said statutory mortgage lien, which other independently financed school buildings may or may not have a party wall (or walls) with and adjoin the Project and appurtenances which are subject to said statutory mortgage

lien, provided no part of the cost of such other independently financed school buildings is paid from the proceeds of the sale of said Bonds.

The right is also reserved by the Corporation, at the request of the Board of Education, to withdraw any unimproved portion of the Project Site from the property encumbered by the Bonds, and to convey such portion to the Board of Education, for any purpose whatever, if the Board of Education shall certify that such withdrawal and conveyance does not adversely affect the Board of Education's usage of the Project or adversely affect the security of the Bondowners. Provided, further, the necessary easements for ingress, egress, sewage lines, septic tank lines, and other utility lines, shall be deemed to exist and continue to exist for all school buildings, improvements and additions financed by these Bonds or other bonds. The revenue pledge securing the Bonds is also subject to the foregoing limitation and reservation.

The Corporation further reserves the right, with the request or approval of the Board of Education, to release or convey, with or without consideration, from the statutory mortgage lien and revenue pledge securing the Bonds, such easements, rights-of-way, licenses or other rights, over, upon or beneath the surface of the Project Site as may reasonably be required for roads, utilities, drainage or other public purposes, provided (a) no such release shall be made which would interfere with the ownership and efficient operation of the Project, or of any other school buildings and appurtenances securing any other outstanding bonds, or with the use of the surrounding premises for school purposes; (b) no such release may be made which would impair ingress to and egress from any school building; and (c) any such release shall not effect any reduction in the rental otherwise required by the Lease approved herein.

**Section 14. All Bonds of this Issue Are Equal in Security.** The Bonds authorized to be issued hereunder shall not be entitled to priority, one over the other, regardless of the fact that they may be issued and delivered at different times.

**Section 15. Defeasement.** If the Corporation shall pay or cause to be paid, or there shall otherwise be paid as hereinafter set out in this Section, the principal and interest due or to become due on the Bonds, at the times and in the manner provided herein, and if the Corporation shall keep, perform and observe all of the covenants and promises in the Bonds and expressed herein to be kept, performed and observed by it or on its part, then the statutory mortgage lien and revenue pledge securing the Bonds shall be void; and thereupon the Corporation shall reconvey to the Board of Education fee simple title to the Project and shall transfer to the Board of Education any balances then on deposit in the Debt Service Fund except for such amounts as are earmarked for the payment of principal of and interest on Bonds and/or interest payment checks not yet presented for payment.

All outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed above if there shall have been deposited with the Paying Agent (i) moneys and/or direct obligations of or obligations guaranteed by the United States of America, or (ii) any other non-callable investment approved in writing by the Department of Education and the Financial Advisor, the principal of which, with or without the

interest on such principal, as the case may be, will provide moneys which, together with other moneys, if any, deposited with the Paying Agent at the same time, shall be sufficient to pay when due the principal and interest due and to become due (and, where applicable, the redemption price) on the Bonds on and prior to the redemption date and/or the maturity date thereof, as the case may be.

Neither the securities nor moneys deposited with the Paying Agent pursuant to this Section, or principal, redemption price, if any, or interest payments on any such securities, shall be withdrawn or used for any other purpose than, and same shall be held in trust for, the payment of the principal of, redemption price, if any, and interest on said Bonds; provided that any cash received from such principal, redemption price, if any, and/or interest payments on such securities deposited with the Paying Agent, if not needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal and interest, if any, to become due on said Bonds on and/or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, if not needed for debt service payments on the Bonds, be paid over to the Board of Education, as received by the Paying Agent, free and clear of any trust, lien or pledge.

All investments shall be subject to the applicable limitations (if any) set out in Section 21 hereof.

**Section 16. Enforcement Rights of Bondowners.** Any Owner of any of the Bonds may, either at law or in equity, by suit or other legal proceedings, enforce and compel the performance of all duties required by the Constitution and Statutes of the Commonwealth of Kentucky, including the charging and collection of sufficient rents, the segregation of the income and the application thereof, and may, by such action, compel the performance of all duties imposed upon the Corporation and the Board of Education in the operation of an adequate school system as provided by law, but only insofar as the failure to perform such duties affects the interest of any Owner of the Bonds.

If there shall occur a default in the payment of the principal of or interest on any of the Bonds, then upon the filing of suit by any Owner of any of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the Project on behalf of the Corporation and/or the Board of Education, with power to charge and collect rents sufficient to provide for the payment of the principal and interest requirements of the Bonds and to maintain the maintenance, operation and insurance fund provided for, and to apply the income and revenues in conformity with this Resolution and with the laws of the Commonwealth of Kentucky.

**Section 17. Description of Project Site.** The description of the Project Site is set out in Exhibit A attached to the Lease.

**Section 18. Options of Board of Education.** The Board of Education shall have the right, at any time, to purchase from the Corporation and to secure the release from the statutory mortgage

lien and revenue pledge securing the Bonds by the payment to the Corporation of a sum sufficient to accomplish the redemption and/or retirement (or defeasement as provided in Section 15 hereof) of the Bonds outstanding (including all other Bonds, if any, secured by a lien against the Project).

If the Board of Education shall desire to exercise this option, it may do so only by giving written notice of such exercise to the Corporation at least sixty (60) days prior to the next applicable redemption date. Thereupon, the Corporation shall call and redeem the outstanding Bonds on the next applicable redemption date, which call and redemption shall be strictly in accordance with the provisions of the Bonds and of this Resolution.

**Section 19. Sale of Bonds.** The Bonds shall be sold at public sale immediately after public notice thereof as required by the Kentucky Revised Statutes, and the President and/or the Secretary are hereby authorized and directed to publicize a Notice of Bond Sale in such form as is approved by the Kentucky Department of Education.

Said bids shall be received at the office of the Commission or at such other place, on the day and at the time, as the President and/or the Secretary may direct, upon the advice of the Financial Advisor, whereupon the Financial Advisor, the Secretary, or such other officer of the Corporation as the President may select (the "Corporation's Representative"), is authorized and directed to accept the bid for the lowest net interest cost on the Bonds and to determine the exact principal amount, principal maturities and rates of interest which said Bonds shall bear, and the principal amount, principal maturities and interest rates of said Bonds shall be automatically fixed at the principal amount, principal maturities and interest rates set out in said successful bid accepted by the Corporation's Representative, without the necessity of any further action by the Board of Directors of the Corporation fixing said principal amount, principal maturities and interest rates. The proceeds of the sale of said Bonds shall be used only for school building purposes and shall be expended only on the Project Site.

**Section 20. Application of Proceeds of Bonds; Construction Account.** Upon the sale and delivery of the Bonds, the amount, if any, received from the Purchaser representing accrued interest shall immediately be deposited in the Debt Service Fund. Thereafter, from the remaining proceeds there shall be paid all expenses incident to the authorization, sale and delivery of the Bonds, including the contractual fee of the Financial Advisor in connection with the Bonds.

There shall next be reimbursed to the Board of Education, out of such Bond proceeds, the aggregate of any and all advancements as said Board of Education shall have found it necessary to expend from its own funds for architect fees and/or for amounts due to the contractors in connection with the construction of the Project in contemplation of the issuance of the Bonds, upon certification by said Board of Education of statements with regard thereto.

The entire remaining proceeds shall thereafter be devoted exclusively to the payment of the costs of the Project according to the plans and specifications duly approved and filed as provided in Section 162.160 of the Kentucky Revised Statutes.

Pending expenditure of the Bond proceeds then remaining, such funds shall be deposited with the Depository Bank, until needed for construction purposes, in a special construction account called the "Marion County School District Finance Corporation School Construction Account" (the "Construction Account"). There shall also be deposited into said account such sum or sums as may be transferred by the Board of Education to supplement the proceeds of said Bonds to enable the Corporation to complete the construction of the Project.

Said Depository Bank shall invest for the benefit of said account such portion of said Construction Account as is designated by the authorized representative of the Board of Education, (i) in direct obligations of the United States Government or any of its agencies; (ii) in obligations issued by and fully guaranteed by the United States Government; (iii) in certificates of time deposit of the Depository Bank or other FDIC Bank; or (iv) in any other lawful investment allowed by Kentucky law for governmental entities and approved by the Department of Education, maturing at such time or times as to make such funds available when needed for construction purposes, and any of such funds invested in such certificates of time deposit (in excess of the amount insured by the FDIC) shall, until expended, be earmarked and secured by a pledge of an equivalent amount of obligations of the United States Government, or any of its agencies, and/or school building revenue bonds of a Kentucky city, county or school district finance corporation (or of The Kentucky School Facilities Construction Commission, or its predecessor, the Kentucky School Building Authority), as required by Section 66.480 of the Kentucky Revised Statutes.

Said Depository Bank shall be obligated to send written notice to the Board of Education of the need for investment direction if and whenever funds in excess of \$10,000 shall remain uninvested in the Construction Account for a period of more than ten (10) days.

Investments of the funds in the Construction Account are subject to limitations required in order to assure that the Bonds will not become taxable "arbitrage bonds," as set out in Section 21 hereof.

Interest earned on such investments shall be credited to the Construction Account and applied to the purposes thereof. Pending disbursement for the authorized purposes, the proceeds of the Bonds shall be subject to a first and paramount lien and charge in favor of the Owner or Owners of the Bonds for their further security.

The money in the Construction Account shall be expended by payments made to defray the costs of construction of the Project, such payments to be made upon checks drawn upon the Depository Bank signed as set out below, and accompanied by a voucher in duplicate, entitled "Requisition for Funds," signed by the Architects having supervision of such construction, in substantially the following form:

## **Requisition for Funds**

It is hereby certified that \_\_\_\_\_ is due the sum of \$\_\_\_\_\_, which represents an amount duly earned by and payable to said party, its successors or assigns, for labor, materials, work and/or services furnished under an existing contract with the Board of Education of Marion County, Kentucky, relating to the construction of renovations to Marion County Middle School including but not limited to the construction of three standard classrooms, two resource rooms and an addition to the cafeteria (the "Project"), which Project is being financed primarily by the issuance of Marion County School District Finance Corporation School Building Revenue Bonds, Series 2020 (the "Bonds"). It is further certified in the opinion of the undersigned Architect that substantially all of the labor, materials, work and/or services were furnished (a) within the boundaries of the Project Site described in the Contract, Lease, and Option between said Corporation and said Board of Education, which Project Site is encumbered by said Bonds, and (b) in connection with the construction of the Project on said site.

Dated this \_\_\_\_\_.

ROSSTARRANT ARCHITECTS  
Architects

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Authorized Representative, Board of  
Education

The Board of Education shall review each Requisition for Funds prepared by the Architects and shall adopt a resolution approving payment. Upon such Requisition for Funds being executed by the Architects and approved by the Board of Education's secretary, treasurer or chairperson (or such other person as may be designated by the Board of Education and the Corporation), the Board of Education's chairperson, treasurer and/or secretary shall be authorized to execute checks drawn upon the Construction Account from time to time in the necessary amounts; provided, however, Requisition for Funds authorizing payment (i) for reimbursement of the Board of Education for expenditures already made for the Project (with the approval of the Architects) in contemplation of the Bonds being issued or (ii) for equipment and furnishings or (iii) for payment of the costs of

issuance of the Bonds, need be approved only by the representative of the Board of Education, without the signature of the Architects being required.

The surplus, if any, remaining in the Construction Account after the payment of all costs of construction may be used for contingencies, additional construction costs, or equipment related to the Project, or may be transferred to the Debt Service Fund; provided, however, if the Board of Education has made a contribution to the Construction Account, any surplus to the extent of such contribution shall be transferred back to the Board of Education. In the event of a transfer to the Debt Service Fund, the Board of Education shall receive a credit in the amount of such transfer against the rentals then due under the Lease.

The Board of Education secretary, treasurer or chairperson is hereby authorized to execute such checks from time to time in the necessary amounts upon the aforesaid Requisition for Funds being approved, as set out above, without the necessity of any further meetings, authorizations or resolutions of the Corporation.

After the Architects certify that the construction has been completed and paid for, any surplus then remaining in the Construction Account may be expended in connection with the improvement, alteration and/or equipping of the Project in the same manner, upon the certification of said representative of the Board of Education, without any such voucher or requisition for funds being required to be signed by said Architects, or such surplus may be transferred to the Debt Service Fund, at the direction of the Board of Education secretary or treasurer, whereupon such surplus shall, at the request of said Board of Education, be credited against the rental obligation of the Board of Education for the then current or any future rental year, under the terms and conditions of the aforesaid Lease; or such amount may, at the request of said Board of Education, be used to purchase or redeem Bonds in advance of maturity subject to limitations set out in Section 21 hereof.

**Section 21. Compliance with Federal Arbitrage Regulations.** The Corporation covenants that the proceeds of the Bonds and the revenues of the Project shall not be invested in investments which will produce a net adjusted yield in excess of the yield of the Bonds authorized herein, if such investment would cause such Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code; provided, however, that funds may be invested to whatever extent and whenever the Code permits same to be invested without causing the Bonds to be treated as "arbitrage bonds."

On the basis of known facts and circumstances in existence on the date of adoption of this Resolution, the Corporation certifies that it is not expected that the proceeds of the Bonds or the revenues of the Project will be used in a manner which would cause such Bonds to be arbitrage bonds. The Corporation covenants to the Purchasers and/or Owners of the Bonds authorized herein that (a) the Corporation will make no use of the proceeds of the Bonds or the revenues of the Project which, if such use had been reasonably expected on the date of issuance of the Bonds, would have caused such Bonds to be arbitrage bonds, and (b) that the Corporation will comply with (1) all of the requirements of Section 148 of the Code; and (2) all of the requirements of the Treasury Regulations

applicable thereto, to whatever extent is necessary to assure that the Bonds shall not be treated as arbitrage bonds.

On the basis of known facts and reasonable expectations on the date of passage of this Resolution, the Corporation certifies as follows:

(a) That contracts for construction, including architectural services, have been entered into for the Project financed by the Bonds, and the amounts to be paid for such contracts will exceed 5% of the net sale proceeds of the Bonds;

(b) That work on the Project has commenced or will commence within six (6) months from the date of issuance of the Bonds;

(c) That construction of the Project will proceed thereafter to completion with due diligence on the part of the Corporation, and that at least 95% of the spendable proceeds of the Bonds will be expended on the cost of the Project within less than three (3) years from the date of issuance of the Bonds;

(d) That the original proceeds of the Bonds will not exceed by more than 5% (or any percent) the amount (after deducting the amount of the funds transferred by the Board of Education, to supplement the proceeds of the Bonds, if any) necessary to complete the construction of the Project and therefore, there has been no overissuance of the Bonds;

(e) That it is anticipated and covenanted that amounts on deposit in the Debt Service Fund will be used within thirteen (13) months from the date of deposit for the payment of principal of and/or interest on the Bonds, and that, except for an amount equal to not more than the greater of (1) one-twelfth (1/12) of debt service requirements on the Bonds for the then ensuing year, or (2) one year's earnings on the Debt Service Fund, such Debt Service Fund will be depleted annually through such application for current debt service requirements of the Bonds;

(f) That no debt service reserve is being created out of the proceeds of the Bonds and it is not anticipated, expected or covenanted that any amounts will be accumulated in any debt service reserve out of the revenues of the Project, and that the only amount required to be capitalized out of the proceeds of the Bonds is an amount equal to the collected accrued interest and such capitalized amount will, in fact, be applied to pay interest accruing and falling due on the Bonds during the first twelve (12) months after the issuance of the Bonds;

(g) That it is not covenanted, anticipated and/or expected that any amount will be accumulated in any depreciation fund or in an operation and maintenance fund which will be used for the payment of debt service on any of the Bonds; and



(h) That the Corporation has not been advised of any listing or contemplated listing by the Internal Revenue Service determining that the foregoing type of certification with respect to the Corporation's obligations may not be relied on.

Accordingly, it is anticipated that there will be no limitation on the permissible yield on investments made from the proceeds of the Bonds or from the revenues of the Project.

Prior to or at the time of delivery of the Bonds, the President, the Secretary and/or the Treasurer of the Corporation is authorized to execute the appropriate certifications with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by applicable Treasury Regulations in order to assure that interest on the Bonds will be exempt from all federal income taxes and that the Bonds will not be treated as arbitrage bonds.

**Section 22. Misapplication or Improper Allocation of Proceeds Does Not Affect Validity of Bonds.** If, for any reason, the proceeds of the Bonds are not properly allocated, or if there is any misapplication of the Bond proceeds, such improper allocation or misapplication shall not affect the validity of the Bonds issued in accordance with this Resolution.

**Section 23. Resolution Contractual with Bondowners.** The provisions of this Resolution shall constitute a contract between the Corporation and the Owners of any and all of the Bonds from time to time outstanding; and after the sale of the Bonds, no change in the provisions of this Resolution, except as expressly authorized herein, shall be permitted while any of said Bonds remain outstanding and unpaid, other than to cure any defects or to eliminate any inconsistencies, which change in any event shall not adversely affect the security of the Bondowners.

**Section 24. Approval of Official Statement.** The Official Statement having been prepared by the Financial Advisor on behalf of and in conjunction with the Board of Education and the Corporation, containing all pertinent information in regard to the Bonds, to be supplied to prospective bidders for the purchase of the Bonds, and said Official Statement having been reviewed and considered by the Board of Directors, same is hereby authorized, ratified and approved and the President and/or the Secretary are hereby authorized to sign said Official Statement on behalf of the Corporation, to evidence such approval.

**Section 25. Signatures of Officers.** If any of the officers whose signatures or facsimile signatures appear on the Bonds cease to be such officers before delivery of the Bonds, such signatures shall nevertheless be valid for all purposes the same as if said officers had remained in office until delivery, as provided in Sections 162.190, 58.040 and 61.390 of the Kentucky Revised Statutes.

**Section 26. Appointment and Duties of Registrar, Paying Agent and Depository Bank.** Citizens National Bank, Lebanon, Kentucky, is hereby designated as the Registrar, Paying Agent, and Depository Bank of the Construction Account with respect to the Bonds.

(a) Duties as Registrar. The duties of the Registrar shall be as follows:

- (1) To authenticate the Bonds and temporary Bond or Bonds, if any, authorized herein;
- (2) To register all of the Bonds in the names of the respective Owners thereof;
- (3) Upon being supplied with a properly authenticated assignment satisfactory to the Registrar (in the sole discretion of such Registrar), to transfer the ownership of Bonds from one registered Bondowner to another within three (3) business days of the receipt of such proper assignment by the Registrar;
- (4) To cancel and destroy (or remit to the Corporation for destruction, if so requested by the Corporation) all exchanged, matured, retired and redeemed Bonds, and to maintain adequate records relevant thereto.

(b) Duties as Paying Agent. The duties of the Paying Agent shall be as follows:

- (1) To maintain the Debt Service Fund and to invest the funds contained therein in accordance with the provisions of Section 9 hereof;
- (2) To remit, but only to the extent that all required funds are made available to the Paying Agent by the Corporation or by the Board of Education, semiannual interest payments directly to the registered Owner of each Bond by regular United States mail. Said interest payments shall be deposited in the United States mail no later than each interest due date. Matured or redeemed Bonds shall be payable upon presentation to the Paying Agent. For interest payment purposes, the Paying Agent shall be entitled to rely on its records as Registrar as to the ownership of each Bond as of the Record Date, and the Paying Agent's check shall be drawn and mailed accordingly;
- (3) In the event that any rental payment due under the Lease has not been made by the Board of Education, or payment on the Bonds by the Corporation, prior to three (3) days before any Interest Payment Date, the Paying Agent shall notify the Kentucky Department of Education via telephone of such non-payment;
- (4) To notify the Owner of each registered Bond to be redeemed and to redeem Bonds prior to their stated maturity upon their presentation in accordance with the provisions of Section 5 of this Resolution, upon receiving sufficient funds;

(5) To supply the Corporation and the Board of Education with a written accounting evidencing the payment of principal of and interest on the Bonds within thirty (30) days following each respective due date; and

(6) To serve as depository of amounts required to be deposited in the Debt Service Fund.

(c) Duties as Depository Bank. The duties of the Depository Bank shall be as follows:

(1) To maintain the Construction Account and to invest the funds contained therein in accordance with the provisions of Section 20 hereof;

(2) To supply the Corporation and the Board of Education with a written accounting evidencing the payments made and the earnings deposited in the Construction Account; and

(3) To serve as depository of amounts deposited in the Construction Account created herein.

The Registrar/Paying Agent shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Registrar/Paying Agent shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Resolution, or the responsibility for the consequences of any oversight or error in judgment.

The Registrar/Paying Agent may at any time resign from its duties set forth in this Resolution by filing its resignation with the Secretary and notifying the Initial Purchasers of the Bonds. Thereupon, the Corporation shall designate a successor Registrar/Paying Agent which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Registrar/Paying Agent, provision shall be made for the orderly transition of the books, records and accounts relating to the Bonds to the successor Registrar/Paying Agent in order that there will be no delinquencies in the payment of principal of and interest on the Bonds.

The Registrar/Paying Agent and the Depository Bank shall indicate the acceptance of its duties under this Resolution by signing the acceptance thereof attached to this Resolution.

**Section 27. Compliance with the Code.** In order to assure Purchasers of the Bonds that interest thereon will continue to be excludable from gross income for Federal income tax purposes exempt from Kentucky income taxation (subject to certain exceptions as may be set forth in the opinion of Bond Counsel), the Corporation covenants to and with the Owners of the Bonds that (1) the Corporation will take all actions necessary to comply with the provisions of the Code, (2) the Corporation will take no actions which will violate any of the provisions of the Code, or would cause

the Bonds to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Bonds will be used for any purpose which would cause the interest on the Bonds to become includable in gross income for Federal income tax purposes, and the Corporation will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Bonds.

The Corporation certifies that the Bonds are not "private activity bonds" within the meaning of the Code, and the Corporation has been advised by Bond Counsel, and therefore believes, that interest on the Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals.

The Board of Education, in its resolution requesting the Corporation to issue the Bonds, has certified that it does not reasonably anticipate issuing qualified tax-exempt obligations during the calendar year in which the Bonds are being issued in excess of \$10,000,000, and, therefore, the Corporation does hereby designate the Bonds as qualified tax-exempt obligations pursuant to the provisions of Section 265(b)(3) of the Code.

The Corporation covenants and agrees that in the event it is determined by the Corporation or the Board of Education, upon advice of nationally recognized bond counsel, that the Construction Account is subject to the rebate requirements of Section 148(f) of the Code by reason of failure of the Corporation to satisfy the requirements of the two-year construction expenditure exception set forth in Section 148(f)(4)(C) of the Code, and does generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Bonds, plus any income attributable to such excess, it shall rebate to the United States of America, in accordance with the provisions of the Code, any such excess generated from such investments.

The Corporation is further advised that the exclusion from gross income for Federal tax purposes of interest on the Bonds may be subject to certain exceptions as determined by Bond Counsel.

The Corporation reserves the right to amend this Resolution without obtaining the consent of the Owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Bonds shall be excludable from gross income for Federal income tax purposes, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the Bondowners) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Bonds, or the application of such proceeds or of the revenues of the Project. The Purchasers of the Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Corporation as part of the consideration for the purchase of the Bonds. To the extent that the Corporation obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained or referred to in this Resolution would not subject interest on the Bonds to be includable in gross

income for Federal income tax purpose or exempt from Kentucky income taxes, the Corporation shall not be required to comply with such covenants or requirements.

This Resolution is adopted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Bonds from Kentucky ad valorem taxation and as to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and exemption from Kentucky income taxation, based on the assumption by Bond Counsel that the Corporation complies with covenants made by the Corporation with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Corporation with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Bonds. The Corporation has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code.

**Section 28. SEC Rule 15c2-12.** The Corporation hereby agrees, in accordance with the provisions of Rule 15c2-12 as amended and interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, and pursuant to its Continuing Disclosure Certificate to provide or cause to be provided to the continuing disclosure service portal provided through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system (the "EMMA") as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to the Securities and Exchange Commission, in each case as designated by the Commission in accordance with the Rule, audited financial statements prepared in accordance with the basis of accounting prescribed by the Commonwealth of Kentucky and generally accepted accounting principles, and financial information and operating data (commencing with the fiscal year ended June 30, 2020) consistent with the information provided in the Official Statement pursuant to which the Bonds have been offered for sale.

The Corporation reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Corporation; provided that the Corporation agrees that any such modification will be done in a manner consistent with the Rule.

**Section 29. Severability Clause.** If any section, paragraph or clause of this Resolution shall be held invalid, the invalidity of such section, paragraph or clause shall not affect any of the remaining provisions hereof.

**Section 30. Conflicts Repealed; Effective Date of Resolution.** All resolutions, or parts thereof, in conflict with the provisions of this Resolution are hereby repealed and this Resolution shall take effect from and after its adoption.

Adopted: December 12, 2019.

MARION COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION

Attest:

By \_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Marion County School District Finance Corporation, that the foregoing Resolution is a true and correct copy of the Resolution relating to the issuance and sale of Marion County School District Finance Corporation School Building Revenue Bonds, Series 2020, that said Resolution was adopted at a duly called meeting of the Board of Directors held on December 12, 2019, at which a quorum was present, that said Resolution has not been amended, modified, revoked or repealed, and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary of said Corporation this December 12, 2019.

\_\_\_\_\_  
Secretary

**ACCEPTANCE BY REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK**

The undersigned, Citizens National Bank, hereby agrees to the provisions of the foregoing Resolution to the extent there are contained therein provisions as to the rights and duties of the undersigned as Registrar, Paying Agent, and Depository Bank.

Dated: \_\_\_\_\_, 2020.

CITIZENS NATIONAL BANK

By \_\_\_\_\_

Title \_\_\_\_\_