

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESTILL COUNTY SCHOOL DISTRICT FINANCE CORPORATION, RELATING TO AND PROVIDING FOR THE ISSUANCE OF \$2,345,000 PRINCIPAL AMOUNT (SUBJECT TO AN INCREASE UP TO \$235,000 OR DECREASE IN AN AMOUNT DETERMINED BY THE BOARD TO BE IN THE BEST INTEREST OF THE CORPORATION) OF SCHOOL BUILDING REVENUE BONDS IN ACCORDANCE WITH SECTIONS 58.180 AND 162.120 THROUGH 162.300 AND 162.385 OF THE KENTUCKY REVISED STATUTES TO PROVIDE FUNDS FOR SCHOOL BUILDING PURPOSES, PROVIDING AND DETERMINING THE DUTY OF SAID CORPORATION IN CONNECTION WITH THE OPERATION OF THE SCHOOL PROPERTY, THE CREATION OF FUNDS SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SAID REVENUE BONDS AS AND WHEN THEY MATURE, THE CREATION OF ADEQUATE MAINTENANCE AND INSURANCE FUNDS, AND AUTHORIZING THE EXECUTION OF A LEASE OF SUCH FOREGOING PROPERTY TO THE BOARD OF EDUCATION OF ESTILL COUNTY, KENTUCKY.

THAT WHEREAS, the Corporation is a non-profit, non-stock, public and charitable corporation duly organized pursuant to Section 162.385 of the Kentucky Revised Statutes ("KRS") and KRS Section 58.180 and KRS Chapter 273, existing by virtue of the laws of the Commonwealth of Kentucky, having for its corporate purpose cooperation with the Board of Education of Estill County, Kentucky (the "Board"), in financing the costs incident to the acquisition, construction, and equipping of school buildings necessary for the Board to fulfill its duties delegated under KRS Chapter 160 in maintaining a system of common schools in the County of Estill, Kentucky (the "County"), and

WHEREAS, the Board is without lawful means to incur an indebtedness in the amount required to finance safety and ADA upgrades at South Irvin Elementary School and Estill County Middle School (collectively, the "Project") but may lawfully provide for obtaining the sum required for the acquisition and construction of the Project by renting the property upon which the Project is to be located from the Corporation, and

WHEREAS, the Board has ordered the preparation of plans and specifications by its Architects and same have been filed in the office of the Corporation and have been approved by the Commissioner of Education, and contracts for the construction of said Project have been or will be shortly awarded, secured by adequate performance bonds.

WHEREAS, the Board has agreed to use and occupy the school building improvements to be so acquired and constructed, pursuant to the terms of the Lease Agreement hereinafter provided, and said instrument has been examined and is now found and declared to be in conformity with statutory requirements, and in order to pay the cost of constructing said school Project and appurtenances, it is necessary that the Corporation authorize \$2,345,000 of Estill County School District Finance Corporation School Building Revenue Bonds, Series 2022, dated approximately September 29, 2022 (the "Bonds"), all pursuant to and as permitted by KRS Sections 162.120 through 162.300, 162.385, and 58.180 as repealed, amended and reenacted;

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

1. **APPROVAL OF LEASE AGREEMENT.** That the property upon which said school building Project is to be constructed has been or shall be conveyed by the Board to the Corporation. The form of Lease Agreement, dated as of September 29, 2022 (the "Lease"), a copy of which is attached hereto and made part hereof, when same is tendered by said Board, will be accepted by the Corporation, the form of same having been examined, considered and approved. The President and Secretary are hereby authorized and empowered to execute said Lease upon behalf of the Corporation upon said Lease being executed and tendered to the Corporation by said Board.

2. **AUTHORIZATION OF SCHOOL BUILDING REVENUE BONDS.** That for the purpose recited in the preamble hereto there are hereby authorized and ordered to be issued and sold the negotiable "School Building Revenue Bonds, Series 2022" of said Corporation, in the aggregate principal amount of \$2,345,000 (subject to the Permitted Adjustment as set forth herein) to be dated approximately September 29, 2022. All such Bonds to be in denominations in multiples of \$5,000 within the same maturity. Said Bonds shall be issued in fully registered (both principal and interest) form, bear interest, calculated on a 30 day per month/360 day per year basis from date of delivery, payable March 1, 2023 and semiannually thereafter, at the interest rates not exceeding the legal maximum as may be fixed by the Secretary after the determination of the best purchase offer as a result of the advertised sale of said Bonds, and shall mature on September 1 in the years and principal amounts as set out below, subject to the Permitted Adjustment.

The principal maturities of said Bonds are as follows:

<u>YEAR</u>	<u>PRINCIPAL MATURITIES*</u>
2023	\$ 80,000

<u>YEAR</u>	<u>PRINCIPAL MATURITIES*</u>
2033	\$ 40,000

2024	85,000	2034	40,000
2025	85,000	2035	35,000
2026	90,000	2036	40,000
2027	90,000	2037	40,000
2028	95,000	2038	305,000
2029	95,000	2039	310,000
2030	95,000	2040	335,000
2031	100,000	2041	350,000
2032	35,000		

*Subject to the Permitted Adjustment

Notwithstanding anything contained in this Resolution to the contrary, \$2,345,000 of Bonds shall be offered for sale in accordance with the provisions hereof and the determination of the best purchase bid for said Bonds shall be made on the basis of all bids submitted for exactly \$2,345,000 principal amount of Bonds offered for sale under the terms and conditions herein specified; provided, however, that the right shall be reserved in the Corporation to modify the maturity dates of the Bonds, increase the principal amount of Bonds actually awarded by an amount up to \$235,000 or decrease the principal amount of Bonds actually awarded by an amount determined by the Board to be in the best interest of the Corporation (the "Permitted Adjustment"). Said Permitted Adjustment may be made to any or all maturities and the purchase price for the Bonds awarded shall be adjusted to reflect the same price per \$5,000 of Bonds awarded as the price bid.

Said Bonds shall bear interest from the date of issuance, payable on March 1, 2023, and semiannually thereafter; interest being payable by the Paying Agent hereinafter designated directly to the Registered Owners of said Bonds (as of the 15th day of the month preceding the due date) by remittances made through regular United States Mail. Bonds shall be payable at maturity upon their surrender to the Paying Agent.

In the event the Purchaser of the Bonds elects to exercise its option to designate certain principal maturities as Term Bonds, the Bond Registrar/Paying Agent shall select by lot a principal amount of Bonds equal to the serial principal maturity originally scheduled to mature on the principal due date as reflected by the successful bid and shall notify the Registered Owners of the Bonds so selected for mandatory redemption not less than thirty days prior to said principal due date by regular United States mail.

The Bonds maturing on or after September 1, 2033 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after September 1, 2032, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Notwithstanding the foregoing, the Corporation reserves the right, upon thirty (30) days notice, to call the Bonds in whole or in part on any date at par for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any building constituting the Project and apply casualty insurance proceeds to such purpose.

In the event the Purchaser of the Bonds elects to have the Bonds insured by a bond insurance company ("Insurer"), the Corporation shall not be required to pay any of the cost of such insurance but hereby agrees to cooperate with such Insurer and execute any documents necessary to insure the Bonds. The President and Secretary are hereby authorized to execute any and all documents which may be necessary to insure the Bonds. Upon the Board providing notice to the Corporation, pursuant to Section 4.01 of the Lease, of its intention not to exercise its option to renew the Lease, the Insurer shall be considered the Registered Owner of the Bonds and shall have all of the rights of the Registered Owners to enforce the provisions of this Bond Resolution, the Lease, the Appointment of Bond Registrar/Paying Agent and any other documents related to the issuance of the Bonds.

3. PLACE OF PAYMENT AND EXECUTION OF BONDS. That both principal of and interest on said Bonds shall be payable at Regions Bank, Nashville, Tennessee (or such other bank or trust company as may be authorized by the Secretary of the Corporation without further action of the Board), which bank is hereby designated by the Board as the Paying Agent and Bond Registrar in connection with the issuance of said Bonds. Principal and interest shall be payable without deduction for exchange or collection charges in lawful money of the United States of America. Under the Lease Agreement, all fees and expenses of the Paying Agent and Bond Registrar shall be the responsibility of the Board and shall be considered as additional rentals under the Lease.

The Bond Certificates shall be executed on behalf of the Corporation with the duly authorized, reproduced facsimile signature of the President, attested by the authorized, reproduced, facsimile signature of the Secretary, and said officers, by

the execution of appropriate certifications, shall adopt as and for their own proper signatures their respective facsimile signatures as same appear on the Bonds. It shall not be necessary for a reproduced facsimile of the corporate seal of the Corporation to appear on said Bond Certificates in order for same to be legal and binding debt instruments of the Corporation.

Notwithstanding anything contained herein to the contrary, no Bond Certificate shall be valid or binding upon the Corporation unless and until it is validated by the manual signature of the duly authorized representative of the Bond Registrar.

Notwithstanding the provisions of this Bond Resolution regarding the use of Bond Certificated and their authentication by the Bond Registrar, at the direction of the Municipal Advisor, the Bond Registrar, shall be authorized to utilize the "Book-Entry Only System" for the issuance and transfer of the Bonds in order to eliminate the need for physical movement of Bond Certificated throughout the term of the Bonds.

The President and Secretary of the Corporation are hereby authorized and directed, as is the Bond Registrar, to enter into such agreements with the Depository Trust Company ("DTC") and/or Cede & Co., an affiliate of DTC, as are necessary to implement the "Book Entry Only System".

In the event the "Book-Entry Only System" is utilized, principal and interest payment on the Bond shall be made directly to DTC or at DTC's direction.

The President and Secretary are authorized to execute a blanket "Letter of Representations" and such "Operational Arrangements" as DTC or Cede & Co. may require to authorize the "Book-Entry Only System" for the issue of Bonds described in this Bond Resolution.

The Bonds shall be in substantially the same form as the Bond Certificate attached to this Resolution as Exhibit A, with appropriate substitutions or modifications.

4. **BONDS TO CONSTITUTE LIMITED INDEBTEDNESS OF CORPORATION**. That the Bonds issued and outstanding from time to time under the restrictions and conditions set forth in this Resolution shall be payable solely from and secured by pledge of the fixed amount of the gross income and revenues to be derived from the leasing of the school building Project identified herein, which are to be set aside into a special fund and pledged for that purpose and identified as the "Estill County School District Finance Corporation School Building Revenue Bond and Interest Redemption Fund of September 29, 2022" (the "Bond Fund"). Said Bonds shall constitute a limited indebtedness of the Corporation within the meaning of Kentucky law and shall be payable from and secured by said Bond Fund only, a statutory mortgage lien and a pledge of the gross rental revenues derived from the lease of the school building property constituting the Project identified herein; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance certain of the school building(s) which constitute the Project (the "Parity Bonds").

By the adoption of this Resolution, the Corporation covenants that it will fix and maintain rentals and charges for the use of the property constituting the Project, including all improvements thereon, adequate to maintain the Bond Fund referred to in the preceding paragraph at levels sufficient to meet the principal and interest requirements on the Bonds as the same become due and sufficient to maintain funds adequate to pay the costs of depreciation, maintenance and insurance of the Project.

5. **FISCAL YEAR; BOND FUND ESTABLISHED; INSURANCE AND MAINTENANCE FUNDS**. The school building securing the Bonds herein authorized shall be operated on a fiscal year basis, commencing July 1 of each year, and on that basis the income and revenues from said Project shall be set apart into a separate and special fund to be used for the retirement of the aforesaid Bonds and maintaining said property.

There shall be and there is hereby created an account to be known as the "Estill County School District Finance Corporation School Building Revenue Bond and Interest Redemption Fund of September 29, 2022" (the "Bond 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 of said Bonds representing accrued interest. Thereafter, there shall also be set aside into said Bond Fund in ample time from the first gross income and revenues derived from the rental of the school building Project not less than the amounts sufficient to pay the principal and interest requirements of said Bonds as established upon the sale thereof, which amounts are hereby exclusively pledged to and shall be used only for the purpose of paying the interest on and the principal of said Bonds as and when same become due. The payment of rentals due by the Board under the Lease representing its portion of the principal and interest requirements on the Bonds shall be considered timely if made on the 15th day of the month preceding an interest due date.

In any event there shall be set aside into said Bond Fund and there are hereby pledged such amounts as may from year to year be necessary to meet the principal and interest requirements of the Bonds herein authorized then outstanding. The rental payments specified in the Lease are hereby pledged by the Corporation as the security and source of payment of the Bonds and so long as any of such Bonds remain outstanding the terms and amounts of said rental payments shall not be reduced.

There shall also be set aside sufficient revenues in a depreciation fund to be expended in making good any depreciation of said property constituting the Project and appurtenances and in paying the cost of any extensions, additions or improvements.

The balance of the income and revenues remaining after the aforesaid payments into the Bond Fund and depreciation fund have been made shall be set aside into a maintenance fund and used for the maintenance of said school building Project and to pay the cost of insuring said property against loss or damage by fire, lightning, windstorm or other hazard in an amount substantially equal to either at least the amount of the Bonds at any time outstanding or the maximum insurable value of the improvements constituting the Project, whichever is greater. Such insurance shall be for the use and benefit of the Registered Owners of any Bonds to the extent same are outstanding.

It is further agreed that in case any of the improvements constituting the Project on the leased premises are totally destroyed by fire, lightning, windstorm or other hazard covered by insurance, the Corporation shall have the right to expend such proceeds to restore the property; that if such proceeds are not expended by the Corporation for the restoration of said property at the earliest practicable date, then all such insurance proceeds shall be used for the purpose of redeeming said outstanding Bonds, and said property shall be and become the property of the Board upon all of such Bonds and the interest thereon being completely paid and retired, in which case the Corporation shall convey said property to the Board free and clear of all encumbrances. In the event of partial destruction by fire, lightning, windstorm or other hazard covered by insurance, the insurance proceeds shall be used solely and only for the purpose of making the necessary replacements and repairs to the property, provided further, however, that if following said partial or complete destruction, any principal or interest payment is due and there are not other funds available for said payments, such insurance proceeds must be applied to prevent a default in said payments.

6. **CORPORATION'S COVENANTS TO PERFORM OBLIGATIONS.** The Corporation hereby covenants and agrees with the Registered Owners of the Bonds herein authorized that it will faithfully and punctually perform all duties imposed hereunder or under the Lease with reference to said Project which are required by the Constitution and laws of Kentucky, including the making and collection of reasonable and sufficient rentals for said property, and will segregate the revenues of said property and make application of the rentals received to the respective funds established hereunder.

The Corporation further binds and obligates itself not to sell, mortgage or in any manner dispose of said school building property until all of the Bonds shall have been paid in full both as to principal and interest; subject to the Board's option to purchase said property as set forth in Section 7.

7. **BOARD'S OPTION TO PURCHASE PROPERTY.** The Bonds are issued subject to the Board having the right on any date to purchase from the Corporation, and to secure the release from the statutory mortgage lien and pledge of revenues securing the Bonds the property constituting the school building Project herein described and identified for a price equal to the principal amount of said Bonds then outstanding on the date upon which said option is exercised, plus a sum equal to the accrued interest on said principal amount of Bonds to said date upon which said option is exercised, plus a further sum sufficient to accomplish the complete redemption and retirement (or defeasance) of such principal amount of said Bonds, subject to the rights of the Owners of Parity Bonds.

If the Board shall desire to exercise said option, it may do so by giving notice of its election in writing to the Corporation at least ninety (90) days prior to the date upon which it desires to exercise said option. Thereupon, the Paying Agent at the direction of the Corporation shall call for payment a principal amount of said Bonds equal to the required option price, such call to be strictly in accordance with the provisions of such Bonds and of this Bond Resolution; provided, however, that the right is reserved in the Board and the Corporation to provide for the defeasance of said Bonds through the deposit and investment of sufficient funds in escrow to provide for the payment of the principal and interest requirements on the Bonds until such time as it is determined by the Board to be financial feasible to redeem and retire said Bonds.

8. **STATUTORY MORTGAGE LIEN CREATED; PLEDGE OF REVENUES FROM LEASE OF PROPERTY.** For the protection of the Registered Owners of the Bonds, a statutory mortgage lien and a pledge of the gross revenues derived from the property constituting the school building Project and all improvements thereon are granted pursuant to KRS Section 162.200, which lien and pledge of revenues are hereby recognized and declared to be valid and

binding upon the Corporation and upon the property constituting the Project herein referred to and shall take effect immediately, such statutory mortgage lien and pledge of revenues being subject to the terms and conditions as set out in the form of the Bond Certificate referred to in Section 3 hereof and the rights of the Owners of Parity Bonds. Any Registered Owner of said Bonds, either at law or in equity, by suit or other legal proceedings, may enforce and compel the performance of all duties required of the Corporation by the Constitution, Statutes of Kentucky, the Lease, and this Resolution, including the charging and collection of sufficient rent, the segregation of income and the application thereof, insofar as the failure to perform such duties affects the interest of said Registered Owner of the Bonds herein authorized.

If there be any default in the payment of the principal of or interest on any of said Bonds, then upon the filing of suit by any Registered Owner, any court having jurisdiction of the action may appoint a receiver to administer the property, with power to charge and collect rents sufficient to provide for the payment of interest and principal required by said Bonds and maintain the maintenance and insurance fund herein provided for. The reasonable legal fees and the court costs, if any, incurred by any Registered Owner of such Bonds in connection with the obtaining of the appointment of such a receiver shall be paid from the revenues of the property constituting the Project.

Notwithstanding the foregoing, the statutory mortgage lien and pledge of rental revenues is limited to the exact location of the building or buildings constituting the Project and the right is reserved in the Board under the Lease Agreement to release or convey said unoccupied real estate.

9. **NO PRIORITY AMONG BONDS.** 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.

10. **PARITY BONDS.** While any of the Bonds herein authorized or permitted to be issued are outstanding, the Corporation hereby reserves the right and privilege of issuing additional bonds from time to time, payable from the income and revenues of the property constituting the Project, and ranking on a parity with the Bonds herein authorized, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications completed, approved by the Commissioner of Education of Kentucky and by said Board of Education, and filed in the office of the Secretary of the Corporation, and the issuance thereof shall be approved by the Commissioner of Education as required by law and a Lease shall have been entered into, whereunder the respective annual rental payments during the life of such additional bonds shall be increased by the amount of annual interest and principal requirements of such additional bonds.

11. **COVENANT TO KEEP PROPER RECORDS.** So long as any of the Bonds are outstanding, the Corporation shall require the Board to keep proper books and records (separate from all other records and accounts) of all transactions regarding said Bonds. It shall require the Board to furnish the original purchaser of said Bonds and to the Registered Owner of any of said Bonds, upon written request, not more than thirty (30) days after the close of each fiscal period, complete operating and income statements certified by the auditors or auditors of the Board, and will require the Board to grant to any Registered Owner or Owners of twenty-five percent of the Bonds then outstanding the right at all reasonable times to inspect the property constituting the Project and all records and accounts of the Corporation or the Board relating thereto.

12. **CONDITIONS OF BOND SALE.** That said Bonds shall be sold at public sale after advertising according to law, and the Secretary of the Corporation is hereby authorized and directed to make such advertising. The specific terms, bidding conditions and restrictions governing the sale of said Bonds shall be as set forth in the forms of "Notice of Bond Sale," "Official Terms and Conditions of Bond Sale" and "Official Bid Form" which have been prepared by Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky, are attached to and made a part of this Resolution as Exhibits B, C and D, respectively, and which forms having been examined and considered, are hereby approved. The Secretary is hereby directed to utilize said forms in connection with the sale of said Bonds. Upon the receipt of the sealed, competitive bids after the required advertisement, the Secretary of the Corporation, in conjunction with the Fiscal Agent for the Board and the Corporation, shall calculate the best purchase offer and the exact principal amount of Bonds to be awarded, after calculating the Permitted Adjustment, if any, and accept the offer to purchase said Bonds on behalf of the Corporation without further action by the Board of Directors.

By the adoption of this Bond Resolution the Board of Directors of the Corporation hereby delegates to the Fiscal Agent the authority to execute the Official Bid Form submitted by the successful bidder on behalf of the Corporation and Board which shall then become the Bond Purchase Agreement.

In accordance with Municipal Securities Rulemaking Board Rule G-23 as amended November 28, 2011, said Municipal Advisor shall not provide any underwriting services. Compensation of said Municipal Advisor will be in accordance with the fee schedule approved the Kentucky Department of Education and the Kentucky School Facilities Construction Commission.

13. **DEPOSIT AND APPLICATION OF BOND PROCEEDS; CONSTRUCTION FUND.** Upon the sale and delivery of said Bonds there shall first be paid all expenses incident to the authorization, sale and delivery of the Bonds. Next, there shall be paid into the Bond Fund established with the Paying Agent the accrued interest on such Bonds from their date to the date same are delivered. The entire remaining proceeds shall thereafter be devoted exclusively to the payment of the costs of the school building Project and appurtenances upon the property described herein and according to the plans and specifications duly approved and filed as provided by KRS 162.160.

That pending expenditures of the proceeds then remaining, such funds shall be deposited, until needed for construction purposes, in a special construction account established with a bank or trust company to be selected by the Board, designated by the Board as Construction Depository, designated "The Estill County School District Finance Corporation School Construction Fund of September 29, 2022" (the "Construction Fund"). The money in said Construction Fund shall be expended by payments made to defray the costs of constructing and equipping the school building Project, such payments to be made upon checks drawn upon said Construction Fund by the Treasurer of the Corporation after approval by a written resolution of the Board of Education and accompanied by a voucher in duplicate entitled "Requisition for Funds" signed by the Architect or Engineer having supervision of the construction of the Project, (for construction related disbursements only), in substantially the following form:

"REQUISITION FOR FUNDS

It is hereby certified that those parties shown on the attached schedule are due the respective sum so indicated, which represent amounts duly earned by and payable to said party, its services furnished under an existing contract with the Estill County School District Finance Corporation ("Corporation") and the Board of Education of the Estill County School District ("Board") relating to the construction of certain school building improvements for the Board, financed by the issue of the Corporation's School Building Revenue Bonds, Series 2022, dated September 29, 2022, ("Bonds") or for other work or services in connection therewith. It is further certified that in our opinion substantially all of the labor, materials, work or services and/or furnishings and fixtures were furnished within the boundaries of the property described in the Resolution of the Corporation's Board of Directors authorizing the Bonds and in the Lease Agreement between said Corporation and the Board, which property are encumbered by said issue of Bonds, or were furnished in connection with improvements located within the boundaries of said property.

Dated this _____, 2022.

Architect

Chairperson, Board of Education

*This Requisition shall be executed by the Architect or Engineer, or both, depending upon their contractual responsibility to the Board for the items so certified.

Subject to the provisions regarding "retainage" the Treasurer of the Corporation is hereby authorized to execute such checks from time to time in the necessary amounts upon the aforesaid voucher or "Requisition for Funds" being executed by the Architect or Engineer and presented to and approved by the Board. Such checks shall be fully negotiable, and any bank shall be authorized to honor and pay the same, provided, it assumes the responsibility for the propriety of all endorsements, or all endorsements to it are guaranteed by a bank. Upon the completion of the Project, any surplus remaining in the Construction Fund may be (i) transferred to the Bond Fund and the Board shall receive a credit against their obligations due under the Lease or (ii) used for another approved Project within a reasonable period of time.

Notwithstanding anything contained herein to the contrary, disbursements reimbursing the Board for expenditures made in anticipation of the issuance of Bonds need not be approved by the Architect or Engineer.

Money in the Bond Fund or Construction Fund shall be invested for the benefit of the respective accounts in such portions and in such manner as is designated by the Treasurer of the Corporation. The investments shall be restricted to those "permitted investments" as enumerated under the provisions of KRS 66.480, which minimum provisions of said Statute are hereby incorporated in this Bond Resolution as fully as if copied in full herein; provided, however, should this Bond Resolution impose investment limitations more strict than KRS 66.480, then the provisions hereof shall govern.

The obligations invested in, in any event, shall mature not later than the time funds may be needed for the payment of Bond requirements or for construction purposes, respectively. Any deposit in either account in excess of FDIC or FSLIC

coverage not so invested or any such funds invested in certificates of deposit of any bank shall be earmarked and secured by pledges of an equivalent amount of United States Government obligations identified in KRS 66.480 or Bonds of the issue herein authorized until expended. In the event checks are required to accomplish the investment of funds in the Bond Fund and Construction Fund, same shall be signed by the Treasurer of the Corporation, although such checks are not now contemplated. To the extent that the investment of Bond Fund monies generate funds in excess of the then current principal and interest requirements on the Bonds, the Board's obligation under the Lease shall be reduced in a like amount for the semi-annual period in question.

Should the Board or Architect fail to supply Bond Counsel with required information concerning the Project on a timely basis, Bond Counsel may request the Construction Depository to suspend payments from the Construction Fund until the necessary information is made available.

14. **MISAPPLICATION OF BOND PROCEEDS NOT TO AFFECT VALIDITY OF BONDS.** If for any reason the funds obtained by the sale of said Bonds are not properly allocated or if there is any misapplication of said proceeds, such improper allocation shall not affect the validity of any Bonds issued in accordance with this Resolution.

Notwithstanding anything in this Bond Resolution to the contrary, by the adoption of this Bond Resolution the Board of Directors of the Corporation hereby authorizes Robert W. Baird & Co., Inc., Municipal Advisor to the Corporation and Steptoe & Johnson PLLC, Bond Counsel to the Corporation to act for and on behalf of the Corporation in all matters relating to the authorization, issuance and sale of the Bonds and the disposition of the proceeds thereof as fully as if said Municipal Advisor and Bond Counsel were duly authorized officers of the Corporation.

15. **LEGAL DESCRIPTION OF LEASED PROPERTY.** The school building Project and appurtenances financed from the proceeds of the Bonds and which are subject to the statutory mortgage lien and pledge of revenues securing said Bonds is located upon the site described in Exhibit E to this Resolution which is incorporated in full herein by reference. Notwithstanding anything contained herein to the contrary, said statutory mortgage lien and revenue pledge are restricted in their application to the exact locations of the said buildings and appurtenances constituting the Project, with rights of way for ingress and egress, and the right is specifically reserved by the Corporation and/or the Board to construct upon any unoccupied portions of the school site described in Exhibit E hereto other structures and improvements for school purposes, which structures and improvements shall not be subject to any extent to said statutory mortgage lien and revenue pledge.

16. **FEDERAL TAX COVENANTS.** 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 Bonds shall be excludable from the gross income of the recipients thereof for Federal income tax purposes under any valid provision of the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder (the "Code").

Neither the Corporation nor the Board shall permit at any time or times any of the proceeds of the Bonds to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause such Bonds to be "arbitrage bonds" as defined in Section 148 of the Code, as then in effect.

The Corporation further covenants that prior to the issuance of said Bonds and as a condition precedent to such issuance, the Corporation shall certify by issuance of a certificate of the Treasurer of the Corporation, supplemental to this Resolution, that on the basis of the facts, estimates and circumstances in existence on the date of issue of said Bonds, it is not expected that the proceeds of said Bonds will be used in a manner which would cause such obligations to be "arbitrage bonds" under the Code. The Treasurer of the Corporation is hereby designated and charged by the Corporation's Board of Directors with the responsibility for issuing the Bonds herein authorized.

The Board has certified that it does not reasonably expect to issue in its own name, or request the County, or the Corporation, or another state or local governmental agency to issue on its behalf, bonds or other obligations considered under the Code to be "tax-exempt obligations" in a principal amount in excess of \$15,000,000 during the calendar year ending December 31, 2022, and for that reason the Corporation has been advised by Bond Counsel that the Construction Fund or Bond Fund or any other fund or account established under the provisions of this Bond Resolution are not subject to the "rebate requirements" on excess earnings in favor of the United States of America imposed by the Code. Nevertheless, Bond Counsel has advised the Corporation and the Board that the construction fund will be exempt from "rebate requirements" even if the \$15,000,000 annual limit is exceeded, if the proceeds deposited in the Construction Fund are expended (calculated from the date said Bonds are delivered) 10% within six months, 45% within twelve months, 75% within eighteen months; and 100% within twenty-four months. Notwithstanding the foregoing, the Corporation covenants and agrees that in the event it is subsequently determined by the Corporation or the Board, upon advice of nationally recognized bond counsel, that the Bond Fund, Construction Fund, or any other fund established under this Resolution are subject to said rebate requirements and do in fact 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, there shall be established a separate and special fund with the Paying Agent to be designated as the "Excess Earnings and Rebate Fund," which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States on or before a date five years and thirty days from the date said Bonds are delivered, and once every five years thereafter until the final retirement of the Bonds; the last installment, to the extent required, to be made no later than sixty days following the date on which funds sufficient for the complete retirement of the Bonds are deposited with the Paying Agent or any escrow agent.

The Board is a separate political subdivision of the Commonwealth, derives its powers independently of the County and is not subject to control by the County and has designated the Bonds as "qualified tax-exempt obligations" under the terms of the Board's Resolution authorizing its participation. The Board of Directors of the Corporation, by the adoption of this Resolution, hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of the Code Section 265(b)(3) and the Corporation hereby certifies that it does reasonably anticipate, based upon representations to it by the Board, that the total principal amount of tax-exempt obligations which it will issue, during the calendar year ending December 31, 2022, will not exceed \$10,000,000.

17. **OFFICIAL STATEMENT AUTHORIZED.** Robert W. Baird & Co., Inc., Paducah, Kentucky, Municipal Advisor for the Corporation and the Board, having prepared a Preliminary Official Statement in conjunction with the Board and the Corporation in regard to the sale of the Bonds containing all pertinent information concerning said Bonds; the Preliminary Circular portion of said Preliminary Official Statement having been reviewed by the Board of Directors and the Board, same is hereby authorized, ratified and approved, acknowledge same on behalf of the Corporation. The President and Secretary are also authorized to execute said Fiscal Agent's contract on behalf of the Corporation, which contract is hereby authorized, ratified and approved.

18. **REGISTRATION OF BONDS; DUTIES OF BOND REGISTRAR AND PAYING AGENT:** Regions Bank, Nashville, Tennessee (or such other bank or trust company as may be authorized by the Secretary of the Corporation without further action of the Board), is hereby designated as the Bond Registrar and Paying Agent for the Bonds. The Bond Registrar and Paying Agent shall receive compensation for its services in accordance with its Agreement with the Corporation and the Board and the President and Secretary of the Corporation are hereby authorized and empowered to execute said Agreement on behalf of the Corporation upon said Agreement being executed and tendered to the Corporation by the Board and the Bond Registrar/Paying Agent in substantially the same form as that attached hereto and made a part of this Resolution as Exhibit F. The Lease authorized under Section 1 of this Resolution shall contain provisions whereby the Board shall be responsible for and shall pay the fees and charges of the Bond Registrar/Paying Agent as additional rentals thereunder.

The duties of the Bond Registrar shall be as follows:

- (a) To register all Bond Certificates in the name of the Registered Owner thereof in accordance with the provisions of the Code;
- (b) Upon being supplied with properly authenticated assignment satisfactory to said Bond Registrar (in the sole discretion of said Bond Registrar), to transfer the ownership of Bond Certificates from one Registered Owner to another within three (3) business days of the receipt of proper authentication by said Bond Registrar;
- (c) To cancel and destroy (or remit to the Corporation for destruction) all exchanged or matured Bond Certificates, and to maintain adequate records relative thereto;

The duties of the Paying Agent shall be as follows:

- (a) To maintain the Bond Fund established under this Resolution and to invest the same in accordance with the provisions hereof;
- (b) To remit, but only to the extent that all required funds are made available to the Paying Agent by the Board, semiannual interest payments direct 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 Bond Registrar as to the ownership of each Bond as of the 15th day of the month preceding an interest due date and the Paying Agent's checks shall be drawn and mailed accordingly;
- (c) To notify each Registered Owner to be prepaid and to redeem Bonds prior to their stated maturity upon their presentation in accordance with the provisions of Section 2 of this Resolution upon being supplied with sufficient funds, and

(d) To supply the Board and the Kentucky School Facilities Construction Commission with a written accounting evidencing the payment of interest and principal within thirty days following each due date.

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

The Bond Registrar/Paying Agent may at any time resign from its duties set forth in this Resolution and in its Agreement with the Corporation and the Board by filing its resignation with the Secretary of the Corporation and notifying the original purchaser or purchasers of the Bonds herein authorized. Thereupon, the Corporation, with the concurrence of the Board, shall designate a successor Bond Registrar/Paying Agent which shall be an incorporated bank or trust company. Notwithstanding the foregoing in the event of the resignation of the Bond Registrar/Paying Agent, provisions shall be made for the orderly transition of the books, records and accounts relating to the Bonds to the successor Bond Registrar/Paying Agent in order that there will be no delinquencies in the payment of interest or principal due on the Bonds.

19. **CORPORATION'S COVENANT TO MAINTAIN CORPORATE EXISTENCE.** The Corporation covenants that so long as any of the Bonds remain outstanding and unpaid it will not amend its Articles of Incorporation in any manner adversely affecting the security and rights of the Registered Owners of said Bonds.

The Corporation further covenants that so long as any of the Bonds are outstanding and unpaid it will maintain its corporate existence and continue in good standing as a non-profit, non-stock, Kentucky corporation and that it will in each year file all reports, including the required annual "Certificate of Continued Existence", and comply with all other requirements existence as a lawfully constituted Kentucky corporation and "on-behalf-of" entity authorized to act for the Board under Revenue Ruling 63-20.

20. **CONTRACTUAL NATURE OF RESOLUTION.** This Resolution shall constitute a contract between the Corporation and all who may become the Registered Owners of the Bonds, and any bonds subsequently issued ranking on a parity therewith, and after the issuance and delivery of such Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner except for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein.

21. **SEVERABILITY.** If any section, paragraph or clause hereof shall be held invalid, the invalidity of said section, paragraph or clause shall not affect any of the remaining provisions of this Resolution.

22. **CONFLICTS REPEALED.** All resolutions or parts thereof in conflict with the provisions of this Resolution are hereby repealed and this Resolution shall take effect and be in force upon its adoption.

Adopted August 26, 2022.

President

Attest:

Secretary