

**CONTRACT, LEASE AND OPTION**

By and Between

**BULLITT COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

Lessor

and

**BOARD OF EDUCATION OF BULLITT COUNTY SCHOOL DISTRICT**

Lessee

Lessee Address:

Board of Education of Bullitt County School District  
1040 KY-44  
Shepherdsville, KY 40165

Dated as of  
February 7, 2024

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## CONTRACT, LEASE AND OPTION

CONTRACT, LEASE AND OPTION (the “Lease”) made and entered into as of February 7, 2024, by and between the BOARD OF EDUCATION OF THE BULLITT COUNTY SCHOOL DISTRICT (the “Board”) and the BULLITT COUNTY SCHOOL DISTRICT FINANCE CORPORATION (the “Corporation”).

### WITNESSETH

WHEREAS, the Bullitt County School District Finance Corporation (the “Corporation”) is a nonprofit, nonstock, public and charitable corporation duly organized pursuant to the provisions of 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 (the “Board”) of the Bullitt County School District (the “District”), 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; and

WHEREAS, the Corporation, acting by and through its Board of Directors, desires, pursuant to the direction of the District, to provide funds to supplement available funds of the Board in order to finance the acquisition, construction, installation and equipping of renovations to Bullitt East High School (the “Project”), all of the foregoing to be used and occupied for school purposes by the District; and

WHEREAS, it is desired that the Corporation authorize, sell, issue and deliver its “School Building Revenue Bonds, Series 2024A, dated their date of initial issuance and delivery” (the “Bonds”)

WHEREAS, it is desired that the Corporation authorize, sell, issue and deliver its Bonds on behalf of the Board pursuant to the provisions of the School Bond Act, and

WHEREAS, the Board, by a Resolution duly adopted has offered to rent the Project from the Corporation pursuant to the authority vested in it by the School Bond Act from the date of this Lease until June 30, 2024.

NOW, THEREFORE, IT IS AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:

Section 1. Definitions. “Act” means Sections 157.611 through 157.640 of the Kentucky Revised Statutes.

“Architects” means the firm of licensed Kentucky architects employed by the Board for the design and supervision of the construction of the Project.

“Board” means the Board of Education of the Bullitt County School District, Shepherdsville, Kentucky.

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

“Bond Registrar” or “Paying Agent” means U.S. Bank Trust Company, National Association, Louisville, Kentucky, so designated under the Bond Resolution.

“Bond Resolution” means the Resolution passed and adopted by the Board of Directors of the Corporation on November 21, 2022 authorizing the Bonds.

“Bonds” means \$[39,430,000] aggregate principal amount of “Bullitt County School District Finance Corporation School Building Revenue Bonds, Series 2024A, dated their date of initial issuance and delivery” authorized pursuant to the Bond Resolution and this Lease.

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

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

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

“Construction Fund” means the “Bullitt County School District Finance Corporation School Construction Fund of February 7, 2024” established by the Corporation under the Bond Resolution.

“Contract, Lease and Option” or “Lease” means this agreement by and between the Corporation and the Board whereunder the Project has been leased by the Corporation to the Board and the rental revenues derived thereunder pledged to the payment of the Bonds.

“Corporation” means the Bullitt County School District Finance Corporation, acting by and through its Board of Directors.

“Department” means the State Department of Education, acting on behalf of the State Board of Education.

“Disclosure Certificate” means the Continuing Disclosure Certificate dated as of February 7, 2024 among the Board and the Corporation.

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

“Project” means the acquisition, construction, installation and equipping of renovations to Bullitt East High School.

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

“Schedule of Annual Rentals” means the schedule attached to this Lease as Exhibit A setting forth the annual rentals due from the Board to the Corporation sufficient in amount to pay the principal and interest requirements of the Bonds.

“Schedule of Principal and Interest Requirements” means the schedule attached to this Lease as Exhibit B setting forth the total principal and interest requirements for the Bonds.

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

“Secretary” means Secretary of the Board of Directors of the Corporation.

Capitalized terms not otherwise defined herein shall have the meanings given them in the Bond Resolution.

Section 2. Construction of Project. The Corporation agrees to cause the Project to be completed as expeditiously as possible in accordance with the plans and specifications of the Architect prepared and approved in accordance with Section 162.160 of the School Bond Act, and to lease the same to the Board, and the Board agrees to lease said school building property as aforesaid from February 7, 2024, until June 30, 2024, and thereafter, should the Board renew this Lease, from year to year for a rental payable from year to year amounting to a sum sufficient to amortize the unpaid portion of the cost to the Corporation of the Project as evidenced by the Bonds from time to time outstanding, together with the costs of maintaining and insuring said school building property, and paying the expenses incident to the payment of the Bonds, including the transfer and registration fees of the Paying Agent and Bond Registrar, all subject to the following terms and conditions.

Section 3. Initial Rental; Annual Renewal Rentals. The Board agrees to lease and rent the Project from the Corporation to be used for educational purposes, only for the period ending June 30, 2024 for the rental set forth in the Schedule of Annual Rentals, plus the costs of maintenance, insurance and Bond administration expenses, it being hereby certified by the Board that the rental provided herein for that period does not exceed the anticipated revenue of the Board for the period available for that purpose. The Board shall have an exclusive option to renew this Lease from year to year for a period of one year at a time at the rentals set out in the Schedule of Annual Rentals if the Bonds are issued and sold in the principal amount assumed and bear interest at the rates assumed. Payments under the Lease shall be made directly to the Paying Agent on the fifteenth day of the month preceding the dates the principal and/or interest requirements are due on the Bonds. The Board shall have the right to use and occupy the Project from the date of this Lease.

If the Bonds are issued in a principal amount other than the amount assumed herein and in the Bond Resolution or in the event the interest rates on the Bonds are fixed at rates other than those set forth in the Schedule of Principal and Interest Requirements, the rental requirements set forth in the Schedule of Annual Rentals shall be automatically adjusted upward or downward accordingly in order that the annual rental due each year from the Board shall be an amount equal to the principal and interest requirements becoming due on the Bonds for the period in question.

In any event, the rental payments due from the Board each year shall be such amounts as may from year to year be necessary to meet the principal and interest requirements for the Bonds, plus the costs of maintaining and insuring the Project and paying necessary Bond administration expenses.

Section 4. Annual Obligations, Option to Renew. Nothing herein contained shall be construed as binding the Board to renew this Lease or Pay the rentals due hereunder for any but the first period ending June 30, 2024, except upon the exercise by the Board in each year of its exclusive option to renew this Lease, but this Lease shall automatically renew itself each year for a period of one year unless the Board shall at least sixty days prior to the beginning of any year send to the Corporation, to the State Department of Education, and to the original purchaser of the Bonds written notice of its intention not to exercise its option to renew the Lease.

Any other provisions herein to the contrary notwithstanding, the Board shall be liable to the extent only of its anticipated revenue for the year herein provided during which any obligation of it arises, and all obligations herein are on an annual basis. However, the Board shall not have the right to renew this Lease for any year unless its anticipated revenue is such that it can become legally obligated in the amount herein provided as being the amount of the obligation of the Board assuming the Lease is renewed.

Section 5. Conveyance to Board on Payment of Bonds. It is understood and agreed that if the Board shall pay the rentals above specified from year to year to and through the year 2043, and by reason of the application of such rentals to the payment of the principal and interest on the Bonds, the Bonds shall have on February 1, 2040 or at any time, through any other method, been fully paid, redeemed, cancelled and retired, the Corporation will convey the project to the Board free of all liens and encumbrances, and any balance remaining in the Bond Fund for the payment of the Bonds and amounts in any other funds established with respect to the Bonds, will be returned to the Board.

Section 6. Contract Void If Not Renewed. It is understood and agreed that should the Board fail to exercise its option to renew this Lease in any year, then this contract shall become null and void, and the Board shall give immediate possession of the Project to the Corporation for the benefit of the holders of the Bonds.

Section 7. Application of Insurance Proceeds. It is agreed that in case the buildings constituting the Project 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 Project; that if such proceeds are not expended by the Corporation for the restoration of the Project at the earliest practicable date, then all such insurance Proceeds shall be used for the purpose of redeeming the outstanding Bonds, and the Project shall be and become the property of the Board, in which case the Corporation shall convey the Project 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, it is agreed between the parties that the proceeds of such insurance shall be used solely and only for the purpose of making the necessary replacements and repairs to the buildings and improvements located thereon, provided further that if following such partial or complete destruction any principal or interest payment is due on the Bonds and there are no other funds available for said payments, such insurance proceeds must be applied to the payments which are due.

Section 8. Option to Purchase Site. The Bonds are issued subject to the Board having the right, on any interest payment date, to purchase from the Corporation, and to secure the release from the statutory mortgage lien and pledge of revenues securing the Bonds, the Project, for a price equal

to the principal amount of the Bonds outstanding on the date upon which said option is exercised, plus a sum equal to the accrued interest on the Bonds to said date, plus a further sum sufficient to accomplish the complete redemption and retirement of the Bonds, including additional interest or redemption premium.

To exercise this option, the Board shall give notice of its election in writing to the Corporation at least ninety days prior to the interest due 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 the Bonds equal to such sum, such call to be strictly in accordance with the provisions of such Bonds and of the 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 financially feasible to redeem and retire the Bonds.

Section 9. Limitation of Statutory Mortgage Lien. The parties hereto agree that there shall be inserted in the bond form appearing on the Bonds a clause reading substantially as follows.

“The statutory mortgage lien upon and the pledge of the revenues derived from said school building property, which are hereby recognized as valid and binding, are hereby created and granted in favor of the holder of this Bond and the issue of which it forms a part, and said school building property and any appurtenances thereto shall remain subject to said statutory mortgage lien and revenue pledge until the payment in full of the principal and interest on this Bond and the issue of which it forms a part; provided, however, that said statutory mortgage liens and revenue pledges are and shall be restricted in their application to the school buildings and appurtenances thereto financed by this Bond and the issue of which it forms a part, and such easements and rights of way for ingress, egress and the rendering of services thereto as may be necessary for the proper use and maintenance of the same; the right being hereby expressly reserved to erect or construct upon the school sites described in the Bond Resolution authorizing the issuance of the Bonds and in the Contract, Lease and Option under which same are leased to the Board of Education of the Bullitt County School District other independently financed school building projects free and clear of said statutory mortgage lien and revenue pledge, which other independently financed school building projects may or may not have a party wall with and adjoin the school buildings and appurtenances which are subject to said statutory mortgage lien and revenue pledge, provided no part of the cost of said other independently financed school building projects is paid from the proceeds of the sale of this Bond and the issue of which it forms a part; and provided the necessary easements for ingress and egress shall be deemed to exist and continue to exist for all school buildings, improvements and additions financed by this or other bonds”.

The parties hereto agree that this Lease is subject to the provisions of said clause as inserted in the form of Bonds.

Section 10. Legal Description of Project Site Leased. The Project and appurtenances financed from the proceeds of the Bonds and which are subject to the statutory mortgage lien and pledge of revenues securing the Bonds are to be located upon the site described in Exhibit C to this Lease. Notwithstanding anything contained herein to the contrary, said lien and revenue pledge are restricted in their application to the exact location of the Project buildings and appurtenances, 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 portion of the school site hereinafter described other structures and improvements for school purposes, which structures and improvements shall not be subject to any extent to said lien and pledge.

Section 11. Maintenance and Insurance. It is agreed and understood that so long as the Board continues to lease the Project it will, at its own expense, maintain and keep same in good state of repair and will procure and pay the cost of insurance on all Project buildings and the contents thereof against loss by fire, lightning, windstorm or other hazard, and that the amount of such insurance shall be at all times the full insurable value of the buildings and the contents thereof or the amount of the Bonds outstanding from time to time, whichever is greater.

Section 12. Supplemental Contract if Parity Bonds Issued. The parties hereto agree that in the event it becomes necessary to issue additional bonds ranking on a parity with the Bonds in order to complete the Project in accordance with the plans and specifications of the Architect, as set out in the Bond Resolution, they shall enter into a Supplemental Contract, Lease and Option, whereunder the respective annual rental payments during the life of such additional bonds are increased by the amount of annual principal and interest requirements of such additional bonds.

Section 13. Contractual Provisions Subordinate to Rights of Bondholders. It is hereby agreed that the provisions of this Lease are hereby subordinate to the rights of the holders of the Bonds.

Section 14. Bond Administration Expenses; Fees and Charges of Bond Registrar/Paying.. The Board agrees to pay as additional rentals due under this Lease all of the fees, charges and expenses of the Bond Registrar and Paying Agent as set forth in a certain Appointment Agreement by and between the Bond Registrar and Paying Agent, the Corporation and the Board. The Board understands and agrees that the semi-annual rental payments due under this Lease as set forth in Article III hereof must be remitted to the Paying Agent no later than the date specified in order that said semi-annual rental payments may be applied to the payment of interest on and principal of the Bonds as the same become due.

[Signatures begin on the following page.]



SIGNATURE PAGE TO CONTRACT, LEASE AND OPTION

IN TESTIMONY WHEREOF, the Board has caused this instrument to be executed for and on its behalf by its Chairperson and Secretary, and the Corporation has caused this instrument to be executed for and on its behalf by its President and Secretary as of the date above written.

**BOARD OF EDUCATION OF THE  
BULLITT COUNTY SCHOOL DISTRICT**

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

ATTEST:

\_\_\_\_\_  
Secretary

**BULLITT COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

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

ATTEST:

\_\_\_\_\_  
Secretary



**EXHIBIT A**

Schedule of Annual Rentals

## **EXHIBIT B**

### Project Site

#### **Bullitt East High School**

- Parcel No. 077-000-00-044; Deed Book 1085, Page 322

##### Tract 1

Beginning at a pin in the north right-of-way of Kentucky Highway 44 at agreed corner with Swearingen; thence N 74-50-15 W 30.90 feet to a post; thence N 24-15-58 E 356.48 feet with a fence, agreed line with Swearingen to a post; thence N 35-49-45 E 670.86 feet with a fence, agreed line with Swearingen to a post; thence S 79-20-02 E 77.23 feet to a pin by a post in the right-of-way of Ky. 44; thence with said right-of-way south 34-06-36 W 668.06 feet to a pin; thence continuing with said right-of-way south 34-13-58 W 468.04 feet to the point of beginning, and designated on plat a Tract "A".

##### Tract 2

BEGINNING at a steel post, which post is N. 24° 15' 58" E 34.70 feet, N. 74° 50' 15" W 30.90 feet from a pin in the West right of way line of Kentucky State Highway #44, at corner to Harrod and Stout, and running thence N. 74° 48' 34" W 851.21 feet to a pin; thence N. 17° 47' 11" E 902.51 feet to a pin in fence; thence S. 75° 56' 12" E 184.10 feet to pin at barn corner; thence S. 75° 55' 28" E 63.44 feet to a pin at barn corner; thence S. 79° 02' 09" E 55.81 feet to pin by gate post; thence S. 77° 22' 34" E 793.87 feet to a post; thence S. 35° 49' 28" W 671.86 feet to a post; thence S. 23° 59' 27" W 321.12 feet to the beginning and containing 20.00 acres.

Being the same property conveyed to the Kentucky School Building Authority, by deed dated August 9, 1979, of the record in Deed Book 230, Page 260, in the Office of the Bullitt County Court Clerk.

- Parcel No. 077-000-00-042B; Deed Book 610, Page 587

BEGINNING at an iron pipe in the northern right-of-way line-of Kentucky Highway 44, 0.95 miles west of U. S. 31 E., same being the eastern corner of the tract conveyed the Bullitt County Board of Education by deed of record in Deed Book 222, Page 604, in the office of the Clerk of the Bullitt County Court; thence north 77 degrees 22' 34" W 946.63 feet to a post; thence north 75 degrees 43' 17" W 225.85 feet to a nail in a cornerpost; thence north 75 degrees 17' 40" W 452.97 feet to an iron pipe at a cornerpost; thence north 13 degrees 16' 06" E 386.50 feet to an iron pipe at a cornerpost; thence south 75 degrees 57' 20" east 1,681.76 feet to a nail in a post; thence south 38 degrees 50' 05" W 140.00 feet to an iron pipe at a post; thence south 50 degrees 27' 04", E 112.48 feet to an iron pipe in the northern right-of-way line of Kentucky Highway 44, thence along said right-of-way line south 43 degrees 50' 11" W 65.66 feet to an iron pipe; thence south 40 degrees 38' 36", W 49.96 feet to an iron pipe; thence south 38 degrees 21' 36" W 50.05 feet to an iron pipe; thence south 35 degrees 55' 13" N 49.95 feet to the point of beginning, containing 14.68 acres as per survey of John A. St. Clair dated April 1, 1986.

- 077-NC0-02-006, 077-NC0-02-007, 077-NC0-02-008, 077-NC0-02-009, and 077-NC0-02-010; Deed Book 1085, Page 161

BEING Lots 21, 22, 23, 24 and 25 of Eastbrooke Pointe, Section 1, plat of which is of record in Plat Cabinet 3, Slide 139, Bullitt County Clerk's Office.

Being the same property conveyed to the Board of Education to Bullitt County, Kentucky, by deed dated October 7, 2022, of the record in Deed Book 1074, Page 185, in the Office of the Bullitt County court Clerk.

- Parcel No. 077-000-00-045; Deed Book 1085, Page 155

Being an 18.702 acre tract per Retracement Survey by John A. St. Clair dated June 2, 2017 of record in Plat Cabinet 4, Slide 102 in the Office of the County Clerk of Bullitt County, Kentucky.

Being the same property conveyed to the Board of Education to Bullitt County, Kentucky, by deed dated December 21, 2017, of the record in Deed Book 935, Page 645, in the Office of the Bullitt County court Clerk.