

TO BE RECORDED AS LEASE

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") made and entered into as of February 22, 2011, by and between the HARDIN COUNTY SCHOOL DISTRICT FINANCE CORPORATION, 65 W.A. Jenkins Road, Elizabethtown, Kentucky 42701 (the "Corporation") and the BOARD OF EDUCATION OF THE HARDIN COUNTY SCHOOL DISTRICT, 65 W.A. Jenkins Road, Elizabethtown, Kentucky 42701 (the "Board").

WITNESSETH:

THAT WHEREAS, the Board is charged with the responsibility under Chapter 160 of the Kentucky Revised Statutes ("KRS") to provide educational facilities necessary and desirable for the welfare of its citizens and inhabitants but the Board is without lawful means to incur an indebtedness in the amount required for financing renovations at Radcliff Middle School (the "school building" or "school property" or "school improvements" or "Project"), but may lawfully provide for the construction of the Project by renting the property upon which the Project is to be located pursuant to the provisions of KRS 162.120 through 162.300 and KRS 162.385, as repealed, amended and reenacted (the "School Bond Act"), and

WHEREAS, the Corporation has been formed as a non-profit, non-stock, public and charitable corporation duly organized under the School Bond Act and KRS Chapter 273 and KRS 58.180, having for its corporate purpose cooperation with the Board in financing the costs of school building facilities for and on behalf of the Board, with the power to borrow money, encumber properties and do any and all things necessary or incidental to the purposes of its incorporation, and

WHEREAS, the Corporation pursuant to a Bond Resolution unanimously adopted by its Board of Directors, is about to authorize the sale of the Bonds hereinafter identified and it is necessary that the Corporation and the Board arrange for the repayment of said Bonds through the lease of the Project from the Corporation to the Board and the application of the Agreed Participation, hereinafter identified, of the School Facilities Construction Commission toward the costs of the Project, and

WHEREAS, the School Facilities Construction Commission of the Commonwealth of Kentucky (the "Commission") has been established pursuant to the provisions of KRS 157.611 through KRS 157.640, as repealed, amended and reenacted (the "Commission Act"), for the purpose of assisting local school districts in meeting the school construction needs of the State in a manner which will ensure an equitable distribution of funds based upon unmet need, and

WHEREAS, pursuant to Section 157.622 of the Commission Act, the Commission in reliance upon certified statements from the Kentucky Department of Education acting on behalf of the Kentucky Board of Education required under KRS 157.620 of the Commission Act, has determined that the Board is entitled to financial assistance from the Commission in meeting the unmet need of the Board as that term is defined in the Commission Act and has made an Offer of Assistance to the Board through the payment of a portion of the principal and interest requirements (the "Agreed Participation") of School Building Revenue Bonds issued by the Corporation acting by and through its Board of Directors on behalf of the Board, and

WHEREAS, the Commission, based upon the criteria contained in the Act and its Regulations, has determined that the Board has met the requirements of KRS 157.620(1) of the Commission Act and that the Board is entitled to an annual Agreed Participation by the Commission equal to approximately \$154,000 to be applied to the annual debt service requirements for the Bonds herein identified as set forth in Exhibit B hereto, subject to the terms of the Participation Agreement hereinafter identified, to be applied to the payment of principal and interest requirements of School Building Revenue Bonds issued by the Corporation on behalf of the Board pursuant to the provisions of KRS 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes (the "School Bond Act") in order to finance the Project qualified under the Commission Act hereinafter identified, and

WHEREAS, pursuant to the provisions of the Commission Act and the Regulations and Resolutions of the Commission promulgated establishing priorities among applications by the Commission under the Commission Act as certified by the Kentucky Department of Education acting on behalf of the Kentucky Board of Education relating to the ranking and approval of applications by eligible districts for financial assistance for the construction or major renovation of school facilities, the Commission has determined that the Board is entitled to assistance from the Commission in accordance with the Commission Act for the purpose of constructing or reconstructing the school facilities as identified in the Project plans and specifications prepared by the Architect for the Board, and

WHEREAS, the Board, in order to carry out the duty and authority vested in the Board, desires to maintain adequate school facilities for the district which it serves and has applied under the Commission Act for assistance and has accepted the Commission's Offer of Assistance in financing the construction of said Project, and

WHEREAS, it is desired that the Corporation, acting on behalf of the Board authorize, sell, issue and deliver its "School Building Revenue Bonds, Series of 2011, dated February 22, 2011" (the "Bonds") on behalf of the Board pursuant to the provisions of the School Bond Act, and

WHEREAS, pursuant to the provisions of the Commission Act and the Regulations and Resolutions of the Commission promulgated thereunder, the Commission has duly passed and adopted a Resolution approving the Offer of Assistance to the Board and the issuance of School Building Revenue Bonds by the Corporation on behalf of the Board and the Commission has committed itself to participate in providing part of the costs of construction of the Project through the payment of the Agreed Participation on the Bonds and has entered into the Participation Agreement in order to document its participation, and

WHEREAS, the Board has agreed to allocate the Board's Contribution to the Project from its own funds in order to qualify for assistance from the Commission and ensure that the Project shall be completed in accordance with the requirements of the Commission Act and the criteria established by the Kentucky Board of Education thereunder;

WHEREAS, the Board, by a Resolution duly adopted has offered to rent said property from the Corporation pursuant to the authority vested in it by the School Bond Act from the date of this Lease until June 30, 2011;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND FURTHER CONSIDERATION OF THE ISSUANCE OF THE BONDS BY THE CORPORATION, THE PROCEEDS OF WHICH ARE TO BE USED TO ACQUIRE, CONSTRUCT, AND IMPROVE THE PROJECT, IT IS AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. "Act" or "Commission Act" means Sections 157.611 through 157.640 of the Kentucky Revised Statutes enacted by the 1985 Extraordinary Session of the General Assembly of the Commonwealth of Kentucky as Sections 26 through 36 of House Bill 6, as amended by Senate Bill 303 and House Bill 655 enacted by the 1988 Regular Session of said General Assembly as repealed, amended, and reenacted by House Bill 940 enacted by the 1990 Regular Session of said General Assembly.

"Agreed Participation" means that portion of the Percentage Discount or Rate of Participation to which the Board has been determined to be entitled by the Commission for the Project; said annual amount being equal to approximately \$154,000 to be applied to the annual debt service requirements for the Bonds herein identified is the maximum annual amount which the Commission will pay toward principal and interest requirements of the Bonds. The actual annual Agreed Participation for each year is set forth in Exhibit B hereto.

"Agreement" or "Participation Agreement" means the agreement between the Commission and the Board establishing the terms of the Commission's participation in financing the Project.

"Architects" means the firm of licensed Kentucky architects employed by the Board for the design of the construction of the respective Project.

"Available Local Revenue" means the amount required under the Commission Act, as determined by the Department, in order for the Board to qualify as an Eligible District under the Act.

"Board" means the Board of Education of the Hardin County School District.

"Board's Contribution" means that part of the "Available Local Revenue" under the Commission Act and the Regulations of the Commission which the Board is required to expend for the Project in order to qualify as an "Eligible District" under the Commission Act and the Regulations of the Commission; no cash contribution shall be required of the Board, but the Board shall be required to pay an annual Debt Service Requirement in such amount as is necessary to meet the principal and interest requirements of the Bonds to the extent the Agreed Participation is insufficient.

"Bonds" means \$3,750,000 aggregate principal amount of "Hardin County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated February 22, 2011" authorized pursuant to a Resolution of the Board of Directors of the Corporation and this Lease.

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

"Bond Resolution" or "Resolution" means the Resolution passed and adopted by the Board of Directors of the Corporation authorizing the Bonds.

"Bond Registrar" or "Paying Agent" means The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, designated under the Resolution.

"Commonwealth" or "State" means the Commonwealth of Kentucky.

"Commission" means the School Facilities Construction Commission of the Commonwealth established pursuant to the Act.

"Construction" means and includes inter alia (a) preliminary planning to determine the feasibility of the Project; the engineering, architectural, legal, physical, and economic investigations and studies necessary thereto; and surveys, designs, plans, working drawings, specifications, procedures and other actions necessary for the construction 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 construction of the Project entered by the Corporation and the Board.

"Construction Fund" means the Construction Fund established under the Bond Resolution.

"Corporation" means the Hardin County School District Finance Corporation formed pursuant to the School Bond Act acting by and through its Board of Directors.

"Department" means the Kentucky Department of Education, acting on behalf of the Kentucky Board of Education or the Commissioner of Education.

"KRS" means the Kentucky Revised Statutes, as amended.

"Lease Agreement" or "Lease" means this agreement by and between the Corporation and the Board whereunder the Project financed from the proceeds of the Bonds has been leased by the Corporation to the Board and the rental revenues derived thereunder pledged to the payment of the Bonds.

"Offer of Assistance" means the offer, subsequently amended, submitted to the Board by the Commission pursuant to the Commission Act and its Regulations, indicating the required amount of Available Local Revenue, as certified by the Department; the priority order of facilities to be built, as certified; the Commission's Rate of Participation; and such other terms and conditions as required by the Regulations of the Commission.

"Percentage Discount" as defined under the Commission Act or "Rate of Participation" as defined under the Regulations of the Commission means the total annual amount to which the Commission Act and Regulations to be applied to the Board's "Unmet Need" as defined in the Act.

"Project" renovations at Radcliff Middle School which has been identified on the Priority Order of the Approved School Facilities Plan and Offer of Assistance.

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

"Requisition for Funds" means the voucher in substantially the same form as set forth in the Bond Resolution, submitted by the Board to effect the payment for costs of the Project from the Construction Fund.

"Schedule of Annual Rentals" means the schedule attached to this Lease as Exhibit A setting forth the total 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 and indicating the Commission's Agreed Participation and that part of the Board's Contribution allocated to Debt Service for the Bonds, respectively.

"School Bond Act" means KRS 162.120 through 162.300 and 162.385 as repealed, amended, and reenacted.

ARTICLE II

CONSTRUCTION OF PROJECT

Section 2.01. The Corporation agrees to cause the said Project school building to be constructed, and 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 the lease the same to the Board, and the Board agrees to lease said school building property as aforesaid from February 22, 2011, until June 30, 2011, 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 said Corporation of said Project school building 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 transfer and registration fees of the Paying Agent and Bond Registrar, all subject to the following terms and conditions.

ARTICLE III

INITIAL RENTAL; ANNUAL RENEWAL RENTALS

Section 3.01. The Board agrees to lease and rent said Project property from the Corporation to be used for educational purposes, only for the period ending June 30, 2011 for the rental set forth in the Schedule of Annual Rentals attached hereto as Exhibit A, 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 assuming the rental requirements Board's receipt of the Agreed Participation. 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 Exhibit A if said Bonds are issued and sold in the principal amount assumed, payable in ample time to meet the payments of principal and interest falling due on said Bonds. The Board shall have the right to use and occupy said Project property from the date of this Lease.

Section 3.02. In the event the Bonds are issued in a principal amount other than the amount assumed herein and in the Resolution, or in the event the interest rates on said Bonds are fixed at rates other than those set forth in the Schedule of Principal and Interest Requirements attached hereto as Exhibit B the rental requirements 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.

Section 3.03. Notwithstanding the annual commitment of the Board to pay the entire annual rental due each year hereunder and accordingly the entire annual principal and interest requirements becoming due on the Bonds, in accordance with the provisions of the Commission Act and the Regulations of the Commission, the Commission has agreed under the Participation Agreement, which agreement is incorporated in this Lease by reference as fully as if copied herein, to participate on a biennial basis in meeting payments required for the principal and interest requirements on the Bonds in an annual amount not to exceed the Agreed Participation. Under the Participation Agreement the Commission has agreed to pay semi-annually directly to the Paying Agent on August 1 of each year, commencing August 1, 2011, that portion of the Agreed Participation to be applied toward the interest requirements on the Bonds becoming due on each August 1 and to pay on each February 1, commencing February 1, 2012, that portion of the Agreed Participation to be applied to the interest requirements of the Bonds becoming due on each February 1 and the principal to become due on each February 1; all in accordance with the provisions of the Participation Agreement and as set out in Article XII of this Lease.

The Board's Debt Service Requirement portion of the Board's Contribution shall be paid directly to the Paying Agent semi-annually on the 15th day of July and the 15th day of January commencing July 15, 2011. The July payment shall be equal to the Board's Contribution to Debt Service for interest becoming due on the Bonds on August 1 and the January payment shall be equal to the Board's Contribution to Debt Service for interest becoming due February 1, plus the Board's portion of principal due on February 1.

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 of the Bonds, plus the costs of maintaining and insuring the Project and paying necessary Bond administration expenses.

**ARTICLE IV
ANNUAL OBLIGATIONS; OPTION TO RENEW**

Section 4.01. 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, 2011, exclusive option to renew said Lease, but said Lease shall automatically renew itself each year for a period of one year unless the Board shall at least sixty (60) days prior to the beginning of any year send written notice of its intention not to exercise its option to renew to the Corporation, to the Commissioner of Education, the Commission and to the original purchaser of the Bonds.

Section 4.02. 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 annual obligation of the Board if this Lease is renewed. For the purposes of this Lease, the Commission's Agreed Participation shall be considered as anticipated revenue of the Board for each rental year.

**ARTICLE V
CONVEYANCE TO BOARD ON PAYMENT OF BONDS**

Section 5.01. It is understood and agreed that if the Board shall pay the rentals above specified from year to year and to and through the year 2031, and by reason of the application of such rentals to the payment of the principal and interest on said Bonds, said Bonds shall have on February 1, 2031, or at any time, through any other method, been fully paid redeemed, canceled and retired, the Corporation will convey said property to the Board free of all liens and encumbrances, and any balance remaining in the Bond Fund and maintenance fund for the payment of said Bonds will be returned to the Board.

**ARTICLE VI
CONTRACT VOID IF NOT RENEWED**

Section 6.01. It is further 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 property to the Corporation for the benefit of the Registered Owners of the Bonds.

**ARTICLE VII
APPLICATION OF INSURANCE PROCEEDS**

Section 7.01. It is further agreed that in case the Project building on said premise is 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, 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, it is agreed between the parties that the proceeds of such insurance solely and only for the purpose of making the necessary replacements and repairs to the Project building and improvements, 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 prevent a default in such payment.

**ARTICLE VIII
OPTION TO PURCHASE SITE**

Section 8.01. 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 Project property herein described and identified for a price equal to the principal amount of said Bonds 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.

Section 8.02. 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 such sum, such call to be strictly in accordance with the provisions of such Bonds and of the 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.

ARTICLE IX

LIMITATION OF STATUTORY MORTGAGE LIEN

Section 9.01. The parties hereto agree that there shall be inserted in the form of Bond Certificate 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 Registered Owner 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 lien and revenue pledge are and shall be restricted in their application to the school building and the 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 site described in the Resolution authorizing the issuance of said Bonds and in the Lease Agreement under which same is leased to the Board of Education of the Hardin 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 project may or may not have a party wall with and adjoin the school building 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 project 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 building, 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.

ARTICLE X

LEGAL DESCRIPTION OF PROJECT SITE LEASED

Section 10.01. 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 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 securing the Bonds 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.

ARTICLE XI

MAINTENANCE AND INSURANCE

Section 11.01. It is agreed and understood that so long as the Board continues to lease the school building 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 the Project building 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 building and the contents thereof or the amount of the Bonds outstanding from time to time, whichever is greater.

ARTICLE XII

PARTICIPATION AGREEMENT; ASSIGNMENT TO SECURE BONDS

Section 12.01. Pursuant to the provisions of the Commission Act, the Regulations of the Commission promulgated thereunder, and the Bond Resolution, the Commission has determined that the Board is eligible for assistance from the Commission in meeting the costs of construction of the Project.

Pursuant to the Act and the Regulations of the Commission, the Commission has determined that its annual Agreed Participation in financing the Project to be an annual amount equal to approximately \$154,000 to be applied to the annual principal and interest requirements of the Bonds until the total principal amount of the Bonds is paid in full in accordance with the Schedule of Principal and Interest Requirements set forth herein.

Section 12.02. Notwithstanding anything contained herein to the contrary, the obligation of the Commission to participate in meeting the rental payments due hereunder shall be limited to the biennial budget period of the Commonwealth of Kentucky and the Commission's obligation to participate to the extent of the contractual amount fixed herein shall be limited to the period commencing upon the date of this Lease and terminating on June 30, 2012; provided, however, that in the event the Commission elects not to continue to participate in accordance with the Agreed Participation herein established, it shall give written notice to the Board, the Corporation and the original purchaser of the Bonds at least sixty (60) days prior to the expiration of the biennial budget period of the Commonwealth. Nothing herein contained shall be construed as binding the Commission to pay the Agreed Participation established under the Participation Agreement to be applied to the agreed rentals due hereunder for any but the initial biennial period ending June 30, 2012, but the obligation of the Commission to participate shall automatically renew itself each two years for a period of two years unless the Commission shall give notice of its intention not to participate as hereinbefore set forth. By the execution of the Participation Agreement the Commission has expressed its present intention to continue to pay the Agreed Participation annually in each successive biennial budget period until the retirement of the Bonds, but such execution does not obligate it to do so.

Section 12.03. The Commission's participation in financing the Project shall be effective through the annual payment of the Agreed Participation in semi-annual remittances directly to the Paying Agent on August 1 and February 1 of each year; the August 1 remittance representing that portion of the Agreed Participation to be applied to interest becoming due on the Bonds on August 1 and the February 1 remittance representing that portion of the Agreed Participation to be applied to interest becoming due on the Bonds on February 1, plus that portion of the principal due on that date. Within thirty days following each semi-annual payment, the Commission shall notify the Board in writing of the remittance.

Section 12.04. In order to secure the Bonds, the Board does hereby pledge to the payment of that portion of the rentals due hereunder the Agreed Participation to which it is entitled under the Participation Agreement to the Corporation and does hereby assign to the Corporation for the benefit of the Registered Owners of said Bonds all of its rights in and to the Agreed Participation so long as any of the Bonds remain outstanding and unpaid.

ARTICLE XIII

ANNUAL ASSIGNMENT OF BOARD'S RIGHT TO STATE FUNDS

Section 13.01. Under the terms of the Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of KRS 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

Section 13.02. The Corporation, by the execution of this Lease, hereby assigns to the Commission its rights in and to the rentals due hereunder, and hereby delegates to the Commission the accordance with Section 13.01 hereof in the event of a failure by the Board to pay said rentals in a timely manner pursuant to the provisions of KAR 3:020(7).

ARTICLE XIV

SUPPLEMENTAL CONTRACT IF PARITY BONDS ISSUED

Section 14.01. The parties hereto agree that in the event it becomes necessary to issue additional bonds ranking on a parity with said Bonds in order to complete the construction of the school Project building in accordance with the plans and specifications of the Architects, as set out in the Bond Resolution, they shall enter into a Supplemental Lease Agreement, 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.

ARTICLE XV

CORPORATION'S COVENANT TO MAINTAIN CORPORATE EXISTENCE

Section 15.01. The Corporation hereby covenants in accordance with the Bond Resolution 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 the Bonds.

Section 15.02. The Corporation further covenants that so long as any of the Bonds remain outstanding and unpaid it will maintain its corporate existence and continue in good standing as a non-profit, non-stock, Kentucky corporation and file all reports, including the required annual "Certificate of Continued Existence", and comply with all requirements of Kentucky and Federal law so as to continue its corporate existence as a lawfully constituted Kentucky corporation and agency and instrumentality of the Board.

ARTICLE XVI

CONTRACTUAL PROVISIONS SUBORDINATE TO RIGHTS OF REGISTERED OWNERS OF BONDS

Section 16.01. It is hereby agreed that the provisions of this Lease are hereby subordinate to the rights of the Registered Owners of the Corporation's School Building Revenue Bonds, Series of 2011, dated February 22, 2011.

ARTICLE XVII

BOND ADMINISTRATION EXPENSES; FEES AND CHARGES OF BOND REGISTRAR/PAYING AGENT

Section 17.01. 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/Paying Agent, the Corporation and the Board. The Board understands and agrees that the semiannual rental payments due under this Lease as set forth in the Article III hereof must be remitted to the Paying Agent no later than the date specified in order that said semiannual rental payments may be applied to the payment of interest on and principal of the Bonds as the same become due.

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

**THE HARDIN COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

Attest:

By _____
President

Secretary

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

Attest:

By _____
Chairperson

Secretary

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF HARDIN)

The undersigned, Notary Public in and for the State and County aforesaid, hereby certifies that on this day the foregoing instrument was acknowledged before me in said County by Kay Sharon, President, and Nannette Johnston, Secretary of the Hardin County School District Finance Corporation, to be their act and deed as President and Secretary of said Corporation and the act and deed of said Corporation as authorized by a Resolution of its Board of Directors.

Witness my signature this _____ day of _____ 2010.

My commission expires _____.

Notary Public, _____ Kentucky

Identification Number: _____, Certificate Number: _____

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF HARDIN)

The undersigned, Notary Public in and for the State and County aforesaid, hereby certifies that on this day the foregoing instrument was acknowledged before me in said County by Kay Sharon, as Chairperson and Nannette Johnston, as Secretary of the Board of Education of the Hardin County School District, to be their act and deed as Chairman and Secretary of said Board and the act and deed of said Board as authorized by a duly adopted Resolution.

Witness my signature this _____ day of _____ 2010.

My commission expires _____.

Notary Public, _____ Kentucky

Identification Number: _____, Certificate Number: _____

[illegible]

I, the duly elected and acting Clerk of Hardin in and for the County and State aforesaid, hereby certify that on the _____ day of _____, 2011, the foregoing Lease Agreement was filed in my office to be and has been together with the foregoing certificates attached thereto, recorded in Lease Book _____, at Page _____.

Witness my hand this _____ day of _____, 2011.

Hardin County Clerk

The foregoing instrument was prepared by Henry M. Reed III, Attorney at Law, 2218 Frankfort Avenue, Louisville, Kentucky 40206-2408.

HENRY M. REED III