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advisors

October 8, 2025

RE: KISTA Financing for School Buses

Dear Superintendent or Director of Transportation:

Our firm is acting as Financial Advisor for the Kentucky Interlocal School Transportation Association (KISTA). This is the 35th year for the KISTA school bus financing program. We are now ready to offer the same program for your school to finance their 2026 bus purchases. The program basically remains the same as the previous years. Based upon current market conditions, an average interest rate of approximately 3.70% may reasonably be expected. This is a fixed rate of interest over 10 years.

Enclosed herewith please find the following information and a short explanation of its intended use or the actions you must take to participate in KISTA.

KISTA Information Packet

We recommend you use the enclosed information to explain KISTA to your Board. In addition, you may contact Mr. Lincoln Theinert at the telephone number shown in this letter to obtain additional information on KISTA. We have also included a sample debt service schedule representing the approximate costs of financing one (1) school bus unit using this program.

Participation Resolution

The only action your Board of Education must take to participate in KISTA is to adopt the Participation Resolution. Please complete the Participation Resolution as follows:

Fill in your school district's name and the number of school bus units to be financed by KISTA on the first page.

Fill in page 3 with the <u>total cost</u> of the bus units to be financed by KISTA <u>**including the cost of any options to be financed**</u>; and, the total number of the KISTA financed bus units. You may split your orders and pay cash for some of your bus units and finance the remainder of your bus units through KISTA. However, we must know the exact units you are financing and the ones you are paying cash for. <u>It is important that the financing amount requested matches the sum of invoices to be paid. Any residual funds that may remain following payment of buses must be applied to future loan payments.</u>

147 East Third Street
Lexington, KY
40508

direct: 859/977-6600
toll free: 800/255-0795
www.rsamuni.com

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Fill in the remainder of page 4 and sign in the appropriate designations.

[Note - the Department of Education has implemented an Online ordering system which allows you to identify your order as a participant in the KISTA program.] You should send an original signed copy of the Participation Resolution, along with a copy of your bus orders and a copy of any purchase orders for financing options to our office no later than January 1, 2026 directly to:

Mr. Lincoln Theinert
RSA Advisors, LLC
147 East Third Street
Lexington, KY 40508
800-255-0795

If you have any questions of the KISTA financing program or wish to have amortization schedules ran for your district, RSA Advisors maintains a toll free number at 1-800-255-0795 to assist you.

Yours truly,

Lincoln Theinert

Enclosures

Kentucky Interlocal School Transportation Association (KISTA) Equipment Lease Revenue Bonds

Overview: Following the tragic Carrollton bus accident, the Department of Education established one of the state's highest safety standards for school buses in the nation. School districts in Kentucky now pay approximately $155,000 on the average for each school bus unit.

In order to provide a low cost financing tool for school districts to pay for their school buses, several superintendents joined together to form an organization known as "KISTA."

Issuer: The Kentucky Interlocal School Transportation Association "KISTA" is a not-for-profit association of up to fifteen (15) school districts in Kentucky established pursuant to KRS, Sections 65.210 through 65.300, of the Interlocal Cooperation Act. The Board of Directors for KISTA are the superintendents of the 15 districts, or their designees. The Board serves without pay and establishes the policies and procedures of the Association.

Purpose: KISTA acts as an issuing agency of tax-exempt bonds or notes in order to provide the needed funds for participating school districts to acquire new school buses. The school buses purchased through KISTA have diesel equipped engines and meet all safety requirements of the Department of Education. The buses are purchased from a State approved vendor's listing which has been competitively bid by the Department of Education.

Pay-back Mechanism: Each participating school district's Board must first approve by Resolution approval to participate in the KISTA financing program and to enter into an Equipment Lease & Security Agreement with KISTA. The lease amount of a District is the pro-rata share of the District's equipment costs to the total equipment costs purchased from the Bond proceeds times the annual principal and interest payments of the Bonds.

KISTA provides a self-insurance collision policy for each bus unit financed. There is a $5,000 deductible per unit. The maximum payment is computed on the depreciated value of the school bus unit. Comprehensive and liability insurance is the local district's responsibility.

The Bonds: KISTA Equipment Lease Certificates of Participation are issued for 10 years, which uniformly matches the depreciation formula of the Department of Education. The Bonds are competitively bid and awarded to the successful purchaser based on the lowest interest cost to the participating Districts. KISTA bonds are rated "A1" by Moody's Investors Service.

Prior KISTA Bond Issues: KISTA has provided tax-exempt financing for over 5,625 school bus units costing over $435 million. A listing of the districts which participated in prior KISTA bond issues is shown below:

Adair County
Allen County
Anderson County
Ashland Independent
Augusta Independent
Ballard County
Barbourville Independent
Bardstown Independent
Barren County
Bath County
Beechwood Independent
Bell County
Bellevue Independent
Berea Independent
Boone County
Bourbon County
Boyd County
Boyle County
Breathitt County
Breckinridge County
Bullitt County
Burgin Independent
Butler County
Campbell County
Campbellsville Independent
Carlisle County
Carroll County
Carter County
Caverna Independent
Christian County
Clark County
Clay County
Clinton County
Cloverport Independent
Covington Independent
Crittenden County
Cumberland County
Danville Independent
Daviess County
Dawson Springs Independent
Dayton Independent
East Bernstadt Independent
Edmonson County
Elizabethtown Independent
Elliott County
Eminence Independent
Erlanger-Elsmere Ind.
Estill County
Fairview Independent
Fayette County
Fleming County
Floyd County
Fort Thomas Independent
Frankfort Independent
Franklin County
Fulton County
Fulton Independent
Gallatin County
Garrard County
Glasgow Independent
Grant County
Graves County
Green County
Greenup County
Hancock County
Harlan County
Harlan Independent
Harrison County
Hart County
Hazard Independent
Hickman County
Hopkins County
Jackson County
Jackson Independent
Jenkins Independent
Jessamine County
Johnson County
Kenton County
Knott County
Knox County
LaRue County
Lawrence County
Lee County
Leslie County
Letcher County
Lewis County
Lincoln County
Lyon County
Magoffin County
Marion County
Martin County
Mason County
Mayfield Independent
McCracken County
McCreary County
McLean County
Meade County
Menifee County
Mercer County
Metcalfe County
Middlesboro Independent
Monroe County
Montgomery County
Morgan County
Muhlenberg County
Murray Independent
Nelson County
Newport Independent
Nicholas County
Oldham County
Owen County
Owensboro Independent
Owsley County
Paducah Independent
Paintsville Independent
Paris Independent
Pendleton County
Perry County
Pike County
Pikeville Independent
Pineville Independent
Powell County
Pulaski County
Raceland-Worthington Ind.
Robertson County
Rowan County
Russell County
Russell Independent
Russellville Independent
Science Hill Independent
Scott County
Simpson County
Somerset Independent
Spencer County
Taylor County
Todd County
Trigg County
Trimble County
Union County
Walton-Verona Ind.
Warren County

Washington County
Wayne County
Webster County
Whitley County
Williamsburg Independent
Williamstown Independent
Wolfe County

MENIFEE COUNTY SCHOOL DISTRICT NUMBER OF BUSES ORDERED 1

PARTICIPATION RESOLUTION

A RESOLUTION OF THE BOARD OF EDUCATION AUTHORIZING THE EXECUTION OF AN EQUIPMENT LEASE AND SECURITY AGREEMENT BETWEEN THE KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION AND THE BOARD PROVIDING FOR THE ACQUISITION AND LEASING OF SCHOOL BUSES AND APPROVING GENERALLY THE PLAN OF FINANCING THE ACQUISITION OF SCHOOL BUSES FOR AND ON BEHALF OF THE BOARD.

WHEREAS, the Board of Education ("Board") has determined that it is necessary and desirable that the Board acquire new school buses in order to provide for the transportation needs of the students served by the Board, and

WHEREAS, the Kentucky Department of Education of the Commonwealth of Kentucky ("Department") has implemented a program to assist local boards of education throughout the Commonwealth in the acquisition of school buses, combining the needs of school districts throughout the Commonwealth and purchasing in bulk directly from the manufacturers, and

WHEREAS, notwithstanding the pooled acquisition of buses administered by the Department, it is necessary that local boards of education provide their own financing for the acquisition of school buses purchased for them through the Department, and

WHEREAS, it has been determined by the Boards of Education of the Elliott, Lewis, Morgan, Pendleton, Rowan (the "Original Districts") and certain subsequent Districts (the "KISTA Governing Board") that certain economies may be realized through the utilization of a joint agency to act for and on behalf of local boards of education desiring to acquire school buses, and

WHEREAS, the provisions of Sections 65.210 through 65.300 of the Kentucky Revised Statutes, designated as the Interlocal Cooperation Act ("Act"), set forth the procedure by which any two or more governmental units may enter into agreements with one another and with third parties for joint or cooperative action, and

WHEREAS, the KISTA Governing Board pursuant to the Act administers the Kentucky Interlocal School Transportation Association ("KISTA") which acts as an agency and instrumentality for those local boards of education which desire to participate in the issuance of Certificates of Participation on a pooled basis, the proceeds of which are applied to the acquisition of school buses for participating boards of education in order that certain economies in financing may be realized; said pooled financing plan being designated as the KISTA Equipment Acquisition Program ("KEAP"); and

WHEREAS, in order for the Board to participate in KEAP for the year 2025 for which KISTA is to act as an issuing agency for this Board and other participating local boards of education, it is necessary that the Board approve the execution of an Equipment Lease and Security Agreement ("Series 2026 Lease") by the Chairman and Secretary whereunder this Board's portion of school buses ("Equipment") purchased from the proceeds of KISTA's Series 2026 Certificates of Participation, will be leased by KISTA to the Board on a year to year basis at rentals sufficient to amortize (i) the costs of the Equipment purchased by KISTA on behalf of this Board through the payment of the Board's pro rata portion of the Series 2026 Certificates of Participation, issued by KISTA, (ii) the funding of a collision insurance and debt service reserve fund, to the extent required, and (iii) the expenses incident to the issuance of said 2026 Certificates of Participation, allocated to the Board;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THE BOARD OF EDUCATION AS FOLLOWS:

SECTION 1. DECLARATION OF PUBLIC POLICY

That the Board hereby declares that it is in the best interests of the Board to cooperate with other local boards of education pursuant to the Act and to contract with the Kentucky Interlocal School Transportation Association in the acquisition of Equipment through the utilization of KEAP for 2025 effected by the issuance of KISTA's Certificates of Participation, Series of 2026, (the "Series 2026 COPS" or "COPS"). It is now anticipated that KEAP for 2025 will be funded with KISTA COPS issued in the year 2026.

SECTION 2. APPROVAL OF GENERAL FINANCING PLAN

That KISTA has been established pursuant to the Act to act as an issuing agency for participating boards of education in the issuance of Certificates of Participation, which, after providing for the expenses of their authorization, sale, issuance, and funding a collision insurance and debt service reserve, shall be utilized on a pro rata basis among the participating boards of education for the acquisition of Equipment. The KISTA COPS, shall be issued pursuant to the terms of a Second Trust Indenture by and between KISTA and the Argent Institutional Trust Company, Atlanta, Georgia, ("Trustee"), as successor to The Huntington National Bank, Cincinnati, Ohio, Monticello Banking Company, Somerset, Kentucky, and Central Bank & Trust Company, Lexington, Kentucky, and shall be secured exclusively by rental payments due under a certain Equipment Lease and Security Agreement ("Lease") whereunder the Equipment purchased by KISTA with the proceeds of the COPS, will be leased to the Board on a year to year basis at annual rentals sufficient to amortize the Board's pro rata portion of the proceeds of the COPS allocated to Equipment purchased on behalf of the Board, and the expenses incident to the authorization, sale, and issuance of the COPS.

SECTION 3. AUTHORIZATION OF EXECUTION OF EQUIPMENT LEASE AND SECURITY AGREEMENT

That the Chairman and Secretary of this Board are hereby authorized to execute an Equipment Lease and Security Agreement with KISTA; said Lease shall provide for the lease of the Equipment purchased by KISTA on behalf of the Board to the Board on a year to year basis for a term of ten years at annual rentals sufficient to amortize the Board's pro rata portion of the COPS issued by KISTA on its behalf, as well as the expenses incident to the authorization and sale of said COPS.

The Lease shall be prepared by KISTA's Bond Counsel prior to the sale of KISTA's COPS, and shall be submitted to the Board and its counsel for consideration and execution.

The Lease shall provide for annual rental payments in amounts sufficient to amortize the Board's pro rata portion of the KISTA COPS, which shall be payable in semi-annual installments due two weeks prior to the principal and interest due dates on the KISTA COPS.

The Lease shall provide that the Board shall have the option to not renew the Lease at the end of any rental year (June 30), but the Lease shall automatically renew without action by the Board in the event the Board desires to continue its obligations on a year to year basis.

The Lease shall provide that the Board shall have the option to purchase the Equipment identified therein at any time upon sixty days' notice to KISTA and the Trustee Bank and upon the payment of the Board's pro rata portion of the KISTA COPS, then outstanding, plus interest due to the next interest payment date upon which the Board's portion of said COPS may be redeemed plus any redemption premium.

The Lease shall provide that the Board shall maintain adequate liability insurance in accordance with guidelines established by the statutes and the Department, but the Equipment financed thereunder shall be covered by KISTA for collision insurance for all damage in excess of $5,000.

The Lease shall provide that title to the Equipment shall be vested in the Board, but shall be subjected to a security interest in favor of the Trustee Bank in order to secure the Registered Owners of the KISTA COPS, with the right to foreclose in the event of a default by the Board.

The Lease shall not be effective or binding upon the Board or KISTA unless and until its provisions and the Board's execution thereof are approved by the Commissioner of Education of the Commonwealth of Kentucky or the duly authorized and designated representative of the Department in accordance with the Commissioner's direction.

That the Lease shall provide that in the event the Board shall fail to pay the required rental payments due thereunder, KISTA, or its designee, shall have the right to advise the Department and request that the Commissioner of Education or his duly designated representative in the Department intercept those funds appropriated and allocated to the Board annually for school transportation requirements in any year in which the Lease is in effect and apply a sufficient amount to the rental then due; said right of interception shall terminate upon the termination of the Lease by the Board in accordance with its terms.

That the Lease shall provide that title to the Equipment purchased by KISTA on behalf of the Board shall vest in the Board and the Board shall exercise all rights incident to the ownership of said Equipment and shall be responsible for liability insurance and maintenance of said Equipment from which responsibilities KISTA shall be held harmless, but KISTA shall provide collision insurance for claims in excess of $5,000.

SECTION 4. DIRECTION TO SUPERINTENDENT

That the Superintendent of the Board is hereby authorized and directed to file an executed copy of this Resolution, accompanied by an executed copy of the Board's 2025 School Bus Purchase Authorization, with the Department no later than **January 1, 2026**, the Department's deadline for KISTA orders; said Resolution and Authorization shall likewise be filed with RSA Advisors, LLC, Financial Advisor to KISTA no later than **January 1, 2026.**

That this Resolution shall constitute a notice and request by the Board to KISTA that the Board be included in the 2025 KEAP pooled financing represented by the KISTA COPS, to the extent of the Board's required Equipment indicated herein and that Counsel for KISTA proceed to prepare the Lease reflecting the general terms herein set forth and the specifics of the Board's participation.

That upon the sale and delivery of the KISTA COPS the proceeds thereof, after the deduction of the expenses incident to their authorization and sale, shall be deposited in an Acquisition Account with the Trustee Bank in the name of the Board and applied to the acquisition of the Equipment for the Board in the total amount of approximately $ 165,084 consisting of 1 Equipment units.

Notwithstanding anything contained herein to the contrary, the Board shall have the right to withdraw its participation at any time prior to January 1, 2026, by giving written notice to KISTA of its intention to withdraw. Conversely, KISTA may rely on the commitment of the Board expressed through the adoption of this Resolution unless and until it receives notice to the contrary by the date stated.

SECTION 5. NOT TO BE ISSUED AS "QUALIFIED TAX EXEMPT OBLIGATIONS"

That pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Board, by the adoption of this Resolution, acknowledges that KISTA's COPS will not be issued as "qualified tax exempt obligations", but that the Board's pro rata portion of said COPS will count against the Board's $10,000,000 "qualified tax exempt obligation" limitation for the calendar year ending December 31, 2026, just as if the Board or its School District Finance Corporation had issued said COPS directly.

SECTION 6. ACKNOWLEDGEMENT OF POSSIBLE VARIATIONS

That by the adoption of this Resolution the Board acknowledges its understanding that estimated interest rates for the KISTA COPS, are subject to some variation based upon the conditions of the municipal bond market at the time the KISTA COPS are publicly advertised and sold and that the annual rental payments due under the Lease will be impacted by the interest requirements of the COPS, as well as the amount of the Board's participation.

SECTION 7. WAIVER AND CONSENT ON BIDDING

That RSA Advisors, LLC, Lexington, Kentucky, is acting as Financial Advisor to KISTA and Program Administrator for KEAP. In accordance with Municipal Securities Rulemaking Board Rule G-23 as amended November 28, 2011, said Fiscal Agent shall not provide any underwriting services. Compensation of said Fiscal Agent will be in accordance with the fee schedule approved by the Kentucky Department of Education and the Kentucky School Facilities Construction Commission.

SECTION 8. SEVERABILITY AND REPEAL OF CONFLICTS

That 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. 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.

Passed and adopted by the Board of Education of on the ___ day of __________ 20__.

ATTEST: ______________________________
Chairperson

____
Secretary

CERTIFICATE OF SECRETARY

I, the undersigned Secretary of the Board of Education certify that the foregoing Resolution was passed and adopted by said Board on the ______ day of ______________, 20___ by a vote of _______ voting for the motion to adopt said Resolution and _______ voting against said motion and that there is attached hereto a true and correct copy of the State Department of Education's form of 2026 School Bus Purchase Authorization executed by the Chairperson and Secretary of said Board in accordance with the terms of said Resolution.

Dated this _____ day of ___________, 20___.

____
Secretary, Board of Education

PLEASE PROCESS AS FOLLOWS:
(1) BOARD OF EDUCATION MUST ADOPT RESOLUTION
(2) FILL IN INFORMATION REQUIRED BY SECTION 4 ABOVE (page 3)
AND SIGN ON PAGE 4
(3) ATTACH COPY OF 2026 SCHOOL BUS ORDER (KDE ORDER)
(4) RETURN TO RSA ADVISORS, LLC, 147 EAST THIRD STREET, LEXINGTON, KY 40508
(5) YOUR DISTRICT **MUST** FILE YOUR ODER WITH THE KENTUCKY DEPARTMENT OF EDUCATION BY **JANUARY 1, 2026** TO TARGET SPRING 2026 DELIVERY
(6) WHEN PLACING YOUR ODER THROUGH KDE, INDICATE THAT YOU ARE USING KISTA FINANCING

Sample County Schools

Dated Date	01-Mar-26	Estimated Average Cost / Unit	$155,000
Delivery Date	01-Mar-26	Total Units Being Purchased	1
Days Accrued	1		

Sources		Uses	
Par Amount	$160,738	Deposit to Acquisition Fund	$155,000
Accrued Interest	$16	Deposit Accrued Interest to Bond Fund	$16
		Deposit to Insurance Reserve (Initial)	$3,100
		Underwriter's Discount	$1,608
		Cost of Issuance	$1,030
		Contigency	$1
Total Sources	**$160,754**	**Total Uses**	**$160,754**

	Payment Date	Interest Rate	Principal Payment	Interest Payment	Less Accrued	Total Payment	Fiscal Year Total
1	01-Sep-26			$4,838	$16	$4,822	
2	01-Mar-27	3.50%	$15,483	$2,903		$18,386	**$23,208**
3	01-Sep-27			$2,632		$2,632	
4	01-Mar-28	3.50%	$17,282	$2,632		$19,914	**$22,546**
5	01-Sep-28			$2,329		$2,329	
6	01-Mar-29	3.50%	$14,787	$2,329		$17,117	**$19,446**
7	01-Sep-29			$2,071		$2,071	
8	01-Mar-30	3.50%	$15,305	$2,071		$17,376	**$19,446**
9	01-Sep-30			$1,803		$1,803	
10	01-Mar-31	3.60%	$15,841	$1,803		$17,643	**$19,446**
11	01-Sep-31			$1,518		$1,518	
12	01-Mar-32	3.70%	$16,411	$1,518		$17,929	**$19,446**
13	01-Sep-32			$1,214		$1,214	
14	01-Mar-33	3.70%	$17,018	$1,214		$18,232	**$19,446**
15	01-Sep-33			$899		$899	
16	01-Mar-34	3.70%	$17,648	$899		$18,547	**$19,446**
17	01-Sep-34			$573		$573	
18	01-Mar-35	3.70%	$15,201	$573		$15,773	**$16,346**
19	01-Sep-35			$292		$292	
20	01-Mar-36	3.70%	$15,763	$292		$16,055	**$16,346**
	Totals:		$160,738	$34,402	$16	$195,125	**$195,125**