PRELIMINARY OFFICIAL STATEMENT
Dated January 30, 2008
(Bonds to be sold February 6, 2008, 1:00 p.m. E.S.T.)

BANK QUALIFIED

Moody's Rating: "___"
(See "Rating" Herein)

ELECTRONIC BIDDING VIA PARITY

BOOK-ENTRY-ONLY SYSTEM

PRELIMINARY OFFICIAL STATEMENT DEEMED NEAR FINAL UNDER SEC RULE 15c2-12(b)(1) but subject to revision, amendment and completion in a "Final Official Statement".

$2,135,000*
PENDLETON COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES OF 2008

Dated: February 1, 2008 **Due: June 1, as shown below**

The Bonds will be issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal, interest and premium, if any, on the Bonds will be paid by U. S. Bank National Association, Louisville, Kentucky, as Paying Agent and Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal, interest or premium to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof, and will bear interest payable on June 1, 2008, and thereafter semiannually on each June 1 and December 1.

The Bonds are not subject to optional redemption prior to their stated maturities.

SCHEDULE OF MATURITIES

Due	Cusip # 706770	Amount*	Rate	Yield	Due	Cusip # 706770	Amount*	Rate	Yield
6/1/08		$ 110,000			6/1/14		$ 110,000		
6/1/09		105,000			6/1/15		110,000		
6/1/10		120,000			6/1/16		115,000		
6/1/11		120,000			6/1/17		370,000		
6/1/12		95,000			6/1/18		380,000		
6/1/13		105,000			6/1/19		395,000		

(plus accrued interest-when issued)

Purchaser's Option - The Purchaser of the Bonds may specify to the Financial Advisor that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein) being subject to mandatory redemption in such maturities for such Term Bond(s).

The Bonds are issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.120 through 162.300, 162.385, and Section 58.180 of the Kentucky Revised Statutes. The Bonds constitute a limited indebtedness of the Corporation and are payable, both principal and interest, only from revenues to be derived from lease rental payments to be paid on a year-to-year basis by the Pendleton County Board of Education to the Corporation for use of the school facilities in accordance with the terms of a Contract, Lease and Option between the Board and the Corporation.

In the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes under existing law, regulations and court decisions, except as to certain recipients, and the Bonds and interest thereon are exempt from income taxes and ad valorem taxes in the Commonwealth of Kentucky and any political subdivision thereof. See "Tax Exemption" herein.

The Bonds are issued subject to approval of legality by Rubin & Hays, Louisville, Kentucky, Bond and Special Tax Counsel to the Corporation. Delivery of the Bonds is expected on or about February 20, 2008.

*Preliminary, Subject to Permitted Adjustment.

FIRST KENTUCKY SECURITIES CORPORATION
Fiscal Agent

PENDLETON COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

Board of Directors

Steve Thomas, President
Dr. William Verax, III, Vice President
Daryl Mullins, Director
Bridgett Blom-Ramsey, Director
Mark Ross, Director

J. Robert Yost, Secretary

PENDLETON COUNTY (KENTUCKY) SCHOOL DISTRICT
BOARD OF EDUCATION

Board Members

Steve Thomas, Chairman
Dr. William Verax, III, Vice Chairman
Daryl Mullins
Bridgett Blom-Ramsey
Mark Ross

J. Robert Yost, Secretary and Superintendent
Patricia Gosney, Treasurer

BOND AND SPECIAL TAX COUNSEL

Rubin & Hays
Louisville, Kentucky

FISCAL AGENT

First Kentucky Securities Corporation
Frankfort, Kentucky

PAYING AGENT/ESCROW AGENT

U. S. Bank National Association
Louisville, Kentucky

No dealer, broker, salesman, or other person has been authorized by the Pendleton County School District Finance Corporation, the Pendleton County Board of Education, or First Kentucky Securities Corporation, the Financial Advisor, to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except where otherwise indicated, the information set forth herein has been obtained from the Kentucky Department of Education and the Pendleton County Board of Education and is believed to be reliable; however, such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by First Kentucky Securities Corporation, the Financial Advisor, or by Bond Counsel. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to the date hereof.

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PRELIMINARY OFFICIAL STATEMENT

$2,135,000*
PENDLETON COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES OF 2008

This Official Statement, which includes the cover page, is being distributed by the Pendleton County School District Finance Corporation (the "Corporation") to furnish pertinent information to all who may become holders of its School Building Refunding Revenue Bonds, Series of 2008, dated date of issuance (the "Bonds") being offered hereby pursuant to the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes, ("KRS") and KRS Chapter 273 and KRS 58.180, and pursuant to the terms of a Bond Resolution adopted by the Corporation.

The summaries and references to Sections of the Kentucky Revised Statutes, the Bond Resolution, and the Contract, Lease and Option, as included in this Official Statement, do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document.

DESCRIPTION OF THE BONDS

Authorization

Pursuant to Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes and KRS Chapter 273 and KRS 58.180, the Corporation adopted a Bond Resolution (i) authorizing the issuance of $2,135,000* School Building Refunding Revenue Bonds; (ii) approving the publication of a Notice of Sale of Bonds; (iii) approving the terms and conditions of bond sale; and (iv) authorizing the President of the Corporation to execute the Official Statement related to the Bonds.

Terms

The Bonds will be dated the date of issuance, will bear interest payable June 1, 2008, and thereafter semiannually on each June 1 and December 1 (each a "Bond Payment Date") at the rates established upon acceptance of a bid for said Bonds and, will mature on the dates and in the amounts set forth on the cover page.

Book Entry

The following information regarding DTC and Cede & Co. will be applicable to the Bonds as long as a book entry system is utilized. The Corporation does not assume any responsibility for the accuracy or completeness of the information set forth under this caption "Book Entry", and the Corporation is not required to supervise, and will not supervise, the operation of the book entry system described herein.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Upon issuance of the Bonds, DTC Participants shall receive a credit balance in the records of DTC. ***The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") will be recorded through the records of the applicable DTC Participant.*** Beneficial Owners will receive a written confirmation of their purchase provided by the applicable DTC Participant, providing details of the Bonds acquired. Transfers of ownership interests in the Bonds ("Beneficial Ownership Interests") will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will **not** receive certificates representing their ownership interest in the Bonds, except as specifically provided in the Ordinance.

*Preliminary, Subject to Permitted Adjustment.

The Corporation has no responsibility or liability for any aspects of the records relative to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership.

Principal, sinking fund, and interest payments on the Bonds will be made to DTC or its nominee, as registered owner of the Bonds. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its DTC Participant, to the Paying Agent and Registrar, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the DTC Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Paying Agent and Registrar, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

The Paying Agent and Registrar, so long as a book entry method is used for the Bonds, will send only to DTC any notice of redemption or other notices required to be sent to Bondholders. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.

Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

The Corporation and the Paying Agent and Registrar cannot and do not represent or give any assurances that DTC, the DTC Participants or Indirect Participants or others will distribute payments of debt service charges on the Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

Optional Redemption Provision

The Bonds are not subject to optional redemption prior to their stated maturities.

Authority and Purpose

The Refunding Bonds are being issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including KRS Sections 162.120 through 162.300, 162.385, and Section 58.180, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of Hemlepp v. Aronberg, 369 S.W.2d 121, for the purpose of providing funds to retire all of the outstanding Pendleton County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 1999, dated June 1, 1999 (the "Series 1999 Bonds") maturing June 1, 2008 and thereafter (the "Defeased Bonds").

SCHOOL FACILITIES CONSTRUCTION COMMISSION

The Kentucky School Facilities Construction Commission is an independent corporate agency and instrumentality of the Commonwealth of Kentucky established pursuant to the provisions of Sections 157.611 through 157.640 of the Kentucky Revised Statutes, as amended, repealed and reenacted (the "Act") for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet need.

The Commission will enter into a Participation Agreement with the Board whereunder the Commission will agree to continue to pay annually approximately 52.31% of the debt service requirements for the Refunding Bonds through June 1, 2019. The contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial budget period terminating on June 30, 2008.

PROCEEDS TO RETIRE CERTAIN BONDS OF PRIOR ISSUE

The Defeased Bonds were issued by the Corporation under the authority of KRS Sections 162.120 through 162.300 and 162.385 for the purpose of providing funds for Phase II of the Philip A. Sharp Middle School (the Project). Under the terms of the Bond Resolution authorizing the Defeased Bonds, those Bonds are payable from the income and revenues of the Project financed from the proceeds thereof.

The aggregate total principal amount of the Defeased Bonds outstanding as of February 1, 2008 is $1,990,000, scheduled to mature on June 1 in each of the years 2008 through 2019 for the Series 1999 Bonds.

Upon the delivery of the Refunding Bonds sufficient proceeds thereof shall be deposited in a special Escrow Fund and invested in U.S. Government Obligations or Certificates of Deposit fully collateralized by U.S. Government Obligations in order to provide for (a) the payment of all accruing interest beginning June 1, 2008 through June 1, 2019; (b) the payment of principal due on the Series 1999 Bonds through and including June 1, 2009 and (c) the prior redemption of the Series 1999 Bonds maturing June 1, 2010 through 2019 on June 1, 2009.

The 2008 Bond Resolution expressly provides that upon delivery of the Refunding Bonds and the deposit of sufficient funds in accordance with the preceding paragraph and the payment and retirement of the Defeased Bonds the statutory mortgage lien upon and the pledge of the revenues from the rental of the Project under the Prior Lease from the Corporation to the Board shall terminate as the security and source of payment for the Defeased Bonds and the Registered Owners of the Defeased Bonds shall be paid from and secured by the monies deposited in the Escrow Fund for the retirement thereof upon the delivery of the Refunding Bonds.

SECURITY FOR REFUNDING BONDS

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Project originally financed from the proceeds of the Defeased Bonds. The Refunding Bonds are secured by a statutory mortgage lien upon and a pledge of the revenues derived from the rental of the school Project to the Board under a Contract, Lease and Option dated as of February 1, 2008 (the "2008 Lease"); said lien and pledge being inferior to the lien and pledge securing the Prior Lien Bonds.

Title to the school Project financed from the proceeds of the Defeased Bonds is vested in the Corporation securing the Refunding Bonds in accordance with the terms of the 2008 Lease.

The 2008 Lease provides that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the 2008 Lease until June 1, 2019, the final maturity date of the Refunding Bonds, and such annual rentals shall be deposited as received in the 2008 Bond Fund for the Refunding Bonds and used and applied for the payment of all maturing principal of and interest on the Refunding Bonds.

Under the terms of the 2008 Lease the statutory mortgage lien and pledge of rental revenues securing the Refunding Bonds which are created and granted pursuant to KRS 162.200 upon the school Project properties are and shall be restricted in its application to the exact locations of said school buildings and to 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 said school buildings; the right being reserved to erect or construct upon any land not occupied by the school Project other independently financed school buildings, free and clear of said statutory mortgage liens and revenue pledges, which other independently financed school buildings may or may not have a party wall with and adjoin said school buildings constituting the Project, provided no part of the cost of said other independently financed school buildings is paid from the proceeds of the sale of the Refunding Bonds.

Under the terms of the 2008 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 Section 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 2008 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 2008 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.

ADOPTION OF STATE BUDGET

The Commonwealth's Biennial Budget for 2006-08 was formally reported out of the Joint Conference Committee of the Kentucky General Assembly the week of April 3. The Budget was approved by the Senate on April 10 and by the House of Representatives on April 11 and was forwarded to the Governor for his approval or modification. The Governor exercised his line-item veto power as to certain items and the Budget has become effective.

PENDLETON COUNTY (KENTUCKY) SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Section 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school facilities for and on behalf of the Board of Education of the Pendleton County School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes.

The Board of Directors of the Corporation is made up of the incumbent members of the Board of Education.

THE REFUNDING PLAN

The Bonds are being issued for the purpose of providing funds to retire all of the outstanding Pendleton County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 1999, dated June 1, 1999 (the "Series 1999 Bonds") maturing June 1, 2008 and thereafter (the "Defeased Bonds").

The Corporation will issue Bonds in an amount sufficient (1) to fund an escrow composed of United States government Obligations or Certificates of Deposit of FDIC banks fully collateralized by said Obligations that will produce sufficient receipts to pay the principal interest requirements due and payable on the Defeased Bonds until the redemption date, and to redeem the outstanding Defeased Bonds on the redemption dates at the premium of 2% ($36,200), and (2) to pay the costs of issuance of and the purchaser discount on the Bonds.

Estimated Sources and Uses of Funds

Sources of Funds

Series 2008 Bonds		
Local Participation	$ 970,734	
SFCC Participation	1,164,266	
Total		$2,135,000

Uses of Funds

Fund Escrow	$2,090,341
Underwriter's Discount	21,350
Issuance Costs	21,500
Surplus	1,809
Total	$2,135,000

DISPOSITION OF BOND PROCEEDS

Upon delivery of the Bonds, there shall first be paid all expenses incident to the authorization, sale and delivery of the Bonds.

Next, the accrued interest received, if any, shall be deposited into the "Pendleton County School District Finance Corporation School Building Refunding Revenue Bond and Interest Redemption Fund of February 1, 2008" (the "2008 Bond Fund") to be held therein for payment of interest on the Bonds at the next ensuing interest due date.

A portion of the proceeds of the Bonds shall be deposited into "Pendleton County School District Finance Corporation Escrow Fund of 2008" (the "Escrow Fund") to be earmarked and held for credit to the account of the Prior Bond Fund.

Any surplus funds shall be deposited in the “Pendleton County School District Finance Corporation School Building Refunding Revenue Bond Debt Service Fund of 2008” (the “Bond Fund”) to be held therein for the payment of interest on the Bonds on the next ensuing interest payment date.

CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains various covenants of the Corporation and provisions for the payment of the Bonds in accordance with their terms, certain of which are summarized below. Reference is made to the Bond Resolution for a full and complete statement of its provisions.

The Corporation has authorized the issuance of its Pendleton County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2008, in an aggregate amount of $2,135,000*. The Bonds are fully registered and in denominations in multiples of $5,000. The Bonds bear interest payable on June 1 and December 1 in each year, beginning June 1, 2008, at such interest rate or rates as a result of an advertised sale of Bonds and competitive bidding therefor. Said Bonds shall mature on the dates and in the amounts set forth on the cover page.

Paying Agent and Registrar

U. S. Bank National Association, Louisville, Kentucky, has been named Paying Agent and Bond Registrar. Interest and principal payments will be made by the Paying Agent by wire transfer to DTC on each due date. Please see "Book Entry" supra.

Funds Established by the Resolution

The Resolution establishes the following funds:

> **Pendleton County School District Finance Corporation School Building Refunding Revenue Bond Debt Service Fund of 2008 (the "Bond Fund")**. -- The Corporation covenants that all amounts received as rentals pursuant to the terms of the Contract, Lease and Option shall be deposited into the Bond Fund and held apart from all other funds for the payment of the principal of and interest on the Bonds as same become due. The required annual payments due from the Board shall be made in semi-annual installments at least 10 days prior to any Bond Payment Date.
>
> Moneys held in the Bond Fund shall be invested at the direction of the Corporation in (i) securities of the United States Government; (ii) obligations fully guaranteed by the United States, having a maturity date prior to the date when the sums invested will be needed for meeting interest and principal payments; or (iii) in certificates of time deposit maturing as and when required to pay principal and interest. Such certificates of time deposit shall be secured by a valid pledge of United States Government securities to the extent same exceed FDIC coverage. All income from the investment of the Bond Fund shall be deposited into said Bond Fund and may be used as a credit to any future deposit required to be made by the Board into said Bond Fund.
>
> **Pendleton County School District Finance Corporation School Building Escrow Fund of 2008 (the “Escrow Fund")**. -- Proceeds of the Bonds, less the payment of the costs of issuance and deposit of surplus funds in the Bond Fund, shall be deposited into the Escrow Fund; provided, however, that prior to or simultaneously with the delivery of the Bonds, the Corporation shall obtain a commitment or commitments for the investment of such remaining proceeds only in direct Obligations of the United States Government or Obligations which are fully guaranteed by the United States Government or Certificates of Deposit of FDIC banks fully collateralized by said Obligations (the “Investments”) sufficient to accomplish the purposes intended, which Investments shall be scheduled to mature at such times and in such amounts as are necessary to pay the principal of, interest on, and redemption premium for the Refunded Bonds at or prior to their stated maturities by deposit in the Prior Bond Fund for said Refunded Bonds.

Contract, Lease and Option

The Board covenants to faithfully and punctually perform all duties required by the Lease including providing for the maintenance and insurance of the school properties.

The Corporation further agrees to collect such rents and charges for services rendered by the school Project properties as will be sufficient to pay the principal of and interest on the Bonds when same become due.

Statutory Mortgage Lien Created

The Resolution recognizes the statutory mortgage lien upon the school Project property which are granted and created by Section 162.200 of the Kentucky Revised Statutes. Said lien is and shall be restricted in its applications to the facilities, the costs of financing of which are defrayed from the proceeds of the Bonds, together with appurtenances, equipment therein, that portion of the school site physically occupied thereby, 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 is reserved to erect or construct upon the school site described in the Resolution other structures and improvements free and clear of said statutory mortgage lien, even though the same are connected by using as party walls one or more walls of structures which are subject to said mortgage lien, providing the same are capable of use as separate entities in themselves and have their own outside entrances and providing no part of the costs of said additional structures and improvements are paid from the proceeds of these Bonds.

Arbitrage Provisions

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, for the purpose of Federal income taxation, be excludable from the gross income of the recipients under any valid provision of law.

The Corporation shall not permit at any time any of the proceeds of the Bonds or other funds of the Corporation to be used to acquire any securities or obligations the acquisition of which would cause any such Bond to be an "arbitrage bond", as defined in the Internal Revenue Code of 1986, as amended (the "Code"), unless, under any valid provision of law hereafter enacted, the interest paid by the Corporation on the Bonds shall be excludable from the gross income of a recipient thereof for Federal income tax purposes without regard to compliance with the Code.

Resolution to Constitute a Contract

The provisions of the Resolution shall constitute a contract between the Corporation and the Registered Owners of any Bonds from time to time outstanding and, after the sale of such Bonds, no change in the provisions of the Resolution shall be permitted while any of said Bonds remain outstanding and unpaid, except as expressly authorized in the Resolution.

Other Covenants

The Corporation binds and obligates itself not to sell, mortgage, or in any manner dispose of the school Projects property, including any and all extensions and additions that may be made thereto, except as specifically permitted and provided by the Resolution until all of the Bonds shall have been paid in full.

CERTAIN PROVISIONS OF THE CONTRACT, LEASE AND OPTION

The following summarizes certain provisions of the Lease pursuant to which the Corporation leases the school building properties to the Board. Reference is made to the Lease for a full and complete statement of its provisions.

Lease to the Board

The Corporation agrees to lease the Project to the Board and the Board agrees to lease the Project from the Corporation from year to year commencing the date of issuance of the Bonds.

The initial term of the Lease shall expire on June 30, 2008; provided, however, that the Lease shall be automatically renewed from year to year for one-year terms unless terminated by the Board upon written notice to the Corporation ninety days before the end of the fiscal year.

Amount and Due Date of Rentals

The amount of the annual rentals to be paid by the Board shall be a sum equal to the principal and interest which will be due on June 1 and December 1 of each year, plus the costs of operation, maintenance and insurance.

Conveyance Upon Retirement of Bonds

It is agreed that if the Board shall pay rentals from year to year until the first day of June, 2019, then upon completion of such payments the leased premises shall be and become the property of the Board.

Options to Purchase

It is hereby further agreed that the Board may purchase the Project and thereby terminate the Lease on any date by the payment of a sum sufficient to accomplish the retirement or defeasance of the outstanding Bonds issued by the Corporation.

Maintenance and Insurance

The Board agrees that so long as the Board continues to lease the school Project it will, at its own expense, maintain the Project in good state of repair and will procure and pay the cost of insurance on all buildings located thereon against loss by fire, lightning, and windstorm in an amount equal to the full insurable value of the Project or the face amount of the Bonds outstanding, whichever is greater.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

According to a report furnished by the Kentucky Department of Education, under the terms of the Kentucky Revised Statutes and the regulations of the Kentucky Board of Education (the "State Board"), the State Board, by itself and through its executive officer, the Commissioner of Education (the "Commissioner"), supervises the general operations of the local boards of education and school building revenue bond financing for school purposes. The Commissioner examines and advises on the expenditures, business methods and accounts of all local boards of education, including the Board. The Commissioner is responsible for assuring that all financial and educational accounts are accurately and neatly kept, and that all reports are made according to the forms adopted by the State Board. Each school district supported in whole or in part from taxation is required to make a report to the State Board at the close of each scholastic year, showing in detail all funds received from the Commonwealth and from all other sources during the year, and a detailed statement of all expenditures for the year.

Each local board of education must prepare and submit to the Commissioner an annual budget showing the amount needed for current expenses, capital outlay, debt service and lease rental payments for the ensuing year, the estimated amount to be received from other sources, and the amount needed to be raised from local taxation, including the assessed valuation and tax rate for property subject to taxation by the school district. If the budget is disapproved, it must be amended and resubmitted. No budget is effective until approved by the Commissioner.

Each local school board must prepare and submit to the State Board, not later than December 15 of each year, a close estimate of its working budget which must conform to the rules and regulations prescribed by the State Board, and which must be consistent in its major divisions with the general school budget previously prepared.

A local superintendent may not recommend and a local school board member may not vote for an expenditure in excess of the income and revenue of any year as shown by the budget approved by the Commissioner, except for a purpose for which bonds have been voted, or in case of an emergency declared by the State Board.

All local boards of education who have entered into contracts with respect to the issuance of revenue bonds must arrange for insurance protection in an amount equal to the amount of bonds outstanding against the particular building or buildings, or to the full insurable value of such building or buildings, whichever is greater, and must report annually to the Superintendent, on forms provided by the Department of Education, the amount of insurance coverage provided for each building which has been mortgaged for the security of outstanding revenue bonds.

The State Department of Education must approve a bond issue and its related financial, educational and construction plans prior to issuance and such approval will be obtained prior to the sale of this issue.

STATE SUPPORT OF EDUCATION

The 1990 Regular Session of the General Assembly of the Commonwealth enacted a comprehensive legislative package known as the Kentucky Education Reform Act ("KERA") designed to comply with the mandate of the Kentucky Supreme Court that the General Assembly provide for an efficient and equitable system of schools throughout the State.

KERA became fully effective on June 13, 1990. Elementary and Secondary Education in the Commonwealth is supervised by the Commissioner of Education as the Chief Executive Officer of the State Department of Education ("DOE"), and appointee of the reconstituted Kentucky Board of Education (the "State Board"). Some salient features of KERA are as follows:

KRS 157.330 establishes the fund to Support Education Excellence in Kentucky ("SEEK") funded from biennial appropriations from the General Assembly for distribution to school districts. The base funding guaranteed to each school district by SEEK for operating and capital expenditures is determined in each fiscal year by dividing the total annual SEEK appropriation by the state-wide total of pupils in average daily attendance ("ADA") in the preceding fiscal year; the ADA for each district is subject to adjustment to reflect the number of at risk students (approved for free lunch programs under state and federal guidelines), number and types of exceptional children, and transportation costs.

KRS 157.420 establishes a formula which results in the allocation of funds for capital expenditures in school districts at $100 per ADA pupil of the SEEK allotment which is required to be segregated into a Capital Outlay Allotment Fund which may be used only for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over-expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

KRS 160.470(12)(a) requires that effective for fiscal years beginning June 1, 1990 each school district shall levy a minimum equivalent tax rate of $0.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 157.440(2) provides that for fiscal years beginning June 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 ("House Bill 44") is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

KRS 157.440(2) permits school districts to levy up to 30% of the revenue guaranteed by the SEEK program, plus the revenue produced by the 15% levy, but said additional tax will not be equalized with state funds and will be subject to recall by a simple majority of those voting on the question.

KRS 157.620(1) also provides that in order to be eligible for participation from the Kentucky School Facilities Construction Commission for debt service on bond issues the district must levy a tax which will produce revenues equivalent to $0.05 per $100 of the total assessed value of all property in the district (including tangible and intangible property and motor vehicles). A district having a special voted tax which is equal to or higher than the required $0.05 tax, must commit and segregate for capital purposes at least an amount equal to the required $0.05 tax. Those districts which levy the additional $0.05 tax are also eligible for participation in the Facilities Support Program of Kentucky ("FSPK") program for which funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources.

KRS 160.460 provides that as of June 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at 100% of fair cash value.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12, as amended and interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, the Pendleton County School District Finance Corporation (the "Corporation") and the Board of Education of Pendleton County, Kentucky (the "Board") have agreed to provide or cause to be provided to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information depository ("SID"), if any, for the Commonwealth of Kentucky, in each case as designated by the SEC in accordance with the Rule, audited financial statements prepared in accordance with the comprehensive cash basis of accounting prescribed by the Commonwealth of Kentucky whereby certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred, and financial information and operating data consistent with the information provided in Appendix A, hereto.

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

The annual financial information and operating data, including audited financial statements, will be made available on or before 180 days after the end of each fiscal year (June 30). The annual financial information and operating data will be made available, in addition to the NRMSIR's and the SID, to each holder or beneficial owner of Bonds who makes request for such information.

The Corporation and the Board have agreed to provide or cause to be provided, in a timely manner, to the Municipal Securities Rulemaking Board ("MSRB") and the SID, if any, notice of the occurrence of any of the following events with respect to the Bonds, if such event is material:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults;
(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
(g) modifications to rights of bondholders;
(h) Bond calls;
(i) defeasances;
(j) release, substitution, or sale of property securing repayment of the Bonds;
(k) rating changes; and
(l) failure to provide annual financial information as required.

The Corporation and the Board may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if such other event is material with respect to the Bonds, but the Corporation and the Board have not undertaken to commit to provide any such notice of the occurrence of any material event except those events listed above.

As of the date of this Preliminary Official Statement, the Corporation and the Board are in compliance with the reporting requirements of the Rule for all undertakings for which they are an "obligated person" as defined in the Rule.

The Board and the Corporation have reserved the right to terminate their obligation to provide annual financial information and notices of material events, as set forth above, if and when the Corporation or the Board no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Corporation and the Board have agreed that their undertaking pursuant to the Rule is intended to be for the benefit of the holders or beneficial owners of the Bonds and shall be enforceable by such holders or beneficial owners, provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Corporation's and Board's obligations hereunder and any failure by the Corporation or the Board to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

Financial information regarding the Corporation and the Board may be obtained from the Finance Director, Pendleton County School District, 275 South Pendleton Road, London, Kentucky 40741, 606-862-4600.

TAX EXEMPTION

In the opinion of Rubin & Hays, Municipal Bond Counsel, Louisville, Kentucky, the principal of the Bonds is not subject to Kentucky ad valorem taxation and the interest on the Bonds is excludable from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations, and is not subject to Kentucky income taxation, subject to certain exceptions set out below. The legal opinion of Rubin & Hays is subject to the condition that the Corporation comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes, including the requirement as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Bonds. The purchaser will be furnished said opinion, printed bond forms, and the usual closing documents, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the issue affecting the validity of the Bonds.

In order to assure the purchasers of the Bonds that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from Kentucky income taxation (subject to certain exceptions set out below), the Corporation has covenanted in its Resolution authorizing the Bonds that (1) the Corporation will take all actions necessary to comply with the provisions of the Code, (2) the Corporation will take no actions which will violate any of the provisions of the Code, or that would cause the bonds to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Bonds will be used for any purpose which would cause the interest on the Bonds to become subject to federal income taxation, and that the Corporation will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Bonds.

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

The tax-exempt status of the Bonds is subject to the following exceptions:

1. For purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings.

2. With respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds.

3. Interest on the Bonds earned by certain foreign corporation doing business in the United States of America could be subject to a branch profits tax imposed by Section 884 of the Code.

4. Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income.

5. Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds.

The Corporation has reserved the right to amend the Resolution authorizing the Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Bonds shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the owners of the Bonds) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Bonds, or the application of such proceeds or of the revenues of the Project. The purchasers of the Bonds will be deemed to have relied fully upon these covenants and undertakings on the part of the Corporation as part of the consideration for the purchase of the Bonds. To the extent that the Corporation obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in the Resolution authorizing the Bonds would not subject interest on the Bonds to federal income taxation or Kentucky income taxation, the Corporation is not required to comply with such covenants and requirements.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Board and the Corporation, by the adoption of respective Resolutions, have designated the Bonds as “qualified tax-exempt obligations” within the meaning of the Code and certified that they do not reasonably anticipate that the total principal amount of tax-exempt obligations which will be issued by the Board or the Corporation during the calendar year ending December 31, 2008, will exceed $10,000,000.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Rubin & Hays, Louisville, Kentucky, Bond Counsel to the Corporation. The approving legal opinion of Bond Counsel will be printed on the Bonds and will contain a statement of tax exemption as represented herein. Bond Counsel has reviewed the information herein pertaining to the Bonds under the headings "Description of The Bonds", "Adoption of State Budget", "Certain Provisions of the Bond Resolution", "Certain Provisions of the Contract, Lease and Option", "State Support of Education", "Continuing Disclosure", "Tax Exemption”, and “Qualified Tax-Exempt Obligations", and is of the opinion that such information is a fair summary of the principal provisions of the instruments and information therein described. Bond Counsel has not otherwise participated in the preparation of the Official Statement and has not verified the accuracy or completeness of the information contained under the headings "The Refunding Plan", "Kentucky Department of Education Supervision", nor of any financial information, enrollment figures, projections, or computations related thereto, and therefore can make no representation with respect to such information.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof.

FINANCIAL ADVISOR

The Bonds will be sold by the solicitation and receipt of competitive bids. First Kentucky Securities Corporation, Frankfort, Kentucky, Financial Advisor to the Corporation, has requested and received permission and approval of the Corporation to bid, either alone or in conjunction with others, on the Bonds. The Financial Advisor has expressed its intent to so bid.

First Kentucky Securities Corporation will receive a fee, subject to sale and delivery of the Bonds, for its advisory services. Said fee is separate from and in addition to compensation received, if any, for underwriting of the Bonds.

RATING

Moody's Investors Service has given the Bonds the rating set forth on the cover page of this Official Statement. Such rating reflects only the opinion of such organization. There can be no assurance that such rating will be maintained for any given period of time or that it will not be revised or withdrawn entirely. Any downward revision or withdrawal of such rating may have a material adverse effect on the market price of the Bonds.

All quotations from, and summaries and explanations of, the Kentucky Revised Statutes, the Bond Resolution, and the Contract, Lease and Option contained herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of the Bond Resolution, and the Contract, Lease and Option may be obtained from First Kentucky Securities Corporation, P. O. Box 554, Frankfort, Kentucky 40602-0554.

This Official Statement does not, as of its date, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained herein, in the light of the circumstances under which they were made, not misleading in any material respect.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Corporation and the purchasers or holder of any of the Bonds.

PENDLETON COUNTY SCHOOL DISTRICT FINANCE CORPORATION

/s/ Steve Thomas
President

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

/s/ Dr. Robert E. Tarvin
Executive Director

APPENDIX A

Average Daily Attendance
Property Subject to Taxation
History of Assessment Rates
General Fund
Capital Outlay Fund
Utilities Gross Receipts Tax for Schools
Funds Available for Debt Service
Outstanding School Building Revenue Bonds

BOARD OF EDUCATION
PENDLETON COUNTY SCHOOL DISTRICT

The Pendleton County School District includes the entire County. Because the Board is fully obligated, so long as the Lease remains in effect to pay rental payments equal to the principal of and interest on the total amount of Bonds outstanding, the information on the following pages is submitted as officially reported by the Board or by the Kentucky Department of Education, unless otherwise noted

Enrollment

School Year	Enrollment	Average Daily Attendance
2007	2,764	2,570.0
2006	2,771	2,563.6
2005	2,698	2,536.2
2004	2,831	2,617.3

Property Subject to Taxation

Year	Total Assessed Value
2007	$634,131,482
2006	652,520,263
2005	613,439,825
2004	594,802,001

History of Assessment Rates

	2006/07	2005/06	2004/05	2003/04
Real Estate	50.6¢	50.1¢	49.2¢	50.3¢
Tangible	50.6¢	50.5¢	50.5¢	50.3¢
Motor Vehicle	55.0¢	55.0¢	55.0¢	55.0¢
Utilities	3%	3%	3%	3%

PENDLETON COUNTY SCHOOL DISTRICT
Comparative Statement of Receipts and Disbursements
GENERAL FUND

Fiscal Years Ending June 30

	2008	2007	2006	2005
Cash Balance, June 1	$1,598,466	$ 1,015,889	$ 1,780,222	$ 1,965,191
Adjustment in Beginning Balance	(380,667)	0	0	0
Beginning Cash Balance, June 1	1,217,799	1,015,889	1,780,222	1,965,191
RECEIPTS:				
Revenue from Local Sources	3,389,402	3,779,738	3,226,749	2,768,423
Revenue from State Sources	12,288,552	14,741,482	13,933,938	13,224,722
Other Sources	70,000	11,118	31,863	1,684
Total Receipts	15,747,954	18,532,338	17,192,550	15,994,829
Transfers In	0	65,449	62,786	68,149
Total Funds Available	15,747,954	18,597,787	17,255,336	16,062,978
Total Funds Plus Beginning Balance	16,965,753	19,613,676	19,035,559	18,028,169
DISBURSEMENTS:				
Total Current Expenses	16,965,753	17,853,097	17,851,162	16,085,487
Fund Transfers	0	162,113	168,507	162,460
Total Disbursements	16,965,753	18,015,210	18,019,669	16,247,947
Cash Balance, June 30	$ 0	$ 1,598,466	$ 1,015,889	$ 1,780,222

CAPITAL OUTLAY FUND

Fiscal Years Ending June 30

	2008	2007	2006	2005
Cash Balance, June 1	$ 0	$ 0	$ 0	$ 0
RECEIPTS:				
Capital Outlay Allotment	255,040	260,080	253,620	259,930
Total Receipts and Balance	255,040	260,080	253,620	259,930
DISBURSEMENTS:				
Plant Operation & Management	76,184	64,026	55,537	0
Debt Service	178,856	196,054	0	0
Other	0	0	0	0
Transfers Out	0	0	198,083	259,930
Total Disbursements	255,040	260,080	253,620	259,930
Cash Balance, June 30	$ 0	$ 0	$ 0	$ 0

Source: Information for fiscal year 2008 was taken from the working budget. Information for fiscal years 2007 through 2005 was taken from audited financial statements prepared by Denise M. Keene, Certified Public Accountant, Georgetown, Kentucky.

Utilities Gross Receipts Tax For Schools

Under the provisions of KRS 160.613, 160.615, and 160.617, the Pendleton County Board of Education levies a three percent Utility Gross Receipts License Tax for Schools. Receipts from the tax are as follows:

2007/08 (est.)	2006/07	2005/2006	2004/2005
$580,000	$649,214	$649,106	$568,906

Funds Available for Debt Service

Beginning with fiscal year 1990-91, capital expenditures in school districts are provided by the segregation of $100 per ADA pupil from the SEEK funds allotment to each district. Expenditures from the Capital Outlay Allotment Fund may be used, up to a maximum of eighty percent (80%) of the annual allotment, for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over-expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in (1) through (4).

In addition to the Capital Outlay Allotment Fund as described above, each district is required to levy a tax which will produce revenues equivalent to five cents ($0.05) per $100 of assessed value of all property in the district in order to be eligible for participation from the Kentucky School Facilities Construction Commission. Tax receipts MUST be used for purposes enumerated in (1) through (5) above.

Those districts which levy the additional $0.05 tax are also eligible to receive funds from the Facilities Support Program of Kentucky (the "FSPK"). These funds are appropriated separately from the SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources. FSPK funds MAY be used for purposes enumerated in (1) through (5) above.

The funds available for Capital Outlay purposes, as described above, are not directly pledged for payment of principal and interest on outstanding school building revenue bonds, but as a practical matter and to the extent needed, have been and will continue to be applied to debt service through rental payments on Lease obligations.

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Outstanding School Building Revenue Bonds

Local Participation:

Date of Issue	**Final Maturity**	**Original Amount Issued**	**Bonds Outstanding as of February 1, 2008**
May 1, 1998	08/01/2010	$ 1,819,741	$ 768,700
June 1, 1999 (1)	06/01/2019	1,103,800	943,370
September 29, 2005	12/01/2015	4,706,600	4,469,152
February 1, 2007	02/01/2027	12,269,544	12,169,201
Sub-total		$19,899,685	$18,350,423

SFCC Participation (2):

Date of Issue	**Final Maturity**	**Original Amount Issued**	**Bonds Outstanding as of February 1, 2008**
May 1, 1998	08/01/2010	$ 705,259	$ 211,300
June 1, 1999 (1)	06/01/2019	1,491,200	1,046,630
September 29, 2005	12/01/2015	343,400	305,848
February 1, 2007	02/01/2027	1,330,456	1,285,799
Sub-total		$ 3,870,315	$ 2,849,577
TOTAL		$23,770,000	$21,200,000

(1) These bonds will be refunded by the Series of 2008 Bonds. See "The Refunding Plan" for more detail.
(2) These bonds are payable by the Kentucky School Facilities Construction Commission.

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APPENDIX B

Pendleton County, Kentucky
General Information

General Information

Pendleton County, the "Land of Meandering Rivers and Rolling Hills" lies snuggled among the lush green hillsides of Northern Kentucky, halfway between Cincinnati, Ohio and Lexington, Kentucky. In Pendleton County you can enjoy the best of both worlds. There are plenty of activities and events to attend in an area that makes it easy for one to just get away from it all. Wide lazy curves in the Licking River crisscross the landscape forming beautiful scenic overlooks of rich fertile valleys. This area has wonderful accommodations for the tourist who wants to contemplate the beauty of nature, breathe clean air and take life easy. Kincaid Lake State Park has 850 acres to explore and Pendleton County is rich with historical sites to see.

Pendleton County is located in Northern Kentucky. Our county seat is nestled between the Main Licking and the South Licking rivers which offer great recreational opportunities including canoe trips and smallmouth bass fishing. Pendleton County is home to Kincaid Lake State Park which offers camping, golf, swimming and fishing with more pounds of largemouth bass per acre than any other lake in the state.

Pendleton County was formed in 1798, and named for the Honorable Edmund Pendleton, of Virginia. It is situated in the northern section of the state, nearly square in shape, and embraces about 300 square miles.

Pendleton County has two rivers, Main Licking and South Licking, with many tributaries supplying their water. Among these rivers and streams are rich bottoms of land, Hayes Station Bottoms, Menzie Bottoms, South Licking River Bottoms at Morgan and the Main Licking River Bottoms above Falmouth, the rest of the land being rolling and hilly and based on limestone.

Falmouth, its largest town and county seat, is located at the confluence of the Main and South branches at the Licking River, is 39 miles south of Cincinnati. It was established in 1793. The name Falmouth was chosen by Virginians who came from Falmouth, Stafford County, Virginia.

Historically, Falmouth is known as the landing place for Colonel Henry Byrd, British Commander, of British, French and Indian forces numbering 600 men, who marched on Ruddle's Station in Harrison and Bourbon counties.

The county also has an airport, The Gene Snyder Airport, located on Highway #22, west of Falmouth.

Education is supplied by Pendleton County Memorial High School, Phillip A. Sharp Middle School and Northern and Southern Elementary Schools.

The county also has Kincaid Lake State Park, from which all land was donated to the Commonwealth of Kentucky by local citizens. The beautiful park consists of 800 acres. The park was opened in 1963.

Total Population

	2003	2004	2005	2006	2007
Labor Market Area	364,688	366,520	368,377	371,290	372,809
Pendleton County	15,090	15,134	15,401	15,401	15,403
Falmouth	2,097	2,091	2,096	2,123	N/A
Butler	633	635	634	645	N/A

Source: Applied Geographic Solutions, Simi Valley, CA (Labor Market Area and County, 2005 and later);
U.S. Department of Commerce, Bureau of the Census (all other).

Population by Selected Age Groups, 2007

	Pendleton County		Labor Market Area	
	Number	Percent	Number	Percent
Under 15	2,908	18.9	76,448	20.5
15-24	2,219	14.4	50,561	13.6
25-34	2,087	13.5	49,241	13.2
35-44	2,335	15.2	55,418	14.9
45-54	2,368	15.4	56,131	15.1
55-64	1,720	11.2	40,925	11.0
65-74	1,001	6.5	23,865	6.4
75 and older	765	5.0	20,220	5.4
Median Age	37.2		36.9	

Source: Applied Geographic Solutions, Simi Valley, CA

Population Projections

	2012			
Labor Market Area	383,040			
	2010	**2015**	**2020**	**2025**
Pendleton County	16,365	17,363	18,191	18,888

Source: Applied Geographic Solutions, Simi Valley, CA (Labor Market Area);
Kentucky State Data Center, University of Louisville (Counties).

Summary of Recent Locations and Expansions, 2006-Present

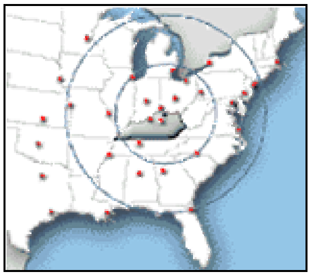
		Reported	
	Companies	Jobs	Investment
Manufacturing Location	1	19	$2,300,000
Manufacturing Expansion	1	5	$28,000
Supportive/Service Location	0	0	$0
Supportive/Service Expansion	0	0	$0

Click **here** for detailed location and expansion information.
Note: Totals include announced locations and expansions.
Source: Kentucky Cabinet for Economic Development (1/15/2008).

Major Business & Industry (Manufacturing & Supportive Service Firms Only)

Firm	Products)/Service(s)	Emp.	Year Established
Butler			
Carmeuse Lime & Stone Inc	Chemical & metallurgical quicklime & limestone products	209	1967
Griffin Industries Inc	Meat meal; tallow & grease rendering; cookie meal, bio-diesel fuel	85	1942
Hilltop Stone LLC	Crushed limestone	39	1954
Jay Gee Inc	Machine shop: drilling & boring, arc, gas, MIG & TIG welding; sheet, plate & structural metal fabricating	30	1971
Mago Construction Co Inc	Bituminous concrete & asphalt	3	1958
Medialog Inc	Library catalog card & catalog data printing	36	1972
Pittsfield of Kentucky Inc	Industrial filters	82	1981
Williams Manufacturing Co Inc	Plastic laminated products & cabinets; counter tops- laminate and solid surface	17	1980
Falmouth			
Hammer Strength Corp	Fitness equipment & plate loading exercise equipment	100	1988
Orient Engine	Automotive engine remanufacturing	43	2004
Pendleton DataFarm LLC	Mortgage document retrieval center	45	2002

Source: Kentucky Cabinet for Economic Development (1/15/2008).



Business Cost

	Kentucky Index, 2005 (U.S. = 100)
Labor Cost	97
Energy Cost	67
Overall Business Cost	92

Kentucky has the 13th lowest overall business cost in the nation.

	Gross Domestic Product Per Wage, 2006
Kentucky	$2.15
U.S.	$2.19

	Industrial Electric Cost Per KWH, 2005
Kentucky	$0.04
U.S.	$0.06

Kentucky is the lowest cost state for industrial electrical power.

Pendleton County Statistical Summary

	Population 2007
Pendleton County	15,403
Labor Market Area	372,809

	Pendleton County
Per Capita Income 2005	$21,538
Median Household Income 2007	$46,810
Median Home Price 2006	$88,000

	Total Available Labor 2006
Pendleton County	520
Labor Market Area	10,321

	Unemployment Rate 2006
Pendleton County	5.6
Labor Market Area	5.0
U.S.	4.6

	Average Weekly Wage 2006
Pendleton County	$557
Labor Market Area	$723
U.S.	$818

APPENDIX C

Estimated District and SFCC Debt Service Requirements on Series 2008 Bonds
Estimated Total Annual District Debt Service Requirements

PENDLETON COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2008

ESTIMATED DISTRICT AND SFCC DEBT SERVICE REQUIREMENTS

	District Participation			SFCC Participation			Total		
Date	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
06/01/2008	$29,432	$10,584.45	$40,016.45	$80,568	$11,693.05	$92,261.05	$110,000	$22,277.50	$132,277.50
12/01/2008		15,494.07	15,494.07		16,492.20	16,492.20		31,986.27	31,986.27
06/01/2009	19,738	15,494.07	35,232.07	85,262	16,492.20	101,754.20	105,000	31,986.27	136,986.27
12/01/2009		15,237.47	15,237.47		15,383.79	15,383.79		30,621.26	30,621.26
06/01/2010	30,322	15,237.47	45,559.47	89,678	15,383.79	105,061.79	120,000	30,621.26	150,621.26
12/01/2010		14,835.71	14,835.71		14,195.56	14,195.56		29,031.27	29,031.27
06/01/2011	30,145	14,835.71	44,980.71	89,855	14,195.56	104,050.56	120,000	29,031.27	149,031.27
12/01/2011		14,428.75	14,428.75		12,982.51	12,982.51		27,411.26	27,411.26
06/01/2012	4,317	14,428.75	18,745.75	90,683	12,982.51	103,665.51	95,000	27,411.26	122,411.26
12/01/2012		14,368.31	14,368.31		11,712.95	11,712.95		26,081.26	26,081.26
06/01/2013	10,179	14,368.31	24,547.31	94,821	11,712.95	106,533.95	105,000	26,081.26	131,081.26
12/01/2013		14,215.62	14,215.62		10,290.64	10,290.64		24,506.26	24,506.26
06/01/2014	12,937	14,215.62	27,152.62	97,063	10,290.64	107,353.64	110,000	24,506.26	134,506.26
12/01/2014		14,018.33	14,018.33		8,810.43	8,810.43		22,828.76	22,828.76
06/01/2015	9,375	14,018.33	23,393.33	100,625	8,810.43	109,435.43	110,000	22,828.76	132,828.76
12/01/2015		13,873.02	13,873.02		7,250.74	7,250.74		21,123.76	21,123.76
06/01/2016	11,255	13,873.02	25,128.02	103,745	7,250.74	110,995.74	115,000	21,123.76	136,123.76
12/01/2016		13,692.94	13,692.94		5,590.82	5,590.82		19,283.76	19,283.76
06/01/2017	262,934	13,692.94	276,626.94	107,066	5,590.82	112,656.82	370,000	19,283.76	389,283.76
12/01/2017		9,354.53	9,354.53		3,824.23	3,824.23		13,178.76	13,178.76
06/01/2018	269,402	9,354.53	278,756.53	110,598	3,824.23	114,422.23	380,000	13,178.76	393,178.76
12/01/2018		4,842.04	4,842.04		1,971.71	1,971.71		6,813.75	6,813.75
06/01/2019	280,698	4,842.04	285,540.04	114,302	1,971.71	116,273.71	395,000	6,813.75	401,813.75
Total	$970,734	$299,306.03	$1,270,040.03	$1,164,266	$228,704.21	$1,392,970.21	$2,135,000	$528,010.24	$2,663,010.24

Source: Fiscal Agent

PENDLETON COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES OF 2008

Estimated Total Annual District Debt Service Requirements

FY 6/30	Existing Debt Service (1)	Series 2008 Bonds Principal	Interest	Total P&I	FY Total
2008	$1,327,247	$29,432	$10,584	$40,016	$1,367,263
2009	1,316,379	19,738	30,988	50,726	1,367,105
2010	1,306,759	30,322	30,475	60,797	1,367,556
2011	1,311,473	30,145	29,671	59,816	1,371,289
2012	1,331,954	4,317	28,857	33,174	1,365,128
2013	1,328,980	10,179	28,737	38,916	1,367,896
2014	1,327,029	12,937	28,431	41,368	1,368,397
2015	1,330,418	9,375	28,037	37,412	1,367,830
2016	1,326,699	11,255	27,746	39,001	1,365,700
2017	1,080,567	262,934	27,386	290,320	1,370,887
2018	1,077,968	269,402	18,709	288,111	1,366,079
2019	1,074,368	280,698	9,684	290,382	1,364,750
2020	1,379,768	-	-	-	1,379,768
2021	1,376,768	-	-	-	1,376,768
2022	1,377,168	-	-	-	1,377,168
2023	1,380,768	-	-	-	1,380,768
2024	1,377,368	-	-	-	1,377,368
2025	1,380,598	-	-	-	1,380,598
2026	1,381,562	-	-	-	1,381,562
2027	1,380,255	-	-	-	1,380,255
Total	$26,174,096	$970,734	$299,305	$1,270,039	$27,444,135

(1) Existing debt service does not include the debt service requirements on the portion of the Prior Bonds which will be refunded by the Series of 2008 Bonds.

Note: All calculations are rounded to the nearest dollar.
Source: Fiscal Agent

OFFICIAL TERMS AND CONDITIONS OF SALE OF BONDS

1. Date and Hour of Sale

The Secretary of the Pendleton County School District Finance Corporation, will until 1:00 P.M., E.T., on February 6, 2008, in the office of the Kentucky School Facilities Construction Commission (the "Corporation"), 229 West Main Street, Suite 102, Frankfort, Kentucky 40601, receive competitive, electronic or sealed bids for the purchase of $2,135,000 (plus up to $65,000 or minus up to $335,000) of its Pendleton County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2008, dated the Date of Issuance.

2. Description and Maturities of Bonds

Said Bonds bear interest from the Date of Issuance, payable semiannually on June 1 and December 1 (June 1, 2008, being the first interest date and the first principal payment date), will be in the denomination of $5,000 or any multiple thereof within the same maturity, will be numbered R-1 and upward, and will mature in each of the respective years, as follows:

Maturity June 1	Principal*	Maturity June 1	Principal*
2008	$110,000	2014	$110,000
2009	105,000	2015	110,000
2010	120,000	2016	115,000
2011	120,000	2017	370,000
2012	95,000	2018	380,000
2013	105,000	2019	395,000

*The principal maturities are subject to change pursuant to the Bond Resolution pursuant to which the Bonds will be issued.

Bidders may elect to structure the maturities to include one or more term bonds with mandatory sinking fund redemptions.

Said Bonds are payable as to principal at U.S. Bank, National Association, Louisville, Kentucky, the Registrar and Payee Bank.

The Bonds are not subject to optional redemption.

The Bonds are to be issued in fully registered form (both principal and interest). The Registrar and Payee Bank will mail a check representing interest payments semiannually to each Bondowner of record as of the 15th day of the month preceding each interest due date by regular United States mail postmarked not later than the due date. Principal will be paid upon submission of matured Bonds to the Payee Bank. Upon the submission of a proper executed assignment, such

Bank, which is also the Transfer Agent, will transfer ownership of a Bond within three (3) business days of receipt without expense to the Bondowner.

3. Authority and Purpose

The Bonds have been duly authorized by a Resolution (the "Bond Resolution") duly adopted by the Board of Directors of the Pendleton County School District Finance Corporation, pursuant to the authority of Sections 162.120 through 162.300, inclusive, and 162.385, and Sections 58.010 through 58.140, inclusive, and 58.180 of the Kentucky Revised Statutes, for the purpose of providing funds to pay the cost, not otherwise provided, of refunding through escrow and defeasing the Pendleton County School District Finance Corporation School Building Revenue Bonds, Series 1999, dated June 1, 1999, scheduled to mature on and after June 1, 2008 (the "Refunded Prior Bonds"), through the deposit in escrow of funds and government obligations sufficient to pay the principal and interest due on said Refunded Prior Bonds from June 1, 2008 through June 1, 2009, and to redeem the Refunded Prior Bonds on June 1, 2009, at a redemption price of 102% of the principal amount redeemed.

The Refunded Prior Bonds were issued for the purpose of construction of additions to the Phillip A. Sharp Middle School (hereinafter referred to as the "Project" or the "Project Property").

The Corporation reserves the right not to redeem any or all of the callable maturities of the Refunded Prior Bonds, maturing on June 1, 2008 through 2019 inclusive, depending on the interest rates bid at the sale of the bonds.

The Refunded Prior Bonds constitute the only outstanding indebtedness against the Project. As of the date of delivery of these Bonds, provision will have been made for payment of the Refunded Prior Bonds, from the proceeds of the sale of these Bonds escrowed in accordance with the provisions of the Bond Resolution.

4. Security

These Bonds, in the opinion of Counsel, will constitute legal, valid and binding special obligations of the Pendleton County School District Finance Corporation, payable solely from and secured by an exclusive pledge of and a lien on the revenues of the Project, which revenues are derived from payments to be made under the Contract, Lease, and Option (the "Current Lease") between the Board of Education of Pendleton County, Kentucky, and the Pendleton County School District Finance Corporation, on a year-to-year basis, with the Board of Education having the exclusive option to renew thereafter from year to year (July 1 of each year to June 30 of each ensuing year) for periods of one year at a time until the final maturity of these Bonds (June 1, 2019). In the Current Lease, the Board of Education agrees to pay annually (as long as the Current Lease remains in force) rentals in an amount sufficient to pay the principal of and interest on these Bonds as same become due, plus the annual maintenance and insurance costs of the Project.

In addition to the aforesaid pledge of the revenues created for the benefit of the owners of the Bonds, a statutory mortgage lien has been created on the Project in favor of such bondowners, pursuant to Section 162.200 of the Kentucky Revised Statutes, and said Project and any appurtenances thereto will remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on these Bonds; provided, however, that said statutory mortgage lien (together with such revenue pledge) is and will be restricted in its application to the school building(s) and appurtenances financed by the Refunded Prior Bonds, and to 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 Project; the right being expressly reserved to erect or construct upon any unimproved portion(s) of the Project property site described in the proceedings authorizing the issuance of these Bonds, other independently financed school building projects free and clear of said statutory mortgage lien, which other independently financed school building projects may or may not have a party wall or walls with and may adjoin the school building and appurtenances which are subject to said statutory mortgage lien, provided no part of the costs of said other independently financed school building projects is paid from the proceeds of the sale of these Bonds and provided the necessary easements for ingress, egress, sewage lines, septic tank lines and other utility lines shall be deemed to exist and continue to exist for all school buildings, improvements and additions financed by the Refunded Prior Bonds, or other bond issues.

The right has been reserved by the Corporation, at the request of the Board of Education, to withdraw any unimproved portion of the Project property site from the property encumbered by the statutory mortgage lien and revenue pledge securing these Bonds, and to convey such portion to the Board, for any purpose whatsoever, if the Board shall certify such withdrawal and conveyance does not adversely affect the Board's usage of the Project or adversely affect the security of the owners of these Bonds. Also, the right has been reserved to grant easements and rights-of-way through the Project property site for roads, utilities, drainage and other public purposes, free and clear of the statutory mortgage lien and pledge securing these Bonds; provided (a) no such release shall be made which would interfere with the ownership and efficient operation of the Project, or of any other school buildings and appurtenances securing any other outstanding bonds, or with the use of the surrounding premises for school purposes; (b) no such release may be made which would impair ingress to and egress from any school building; and (c) any such release shall not effect any reduction in the rental otherwise required by the Current Lease approved in the Bond Resolution.

5. Prior Lease and Current Lease

In connection with the issuance of the Refunded Prior Bonds, the Corporation and the Board of Education entered into a Contract, Lease, and Option (the "Prior Lease") pursuant to which the Project was leased to the Board of Education for a term of one year, with the option to said Board of Education of renewing thereafter from year to year for periods of one year at a time, at annual rentals, sufficient to enable the Corporation to pay the principal of and interest on the Refunded Prior Bonds.

In connection with the issuance of these Bonds, the Board of Education and the Corporation have entered into the Current Lease, providing, in substance that so long as the Board of Education exercises its renewal options its rentals will be payable according to the terms and provisions of the Current Lease until June 1, 2019, the final maturity of these Bonds, and same shall be deposited as received into the Bond Fund, as established by the Bond Resolution authorizing the issuance of these Bonds and used and applied for the payment of all maturing principal of and interest on these Bonds as they mature.

6. Legal Opinion

In the opinion of Rubin & Hays, Municipal Bond Counsel, Louisville, Kentucky, the principal of the Bonds is not subject to Kentucky ad valorem taxation and the interest on the Bonds is excludable from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations, and is not subject to Kentucky income taxation, subject to certain exceptions set out below. The legal opinion of Rubin & Hays is subject to the condition that the Corporation comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes, including the requirement as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Bonds. The purchaser will be furnished said opinion, printed bond forms, and the usual closing documents, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the issue affecting the validity of the Bonds.

In order to assure the purchasers of the Bonds that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from Kentucky income taxation (subject to certain exceptions set out below), the Corporation has covenanted in its Resolution authorizing the Bonds that (1) the Corporation will take all actions necessary to comply with the provisions of the Code, (2) the Corporation will take no actions which will violate any of the provisions of the Code, or that would cause the Bonds to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Bonds will be used for any purpose which would cause the interest on the Bonds to become subject to federal income taxation, and that the Corporation will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Bonds.

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

The Corporation, the Board, and all subordinate entities thereof, do not reasonably anticipate issuing tax-exempt obligations during the calendar year in which the Bonds are being issued in excess of $10,000,000, and, therefore, the Corporation has designated the Bonds as "qualified tax-exempt obligations" for investment by financial institutions pursuant to the provisions of Section 265(b)(3) of the Code.

The tax-exempt status of the Bonds is subject to the following exceptions:

1. For purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings.

2. With respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds.

3. Interest on the Bonds earned by certain foreign corporations doing business in the United States of America could be subject to a branch profits tax imposed by Section 884 of the Code.

4. Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income.

5. Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds.

The Corporation has reserved the right to amend the Resolution authorizing the Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Bonds shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the owners of the Bonds) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Bonds, or the application of such proceeds or of the revenues of the Project. The purchasers of the Bonds will be deemed to have relied fully upon these covenants and undertakings on the part of the Corporation as part of the consideration for the purchase of the Bonds. To the extent that the Corporation obtains an opinion of nationally recognized bond counsel to the effect that noncompliance with any of the covenants contained in the Resolution authorizing the Bonds would not subject interest on the Bonds to federal income taxation or Kentucky income taxation, the Corporation is not required to comply with such covenants and requirements.

If, prior to the delivery of the Bonds, any event shall occur which alters the tax-exempt status of the Bonds, the purchaser shall have the privilege of voiding the purchase contract by giving immediate written notice to the Corporation, whereupon the amount of the good faith deposit of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

Bond Counsel has reviewed the Official Statement with regard to all matters pertaining to the legality and tax exemption of the Bonds, including statements concerning the authority, purpose and security of the Bonds; but Bond Counsel has not reviewed any of the financial statements or calculations, such as debt service requirements, budget estimates, enrollment, capital outlay, estimated revenues, expenditures or other financial information in the Official Statement, and expresses no opinion thereon or assumes any responsibility in connection therewith.

7. Terms of Sale

The Bonds are offered for sale upon the following terms and conditions:

A. A minimum price is required for the entire issue of not less than $2,092,300 (98% of par).

B. The successful bidder will be required to deposit with the Depository Bank, U.S. Bank, National Association, Louisville, Kentucky, immediately available funds in the amount of $42,700 prior to the close of business on February 7, 2008, which amount shall represent the good faith deposit. The amount of the good faith deposit, without interest, will be deducted from the purchase price at the time of delivery of the Bonds.

C. The determination of the best bid will be made on the basis of all bids submitted for exactly $2,135,000 of Bonds as offered for sale under the terms and conditions herein specified. Upon determination of the lowest net interest cost according to the schedule of principal amounts listed in the Official Bid Form, the Corporation shall immediately proceed to adjust such principal amounts of the Bonds to determine the maturities of its final bond issue. The successful bidder will be required to accept the final bond issue as so computed, whether the principal amount has been increased by up to $65,000 or decreased by up to $335,000, and to pay the percentage purchase price based upon the aggregate amount of the final bond issue.

D. Bidders must state an interest rate or rates in a multiple of 1/8 or 1/20 of 1%, or both.

E. There is no limit on the number of different rates which may be specified by any bidder.

F. Interest rates must be on an ascending scale, in that the interest rate for Bonds of any maturity may not be less than the interest rate stipulated for any preceding maturity.

G. The maximum permissible net interest cost for the Bonds shall not exceed the "Bond Buyer's" Index of 20 municipal bonds as established on the Thursday immediately preceding the date of sale of said Bonds, plus 1.50%.

H. All Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity, even though some such Bonds may be subject to mandatory redemption prior to their maturity date.

I. Bidders may require that a portion of the Bonds be term bonds maturing on one or more dates (the "Term Bonds"); provided, however, that the Corporation may require such Term Bonds to be subject to mandatory redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on June 1, of the years and in the principal amounts set forth in the final adjusted maturity schedule as seen on page 2 of the successful bid.

J. The right to reject bids for any reason deemed advisable by the Corporation, and the right to waive any possible informalities, irregularities or defect in any bid which, in the judgment of the Corporation, shall be minor or immaterial, is expressly reserved.

K. Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102.

In the event of a system malfunction in the electronic bidding process or at the sole discretion of a bidder, bids may be made on forms which, together with an Official Statement, may be obtained at the office of the Fiscal Agent, First Kentucky Securities Corporation, 305 Ann Street, Suite 400, Frankfort, Kentucky 40602-0554. Bids must be enclosed in sealed envelopes marked "Bid for Pendleton County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2008" and bids must be received by the Corporation at the office of the Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, Frankfort, Kentucky 40601-1879, FAX: (502) 564-3412, FAX: (502) 564-7574, prior to the date and hour stated above.

L. It shall be the responsibility of the purchasers of the Bonds to furnish or cause to be furnished to the Payee Bank/Registrar at least five (5) days prior to the date of delivery of the Bonds, a list of the names, addresses and social security numbers or taxpayer identification numbers of each of the beneficial owners of the Bonds, and the principal amounts and maturities thereof. In the event of the failure to so deliver such list, the Bonds shall be issued in denominations corresponding to the principal amount of each respective maturity, or in the denomination of $5,000, as shall be determined by the Payee Bank/Registrar.

M. Delivery will be made in Louisville or Frankfort, Kentucky, at no additional expense other than the charge, if any, of a delivery bank. The purchasers may elect to require delivery at any bank or trust company elsewhere in the Continental United States, or delivery through a depository trust corporation, provided the purchasers agree to pay any additional expense in connection therewith, such expense to include shipping expense, insurance in transit and the fee of the depository trust corporation. In connection with the issuance of the Bonds, the Corporation will pay for the printing of the Bonds, which will contain the opinion of Bond Counsel.

N. The Bonds, when issued, will be registered in the name of CEDE & CO., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases will be made in book-entry form only, except as permitted by the Resolution. Purchasers of the Bonds will not receive physical delivery of bond certificates. So long as CEDE & CO. is the registered owner of the Bonds, as nominee of DTC, interest, together with the principal of and redemption premium, if any, on the Bonds will be paid directly to DTC by the Trustee.

O. Upon wrongful refusal of the successful bidder to take delivery of and pay for the Bonds when tendered for delivery, the amount of the good faith deposit shall be forfeited by such bidder, and such amount shall be deemed liquidated damages for such default; provided, however, if said Bonds are not ready for delivery and payment within forty-five (45) days from the date of sale, said bidder shall be relieved of any liability to accept the Bonds hereunder.

P. The purchasers of the Bonds will pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the Bonds at no expense or cost to the purchasers. Neither the failure to print a CUSIP number on any Bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and payment for the Bonds in accordance with the terms of the purchase agreement.

Q. The successful bidder shall promptly advise the Fiscal Agent to the Board of Education and the Corporation of (i) the reoffering price for each maturity of the Bonds, and (ii) the principal amount sold to the public of each principal maturity of the Bonds on the reoffering date.

R. The purchasers will pay for the printing of the final Official Statement.

If, upon the basis of the foregoing, the Corporation shall accept a purchase bid for the $2,135,000 of Bonds, or for the permissible adjusted amount thereof, the Current Lease having been previously executed on behalf of the Corporation and the Board, shall, following the sale, be recorded in the office of the Clerk of Pendleton County, Kentucky.

The Corporation and the Board of Education have agreed in the Bond Resolution of the Board of Directors of the Corporation and the Resolution of the Board of Education, to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12, as amended and interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), (i) on or prior to 180 days after the end of each fiscal year, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained in Appendix A to the Official Statement, and (ii) timely notice of the occurrence of certain material events with respect to the Bonds.

The purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, in form and substance reasonably satisfactory to the purchaser, evidence that the Corporation and the Board of Education have made the limited continuing disclosure undertaking set forth above for the benefit of the holders of the Bonds.

The Corporation shall provide to the successful purchaser a final Official Statement in accordance with the Rule. Arrangements have been made with the printer of the preliminary official statement, upon submission of completion text, to print a reasonable quantity of final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under Commission or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the final Official Statement.

Concurrently with the delivery of the Bonds, the President and Secretary of the Corporation will certify that, to the best of their knowledge, the Official Statement did not as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading in any material respect.

First Kentucky Securities Corporation has been employed as Fiscal Agent to the Board of Education and the Corporation in connection with the issuance of the Bonds. The Fiscal Agent's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Fiscal Agent may submit a bid for the purchase of the Bonds at the time of the advertised public sale of the Bonds, either independently or as a member of a syndicate organized to submit a bid for the purchase of the Bonds. (Signed) J. Robert Yost, Secretary, Pendleton County School District Finance Corporation.

BID FORM
for the
Pendleton County School District Finance Corporation
School Building Refunding Revenue Bonds, Series 2008,
to be held on February 6, 2008, at 1:00 P.M. ET
in the office of the Kentucky School Facilities Construction Commission
229 West Main Street, Suite 102
Frankfort, Kentucky 40601
Phone: (502) 564-5582
Fax: (502) 564-3412

Subject to the terms and conditions set forth in a Resolution of the Board of Directors of Pendleton County School District Finance Corporation, providing for the sale of $2,135,000 (plus up to $65,000 or minus up to $335,000) of Pendleton County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2008, dated the Date of Issuance, and in accordance with the notice of sale of the Bonds as advertised, and in accordance with the Official Terms and Conditions of Sale of Bonds, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said $2,135,000 principal amount of Bonds, the sum of $____________________ (not less than $2,092,300), such Bonds to bear interest payable semiannually at the following annual rate(s):

Maturity June 1	Principal Amount	Serial Bond Rate	Term* Bond Rate	Maturity June 1	Principal Amount	Serial Bond Rate	Term* Bond Rate
2008	$110,000	_____%	_____%	2014	$110,000	_____%	_____%
2009	105,000	_____%	_____%	2015	110,000	_____%	_____%
2010	120,000	_____%	_____%	2016	115,000	_____%	_____%
2011	120,000	_____%	_____%	2017	370,000	_____%	_____%
2012	95,000	_____%	_____%	2018	380,000	_____%	_____%
2013	105,000	_____%	_____%	2019	395,000	_____%	_____%

*Bidders may elect to structure the maturities to include term bonds with mandatory sinking fund redemptions. To bid term Bonds, put interest rate in Term Bond Rate column.

We understand that this bid may be accepted for as much as $2,200,000 of Bonds and for as little as $1,800,000 of Bonds, at the same price per $1,000 of Bonds as the price bid per $1,000 of Bonds by the undersigned with the variation in such amount being adjusted as determined by the Pendleton County School District Finance Corporation at the time of acceptance of the best bid.

We understand that the Pendleton County School District Finance Corporation will furnish the final, approving legal opinion of Rubin & Hays, Municipal Bond Attorneys, of Louisville, Kentucky. We agree that if we are the successful bidder, that immediately available funds in the amount of $42,700, payable to the Pendleton County School District Finance Corporation, will be deposited in U.S. Bank, National Association, Louisville, Kentucky, prior to the end of the business day on February 7, 2008, in accordance with the Notice of Bond Sale and the Official Terms, with the understanding that the amount thereof, without interest, will be deducted from the purchase price of the Bonds when tendered to us for delivery. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms of sale.

Respectfully submitted,

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Total interest cost from the Date of Issuance, to final maturity	$_____________
Less premium bid or plus discount, if any	$_____________
Net interest cost	$_____________
Average interest rate or cost	___________%

The above computations of net interest cost and of average interest rate or cost are submitted for information only and are not part of this Bid.

ACCEPTANCE OF BID BY PENDLETON COUNTY SCHOOL DISTRICT
FINANCE CORPORATION WITH ADJUSTMENT OF AMOUNT AND TOTAL BID PRICE

Accepted by the Pendleton County School District Finance Corporation, on this _______________, 2008, as to $_______________ of Bonds at an adjusted price of $________________, with the change in amount of Bonds being reflected by the following changes in the maturities thereof.

Maturity June 1	Principal Amount	Serial Bond Rate	Term Bond Rate	Maturity June 1	Principal Amount	Serial Bond Rate	Term Bond Rate
2008	$_________	_____%	_____%	2014	$_________	_____%	_____%
2009	_________	_____%	_____%	2015	_________	_____%	_____%
2010	_________	_____%	_____%	2016	_________	_____%	_____%
2011	_________	_____%	_____%	2017	_________	_____%	_____%
2012	_________	_____%	_____%	2018	_________	_____%	_____%
2013	_________	_____%	_____%	2019	_________	_____%	_____%

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Financial Advisor, Pendleton County School District Finance Corporation