

**PRELIMINARY OFFICIAL STATEMENT**  
**Dated May 14, 2003**  
**(Bonds to be sold May 21, 2003, 11:00 a.m. E.D.S.T.)**

NON BANK QUALIFIED

Moody's Rating: "\_\_\_"  
(See "Rating" Herein)

**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".**

**\$16,600,000\***  
**WOODFORD COUNTY (KENTUCKY)**  
**SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS**  
**SERIES 2003**

**Dated: May 1, 2003**

**Due: July 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 Bank One Trust Company, N.A., Lexington, 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 January 1, 2004 and thereafter semiannually on each July 1 and January 1.

The Bonds maturing on and after July 1, 2014, shall be subject to prior redemption at the option of the Corporation on and after July 1, 2013, as discussed herein.

**SCHEDULE OF MATURITIES**

<u>Due</u>	<u>Cusip #</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Due</u>	<u>Cusip #</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>
7/1/04	979385	\$ 120,000			7/1/14	979385	\$ 405,000		
7/1/05		345,000			7/1/15		420,000		
7/1/06		355,000			7/1/16		435,000		
7/1/07		360,000			7/1/17		1,485,000		
7/1/08		365,000			7/1/18		1,545,000		
7/1/09		375,000			7/1/19		1,610,000		
7/1/10		415,000			7/1/20		1,680,000		
7/1/11		400,000			7/1/21		1,755,000		
7/1/12		380,000			7/1/22		1,835,000		
7/1/13		395,000			7/1/23		1,920,000		

(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 58.010 through 58.140 and 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 Woodford County Board of Education to the Corporation for use of the school facilities financed by the Bonds 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 Counsel to the Corporation. Delivery of the Bonds is expected on or about June 4, 2003.

\*Preliminary, Subject to Permitted Adjustment.

**FIRST KENTUCKY SECURITIES CORPORATION**  
**Fiscal Agent**

**WOODFORD COUNTY (KENTUCKY) SCHOOL DISTRICT  
FINANCE CORPORATION**

Board of Directors

Margaret Cleveland, President  
T. Rexford Cecil, Vice President  
Niels R. Bostrom, Director  
Thomas Tipton, Director  
Donald Gross, Director

Paul B. Stahler, Secretary

**WOODFORD COUNTY (KENTUCKY) SCHOOL DISTRICT  
BOARD OF EDUCATION**

Board Members

Margaret Cleveland, Chairperson  
T. Rexford Cecil, Vice Chairperson  
Niels R. Bostrom  
Thomas Tipton  
Donald Gross

Paul B. Stahler, Secretary  
Gail P. Binder, Treasurer  
Paul B. Stahler, Superintendent

**BOND COUNSEL**

Rubin & Hays  
Louisville, Kentucky

**FISCAL AGENT**

First Kentucky Securities Corporation  
Frankfort, Kentucky

**PAYING AGENT/BOND REGISTRAR**

Bank One Trust Company, N.A.  
Lexington, Kentucky

**BOOK-ENTRY-ONLY-SYSTEM**

No dealer, broker, salesman, or other person has been authorized by the Woodford County School District Finance Corporation, the Woodford 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 Woodford 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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Official Terms and Conditions of Bond Sale  
Official Bid Form

**PRELIMINARY OFFICIAL STATEMENT**

**\$16,600,000\***

**WOODFORD COUNTY (KENTUCKY)  
SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REVENUE BONDS  
SERIES 2003**

**Dated Date: May 1, 2003**

This Official Statement, which includes the cover page, is being distributed by the Woodford County School District Finance Corporation (the "Corporation") to furnish pertinent information to all who may become holders of its School Building Revenue Bonds, Series 2003, dated May 1, 2003 (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 Sections 58.050 through 58.140 and 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 58.010 through 58.140 and 58.180, the Corporation adopted a Bond Resolution (i) authorizing the issuance of \$16,600,000\* School Building 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 May 1, 2003 will bear interest payable January 1, 2004, and thereafter semiannually on each July 1 and January 1 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 maturing on and after July 1, 2014, are subject to redemption prior to their stated maturities on any date falling on or after July 1, 2013, in whole, or from time to time, in part, in any order of maturities (less than all of a single maturity to be selected by lot), at the option of the Corporation at par, plus accrued interest to the redemption date, all in the manner provided by the Resolution.

#### ***Security***

A Contract, Lease and Option (the "Lease"), between the Corporation and the Woodford County Board of Education (the "Board") requires the Board to pay annual rentals in an amount sufficient to pay the principal of and interest on the Bonds as same become due and payable. The initial period of the Lease begins on May 1, 2003, and expires on June 30, 2004, and thereafter, the Board has an exclusive option to renew the Lease from year to year for one year periods until the final maturity of the Bonds on July 1, 2023. Under the terms of the Lease, the Board agrees to use and occupy the school buildings and, further, to provide for maintenance of the buildings and to insure said buildings against loss by fire, lightning, and windstorm and that the amount of such insurance shall at all times be the full insurable value of the buildings or the face amount of the Bonds outstanding, whichever is greater.

As further security for the Bonds, title to the site of the school Project is vested in the Corporation and is subject to a statutory mortgage lien in favor of the Registered Owners of the Bonds.

The Lease reserves to the Board the option to purchase the Project site upon payment on any interest due date of the then outstanding Bonds, plus interest thereon in accordance with the terms thereof.

#### **ADDITIONAL PARITY BONDS FOR COMPLETION OF PROJECT**

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Project and secured by the same statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, for which funds are not otherwise available, of completing the construction of said school building Project in accordance with the plans and specifications of the architect in charge of said Project, which plans have been completed, approved by the Board, Kentucky Department of Education, and filed in the office of the Secretary of the Corporation.

## WOODFORD 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 Woodford 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 PROJECT

The Project consists of the construction of a 2-story middle school of 123,947 square feet and will serve a designed enrollment of 900 students. The building will contain classrooms, special education classroom, science classrooms, resource classrooms, art and music instructional areas, computer labs, technology education spaces, administrative offices, library media center, kitchen, cafeteria, and a gymnasium with attached locker and shower areas. Also included is the construction of an auditorium and a stage located at the cafeteria.

The school will consist of brick veneer and load-bearing CMU exterior walls on concrete foundations with concrete floor slabs-on-grade. The roof structure system is on sloped, steel open-web bar joist and fabricated steel trusses, and metal trusses with metal decking and rigid roof insulation. The roofing material will be fiberglass-based asphalt shingles. Interior partitions will be of concrete masonry units and gypsum board on metal studs.

Windows will be Kynar coated extruded aluminum, fixed and projected, with insulating glass. Exterior doors will be painted hollow metal and pre-finished aluminum with tempered glazing. Interior doors will be factory-finished solid core wood in hollow metal frames.

Finishes include vinyl composition tile, seamless flooring, quarry tile, carpeting, resilient wood athletic flooring, paint over gypsum board and masonry, and suspended acoustic panel ceilings.

Specialties and equipment include toilet compartments, television and projector brackets, visual display boards, projection screens, protective covers, metal lockers, window treatments, wire partitions, stage curtains, telescoping stands, flagpole, kitchen equipment, and gymnasium equipment. Laboratory casework and equipment, plastic laminate cabinet work, and instrument storage casework will be furnished and installed by the Owner.

Site work includes earthwork, walks, curbs, drives, parking areas, storm water lines, site structures and signage, utility work, and seeding and sodding. Work also includes the construction of a soccer/football field, softball field, and baseball field.

Heating and cooling will be a water source heat pump system with heat pumps located on a mechanical catwalk located in the building's attic. The base bid system includes hydronic loop piping, circulating pumps, chemical treatment, electric hot water boiler, and fluid coolers. An alternate includes the installation of geothermal heat exchanger in lieu of a cooling tower and electric boiler for the water source heat pump system. Geothermal well, piping, and pumps will be installed and the cooling tower, heat exchanger, and boiler will be eliminated.

The building will be fully sprinklered.

The power system includes step down transformers. Exterior lighting will be metal halide fixtures. Interior lighting will be primarily fluorescent lamps. Emergency lighting and power will be from an emergency generator. Other electrical work includes fire alarm, intercom, clock, data, voice, and video CATV system.

### *Estimated Sources and Uses of Funds*

#### Sources of Funds

Series 2003 Bonds	\$16,600,000
Interest Earnings and Cash Contribution	<u>2,457,000</u>
Total	<u>\$19,057,000</u>

Uses of Funds

Construction Costs	\$18,659,413
Underwriter's Discount (2%)	332,000
Issuance Costs	65,045
Surplus Rounding	<u>542</u>
Total	<u>\$19,057,000</u>

**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 "Woodford County School District Finance Corporation School Building Revenue Bond Debt Service Fund of May 1, 2003" (the "Bond Fund") to be held therein for payment of interest on the Bonds at the next ensuing interest due date.

The entire remaining proceeds of the Bonds shall be deposited, until needed for construction purposes, with the Construction Depository, into a special account called "Woodford County School District Finance Corporation School Construction Account of May 1, 2003" (the "Construction Account").

**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 Woodford County School District Finance Corporation School Building Revenue Bonds, Series 2003, in an aggregate amount of \$16,600,000\*. The Bonds are fully registered and in denominations in multiples of \$5,000. The Bonds bear interest payable on January 1 and July 1 in each year, beginning January 1, 2004, 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; subject to adjustment as set forth herein.

***Paying Agent and Registrar***

Bank One Trust Company, N.A., Lexington, 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:

**Woodford County School District Finance Corporation School Building Revenue Bond Debt Service Fund of May 1, 2003 (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 on or before each December 15 and June 15, the first such payment to be made on or before December 15, 2003.

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.

**Woodford County School District Finance Corporation Series 2003 School Construction Account (the "Construction Fund").** -- Proceeds of the Bonds, after payment of the costs of issuance and deposit of accrued interest received in the Bond Fund, shall be deposited into the Construction Fund for the payment, exclusively, of the costs of the school construction project described herein. The Construction Depository shall be Bank One Trust Company, N.A., Lexington, Kentucky. Payments from the Construction Fund shall be made by check signed by the Chairman, Secretary, or Treasurer of the Corporation upon approval of the Board. Each check shall have attached a voucher, signed by the Architect having supervision of the construction, stating that the labor and/or materials for which the payment is being made have been, in fact, received and utilized on the site of the project. Such a voucher is not required for checks which reimburse the Board for advance payments made prior to the receipt of bond proceeds.

### ***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 is granted and created by Section 162.200 of the Kentucky Revised Statutes. Please see "Security" herein on page 2. Said lien is and shall be restricted in its application 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 properties, 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 on May 1, 2003.

The initial term of the Lease shall expire on June 30, 2004; 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 interest which will be due on January 1, together with the Bonds and interest which will be due on May 1 during the rental 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 July, 2023, 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 January 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 July 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 July 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 July 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 July 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 and 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 Woodford County School District Finance Corporation (the "Corporation") and the Board of Education of Woodford 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 (commencing with the fiscal year ended June 30, 2004), and certain operating and financial information generally consistent with the information contained in Appendix A.

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 NRMSIRs 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 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 Corporation and the Board 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 and the Board no longer remain 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 of the Woodford County School District, 330 Pisgah Pk, Versailles, KY 40383, (859) 873-4701.

## TAX EXEMPTION; NOT BANK QUALIFIED

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 opinions, 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. Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, or, in the case of a financial institution within the meaning of Section 265(b)(5) of the Code, that portion of such financial institutions' interest expense allocable to interest on the Bonds.
3. 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.
4. 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.
5. 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.
6. 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.

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 such 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.

#### **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", "Certain Provisions of the Bond Resolution", "Certain Provisions of the Contract, Lease and Option", "State Support of Education", "Continuing Disclosure" and "Tax Exemption; Not Bank Qualified", 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 Project", "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.

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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.

**WOODFORD COUNTY SCHOOL DISTRICT FINANCE CORPORATION**

/s/           Margaret Cleveland            
          President

**APPENDIX A**

*Enrollment*  
*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  
WOODFORD COUNTY SCHOOL DISTRICT**

The Woodford County School District represents a portion of the 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*

<u>School Year</u>	<u>Enrollment</u>	<u>Average Daily Attendance</u>
2003	3,724	3,530
2002	3,737	3,452
2001	3,757	3,445
2000	3,783	3,463
1999	3,766	3,425

*Property Subject to Taxation*

<u>Year</u>	<u>Total Assessed Value</u>
2002	\$1,629,443,997
2001	1,536,746,376
2000	1,454,742,188

*History of Assessment Rates*

	<u>2002/03</u>	<u>2001/02</u>	<u>2000/01</u>	<u>1999-00</u>
Real Estate	50.2¢	48.8¢	48.3¢	47.1¢
Tangible	50.5¢	50.5¢	50.5¢	52.0¢
Motor Vehicle	50.9¢	50.9¢	50.9¢	50.9¢
Utilities	3%	3%	3%	3%

*Tax Receipts*

<u>Fiscal Year</u>	<u>Net to District</u>
2003 YTD	\$7,191,812
2002	6,622,015
2001	6,398,683
2000	5,986,745
1999	5,781,271

**WOODFORD COUNTY SCHOOL DISTRICT**  
**Comparative Statement of Receipts and Disbursements**  
**GENERAL FUND**

Fiscal Years Ending June 30

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Cash Balance, July 1	\$ 2,618,643	\$ 2,425,459	\$ 2,509,518
Adjustments in Beginning Balance	<u>(436,819)</u>	<u>0</u>	<u>0</u>
Beginning Balance, July 1	<u>\$ 2,181,824</u>	<u>\$ 2,425,459</u>	<u>\$ 2,509,518</u>
 <b>RECEIPTS:</b>			
Revenue from Local Sources	\$ 7,273,604	\$ 7,402,838	\$ 7,245,651
Revenue from State Sources	8,590,141	8,268,231	8,243,928
Other Sources	<u>1,800</u>	<u>198,253</u>	<u>180,416</u>
Total Receipts	<u>\$15,865,545</u>	<u>\$15,869,322</u>	<u>\$15,669,995</u>
Total Funds Available	<u>\$18,047,369</u>	<u>\$18,294,781</u>	<u>\$18,179,513</u>
 <b>DISBURSEMENTS:</b>			
Total Current Expenses	\$17,969,869	\$15,620,514	\$15,661,327
Fund Transfers	<u>77,500</u>	<u>55,624</u>	<u>92,727</u>
Total Disbursements	<u>\$18,047,369</u>	<u>\$15,676,138</u>	<u>\$15,754,054</u>
Cash Balance, June 30	<u>\$ 0</u>	<u>\$ 2,618,643</u>	<u>\$ 2,425,459</u>

**CAPITAL OUTLAY FUND**

Fiscal Years Ending June 30

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Cash Balance, July 1	\$ 0	\$ 0	\$ 0
 <b>RECEIPTS:</b>			
Capital Outlay Allotment	<u>345,180</u>	<u>346,540</u>	<u>346,270</u>
Total Receipts and Balance	<u>345,180</u>	<u>346,540</u>	<u>346,270</u>
 <b>DISBURSEMENTS:</b>			
Debt Service			
Transfers Out	<u>345,180</u>	<u>346,540</u>	<u>346,270</u>
Total Disbursements	<u>345,180</u>	<u>346,540</u>	<u>346,270</u>
Cash Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Source: Information for fiscal year 2003 was taken from a working budget. Information for fiscal years 2002 and 2001 was taken from audited financial statements prepared by Carpenter, Mountjoy & Bressler, Certified Public Accountants, Lexington, Kentucky.

***Utilities Gross Receipts Tax For Schools***

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

<u>2002/2003 (est.)</u>	<u>2001/2002</u>	<u>2000/2001</u>
\$890,000	\$1,050,959	\$1,032,378

***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:**

<b><u>Date of Issue</u></b>	<b><u>Final Maturity</u></b>	<b><u>Original Amount Issued</u></b>	<b><u>Bonds Outstanding as of May 1, 2003</u></b>
February 1, 1992	10/1/04	\$ 3,572,669	\$ 695,600
July 1, 1994	7/1/14	286,728	231,014
September 1, 1996	9/1/16	60,778	57,922
October 1, 1996	10/1/16	6,443,803	6,399,340
	8/1/11	<u>3,566,535</u>	<u>3,022,685</u>
Subtotal		<u>\$13,930,513</u>	<u>\$10,406,561</u>

**SFCC Participation (1):**

<b><u>Date of Issue</u></b>	<b><u>Final Maturity</u></b>	<b><u>Original Amount Issued</u></b>	<b><u>Bonds Outstanding as of May 1, 2003</u></b>
February 1, 1992	10/1/04	\$ 592,331	\$ 122,400
July 1, 1994	7/1/14	463,272	378,986
September 1, 1996	9/1/16	154,222	137,078
October 1, 1996	10/1/16	1,231,197	1,050,370
	8/1/10	<u>2,433,465</u>	<u>1,862,315</u>
Subtotal		<u>\$4,874,487</u>	<u>\$3,551,149</u>
Total		<u>\$17,805,000</u>	<u>\$13,957,710</u>

(1) These bonds are payable by the Kentucky School Facilities Construction Commission.

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**APPENDIX B**

*Woodford County, Kentucky  
General Information*

## General Information

Located in the heart of thoroughbred country, Woodford County is the home of many beautiful horse farms. Woodford County, with a land area of 190 square miles, had a 2001 population of 446,951.

Versailles, the county seat of Woodford County, is located in central Kentucky's famous Bluegrass Region. Versailles is located 13 miles west of Lexington, Kentucky; 63 miles southeast of Louisville, Kentucky; 91 miles south of Cincinnati, Ohio; and 184 miles north of Knoxville, Tennessee. Versailles had a 2000 population of 7,511.

Major highways serving Versailles and Woodford County are U.S. Highways 60 and 62, both "AAA"-rated trucking highways. The Blue Grass Parkway is located three miles south of Versailles. Thirty-two common carrier trucking companies provide interstate and/or intrastate service to Versailles. The Norfolk Southern Corporation provides branch line rail service to Versailles. Scheduled commercial airline service is available at Blue Grass Airport, eight miles east of the city.

## Total Available Labor

	Available Labor, 2001				Future Labor: Becoming 18 Years of Age (2002-2006)
	Total	Unemployed	Potential Labor Supply	Underemployed	
Labor Market Area	56,583	7,743	6,813	42,027	26,986
Woodford County	2,978	457	262	2,259	1,768

Source: U.S. Department of Labor, Bureau of Labor Statistics; Kentucky Cabinet for Economic Development (KCED); Kentucky Labor Market Survey, Kentucky Cabinet for Workforce Development.

Note: Total Available Labor = Unemployed + Potential Labor Supply + Underemployed.

Unemployed - people currently not employed, but actively seeking work.

Potential Labor - people not in the labor force, but would work if jobs were available.

Underemployed - part-time workers seeking full-time work and full-time workers who believe they are overqualified for their current job. (Underemployment figures for out of state counties were calculated by KCED staff based on the model from the Kentucky Labor Market Survey.)

Future Labor - people becoming 18 years of age (not part of the total available labor statistics).

## Total Population

	1997	1998	1999	2000	2001
Labor Market Area	412,407	417,526	422,311	443,437	446,951
Woodford County	22,344	22,830	22,773	23,208	23,331
Versailles	8,062	8,233	8,184	7,511	N/A
Midway	1,380	1,402	1,394	1,620	N/A

Source: U.S. Department of Commerce, Bureau of the Census.

## Population Projections

	2005	2010	2015	2020
Labor Market Area	479,026	513,083	547,791	583,239
Woodford County	24,896	26,427	27,897	29,288

Source: Kentucky State Data Center, University of Louisville and Kentucky Cabinet for Economic Development.

## Personal Income

	1995	2000	Pct. Change
Woodford County	\$25,040	\$34,448	37.6%
Kentucky	\$19,056	\$24,085	26.4%
U.S.	\$23,255	\$29,649	27.5%
Labor Market Area Range	\$17,861 - \$25,040	\$23,444 - \$34,448	

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Households

	2000		1999
	Number of Households	Persons Per Household	Median Household Income
Woodford County	8,893	2.6	\$49,491

U.S. Department of Commerce, Bureau of the Census.

## Employment by Major Industry by Place of Work, 2000

	Woodford County		Labor Market Area	
	Employment	Percent	Employment	Percent
All Industries	9,962	100.0	262,293	100.0
Agriculture, Forestry & Fishing	1,318	13.2	5,752	2.2
Mining and Quarrying	0	0.0	132	0.1
Contract Construction	392	3.9	13,588	5.2
Manufacturing	3,740	37.5	44,800	17.1
Transportation and Public Utilities	169	1.7	11,673	4.5
Wholesale Trade	292	2.9	10,654	4.1
Retail Trade	1,271	12.8	48,091	18.3
Finance, Insurance and Real Estate	293	2.9	10,092	3.8
Services	1,433	14.4	84,017	32.0
State and Local Government	298	3.0	N/A	N/A
Other	0	0.0	203	0.1

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Major Manufacturers

Firm	Product(s)	Emp.	Year Established
<i>Midway</i>			
Weisenberger Mills Inc	Flour, corn meal & baking mixes	5	1862
<i>Versailles</i>			
Advanced Drainage Systems Inc	Corrugated plastic drainage pipes	20	1972
Cabinet Supplier Inc	Distribute formica	25	1990
Kuhlman Electric Corp	Instrument, distribution & medium transformers	200	1969
Labrot & Graham Distillers Co	Distilled liquors	22	1812
McCauley Brothers Inc	Horse feed & supplements	25	1938
Osram Sylvania	Fluorescent lamps	600	1964
OSRAM Sylvania	Glass tubing, components are used in automotive lighting industry	250	1972
Quebecor World	Book publishing & printing; staple, saddle stitch & perfect binding	883	1962
Ruggles Sign Co	Electric, fluorescent, metal, neon, plastic & wooden signs	54	1946
Suran Systems Inc	Spiral plastic, side wire, saddle stitch, ring, staple, glue & perfect binding, computer software development	20	1991
United L-N Glass Inc	Automobile windshield & side and back window glass	450	1987
Woodford Feed Co	Feed & fertilizer grinding, mixing & blending	36	1940
Woodford Sun Co Inc	Newspaper publishing	12	1869
Y H America Inc/Div 1	Automobile air conditioning & power steering hoses, fittings & assemblies	389	1989
Y H America Inc/Div 2	Sealants & primers	27	1998

Source: Kentucky Cabinet for Economic Development (04/29/2003).

**APPENDIX C**

*Estimated District Debt Service Requirements on Series 2003 Bonds*  
*Estimated Total Annual District Debt Service Requirements*

**WOODFORD COUNTY SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REVENUE BONDS  
SERIES OF 2003**

**100% District Debt Service Requirements**

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1/1/04		\$ 402,694.33	\$ 402,694.33
7/1/04	\$ 120,000	320,730.00	440,730.00
1/1/05		320,100.00	320,100.00
7/1/05	345,000	320,100.00	665,100.00
1/1/06		318,030.00	318,030.00
7/1/06	355,000	318,030.00	673,030.00
1/1/07		315,367.50	315,367.50
7/1/07	360,000	315,367.50	675,367.50
1/1/08		311,947.50	311,947.50
7/1/08	365,000	311,947.50	676,947.50
1/1/09		307,750.00	307,750.00
7/1/09	375,000	307,750.00	682,750.00
1/1/10		302,781.25	302,781.25
7/1/10	415,000	302,781.25	717,781.25
1/1/11		296,660.00	296,660.00
7/1/11	400,000	296,660.00	696,660.00
1/1/12		290,260.00	290,260.00
7/1/12	380,000	290,260.00	670,260.00
1/1/13		283,895.00	283,895.00
7/1/13	395,000	283,895.00	678,895.00
1/1/14		277,081.25	277,081.25
7/1/14	405,000	277,081.25	682,081.25
1/1/15		269,791.25	269,791.25
7/1/15	420,000	269,791.25	689,791.25
1/1/16		262,021.25	262,021.25
7/1/16	435,000	262,021.25	697,021.25
1/1/17		253,647.50	253,647.50
7/1/17	1,485,000	253,647.50	1,738,647.50
1/1/18		224,318.75	224,318.75
7/1/18	1,545,000	224,318.75	1,769,318.75
1/1/19		192,646.25	192,646.25
7/1/19	1,610,000	192,646.25	1,802,646.25
1/1/20		159,238.75	159,238.75
7/1/20	1,680,000	159,238.75	1,839,238.75
1/1/21		123,118.75	123,118.75
7/1/21	1,755,000	123,118.75	1,878,118.75
1/1/22		84,508.75	84,508.75
7/1/22	1,835,000	84,508.75	1,919,508.75
1/1/23		43,680.00	43,680.00
7/1/23	1,920,000	43,680.00	1,963,680.00
<b>Total</b>	<b>\$16,600,000</b>	<b>\$9,997,111.83</b>	<b>\$26,597,111.83</b>

Source: Fiscal Agent

**WOODFORD COUNTY SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REVENUE BONDS  
SERIES OF 2003**

*Estimated Total Annual District Debt Service Requirements*

FY 6/30	Existing Debt Service	Series of 2003 Bonds			Total
		Principal	Interest	Total	
2004	\$ 1,195,328		\$ 402,694	\$ 402,694	\$ 1,598,022
2005	1,200,028	\$ 120,000	640,830	760,830	1,960,858
2006	977,621	345,000	638,130	983,130	1,960,751
2007	976,440	355,000	633,398	988,398	1,964,838
2008	974,305	360,000	627,315	987,315	1,961,620
2009	975,868	365,000	619,697	984,697	1,960,565
2010	977,138	375,000	610,531	985,531	1,962,669
2011	949,561	415,000	599,441	1,014,441	1,964,002
2012	973,225	400,000	586,920	986,920	1,960,145
2013	1,008,283	380,000	574,155	954,155	1,962,438
2014	1,007,438	395,000	560,976	955,976	1,963,414
2015	1,009,096	405,000	546,873	951,873	1,960,969
2016	1,011,914	420,000	531,813	951,813	1,963,727
2017	1,010,566	435,000	515,669	950,669	1,961,235
2018	0	1,485,000	477,966	1,962,966	1,962,966
2019	0	1,545,000	416,965	1,961,965	1,961,965
2020	0	1,610,000	351,885	1,961,885	1,961,885
2021	0	1,680,000	282,357	1,962,357	1,962,357
2022	0	1,755,000	207,628	1,962,628	1,962,628
2023	0	1,835,000	128,189	1,963,189	1,963,189
2024	0	1,920,000	43,680	1,963,680	1,963,680
<b>Total</b>		\$16,600,000	\$9,997,112	\$26,597,112	\$40,843,923

Note: All calculations have been 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 Woodford County School District Finance Corporation, will, until 11:00 A.M., E.D.T., May 21, 2003, at the office of The Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, Frankfort, Kentucky 40601-1879, receive competitive, electronic and sealed bids for the purchase of \$16,600,000 (plus or minus up to \$1,660,000) of its Woodford County School District Finance Corporation School Building Revenue Bonds, Series 2003, dated May 1, 2003.

### 2. DESCRIPTION AND MATURITIES OF BONDS

Said Bonds bear interest from May 1, 2003, payable semiannually, will be in the denomination of \$5,000 or any multiple thereof within the same maturity, are numbered R-1 and upward, and will mature on July 1 in each of the respective years, as follows:

<u>Maturity Date</u> <u>July 1</u>	Principal <sup>*</sup> <u>Maturity</u>	<u>Maturity Date</u> <u>July 1</u>	Principal <sup>*</sup> <u>Maturity</u>
2004	\$ 120,000	2014	\$ 405,000
2005	345,000	2015	420,000
2006	355,000	2016	435,000
2007	360,000	2017	1,485,000
2008	365,000	2018	1,545,000
2009	375,000	2019	1,610,000
2010	415,000	2020	1,680,000
2011	400,000	2021	1,755,000
2012	380,000	2022	1,835,000
2013	395,000	2023	1,920,000

\*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 term bonds with mandatory sinking fund redemptions.

Said Bonds are payable as to principal at Bank One Trust Company, N.A., Lexington, Kentucky, the Registrar and Payee Bank.

Bonds maturing on and after July 1, 2014, shall be subject to redemption by the Corporation prior to maturity, in whole or in part, in any order of their maturities (less than all of a single maturity to be selected by lot), on any date falling on or after July 1, 2013, at par, plus unpaid interest accrued to the date of 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

These Bonds have been duly authorized by a Resolution duly passed by the Board of Directors of the Corporation, pursuant to the authority of Sections 162.120 through 162.300, inclusive, 162.385 and 58.010 through 58.140, inclusive, and 58.180 of the Kentucky Revised Statutes, for the purpose of financing the cost, not otherwise provided, of the construction of school building projects, consisting of the construction of a new middle school facility (the "Project").

The Project Site has been or will be conveyed to the Corporation by the Board of Education of Woodford County, Kentucky (the "Board of Education"). It is reported that contracts for the work have been awarded (with 100% completion bond furnished), and that the proceeds of such Bonds (and the investment of such proceeds pending disbursement), together with additional sums otherwise made available to the Corporation by the Board of Education, will be adequate to assure payment of all anticipated costs of completing the Project, and all reasonably anticipated contingencies.

#### **4. SECURITY**

These Bonds, in the opinion of Counsel, will constitute legal, valid and binding special obligations of the Woodford County School District Finance Corporation, payable solely from and secured by an exclusive pledge of and a first lien on the revenues of the Project, which revenues are derived from payments to be made under the Contract, Lease, and Option (the "Lease") between the Corporation and the Board of Education, on a year-to-year basis, the initial period of which expires on June 30, 2004 (January 1, 2004, being the first interest payment date, and July 1, 2004, being the date of the first principal maturity), 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 this Bond issue (July 1, 2023). In the Lease the Board of Education agrees to pay annually (as long as the Lease remains in force) rentals in an amount sufficient to pay the principal of and interest on the Bonds as same become due, plus the annual maintenance and insurance costs.

In addition to the aforesaid pledge of the revenues created for the benefit of the bondowners, a statutory mortgage lien has been created on the school building project in favor of the bondowners, and said school building 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 this bond issue; provided, however, that said statutory mortgage lien (together with such revenue pledge) is and will be restricted in its application to the school building and appurtenances thereto financed by this bond issue, 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 same; the right being expressly reserved to erect or construct upon any unimproved portion(s) of the school site described in the proceedings authorizing the issuance of said 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 this bond issue 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 this 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(s) of the Project site from the property encumbered by the Bonds, and to convey such portion(s) to the Board of Education, for any purpose whatever, if the Board of Education shall certify that such withdrawal and conveyance does not adversely affect the Board of Education's usage of the Project or adversely affect the security of the Bondowners. Also, the right has been reserved to grant easements and rights-of-way through the property for roads, utilities, drainage and other public purposes, free and clear of the lien and pledge securing the 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 Lease approved in the Bond Resolution.

The right has also been reserved to obtain a release of either of the property sites from the statutory mortgage lien and revenue pledge securing the Bonds by redeeming the same portion of the then outstanding Bonds as the proportion of the original proceeds expended on the Property site.

#### **5. 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 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. Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, or, in the case of a financial institution within the meaning of Section 265(b)(5) of the Code, that portion of such financial institutions' interest expense allocable to interest on the Bonds.

3. 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.

4. 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.

5. 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.

6. 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.

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.

## **6. 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 \$16,268,000 (98% of par), plus accrued interest from the date of the Bonds (May 1, 2003) to the date of delivery.
- B. The successful bidder will be required to deposit with Bank One Trust Company, N.A., Lexington, Kentucky, for the account of the Woodford County School District Finance Corporation, immediately available funds in an amount equal to 2% of the adjusted principal amount of the Bonds, representing the good faith deposit, by the close of business on May 22, 2003. The amount of said 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 \$16,600,000 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 or decreased by up to \$1,660,000, 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 July 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. Bids must 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 406002, or at [www.firstky.com](http://www.firstky.com). Bids must be enclosed in sealed envelopes marked "Bid for Woodford County School District Finance Corporation School Building Revenue Bonds, Series 2003" 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, prior to the date and hour stated above.
- L. 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.
- M. 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 employer 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 will 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.
- N. 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.
- O. 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.

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

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 SEC 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, Frankfort, Kentucky, 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) Woodford County School District Finance Corporation, by Paul B. Stahler, Secretary.

BID FORM

Subject to the terms and conditions set forth in a Resolution of the Board of Directors of Woodford County School District Finance Corporation, providing for the sale of \$16,600,000 (plus or minus up to \$1,660,000) of Woodford County School District Finance Corporation School Building Revenue Bonds, Series 2003, dated May 1, 2003, 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 \$16,600,000 principal amount of Bonds, the sum of \$\_\_\_\_\_ (not less than \$16,268,000), plus accrued interest from May 1, 2003, to the date of delivery of the Bonds, such Bonds to bear interest payable semiannually at the following annual rate(s):

<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term*</u> <u>Bond</u> <u>Rate</u>	<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term*</u> <u>Bond</u> <u>Rate</u>
2004	\$ 120,000	____%	____%	2014	\$ 405,000	____%	____%
2005	345,000	____%	____%	2015	420,000	____%	____%
2006	355,000	____%	____%	2016	435,000	____%	____%
2007	360,000	____%	____%	2017	1,485,000	____%	____%
2008	365,000	____%	____%	2018	1,545,000	____%	____%
2009	375,000	____%	____%	2019	1,610,000	____%	____%
2010	415,000	____%	____%	2020	1,680,000	____%	____%
2011	400,000	____%	____%	2021	1,755,000	____%	____%
2012	380,000	____%	____%	2022	1,835,000	____%	____%
2013	395,000	____%	____%	2023	1,920,000	____%	____%

\* 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 \$18,260,000 of Bonds and for as little as \$14,940,000 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 Woodford County School District Finance Corporation over the term of the Bonds at the time of acceptance of the best bid.

We understand that the Woodford County School District Finance Corporation will furnish the final, approving legal opinion of Rubin & Hays, Municipal Bond Attorneys, of Louisville, Kentucky. If we are the successful bidder, we will cause to be deposited in Bank One Trust Company, N.A., Lexington, Kentucky, for the account of the Woodford County School District Finance Corporation, immediately available funds in an amount equal to 2% of the adjusted principal amount of Bonds, representing the good faith deposit, prior to the close of business on May 22, 2003, which amount, 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,

\_\_\_\_\_  
\_\_\_\_\_

Total interest cost from May 1, 2003, 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 WOODFORD COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION WITH ADJUSTMENT OF AMOUNT AND TOTAL BID PRICE

Accepted by the Board of Directors of the Woodford County School District Finance Corporation, on this May 21, 2003, as to \$ \_\_\_\_\_ of Bonds at an adjusted price of \$ \_\_\_\_\_, plus accrued interest, with the change in amount of Bonds being reflected by the following changes in the maturities thereof.

<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term</u> <u>Bond</u> <u>Rate</u>	<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term</u> <u>Bond</u> <u>Rate</u>
2004	\$ _____	_____ %	_____ %	2014	\$ _____	_____ %	_____ %
2005	_____	_____ %	_____ %	2015	_____	_____ %	_____ %
2006	_____	_____ %	_____ %	2016	_____	_____ %	_____ %
2007	_____	_____ %	_____ %	2017	_____	_____ %	_____ %
2008	_____	_____ %	_____ %	2018	_____	_____ %	_____ %
2009	_____	_____ %	_____ %	2019	_____	_____ %	_____ %
2010	_____	_____ %	_____ %	2020	_____	_____ %	_____ %
2011	_____	_____ %	_____ %	2021	_____	_____ %	_____ %
2012	_____	_____ %	_____ %	2022	_____	_____ %	_____ %
2013	_____	_____ %	_____ %	2023	_____	_____ %	_____ %

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Secretary, Woodford County School District Finance Corporation