Only firms which have been prequalified by the Office of Financial Management for Fiscal Year 2022 and Fiscal Year 2023 to provide Bond Counsel services to the Kentucky State Property and Buildings Commission may submit a response to this Request for Proposal.

May 14, 2021

Request for Proposals ("RFP") to Serve as Bond Counsel to the Kentucky State Property and Buildings Commission During Fiscal Year 2022.

The Office of Financial Management ("OFM") of the Finance and Administration Cabinet of the Commonwealth of Kentucky (the "Cabinet"), on behalf of the Kentucky State Property and Buildings Commission (the "Commission" or "SPBC"), is requesting proposals from prequalified firms to provide bond counsel services to the Commission for the issuance of bonds during the engagement period ending June 30, 2022.

Pursuant to KRS 45A.850, the Commission seeks to hire **one (1) bond counsel firm** to provide services to the Commission for bond issuances over a period of twelve (12) months. The firm chosen pursuant to this RFP will be contracted for a period of twelve (12) months to complete selected financings by the Commission for Fiscal Year 2022. **OFM will have the option to extend the contracts of the bond counsel firm, on the same terms and conditions, for an additional twelve (12) month period**. The Commission may issue bonds on a negotiated or competitive sale basis. All firm selections will be determined based upon the final rankings of this RFP. The Commission anticipates hiring one (1) bond counsel firm to provide services for all bond issuance transactions.

SPBC Authorized but Unissued Debt:

The 2010 Extraordinary (Special) Session of the General Assembly delivered House Bill 1 (Executive Branch Budget other than Transportation Cabinet) and House Bill 3 (Kentucky Transportation Cabinet Budget) to the Governor on May 29, 2010, establishing an Executive Branch Budget for the biennium ending June 30, 2012. The Governor took final action on the bills on June 4, 2010. Together, the bills authorized bond financing for projects totaling $1,980.2 million to support various capital initiatives of the Commonwealth. Of the total authorization, $507.4 million is General Fund supported, $515.3 million is Agency Restricted Fund supported, $522.5 million is supported by Road Fund appropriations and $435 million is Federal Highway Trust Fund supported through Grant Anticipation Revenue Vehicle Bonds designated for the Lake Barkley and Kentucky Lake Bridges Project and the Louisville-Southern Indiana Bridges Ohio River Bridges Project. A portion of the General Fund, Agency Restricted Fund, Road Fund and Federal Highway Trust Fund authorizations have been permanently financed. House Bill 201 from the 2018 Regular Session of the General Assembly de-authorized $59.5 million of Grant Anticipation Revenue Vehicle (GARVEE) Bonds which were not needed to complete the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project.

The 2012 Regular Session of the General Assembly delivered House Bill 265 (Executive Branch Budget other than Transportation Cabinet) to the Governor on March 30, 2012 and House Bill 2 (Kentucky Transportation Cabinet Budget) to the Governor on April 20, 2012, establishing an Executive Branch Budget for the biennium ending June 30, 2014. The Governor took final action on House Bill 265 and House Bill 2 on April 13, 2012 and May 2, 2012, respectively. Together, the bills authorized bond financing for projects totaling $238.86 million to support various capital initiatives of the Commonwealth. Of the total authorization, $182.86 million is General Fund supported, $12.5 million is supported by Road Fund appropriations, and $43.5 million is Agency Restricted Fund supported. A portion of the General Fund authorization and the total Agency Restricted Fund authorizations listed above have been permanently financed.

The 2014 Regular Session of the General Assembly delivered House Bill 235 (Executive Branch Budget other than Transportation Cabinet) to the Governor on March 31, 2014 and House Bill 236 (Kentucky Transportation Cabinet Budget) to the Governor on April 15, 2014, establishing an Executive Branch Budget for the biennium ending June 30, 2016. The Governor took final action on House Bill 235 and House Bill 236 on April 11, 2014 and April 25, 2014, respectively. Together, the bills authorized bond financing for projects totaling a net amount of $1,364.05 million to support various capital initiatives of the Commonwealth, whereas $105 million in previously authorized debt was de-authorized in House Bill 235. Of the total authorization, $742.77 million is General Fund supported, $721.28 million is supported by Agency Restricted Fund appropriations, and $5.0 million is Road Fund supported. A portion of the General Fund authorization and the total Agency Restricted Fund and Road Fund authorizations listed above have been permanently financed.

The 2016 Regular Session of the General Assembly delivered House Bill 303 (Executive Branch Budget other than the Transportation Cabinet) and House Bill 304 (Kentucky Transportation Cabinet Budget) to the Governor on April 15, 2016, establishing an Executive Branch Budget for the biennium ending June 30, 2018. The Governor took final action on House Bill 303 and House Bill 304 on April 27, 2016. Together, the bills authorized bond financing for projects totaling a net amount of $1,251.24 million to support various capital initiatives of the Commonwealth with $9.0 million of previously authorized debt de-authorized in House Bill 303. Of the total authorization, $582.99 million is General Fund supported and $677.25 million is supported by Agency Restricted Fund appropriations. No additional Road Fund supported authorizations were appropriated. A portion of the General Fund and Agency Restricted Fund authorizations listed have been permanently financed.

The 2018 Regular Session of the General Assembly delivered House Bill 200 (Executive Branch Budget other than Transportation Cabinet) to the Governor on April 2, 2018 and House Bill 201 (Kentucky Transportation Cabinet Budget) to the Governor on April 14, 2018, establishing an Executive Branch Budget for the biennium ending June 30, 2020. The Governor vetoed House Bill 200 on April 9, 2018 and on April 13, 2018 the General Assembly enacted House Bill 200 over the Governor's veto. On April 14, 2018, the General Assembly delivered House Bill 265 (amending the 2018-2020 Executive Branch Budget Bill) to the Governor. The Governor took final action on House Bill 201 on April 26, 2018. House Bill 265 became law without the Governor’s signature on April 27, 2018. Together, the bills authorize bond financing for projects totaling a net amount of $972.7 million to support various capital initiatives of the Commonwealth whereas $26.62 million in previously authorized debt was re-authorized and reallocated in House Bill 200 and House Bill 201. Of the total authorization, $396.44 million is General Fund supported and $602.89 million is supported by Agency Fund appropriations. A portion of the General Fund and Agency Restricted Fund authorizations have been permanently financed.

The 2019 Regular Session of the General Assembly delivered House Bill 268 (Executive Branch Budget Amendment) to the Governor on March 14, 2019. The Governor vetoed certain line items on March 26, 2019 and the General Assembly overrode certain gubernatorial vetoed line items on March 28, 2019, enacting House Bill 268 as vetoed in part. The bill authorizes bond financing for projects totaling a net amount of $75 million to support various capital initiatives of the Commonwealth. The total authorization is General Fund supported. A portion of the General Fund authorizations have been permanently financed.

The 2020 Regular Session of the General Assembly delivered House Bill 99 to the Governor on March 18, 2020 and delivered House Bill 352 (Executive Branch Budget other than the Transportation Cabinet) and House Bill 353 (Kentucky Transportation Cabinet Budget) to the Governor on April 1, 2020, establishing an Executive Branch Budget for the first year only of the biennium ending June 30, 2022. The Governor signed House Bill 99 on March 25, 2020 and vetoed certain line items in House Bill 352 and House Bill 353 on April 13, 2020. The General Assembly overrode all gubernatorial vetoed line items on April 15, 2020. Together, the bills authorized bond financing for projects totaling a net amount of $351.67 million to support various capital initiatives of the Commonwealth. The total authorization is General Fund supported. Agency Fund projects totaling $429.80 million were listed without debt service appropriation. No additional Road Fund supported authorizations were appropriated. A portion of the General Fund and Agency Restricted Fund authorizations have been permanently financed.

The 2021 Regular Session of the General Assembly delivered House Bill 192 (Executive Branch Budget other than the Transportation Cabinet) to the Governor on March 16, 2021 and House Bill 193 (Kentucky Transportation Cabinet Budget) to the Governor on March 29, 2021 establishing an Executive Branch Budget for the second year of the biennium ending June 30, 2022. The Governor vetoed certain line items in House Bill 192 on March 26, 2021 and the General Assembly overrode certain gubernatorial vetoed line items on March 29, 2021, enacting House Bill 192 as vetoed in part. The Governor took final action on House Bill 193 on April 7, 2021. Together, the bills authorized bond financing for projects totaling a net amount of $455.35 million to support various capital initiatives of the Commonwealth. Of the total authorization, $98.35 million is General Fund supported and $357 million is supported by Agency Fund appropriations. No additional Road Fund supported authorizations were appropriated.

As of 4/30/2021, the balance of bond authorizations of the General Assembly dating from 2010 through 2021 subject to moral obligation or state intercept totals $1,683.99 million. Of these prior authorizations, $450.17 million is General Fund supported, $1,171.32 million is Agency Restricted Fund supported, and $62.50 million is supported by Road Fund appropriations.

The following table summarizes, in aggregate, the information in connection with authorized but unissued debt of the Commission as described in this section.

State Property and Buildings Commission
Summary of Authorized but Unissued Debt by Fund Type
As of April 30, 2021

Legislative Session (Year)	General Fund (millions)	Agency Fund (millions)	Road Fund (millions)	TOTAL (millions)
2010	$22.35	$17.50	$50.00	$89.85
2012	2.17		12.50	14.67
2014	13.24			13.24
2016	42.00	20.58		62.58
2018	203.60	354.10		557.70
2019	57.43			57.43
2020	122.34	422.14		544.48
2021	98.35	357.00		455.35
Bond Pool Proceeds	(111.31)			(111.31)
TOTAL	$450.17	$1,171.32	$62.50	$1,683.99

A list of all authorized but unissued debt for General Fund supported bond projects is identified in **<u>Attachment A</u>**. The Kentucky General Assembly may authorize additional debt financing to support capital initiatives of the Commonwealth in future sessions. The issuance of any new debt authorized, if any, could be included in this contract engagement.

Road Fund supported bonds will generally be issued by the Turnpike Authority of Kentucky (“TAK”) and are not anticipated as part of this engagement. Likewise, any GARVEE bonds will be issued by the Asset/Liability Commission (“ALCo”) and are not a part of this engagement. Additionally, a majority of the Agency Restricted Fund supported bonds authorized for the state-supported institutions of higher education will be issued by the individual institutions and will not be a part of this engagement.

The Commission has adopted resolutions which approved the General Fund supported capital construction projects authorized by the General Assembly. The resolutions provided for the reimbursement of authorized expenditures made prior to the issuance of any bonds, and additionally provides for the advancement of monies for the planning and construction of the projects to be reimbursed by bond proceeds, as applicable.

A preliminary project and debt analysis indicates that the Commission may conduct one or more bond issues during Fiscal Year 2022 with an estimated size of approximately $100 million. It is anticipated that the transaction(s) will be to provide permanent financing for projects that are underway and are expected to meet expenditure tests as required by the Internal Revenue Code. Additional issuances may be required in Fiscal Year 2022 or 2023 if the General Assembly authorizes additional debt financings in the upcoming 2022 Session. Actual bond issuances for the Commission will depend on capital project needs and market conditions at the time of sale. There can be no assurance by the Commission that transactions contemplated in this RFP will be completed during the contract period. Potential refunding candidates may be combined with new money transactions as circumstances permit.

The primary objectives of the Commission for the bond financings are to:

1. Minimize the cost of funds and the carrying costs associated with unexpended bond proceeds within policy constraints;

2. Maximize the amount and level of legal expertise brought to each transaction;

3. Convert interim financing provided by ALCo to permanent financing issued by the Commission, if applicable;

4. Maximize permissible investment earnings;

5. Minimize budgetary process complications; and,

6. Minimize future administrative requirements.

Description of Services Sought

The firm engaged to provide bond counsel services to the Commission will be working with OFM and a senior managing underwriting firm and/or a financial advisor firm that will be selected in a similar process as the bond counsel firm. The firm selected to perform these services for the Commission will be responsible for the oversight of legal services for the entire bond issue. For both the negotiated and competitive bond transactions, these duties include, but are not limited to, providing opinions and legal advice related to debt structuring and disclosure, reviewing preliminary and final official statements, coordinating the sale and closing of the securities, identifying tax issues including arbitrage regulations and ongoing status of project tax exemption, consulting with the Commission, the trustee and the Commonwealth, providing information as requested to the rating agencies, attending/testifying at legislative committee meetings, assisting in presentations as needed, overseeing the printing of bond certificates, drafting and circulating required issuance documents for approval, assisting with compliance of any continuing disclosure requirements as well as preparing official transcripts in a timely manner and assisting in the review of draft legislation related to the Commission. In addition, duties for any competitive bond transactions will include the drafting and producing of preliminary and final official statements. The General Assembly has not appropriated money for the payment of fees outside of the bond issuance process; therefore, any fees incurred will be payable only upon successful closing of the issue.

GENERAL INFORMATION

The Commission

Created pursuant to KRS 56.450, the Commission provides financing for capital construction projects and economic development programs approved by the General Assembly of the Commonwealth of Kentucky. The Commission issues lease revenue bonds to finance projects for which the debt service is appropriated from the Commonwealth's General, Agency Restricted, and in some cases, Road Funds. The Commission's uninsured ratings for General Fund supported bonds are "A1" from Moody's Investors Service, Inc., "A-" from Standard & Poor's Ratings Services and "A+" from Fitch Ratings. The Commission is composed of the Governor (who is the Chairman of the Commission), the Lieutenant Governor, the Attorney General, the Secretary of the

Finance and Administration Cabinet (who is the Executive Director of the Commission), the Secretary of the Cabinet for Economic Development, the State Budget Director, and the State Controller. OFM serves as staff to the Commission, and the Executive Director of OFM serves as Secretary to the Commission.

KRS 56.450(4) authorizes the Commission, on application of any state agency of the Commonwealth, to issue revenue bonds in the Commission's name in accordance with the provisions of KRS Chapters 56 and 58, secured by and payable solely from all or any part of the revenues derived from the leasing of the project financed to such state agency. The Commission is authorized to execute lease agreements with those state agencies requesting the Commission to issue revenue bonds, which leases provide for the payment of lease rentals to the Commission in order to make principal and interest payments on the revenue bonds issued in the name of the Commission. Additional information regarding the Commission can be found at OFM's website www.ofm.ky.gov

<u>Debt Service Appropriation Process</u>

The Commonwealth of Kentucky is constitutionally mandated to budget on a biennial cycle, with the new biennium beginning July 1 of the even numbered calendar years. The biennium consists of two (2) fiscal years, each fiscal year beginning July 1 and ending June 30 of the next calendar year. Due to the COVID-19 pandemic, the Kentucky General Assembly passed a one-year budget bill for Fiscal Year 2021 and Fiscal Year 2022.

The budget process normally begins in August prior to the start of each new biennium. Each cabinet and agency prepares a budget request for the upcoming biennium, which is submitted to the Office of the State Budget Director ("OSBD"). Each cabinet and agency only requests the amount of new debt service dollars required to support new or expansion projects to be funded via the debt issuance process. For years following that process, General Fund supported debt service for all existing bonds is requested by the Finance and Administration Cabinet's budget request. Debt service for new projects is estimated using a debt service template which provides rate assumptions for 7-, 10-, and 20-year bonds issued on a tax-exempt or taxable basis. The OSBD further refines the cabinet and agency budget requests into the Governor's Executive Budget Request, which is then presented to the General Assembly. General Fund debt service, which is not expended in the fiscal year for which it is appropriated, cannot be carried forward into the subsequent fiscal year and will lapse to the General Fund Surplus Account.

REQUIRED COMPONENTS OF THE PROPOSAL

Your proposal must specifically address each of the following items. Failure to comply with the requirements of the RFP will result in the firm's response not being evaluated by the Selection Committee. (See <u>Scoring, Selection and Notification</u> as stated herein.)

I. <u>Disclosure</u>

A. Certify that there has been no material change to any of the statements and certifications made by the firm in its response to the Request for Qualifications, Section II, Disclosure, issued by OFM on January 13, 2021. In the event there has been a material change, please specify the nature of the change and the impact of the change on the firm and its ability to provide the desired services.

B. Detail any criminal investigation, indictment, prosecution or other proceeding that has ever been brought against members of your firm (provide attachment if necessary). Also, describe any civil litigation pending or concluded within the last three years against your firm that would impair the firm's ability to provide the requested services (provide attachments if necessary). Also, describe the nature of any conflicts of interest that you believe may exist or arise.

C. Disclose any potential conflicts of interest with representing the Commonwealth in this matter, including any potential conflicts of interest of employees assigned to this project and potential conflicts with any Commission members. The Commonwealth reserves the unqualified right to disqualify an entity or cancel any contract for any potential conflict of interest issues raised initially and/or during the life of any contract awarded.

D. Disclose if your firm's proposal has information considered proprietary that you wish to be confidentially disclosed. In the event that your firm chooses to declare the inclusion of proprietary information, please noticeably label such information as described in the "Proprietary Information" article of the RFP.

II. <u>Qualifications</u> (75%)

A. Relevant Experience of the Firm (15%)

1. Briefly describe the history and organization of the firm and its municipal finance law department.

2. Provide a discussion of relevant bond counsel experience of the firm for lease appropriation revenue bonds. Highlight both taxable and tax-exempt experience and the conversion to permanent financing of a commercial paper or interim financing program similar in nature and credit to prior ALCo Bond Anticipation Note ("BAN") or line of credit transactions. Please indicate the date of each relevant transaction.

3. Describe your firm's technological capabilities, for example, software applications, ability to provide preliminary and official statements in searchable and ready-to-post pdf format, and ability to provide transcripts on CD-R Disc.

B. Relevant Experience and Qualifications of the Representatives of the Firm (35%)

1. Provide a discussion of the experience and qualifications of the firm's representatives who would work on the proposed financial transactions. Provide relevant experience the individuals have had on similar issues. Highlight both taxable and tax-exempt experience and the conversion to permanent financing of a commercial paper or interim financing program similar in nature and credit to prior ALCo BAN or line of credit transactions. Provide the names and resumes of all individuals who would be assigned to work on the issues and identify the lead and tax counsel. Specifically address the firm's intent regarding who would be assigned to be the contact for the Commission should the lead counsel be unable or unavailable to serve the Commission for any reason. **Please note that any changes made to the representation for the Commission must be approved in writing by OFM.**

2. Provide specific references of the firm's and lead counsel's experience with similar issuers. Include names, addresses and telephone numbers.

C. Legal Issues Which May Impact the Issuance of Debt by the Commission (25%)

Please identify and discuss any relevant tax and legal issues the Commission may face or wish to consider which would impact its ability to issue the authorized debt and efficiently achieve its financing objectives with respect to each of the following items:

1. Economic Development Bond Pools

The Economic Development Bond Pool predominately provides grants to local municipalities who extend the proceeds to eligible companies for economic development projects. Certain repayment provisions apply in the event the company does not meet required investment, wage, and job expectations. However in most cases, any repayment is returned to the local municipality (and not the state) to be used for further economic development projects with the approval of the Cabinet for Economic Development. Security for these proceeds will be fully supported by General Fund appropriations and not from any project loan repayments. Bonds for this pool are typically issued once the project has been identified and in some cases, the bond proceeds are used to reimburse any receivable initially established for the project.

The Kentucky Economic Development Finance Authority ("KEDFA") makes low interest loans to firms that locate or expand operations in the Commonwealth. All loans are secured by collateral such as real estate, equipment, letter of credit, or guarantee.

The High Tech Construction/Investment Pool supports the growth of innovation-based business and industry in Kentucky. The bond pool makes forgivable loans and/or grants to firms as an incentive for the creation of technically skilled and higher wage jobs in the Commonwealth. Forgivable loans are contingent upon the firm meeting the job creation numbers and required wages agreed upon with the Cabinet for Economic Development and could be subject to repayment should they not satisfy the job creation or wage targets on specified dates. The bond pool may be used to finance long-term purchases that typically involve equipment purchases, and the cash portion of the pool is used to finance short term operating expenses. Pool loans and grants target high tech niche areas where Kentucky can gain a competitive edge in the emerging 21st Century economy, supporting a strong research and development infrastructure, training a high-tech workforce and increasing access to capital for high potential technology firms.

The following chart summarizes the remaining amounts to be issued for the Bond Pools in the Economic Development Cabinet.

Legislative Session (Year)	House Bill No.	Program	Remaining Authorization
2010	1	ED Bond Pool	298,768
2016	303	ED Bond Pool	7,000,000
2019	268	ED Bond Pool	25,000,000
2021	192	ED Bond Pool	2,500,000
2010	1	KEDFA	22,050,000
2016	303	KEDFA	7,000,000
2021	192	KEDFA	2,500,000
2014	235	High Tech Pool	2,250,000
2016	303	High Tech Pool	7,000,000
2021	192	High Tech Pool	2,500,000

*Bond proceeds are available to every project on the project list and will be distributed to an individual project as each project progresses and funds are needed. The exact allocations cannot be completed until all proceeds from the pool have been allocated.

2. Water and Sewer Projects

The Kentucky Infrastructure Authority (KIA) administers two federally assisted revolving fund programs, Fund A (Federally Assisted Wastewater Revolving Fund Program) and Fund F (Federally Assisted Drinking Water Revolving Loan Fund Program). Fund A finances local wastewater treatment and collection facilities that qualify under U.S. Environmental Protection Agency (EPA) requirements and Fund F finances local drinking water facilities that qualify under EPA requirements. Funds for both loan programs are provided by EPA through capitalization grants of 83.33 percent of the total project. The State matches these funds with a 16.67 percent match of the total project through the issuance of General Fund supported debt. Four percent of each capitalization grant is reserved for the program's administrative costs. The Commission anticipates issuing the state match bonds. The following chart summarizes the remaining amounts to be issued for the KIA Fund A and Fund F programs.

Legislative Session (Year)	House Bill No.	Program	Remaining Authorization
2018	200	Fund A	69
2020	99	Fund A	3,926,400
2021	192	Fund A	4,086,000
2020	99	Fund F	1,156,516
2021	192	Fund F	3,661,000

*Bond proceeds are available to every project on the project list and will be distributed to an individual project as each project progresses and funds are needed. The exact allocations cannot be completed until all proceeds from the pool have been allocated.

A potential current economic refunding of bonds previously issued by KIA may be issued by the Commission and be a part of this contract. Please identify any legal issues that could be of concern to OFM should such a transaction occur.

3. **Other Legal Issues**

   a. Please identify or discuss any further legal issues (e.g. Dodd-Frank or pension disclosure) pertaining to any recent regulations or developments (e.g. U.S. Government downgrade) that you believe may have a material impact on issuance of debt by the Commission.

   b. Does your firm have any specific guidance for issuers on post-issuance compliance? Please provide discussion/suggestions on the best, most efficient way to implement procedures regarding post issuance compliance for the Internal Revenue Service for ongoing tracking and documentation of capital projects financed with tax-exempt bond proceeds.

III. Fee Proposal (25%)

The Commission is requesting one (1) fee quote on a per $1,000 bond basis assuming your firm serves as bond counsel for the Commission for a single $100 million traditional fixed rate General Fund lease appropriation revenue bond issue. Fee proposals will be evaluated utilizing the fee quote that you provide given this bond size assumption. Bond counsel fees will be paid only upon completion and closing of the respective bond issue. The fee proposal provided on a per $1,000 bond basis shall be inclusive of all expenses which shall include copying, faxing, mailing (excluding overnight delivery), telephone, advertisements (public notice requirements), travel and other out-of-pocket expenses. Note that the Commonwealth will require that a minimum of three copies of the transcript of the issue be delivered which includes two (2) to the Commonwealth and one (1) to the Trustee within six months of closing of the issue. OFM requires that one hardbound, and one electronic (CD-R Disc) transcript be provided. The Commission will pay, with written proof, invoices for overnight delivery and transcripts. No variations from a per $1,000 bond fee, including graduated scales or divergent minimum or maximum fees, will be accepted. All bond series, supported by the same fund source and sold on the same date, will be considered one issue for billing purposes. OFM assumes no responsibility for the actual amount of bonds issued during the contract period. Actual bond issuances, if any, may be greater or less than the assumed amount. The Commission will provide **minimum** compensation of $15,000 per issuance and **maximum** compensation of $125,000 per issuance, including any agency fund supported or refunding issues.

The firm's fee proposal must be submitted in a separate email using <u>Attachment B</u>. The Executive Director of OFM will negotiate a per bond fee based upon the top ranked firms' fee proposal. Identify also in <u>Attachment B,</u> a per bond fee for any Agency/Road Fund supported bond issues which is included in the provided minimum and maximum compensation to be provided by the Commission as identified above. The identified Agency/Road Fund supported fee will <u>not</u> be included for purposes of calculating the firm's overall score for fee proposal.

Note: The previously mentioned Agency Restricted Fund and Road Fund bond authorizations may need to be issued by the Commission during the contract period.

<u>Failure to adhere to these requirements will result in Disqualification of the Response.</u>

<u>Reservation of Rights</u>

OFM and the Commission reserve the right to:

1. Review and approve any change in staff members significantly involved in any financing during the contract period, and discharge the firm promptly if such personnel changes do not meet the needs of the Commission.

2. Reject any and all proposals with cause.

3. Reject all proposals and seek new proposals when such procedure is reasonably in the best interest of the Commission.

4. Make investigations regarding qualifications of any or all respondents, as the Selection Committee deems necessary.

5. Request and receive such additional information as the Selection Committee may reasonably require. Failure to comply with such a request will result in disqualification.

6. Waive minor irregularities in this RFP process.

7. Make all submitted proposals and any attached materials available for Open Records requests pursuant to KRS 61.870.

Liability

OFM and the Commission shall not be liable for:

1. Any costs incurred in the preparation or submission of any proposal.

2. Any costs incurred by the proposer in connection with any interview or negotiation relating to this RFP (i.e. travel, accommodations, etc.).

3. Any disclosure, whether by negligence or otherwise, of any material or information in any form submitted in response to this RFP.

Questions

All questions concerning this RFP must be submitted by e-mail to the address below no later than **12:00 p.m., (EDT) on Friday, May 21, 2021**. Any questions submitted, and answers, may be distributed to all prequalified firms at the discretion of the Selection Committee Chairperson. Please note questions submitted after the deadline will not receive a response.

Submission of Proposals

In total, submission of proposals must be below 55 pages (one sided) of materials including attachments.

Due to the extraordinary circumstances brought about by the COVID-19 pandemic, only electronic submission materials will be accepted and must be received no later than **2:00 p.m. (EDT) on Friday, June 4, 2021.** The Commonwealth e-mail servers filter attachments that approach 10 MB, so proposals under that limit may be submitted to Aubry.McDonald@ky.gov.

Office of Financial Management
State Property and Buildings Commission
Selection Committee Chairperson
Bond Counsel FY 2022 RFP
702 Capital Avenue, Suite 76
Frankfort, Kentucky 40601-3453
Phone: (502) 564-2924
E-mail: Aubry.McDonald@ky.gov

Note: It is recommended that receipt of all submissions be confirmed by the submitter. Proposals received after the stated deadline will NOT be accepted.

Scoring, Selection, and Notification

The Selection Committee established pursuant to KRS 45A.843 will be composed of five (5) OFM staff (voting and including a majority of merit employees) and one merit employee of the State

Auditor of Public Accounts (nonvoting). **Proposals will be evaluated for Bond Counsel pursuant to the evaluation criteria outlined on Attachment C.** The Selection Committee will determine whether to hold interviews with proposing firms. The Selection Committee will make a recommendation for selection pursuant to KRS 45A.840 to 45A.870, KRS 45A.877 to 45A.879, and KRS 45A.490 to 45A.494. The scoring of proposals is subject to reciprocal preference for a Kentucky resident bidder and preference for a Qualified Bidder. (See Attachment E for recently enacted KRS 45A.490 to 45A.494 "Kentucky Preference Laws".)

The Kentucky Revised Statutes and the Kentucky Administrative Regulations referenced in the RFP may be found at http://legislature.ky.gov.

Proprietary Information

The RFP specifies the required components and general content of proposals submitted in response to the RFP. **The Finance and Administration Cabinet will not disclose any portions of the proposals prior to Contract Award to anyone outside the Finance and Administration Cabinet, representatives of the agency for whose benefit the contract is proposed, representatives of the Federal Government, if required, and the members of the evaluation committee.** After a Contract is awarded in whole or in part, the Commonwealth shall have the right to duplicate, use, or disclose all proposal data submitted by firms in response to this RFP as a matter of public record. Although the Commonwealth recognizes the firm's possible interest in preserving selected data which may be part of a proposal, the Commonwealth must treat such information as provided by the Kentucky Open Records Act, KRS 61.870 et sequitur, which allows for exemptions as provided in KRS 61.870(1)(c).

Pursuant to KRS 61.870(1)(c), informational areas which normally might be considered proprietary shall be limited to **individual personnel data, customer references, selected financial data, formulae, and financial audits** which, if disclosed, would permit an unfair advantage to competitors. If a proposal contains information in these areas that a firm declares proprietary in nature and not available for public disclosure, **the firm shall declare in the Disclosure (See "Required Components of the Proposal," Section I, Subsection D) the inclusion of proprietary information and shall noticeably label as proprietary each sheet containing such information.** The Cabinet will make all reasonable efforts to maintain the confidentiality of any information provided by the firm, which is clearly identified by the firm as proprietary, provided such designation is reasonable, and subject to the order of the Attorney General or any court directing the Cabinet to release such information.

Contact with Selection Committee Members

Please note that any contact made by the firm with any member of the Selection Committee, from the date of issuance of the RFP until an award of contract, is required to be disclosed by such Committee member to the entire Committee and will become a part of the permanent file for this selection process which is subject to "open records requests" pursuant to Kentucky Open Records laws.

The Office of Financial Management and the Commission respectfully solicits the submission of a proposal by your firm.

Attachment A: Authorized but Unissued Bond Funded Capital Projects
Attachment B: Fee Proposal
Attachment C: Evaluation Criteria and Form
Attachment D: Official Statement
Attachment E: Kentucky Preference Laws (KRS 45A.490-494)

ATTACHMENT A
Authorized But Unissued Bond Funded Capital Projects (As of 4/30/21)

Session Authorized	Agency	Project Description	Remaning Bond Authorization
	GENERAL FUND BONDS		
2010 Special	Local Government	Flood Control - State Match	$ 1,000
2010 Special	Economic Development-Financial Incentives	Economic Development Bonds	22,050,000
2010 Special	Economic Development-Financial Incentives	KEDFA	298,768
2012	Environmental Protection	Maxey Flats Cap	1,618,129
2012	Finance-Facilities & Supp Svcs	Statewide Microwave Network (KEWS) Maintenance	219,857
2012	Behavioral Health	Electrical System Upgrade at Western - Design	330,069
2014	Veterans' Affairs	Construct Fourth State Veterans' Nursing Home - Additional	620,769
2014	Economic Development	High Tech Construction/Investment Pool - 2014-2016	2,250,000
2014	Finance and Admin-General Admin	Business-One Stop Portal - Phase II	2,444
2014	Finance and Admin-General Admin	Next Generation Kentucky Information Highway	3,356,661
2014	Public Health	Radiation Monitoring Equipment	566,895
2014	Eastern Ky University	Construct Science Building - Phase II & III	561,591
2014	Ky State University	Replace Boilers and Repair Aging Distribution Lines	344,238
2014	Morehead State University	Renovate/Expand Student Services Facility	212,574
2014	KCTCS	Construct Advanced Manufacturing Facility - Georgetown	130,868
2014	State Fair Board	Ky International Convention Center Renovation and Expansion	825,670
2014	State Fair Board	Freedom Hall Sewer Line Replacement	715,687
2014	Ky Historical Society	Digital Initiatives	989,335
2014	Ky Center for the Arts	Roof Replacement	495,856
2014	Parks	Upgrade Guest Accommodations	171,232
2014	Murray State University	Construct New Breathitt Veterinary Center	1,284,542
2014	University of Louisville	Construct Belknap Classroom/Academic Building	611,106
2014	Western Ky University	Renovate Science Campus - Phase IV	102,749
2016	Economic Development	Economic Development Bond Program - 2016-2018	7,000,000
2016	Economic Development	High-Tech Construction/Investment Pool - 2016-2018	7,000,000
2016	Economic Development	Kentucky Economic Development Finance Authority Loan Pool - 2016-2018	7,000,000
2016	Education and Workforce-Gen Admin & Program Support	Workforce Development Construction Pool	6,093,472
2016	Dept of Education-Operations & Support Services	Kentucky School for the Blind Howser Hall Renovation	40,424
2016	Dept of Education-Operations & Support Services	Kentucky School for the Deaf New Elementary Building	117,072
2016	Dept of Education-Operations & Support Services	Kentucky School for the Deaf McDaniel/Scoggin Education Building	20,195
2016	Finance-General Administration	Business One-Stop Portal-Phase III	6,992,462
2016	Facilities and Support Services	Maintenance Pool 2016-2018	125,178
2016	Facilities and Support Services	Upgrade L&N Building	665,989
2016	Facilities and Support Services	HVAC Replacement-CHR Building	646,777
2016	Behavioral Health,Developmental and Intellectual Disabilities	Western State Hospital-Electrical Upgrade-Phase I	104,559
2016	Corrections-Adult Institutions	Kentucky Correctional Institution for Women-Sewer Plant/Lines	2,401,932

ATTACHMENT A

Authorized But Unissued Bond Funded Capital Projects (As of 4/30/21)

Session Authorized	Agency	Project Description	Remaning Bond Authorization
2016	Parks	Maintenance Pool 2016-2018	21,165
2016	State Fair Board	Kentucky Exposition Center Roof Repair	3,767,189
2018	KYTC	Kentucky Aviation Economic Development Fund	2,973,366
2018	Justice Cabinet-Corrections-Adult Institutions	Demolish and Repair Tower Ky State Reformatory	7,650,294
2018	Ky Infrastructure Authority	KIA Fund A - Federally Assisted Wastewater Program - 2018-2020	69
2018	Military Affairs	Armory Modernization Pool - 2018-2020	49,866
2018	Finance - COT	Legacy System Replacement	17,657,965
2018	Revenue	Integrated Tax System	79,518,257
2018	Facilities and Support Services	Maintenance Pool - 2018-2020	627,473
2018	Facilities and Support Services	Upgrade Capitol Mechanical and Electrical System, Phase I	3,833,724
2018	Facilities and Support Services	Emergency Generator Replacement COT/CHR	716,873
2018	Facilities and Support Services	L&N Building Security and Structural Repairs	2,750,687
2018	State Fair Board	Kentucky International Convention Center East Roof Replacement	525,716
2018	Parks	Maintenance Pool - 2018-2020	312,710
2018	Education and Workforce Development-KET	FCC Transmitter Repack 2018-2020	447,791
2018	Health & Family Services-BHDID	Renovate/Replace Cottages - Oakwood, Phase I	3,360,610
2018	Health & Family Services-BHDID	Electrical & Telecommunications Upgrade-Western State Hospital, Phase II	3,410,000
2018	Health & Family Services-BHDID	HVAC System Replacement - Hazelwood	3,697,101
2018	Justice Cabinet - State Police	Two-Way Radio System Replacement, Phase I	65,188,807
2018	Justice Cabinet-Corrections-Adult Institutions	Maintenance Pool - 2018-2020	14,250
2018	Justice Cabinet-Corrections-Adult Institutions	Replace Perimeter Fence, Kentucky State Reformatory	3,014,807
2018	Environmental Protection	State-Owned Dam Repair - 2018-2020	320,303
2018	University of Kentucky	HealthCare Disparities Initiative	7,479,723
2019	Economic Development	Economic Development Bond Pool - 2020	25,000,000
2019	Parks	Hospitality Upgrades Pool	562,035
2019	Parks	Life Safety System Upgrade and ADA Improvements Pool	1,427,200
2019	Parks	Utilities and Communications Cabling Infrastructure Rep Pool	8,990,601
2019	Parks	Lodge Roof Replacement and Repairs Pool	3,125,872
2019	Parks	Waste Water Treatment and Infrastructure Upgrades Pool	18,327,000
2020	Attorney General	Technology Upgrades	2,000,000
2020	Veterans' Affairs	Construct Bowling Green Veterans Center	10,500,000
2020	Ky Infrastructure Authority	Wastewater Revolving Loan Fund	3,926,400
2020	Ky Infrastructure Authority	Drinking Water Revolving Loan Fund	1,156,516
2020	Finance & Administration	Maintenance Pool	5,000,000
2020	Finance & Administration	Air Handler Replacement and Repair-Central Lab	2,201,000
2020	Finance & Administration	Elevator Upgrades - Phase I	2,000,000
2020	Finance & Administration	Capitol Campus Upgrade	22,000,000

ATTACHMENT A
Authorized But Unissued Bond Funded Capital Projects (As of 4/30/21)

Session Authorized	Agency	Project Description	Remaning Bond Authorization
2020	EKU	Construct Aviation/Aerospace Instructional Facility	3,016,000
2020	EKU	Purchase Aviation Maintenance Technician/Pilot Training Equipment	5,000,000
2020	State Fair Board	Maintenance Pool	848,136
2020	State Fair Board	Prestonia Grounds and Infrastructure Improvements	2,733,833
2020	Parks	Maintenance Pool	2,388,300
2020	Parks	Wastewater Treatment Upgrades Pool	5,000,000
2020	Health and Family Services	Maintenance Pool	3,474,674
2020	CHFS-Behavioral Health	Oakwood Renovate/Replace Cottages - Phase II	8,000,000
2020	CHFS-Behavioral Health	Western State Hospital - Electrical Upgrade - Phase III	3,493,000
2020	CHFS-Behavioral Health	Oakwood Replace, Upgrade and Enhance Emergency Generators	1,825,000
2020	Corrections	Repair/Replace Roofs - Eastern KY Correctional Complex	6,271,969
2020	Corrections	Maintenance Pool	1,581,432
2020	Corrections	Install Emergency Generators-Luther Luckett & Green River	5,700,000
2020	Environmental Protection	State-Owned Dam Repair Pool	7,000,000
2020	Education	School Safety Facility Upgrades	17,221,929
2021	Veterans Affairs	Construct Bowling Green Veterans Center	10,500,000
2021	Ky Infrastructure Authority	Fund A-Federally Assisted Wastewater Program	4,086,000
2021	Ky Infrastructure Authority	Fund F-Drinking Water Revolving Loan Program	3,661,000
2021	Econ Development	Economic Development Bond Program	2,500,000
2021	Econ Development	High-Tech Construction/Investment Pool	2,500,000
2021	Econ Development	KY Economic Development Finance Authority Loan Pool	2,500,000
2021	Parks	Wastewater Treatment Upgrades Pool	5,000,000
2021	Education	State Schools HVAC Pool	5,000,000
2021	Parks	Maintenance Pool	5,000,000
2021	Finance & Administration	Maintenance Pool	5,000,000
2021	Corrections	Maintenance Pool	5,000,000
2021	Health and Family Services	Maintenance Pool	5,000,000
2021	State Fair Board	Maintenance Pool	1,500,000
2021	Local Government	Flood Control - state match for Federal Funds	6,000,000
2021	Finance & Administration	Fourth Floor Capitol Renovation	5,000,000
2021	Corrections	Design Relocation of Corrections Medical Facility	3,100,000
2021	Corrections	Design of the Expansion of Little Sandy Correctional Complex	8,000,000
2021	Kentucky State University	Roof Repair and Replacement Pool	5,000,000
2021	University of Kentucky	Sanders-Brown Center on Aging	14,000,000
		Unallocated Bond Proceeds from SPBC 124	(111,306,781)
	TOTAL-GENERAL FUND BONDS		**$ 450,117,964**

ATTACHMENT B
FEE PROPOSAL

Kentucky State Property and Buildings Commission
Request for Proposals
Bond Counsel
Fiscal Year 2022

BOND COUNSEL FEE

General Fund Supported:
Price Per $1,000 Bond* = ____________________

Agency Fund (Road Fund) Supported:
Price Per $1,000 Bond*** = ___________________

Inclusive of all expenses including copying, faxing, mailing**, telephone, advertisements (public notice requirements), travel and other out-of-pocket expenses. The per bond fee quoted will be applicable to all financings and completed during the contract period subject to the minimum and maximum fees stated below.

Minimum fee	=	$ 15,000
Maximum fee	=	$125,000

*Use the assumptions identified in the RFP to calculate your fee proposal.

**Note: The Commission will reimburse counsel for necessary overnight mail expenses and for the cost of final transcripts in addition to the quoted fee.

***Agency Fund (Road Fund) Supported Fee will not be used to calculate the firm's overall total score for fee proposals.

____
SIGNED DATE

____
FIRM NAME

NOTE: THIS FORM MUST BE USED WHEN SUBMITTING YOUR FEE PROPOSAL FOR BOND COUNSEL AND MUST BE SUBMITTED IN A SEPARATE E-MAIL. FAILURE TO COMPLY WITH THE REQUIREMENTS OF THIS RFP WILL RESULT IN THE FIRM'S RESPONSE NOT BEING EVALUATED BY THE SELECTION COMMITTEE.

ATTACHMENT C
EVALUATION CRITERIA

Kentucky State Property and Buildings Commission
Request for Proposals
Bond Counsel
Fiscal Year 2022

	Evaluation Criteria	Weight
1.	Relevant Experience of the Firm	15%
2.	Relevant Experience and Qualifications of the Firm's Representatives	35%
3.	Legal Issues	25%
4.	Fee Proposal	25%
	Total	100%

ATTACHMENT C (page 2)
EVALUATION FORM

Kentucky State Property and Buildings Commission
Request For Proposals
Bond Counsel
Fiscal Year 2022

FIRM:____

REVIEWER ID:___________________________

Disclosure: _______Yes _______No

1. RELEVANT EXPERIENCE OF THE FIRM - (Firm organization and brief history, relevant lease appropriation revenue bond experience with dates, and technological capability description)

   Score (15 points possible): __________

   Notes:____

   ____

   ____

   ____

2. RELEVANT EXPERIENCE AND QUALIFICATIONS OF THE REPRESENTATIVES OF THE FIRM - (Experience and qualifications of representatives, names and resumes of staff with identification of lead and tax counsel, and references)

   Score (35 points possible): __________

   Notes:____

   ____

   ____

   ____

3. LEGAL ISSUES (Depth and quality of discussion of pertinent legal issues and demonstration of understanding of the Commission's bonds)

   Score (25 points possible): _________

   Notes:____

   ____

   ____

   ____

Total Score*:________________

*Scores for fee proposals will be uniformly assigned by the Committee Chairperson.

Book-Entry-Only

Ratings: Moody's: "A1"
Fitch: "A+"
Insured Bonds Ratings: Moody's: "A2"
S&P: "AA"

NEW ISSUE

(See "RATINGS" herein)

In the opinion of Bond Counsel for the Bonds, based upon an analysis of laws, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants made by the Commission, and subject to the conditions and limitations set forth herein under the caption "TAX TREATMENT," interest on the Bonds is excludible from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See "TAX TREATMENT" herein for a more complete discussion, and EXHIBIT E – "FORM OF BOND COUNSEL OPINION FOR THE BONDS."

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION

COMMONWEALTH OF KENTUCKY
State Property and Buildings Commission
$121,450,000 Revenue Bonds, Project No. 124 Series A

Dated: Date of Delivery **Maturity: November 1, as shown on inside cover**

The Commonwealth of Kentucky State Property and Buildings Commission (the "Commission") is issuing its Revenue Bonds, Project No. 124 Series A (the "Bonds"). The Bonds will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest due on the Bonds will be made directly to DTC. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest payable on each November 1 and May 1, commencing on November 1, 2020. Principal of, premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, Louisville, Kentucky, as Trustee and Paying Agent.

The Bonds mature on the dates and in the principal amounts, bearing semiannual interest and have the prices and/or yields shown on the inside cover.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption".

The Bonds are being issued by the Commission, an independent agency of the Commonwealth of Kentucky (the "Commonwealth"), at the request of the Finance and Administration Cabinet of the Commonwealth (the "Cabinet") pursuant to Bond Resolution adopted on May 18, 2020 (the "Resolution"). The Bonds are being issued to (i) pay the costs of the Project (as defined herein) and (ii) pay costs of issuing the Bonds.

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE COMMISSION. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE COMMONWEALTH, OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE COMMONWEALTH, BUT ARE PAYABLE SOLELY FROM AMOUNTS DEPOSITED IN CERTAIN FUNDS AND ACCOUNTS CREATED BY THE RESPECTIVE RESOLUTIONS AND FROM RENTAL INCOME DERIVED FROM THE BIENNIALLY OR ANNUALLY RENEWABLE LEASE WITH THE CABINET AND THE SUBLEASES (AS DESCRIBED AND DEFINED HEREIN), THE RENT FROM WHICH IS SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY OF THE COMMONWEALTH ON A BIENNIAL OR ANNUAL BASIS. THE BONDHOLDERS HAVE NO SECURITY INTEREST IN ANY PROPERTIES CONSTITUTING THE PROJECT OR ANY AMOUNTS DERIVED THEREFROM. See "SECURITY FOR THE BONDS" herein.

The scheduled payment of principal of and interest on the Bonds maturing on November 1 of the years 2024 through 2039, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP**. See "BOND INSURANCE" herein.

ASSURED GUARANTY® MUNICIPAL

The cover page contains information for quick reference only and is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approving legal opinion of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Frost Brown Todd LLC, Louisville, Kentucky. It is expected that the Bonds will be available for delivery in New York New York, through the book-entry procedures of DTC, on or about July 22, 2020.

Citigroup

Morgan Stanley

Baird **Raymond James** **PNC Capital Markets LLC**

FTN Financial Capital Markets **First Kentucky Securities Corp.**

Dated: July 1, 2020

COMMONWEALTH OF KENTUCKY
State Property and Buildings Commission
$121,450,000 Revenue Bonds, Project No. 124 Series A

Maturity November 1	Principal Amount	Interest Rate	Price	Yield	CUSIP No.[+]
2020	$ 1,000,000	2.000%	100.391	0.570%	49151FJ84
2020	2,485,000	5.000%	101.214	0.570%	49151FJ92
2021	1,000,000	2.000%	101.672	0.680%	49151FK33
2021	1,805,000	5.000%	105.473	0.680%	49151FK25
2022	1,305,000	2.000%	102.768	0.770%	49151FK58
2022	1,610,000	5.000%	109.520	0.770%	49151FK41
2023	1,000,000	2.000%	103.771	0.830%	49151FK74
2023	2,030,000	5.000%	113.444	0.830%	49151FK66
2024*	3,170,000	5.000%	117.569	0.810%	49151FK82
2025*	20,000,000	5.000%	120.902	0.930%	49151FK90
2026*	4,360,000	5.000%	123.787	1.070%	49151FL24
2027*	4,580,000	5.000%	126.395	1.200%	49151FL32
2028*	4,815,000	5.000%	128.394	1.360%	49151FL40
2029*	5,065,000	5.000%	130.702	1.450%	49151FL57
2030*	105,000	2.000%	104.258	1.550%	49151FL73
2030*	5,215,000	5.000%	132.651	1.550%	49151FL65
2031*	5,590,000	5.000%	131.982**	1.610%	49151FL81
2032*	5,880,000	5.000%	131.098**	1.690%	49151FL99
2033*	6,180,000	5.000%	130.111**	1.780%	49151FM23
2034*	6,500,000	5.000%	129.784**	1.810%	49151FM31
2035*	850,000	3.000%	106.749**	2.260%	49151FM56
2035*	5,970,000	5.000%	129.241**	1.860%	49151FM49
2036*	7,165,000	5.000%	128.809**	1.900%	49151FM64
2037*	7,530,000	5.000%	128.378**	1.940%	49151FM72
2038*	7,915,000	5.000%	127.949**	1.980%	49151FM80
2039*	8,325,000	5.000%	127.522**	2.020%	49151FM98

* Bonds insured by Assured Guaranty Municipal Corp.
**Priced to November 1, 2030 optional redemption date.

[+] Copyright 2020, CUSIP Global Services. CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by Standard & Poor's Capital IQ. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed are being provided solely for the convenience of the Bondholders only at the time of issuance of the Bonds and the Commission does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

COMMONWEALTH OF KENTUCKY
STATE PROPERTY AND BUILDINGS COMMISSION
MEMBERS

ANDREW G. BESHEAR
Governor
(Chairman of the Commission)

JACQUELINE COLEMAN
Lieutenant Governor

DANIEL CAMERON
Attorney General

HOLLY M. JOHNSON
Secretary
Finance and Administration Cabinet
(Executive Director of the Commission)

LARRY HAYES
Interim Secretary
Cabinet for Economic Development

JOHN HICKS
State Budget Director

ED ROSS
State Controller

RYAN BARROW
Executive Director
Office of Financial Management
(Secretary to the Commission)

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell the Bonds to any person, or the solicitation of an offer from any person to buy the Bonds, in any jurisdiction where such offer or such solicitation of an offer to buy would be unlawful. The information set forth herein is provided by the Commonwealth of Kentucky from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Underwriters. No dealer, salesman or any other person has been authorized to give any information or to make any representation, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representation must not be relied upon as having been authorized by the Commonwealth of Kentucky or the Underwriters. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor the sale of any Bonds shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. The Official Statement is submitted in connection with the issuance of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS CONTAINED IN SUCH FEDERAL ACT. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR AUTHORITY, NOR HAS SUCH FEDERAL OR ANY STATE SECURITIES COMMISSION OR AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH TEND TO STABILIZE OR MAINTAIN THE MARKET PRICE FOR THE BONDS ABOVE THE LEVELS WHICH WOULD OTHERWISE PREVAIL. SUCH ACTIVITIES, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriters have provided the following sentence for inclusion in this Official Statement - The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Circular 230: THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IS NOT INTENDED TO BE USED, AND CANNOT BE USED, BY A PURCHASER OF THE BONDS FOR THE PURPOSE OF AVOIDING FEDERAL TAX PENALTIES. EACH PURCHASER OF THE BONDS IS URGED TO CONTACT AN INDEPENDENT TAX ADVISOR CONCERNING AN INVESTMENT IN THE BONDS.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Exhibit G - Specimen Municipal Bond Insurance Policy for the Insured Bonds".

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TABLE OF CONTENTS

SUMMARY

The following information is furnished solely to provide limited introductory information regarding the Commission and the Bonds and does not purport to be comprehensive. Such information is qualified in its entirety by reference to the more detailed information and descriptions appearing elsewhere in this Official Statement and should be read together therewith. The terms used in this Summary and not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement. The offering of the Bonds is made only by means of the entire Official Statement, including the Exhibits hereto. No person is authorized to make offers to sell, or solicit offers to buy, the Bonds unless the entire Official Statement is delivered in connection therewith.

The Commission The State Property and Buildings Commission (the "Commission") is an independent agency of the Commonwealth of Kentucky (the "Commonwealth"). See "THE STATE PROPERTY AND BUILDINGS COMMISSION".

The Offering The Commission is offering its Revenue Bonds, Project No. 124 Series A (the "Bonds").

Authority The Bonds are being issued pursuant to the provisions of the Constitution and laws of the Commonwealth, including particularly Chapters 56 and 58 of the Kentucky Revised Statutes, the Bond Resolution adopted by the Commission on May 18, 2020 (the "Resolution"), (i) authorizing the issuance of the Bonds, (ii) approving the Lease Agreement, dated as of July 1, 2020, by and between the Commission and the Cabinet (the "Lease") and (iii) authorizing the Sublease Agreements, dated as of July 1, 2020, by and between the Cabinet and certain state agencies (which, together with other subleases with State Agencies that are currently in force and effect, are hereinafter referred to as the "Subleases").

Use of Proceeds The Bonds are being issued to (i) pay the costs of the Project (as defined herein) and (ii) pay costs of issuing the Bonds.

Security The Bonds and the interest thereon are payable solely from the Revenues to be derived from the rental payments payable under the Lease and the Subleases.

See "SECURITY FOR THE BONDS" and "SUMMARIES OF THE PRINCIPAL DOCUMENTS - The Lease and the Subleases". The Bonds are not secured by a lien on any of the properties constituting the Project or any amounts derived therefrom.

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE COMMISSION. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE COMMONWEALTH, OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE COMMONWEALTH, BUT ARE PAYABLE SOLELY FROM AMOUNTS DEPOSITED IN CERTAIN FUNDS AND ACCOUNTS CREATED BY THE RESPECTIVE RESOLUTIONS AND FROM RENTAL INCOME DERIVED FROM THE BIENNIALLY OR ANNUALLY RENEWABLE LEASE WITH THE CABINET AND THE BIENNIALLY OR ANNUALLY RENEWABLE SUBLEASES BETWEEN THE CABINET AND CERTAIN STATE AGENCIES, IN EACH CASE, THE RENT FROM WHICH IS SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY OF THE COMMONWEALTH ON A BIENNIAL OR ANNUAL BASIS. THE BONDHOLDERS HAVE NO SECURITY INTEREST IN ANY PROPERTIES CONSTITUTING THE PROJECT OR ANY AMOUNTS DERIVED THEREFROM.

Features of Bonds

The Bonds will be issued in denominations of $5,000 or any integral multiple thereof, at the interest rates, yields and purchase prices set forth on the inside cover hereof. 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, which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest due on the Bonds will be made directly to DTC.

The Bonds will bear interest payable on each November 1 and May 1, commencing on November 1, 2020. Principal of, premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, Louisville, Kentucky, as Trustee and Paying Agent (the "Trustee").

The Bonds maturing on and after November 1, 2031 are subject to optional redemption at par on or after November 1, 2030, and on any business day thereafter, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued interest thereon, without premium. See "THE BONDS - Redemption."

It is expected that delivery of the Bonds will be made on or about July 22, 2020, in New York, New York, through the facilities of DTC, against payment therefor.

The scheduled payment of principal of and interest on the Bonds maturing on November 1 of the years 2024 through 2039, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp. See "BOND INSURANCE" herein**.**

Tax Status

Subject to compliance by the Commission, the Cabinet and others with certain covenants, in the opinion of Kutak Rock LLP, Bond Counsel, under present law, interest on the Bonds (including original issue discount treated as interest) is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax.

It is also the opinion of Bond Counsel, under the laws of the Commonwealth of Kentucky, as presently enacted and construed, that interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof. See "TAX TREATMENT" herein and EXHIBIT E for a more complete description of the opinion of Bond Counsel and additional federal tax law consequences.

Continuing Disclosure

Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule") prohibits an underwriter from purchasing or selling municipal securities in an initial offering unless it has determined that the issuer of such securities has committed to provide annually, certain information, including audited financial information, and notice of various events described in the Rule, if material. In order to enable the purchaser to comply with the provisions of the Rule, the Commission will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") with the Trustee, substantially in the form of EXHIBIT F attached hereto. See "CONTINUING DISCLOSURE" and EXHIBIT F - FORM OF CONTINUING DISCLOSURE AGREEMENT herein.

General	The Official Statement speaks only as of its date, and the information contained herein is subject to change. All summaries of documents and agreements in the Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are available from the Office of Financial Management.
Information	Information regarding the Bonds is available by contacting the Office of Financial Management, 702 Capital Avenue, Suite 76, Frankfort, Kentucky 40601, (502) 564-2924; or, during the initial offering period, by contacting the representative of the Underwriters, Citigroup Global Markets Inc., 388 Greenwich Street, 6th Floor, New York, New York 10013, (212) 723-7093. This Official Statement will be posted with the Electronic Municipal Market Access ("EMMA") system.

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OFFICIAL STATEMENT

Relating to

COMMONWEALTH OF KENTUCKY
State Property and Buildings Commission
$121,450,000 Revenue Bonds, Project No. 124 Series A

INTRODUCTION

This Official Statement, including the cover page and the exhibits attached hereto, provides information in connection with the issuance and sale by the State Property and Buildings Commission (the "Commission"), an independent agency of the Commonwealth of Kentucky (the "Commonwealth"), of its Revenue Bonds, Project No. 124 Series A (the "Bonds"), issued at the request of the Finance and Administration Cabinet of the Commonwealth (the "Cabinet").

The Bonds are being issued, to (i) pay the cost of the Project (as defined herein) and (ii) pay costs of issuing the Bonds.

The Bonds have been authorized and issued pursuant to the Constitution and laws of the Commonwealth, including particularly Chapters 56 and 58 of the Kentucky Revised Statutes ("KRS"). The Commission adopted the Bond Resolution (the "Resolution") on May 18, 2020, (i) authorizing the issuance of the Bonds, (ii) approving the Lease Agreement dated as of July 1, 2020, by and between the Commission and the Cabinet (the "Lease") and (iii) (iii) authorizing the Sublease Agreements, dated as of July 1, 2020, by and between the Cabinet and certain state agencies.

The Cabinet, as lessee, has entered into the Lease with the Commission. Payments made pursuant to the Lease will provide the Commission with amounts to pay the principal of, premium, if any, and interest on the Bonds as they become due. The current term of the Lease ends June 30, 2021, and the Lease renews automatically (unless terminated in writing by the last business day of the preceding May, by the Cabinet) for successive biennial or annual periods to and including the biennial period which includes the final maturity of the Bonds. The Lease requires the Cabinet, for each biennial or annual period during which Bonds are outstanding, to seek legislative appropriations to the Cabinet or the Sublessees in amounts which are sufficient to permit the Cabinet to make rental payments to the Commission in amounts sufficient to pay principal of, premium, if any, and interest on the Bonds.

Portions of the Project will be used by various state agencies described under "THE STATE AGENCIES" (the "Sublessees"). In order to comply with the Commonwealth's budget process, the Cabinet has subleased portions of the Project under subleases previously entered into with certain Sublessees (the "Existing Subleases") and the Cabinet will sublease other portions of the Project to Sublessees under additional subleases to be dated as of July 1, 2020 (the "New Subleases" and together with existing subleases, the "Subleases"). The term of the Existing Subleases and the New Subleases will end on June 30, 2021. The Existing Subleases and the New Subleases renew automatically (unless terminated in writing by the last business day in the preceding April by the applicable Sublessee) for successive periods of one or more years each ending on June 30 (each, a "Renewal Term") to and including June 30 of the Renewal Term which includes the final maturity of the Bonds. Each Sublease requires the applicable Sublessee, for each Renewal Term of its Sublease, to seek to have legislative appropriations made to the Sublessee in amounts sufficient to permit the Sublessee to make rental payments to the Cabinet coming due during that Renewal Term. However, under the Commonwealth's current budget process, appropriations to make payments under the Subleases which are included in the current budget will be made directly to the Cabinet in future Renewal Terms. If this process is continued, amounts sufficient to pay principal of, premium, if any, and interest on the Bonds will be appropriated to the Cabinet and the New Subleases will terminate.

The Kentucky General Assembly recently enacted the 2020 budget bill (the "2020 Budget Bill"), which was a one-year budget bill, rather than the usual two-year budget legislation. Under the 2020 Budget Bill, the General Assembly appropriated to the Cabinet and the Sublessees amounts sufficient to meet the rental payments due under the Lease and the Subleases, and therefore to permit the Commission to meet the debt service requirements of the Bonds, through the end of the current Renewal Term on June 30, 2021. It is anticipated that the General Assembly will convene in the first quarter of 2021 to consider another budget bill providing appropriations for the Commonwealth for the Renewal Term beginning July 1, 2021 and ending on June 30 at the end of such Renewal Term.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH IS UNDER NO OBLIGATION TO MAKE APPROPRIATIONS FOR RENTAL PAYMENTS TO THE CABINET OR THE SUBLESSEES NOR IS THE CABINET UNDER ANY OBLIGATION TO RENEW THE PROJECT NOR ARE THE SUBLESSEES UNDER ANY OBLIGATION TO RENEW THEIR SUBLEASES. THE BONDS ARE PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF RENTAL PAYMENTS UNDER THE LEASE AND THE SUBLEASES AND ARE NOT SECURED BY ANY LIEN ON, OR INTEREST IN, THE PROPERTIES CONSTITUTING THE PROJECT OR ANY AMOUNTS DERIVED THEREFROM.

Brief descriptions of the Commonwealth, the Commission, the Resolution, the Bonds, the Lease, the Subleases, the Project, the Cabinet and the Sublessees are included in this Official Statement. Capitalized terms not otherwise defined herein have the meanings assigned to them in the Resolution. All summaries of documents and agreements in this Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are available at the Office of Financial Management, 702 Capital Avenue, Suite 76, Frankfort, Kentucky 40601, (502) 564-2924. This Official Statement will be posted with the Electronic Municipal Market Access ("EMMA") system.

THE BONDS

General

The Bonds are issuable only as fully registered Bonds. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof and will be dated the date of their delivery. The Bonds will bear interest payable on each November 1 and May 1, commencing on November 1, 2020, at the interest rates set forth on the inside cover of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The fifteenth day of the calendar month prior to each date established for the payment of the principal, interest or premium, if any, on the Bonds, whether by maturity, acceleration or redemption, is the record date established for the Bonds. U.S. Bank National Association, Louisville, Kentucky, is the trustee for the Bonds (the "Trustee").

Redemption

Optional Redemption of Bonds. The Bonds maturing on and after November 1, 2031 are subject to optional redemption at par on or after November 1, 2030, and on any business day thereafter, in whole or in part, and if in part in such order of maturity as may be determined by the Commission (less than all of a single maturity to be selected by lot in such manner as the Trustee may determine), at a redemption price equal to the principal amount thereof, plus accrued interest thereon, without premium.

Selection of Bonds for Redemption. The Commission has directed the Trustee to notify The Depository Trust Company ("DTC"), New York, New York that in the event less than all of any Bonds of a series are to be redeemed, any such redemption shall be on a pro rata basis in a principal amount equal to authorized denominations of $5,000 or any integral multiple thereof. The Commission and the Trustee are not making any representation relating to, and do not have any responsibility or obligation with respect to, whether DTC will follow the direction to redeem Bonds of a series on a pro rata basis in the event of a partial redemption as described above.

Notice of Redemption. At least thirty (30) days but not more than sixty (60) days before the date fixed for redemption of any Bonds, the Trustee shall cause a notice of redemption to be mailed, by regular United States first class mail, postage prepaid, to all owners of Bonds to be redeemed in whole or in part at their registered addresses.

Failure to mail any notice or any defect therein in respect of any Bond shall not affect the validity of the redemption of any other Bond. Such redemption notice shall set forth the details with respect to the redemption. Any owner owning at least $1,000,000 in aggregate principal amount of the Bonds of a series may request that a second copy of the notice of redemption be sent to a second address provided to the Trustee in writing. The notice of redemption shall set forth the complete title of the related Bonds, the CUSIP numbers, the date of the issue, the serial numbers, the interest rate, the maturity date, the date fixed for redemption, the redemption price to be paid and, if less than all of the applicable series of Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and the place or places of redemption, including the name, address and phone number of a contact person. The notice of redemption shall also state that on the date fixed for redemption the redemption price will become due and payable upon each Bond or portion thereof so called for redemption prior to maturity, and that interest thereon shall cease to accrue from and after said date.

The Trustee also shall send a copy of such notice by registered or certified mail, overnight delivery service or electronic means for receipt not less than thirty-two (32) days before such redemption date to DTC; provided, however, that such mailing shall not be a condition precedent to such redemption and failure to mail any such notice shall not affect the validity of any proceedings for the redemption of Bonds.

A second notice of redemption shall be given within sixty (60) days after the date fixed for redemption in the manner required above to the registered owners of redeemed Bonds which have not been presented for payment within thirty (30) days after the date fixed for redemption.

Any notice mailed as provided above, shall be conclusively presumed to have been duly given upon mailing, whether or not the owner of such Bonds receives the notice. Upon the giving of notice and the deposit of funds for redemption, interest on the Bonds so called for redemption shall cease to accrue after the date fixed for redemption.

Book-Entry-Only System

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by DTC. So long as such book-entry-only system is used, only DTC will receive or have the right to receive physical delivery of Bonds and Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Resolution. For additional information about DTC and the book-entry-only system, see EXHIBIT D – BOOK-ENTRY-ONLY SYSTEM.

SECURITY FOR THE BONDS

The Bonds are not secured by a lien on any properties constituting the Project or any amounts derived therefrom. The principal of, premium, if any, and interest on the Bonds are payable solely from the Bond Fund (hereinafter defined) and from the rental payments of the Cabinet and the Sublessees under the Lease and the Subleases, respectively. See "SUMMARIES OF THE PRINCIPAL DOCUMENTS" herein.

The Kentucky General Assembly has appropriated to the Cabinet and the Sublessees amounts sufficient to meet the rental payments under the Lease (and the Subleases), and therefore to permit the Commission to meet the debt service requirements of the Bonds through June 30, 2021.

Under the provisions of the Constitution of the Commonwealth, the Cabinet and the Sublessees are prohibited from entering into financing obligations extending beyond the biennial budget. Appropriations for the rental payments under the Lease and the Subleases are subject to the discretion and approval of the General Assembly of the Commonwealth. There can be no assurance that (i) any such appropriation will be forthcoming in future sessions or (ii) in the performance of his or her obligation to balance the Commonwealth's annual budget, the Governor will not reduce or eliminate such appropriations. FAILURE OF THE CABINET TO RECEIVE SUCH APPROPRIATIONS WILL HAVE A MATERIAL ADVERSE EFFECT ON THE COMMISSION'S ABILITY TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE COMMISSION AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS SPECIFICALLY PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on November 1 of the years 2024 through 2039, inclusive (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement. See "EXHIBIT G – SPECIMEN MUNICIPAL INSURANCE POLICY FOR THE INSURED BONDS."

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At March 31, 2020:

- The policyholders' surplus of AGM was approximately $2,573 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $997 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,997 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information.

Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

PLAN OF FINANCE

The proceeds of the Bonds will be used by the Commission and the Cabinet to (i) pay the cost of the Project (as defined herein) and (ii) pay costs of issuing the Bonds.

The Cabinet and the Sublessees will lease and sublease the Project from the Commission under the Lease and the Subleases, and amounts initially payable under the Subleases will also be applied to the payment of the principal of, premium, if any, and interest on the Bonds. For further information on the Sublessees, see "THE STATE AGENCIES" herein.

SOURCES AND USES OF FUNDS FOR THE BONDS

The following table sets forth the application of the proceeds of the Bonds.

SOURCES:	
Par Amount of Bonds	$ 121,450,000.00
Net Premium	30,183,020.90
Total Sources:	$ 151,633,020.90
USES:	
Deposit to Construction Fund	$ 150,000,000.00
Costs of Issuance+	1,633,020.90
Total Uses:	$ 151,633,020.90

+ Includes Underwriters' discount, legal fees, rating agency fees, printing, and miscellaneous costs.

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THE PROJECT

The Project consists of a portion of the various public projects, including economic development projects and community development projects, funded by the Bonds identified in EXHIBIT C. The Cabinet will lease the Project from the Commission under the Lease and the Cabinet will sublease certain portions of the Project to the State Agencies under the Subleases.

THE STATE PROPERTY AND BUILDINGS COMMISSION

General

The Commission is composed of the Governor (who is the Chairman of the Commission), the Lieutenant Governor, the Attorney General, the Secretary of the Finance and Administration Cabinet (who is the Executive Director of the Commission), the Secretary of the Cabinet for Economic Development, the State Budget Director and the State Controller. The Office of Financial Management ("OFM") in the Finance and Administration Cabinet serves as staff to the Commission, and the Executive Director of the OFM serves as Secretary to the Commission. The Commission is an independent agency of the Commonwealth, created by KRS 56.450, with power, subject to approval by and in cooperation with the Cabinet, to finance the acquisition of real estate and the construction and equipping of building projects and other public projects for any agency of the Commonwealth.

KRS 56.450(4) authorizes the Commission, on application of any state agency of the Commonwealth, to issue revenue and revenue refunding bonds in the Commission's name in accordance with the provisions of KRS Chapters 56 and 58, secured by and payable solely from all or any part of the revenues derived from the leasing of the project financed to such state agency. The Commission is authorized to execute lease agreements with those state agencies requesting the Commission to issue revenue bonds, which leases provide for the payment of lease rentals to the Commission in order to make principal of, premium, if any, and interest payments on the revenue bonds issued in the name of the Commission. The Cabinet has applied to the Commission to issue the Bonds secured by revenues from the Lease.

Future Financings of the Commonwealth

The 2010 Extraordinary (Special) Session of the General Assembly delivered House Bill 1 (Executive Branch Budget other than Transportation Cabinet) and House Bill 3 (Kentucky Transportation Cabinet Budget) to the Governor on May 29, 2010, establishing an Executive Branch Budget for the biennium ending June 30, 2012. The Governor took final action on the bills on June 4, 2010. Together, the bills authorized bond financing for projects totaling $1,980.2 million to support various capital initiatives of the Commonwealth. Of the total authorization, $507.4 million is General Fund supported, $515.3 million is Agency Restricted Fund supported, $522.5 million is supported by Road Fund appropriations and $435 million is Federal Highway Trust Fund supported through Grant Anticipation Revenue Vehicle Bonds designated for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project and the Louisville-Southern Indiana Ohio River Bridges Project. A portion of the General Fund, Agency Restricted Fund, and Road Fund authorizations, and all of the Federal Highway Trust Fund authorization have been permanently financed. House Bill 201 from the 2018 Regular Session of the General Assembly deauthorized $59.5 million of Grant Anticipation Revenue Vehicle (GARVEE) Bonds which were not needed to complete the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project.

The 2012 Regular Session of the General Assembly delivered House Bill 265 (Executive Branch Budget other than Transportation Cabinet) to the Governor on March 30, 2012 and House Bill 2 (Kentucky Transportation Cabinet Budget) to the Governor on April 20, 2012, establishing an Executive Branch Budget for the biennium ending June 30, 2014. The Governor took final action on House Bill 265 on April 13, 2012 and took final action on House Bill 2 on May 2, 2012. Together, the bills authorized bond financing for projects totaling $238.86 million to support various capital initiatives of the Commonwealth. Of the total authorization, $182.86 million is General Fund supported, $12.5 million is supported by Road Fund appropriations, and $43.5 million is Agency Restricted Fund supported. A portion of the General Fund authorization and the total Agency Restricted Fund authorizations listed above have been permanently financed.

The 2014 Regular Session of the General Assembly delivered House Bill 235 (Executive Branch Budget other than Transportation Cabinet) to the Governor on March 31, 2014 and House Bill 236 (Kentucky Transportation Cabinet Budget) to the Governor on April 15, 2014, establishing an Executive Branch Budget for the biennium ending June 30, 2016. The Governor took final action on House Bill 235 on April 11, 2014 and took final action on House Bill 236 on April 25, 2014. Together, the bills authorized bond financing for projects totaling a net amount of $1,364.05 million to support various capital initiatives of the Commonwealth whereas $105 million in previously authorized debt was de-authorized in House Bill 235. Of the total authorization, $742.77 million is General Fund supported, $721.28 million is supported by Agency Fund appropriations, and $5.0 million is Road Fund supported. A portion of the General Fund and Agency Restricted Fund authorizations, and all of the Road Fund authorization listed above have been permanently financed.

The 2016 Regular Session of the General Assembly delivered House Bill 303 (Executive Branch Budget other than the Transportation Cabinet) and House Bill 304 (Kentucky Transportation Cabinet Budget) to the Governor on April 15, 2016, establishing an Executive Branch Budget for the biennium ending June 30, 2018. The Governor took final action on House Bill 303 and House Bill 304 on April 27, 2016. Together, the bills authorized bond financing for projects totaling a net amount of $1,251.24 million to support various capital initiatives of the Commonwealth with $9.0 million of previously authorized debt de-authorized in House Bill 303. Of the total authorization, $582.99 million is General Fund supported and $677.25 million is supported by Agency Fund appropriations. No additional Road Fund supported authorizations were appropriated. A portion of the General Fund and Agency Restricted Fund authorizations listed have been permanently financed.

The 2018 Regular Session of the General Assembly delivered House Bill 200 (Executive Branch Budget other than Transportation Cabinet) to the Governor on April 2, 2018 and House Bill 201 (Kentucky Transportation Cabinet Budget) to the Governor on April 14, 2018, establishing an Executive Branch Budget for the biennium ending June 30, 2020. The Governor vetoed House Bill 200 on April 9, 2018 and on April 13, 2018 the General Assembly enacted House Bill 200 over the Governor’s veto. On April 14, 2018, the General Assembly delivered House Bill 265 (amending the 2018-2020 Executive Branch Budget Bill) to the Governor. The Governor took final action on House Bill 201 on April 26, 2018. House Bill 265 became law without the Governor’s signature on April 27, 2018. Together, the bills authorize bond financing for projects totaling a net amount of $972.7 million to support various capital initiatives of the Commonwealth whereas $26.62 million in previously authorized debt was re-authorized and reallocated in House Bill 200 and House Bill 201. Of the total authorization, $396.44 million is General Fund supported and $602.89 million is supported by Agency Fund appropriations. A portion of the General Fund and Agency Restricted Fund authorizations have been permanently financed.

The 2019 Regular Session of the General Assembly delivered House Bill 268 (Executive Branch Budget Amendment) to the Governor on March 14, 2019. The Governor vetoed certain line items on March 26, 2019 and the General Assembly overrode certain gubernatorial vetoed line items on March 28, 2019, enacting House Bill 268 as vetoed in part. The bill authorizes bond financing for projects totaling $75 million to support various capital initiatives of the Commonwealth. The total authorization is General Fund supported.

The 2020 Regular Session of the General Assembly delivered House Bill 99 to the Governor on March 18, 2020 and delivered House Bill 352 (Executive Branch Budget other than the Transportation Cabinet) and House Bill 353 (Kentucky Transportation Cabinet Budget) to the Governor on April 1, 2020, establishing an Executive Branch Budget for the first year only of the biennium ending June 30, 2022. The Governor signed House Bill 99 on March 25, 2020 and vetoed certain line items in House Bill 352 and House Bill 353 on April 13, 2020. The General Assembly overrode all gubernatorial vetoed line items on April 15, 2020. Together, the bills authorized bond financing for projects totaling a net amount of $351.67 million to support various capital initiatives of the Commonwealth. The total authorization is General Fund supported. Agency Fund projects totaling $429.80 million were listed without debt service appropriation. No additional Road Fund supported authorizations were appropriated.

The balance of prior bond authorizations of the General Assembly dating from 2010 through 2020 subject to moral obligation or state intercept totals $1,582.62 million. Of these prior authorizations, $705.80 million is General Fund supported, $814.32 million is Agency Restricted Fund supported, and $62.50 million is supported by Road Fund appropriations.

The following table summarizes, in aggregate, the information in connection with authorized but unissued debt of the Commonwealth as described in this section.

State Property and Buildings Commission
Summary of Authorized but Unissued Debt by Fund Type
as of June 1, 2020

Legislative Session (Year)	General Fund (millions)	Agency Fund (millions)	Road Fund (millions)	TOTAL (millions)
2010	$27.03	$17.50	$50.00	$94.53
2012	8.46		12.50	20.96
2014	42.07			42.07
2016	108.97	20.58		129.55
2018	302.60	354.10		656.70
2019	75.00			75.00
2020*	316.67	422.14		738.81
Bond Pool Proceeds	(175.00)			(175.00)
TOTAL	$705.80	$814.32	$62.50	$1,582.62

*General Fund bonds totaling $316.67 million authorized by the 2020 Legislative session cannot be issued until the fiscal year beginning July 1, 2020. Prior authorizations of Agency Restricted Fund bonds totaling $270.54 million were not reauthorized, are expected to lapse July 1, 2020, and are not included in this chart.

The Kentucky General Assembly may authorize debt financing to support various capital initiatives of the Commonwealth in future sessions. Bonds may be issued to refund outstanding Commission or Kentucky Asset/Liability Commission ("ALCo") bonds and notes.

THE FINANCE AND ADMINISTRATION CABINET

General. The Cabinet, created and governed by the provisions of KRS 12.020 and KRS Chapter 42, is a statutory administrative organization of the Commonwealth headed by the Secretary of the Cabinet, who is appointed by the Governor. The Secretary of the Cabinet is the chief financial officer of the Commonwealth. Cabinet functions include: (1) coordination and supervision of the fiscal affairs and fiscal procedures of the Commonwealth; (2) accounting, fiscal reporting and auditing of Commonwealth accounts; (3) purchasing, storekeeping and control of property and stores; (4) construction, maintenance and operation of public buildings, except those provided for the exclusive use of certain agencies; (5) providing administrative services of a financial nature to other agencies of state government; (6) investment and management of all Commonwealth funds other than pension funds; and (7) oversight of the issuance and management of all debt incurred in the name of the Commonwealth or any agency thereof, other than debt obligations of the Kentucky Communication Network Authority. The following departments and offices, among others, are within the Cabinet:

Department of Facilities and Support Services. The Department of Facilities and Support Services is responsible for the Commonwealth's capital construction program; real property acquisition, disposition and leasing services; the daily operation and maintenance of state-owned office properties and surplus property services.

Department of Revenue. The Department of Revenue is responsible for the administration and enforcement of all state revenue laws and for the assessment and collection of state taxes. The Department of Revenue bills and collects the tax revenue necessary to support the state services provided by the Commonwealth.

Commonwealth Office of Technology ("COT"). The Commonwealth Office of Technology is currently headed by the Commonwealth's Chief Information Officer (and Commissioner of Technology). The agency carries out the functions necessary for the efficient, effective and economical administration of information technology and resources within the Executive Branch. These duties include overseeing shared Information Technology ("IT") infrastructure resources and services; developing and implementing statewide IT applications; establishing IT policy and standards, strategic and tactical IT planning, assessing; recommending and implementing IT governance and organization design; and establishing partnerships and alliances for effective implementation of IT projects.

Office of the Controller. The Office of the Controller is responsible for all state accounting policies and procedures, cash management and strategic financial planning. The Controller serves as the Commonwealth's chief accounting officer. The office maintains internal accounting controls, operates the statewide accounting system and reports the results of financial operations to management and the public. The office works closely with other agencies to coordinate the program, budget, and cost management components of the Commonwealth long-range business planning process. The Office of Financial Management, under the Controller's Office, is responsible for the debt and cash investment management of the Commonwealth.

THE STATE AGENCIES

The listed Cabinets are identified in an enacted Budget Bill to receive bond proceeds for projects. The following italicized departments are represented on the Project List which can be found in Exhibit C.

Cabinet for Economic Development

The Cabinet for Economic Development ("CED") is the primary state agency in Kentucky responsible for investment in the state. Programs administered by the CED are designed to support and promote economic development within the state, primarily by attracting new industries, assisting in the development of existing industries, leading a statewide network of support for entrepreneurs, small business owners and knowledge-based start-up entities, and assisting communities in preparing for economic development opportunities. By statute, the CED is governed by the Kentucky Economic Development Partnership (or the Partnership Board). The Partnership Board is responsible for directing and overseeing the CED and adopting a Strategic Plan. The Kentucky Economic Development Finance Authority ("KEDFA") is an agency, instrumentality and political subdivision of the Commonwealth under the authority of the Partnership Board. KEDFA is responsible for awarding most of the financial incentives offered by the CED.

Department for Local Government

The Department for Local Government ("DLG") provides financial help in the way of grant and loan assistance, as well as advising local governments in matters of budget, personnel and other items relevant to those entities. The mission of DLG is to empower partners with effective advocacy, information and funding resources. DLG includes five divisions: Office of Financial Management and Administration, Office of Federal Grants, Office of State Grants, Office of Legal Services and Office of Field Services. The Kentucky Infrastructure Authority ("KIA") is also administratively attached to DLG. DLG also partners with the state's fifteen Area Development Districts in serving the local governments of the Commonwealth.

Kentucky Infrastructure Authority

KIA was created to provide a mechanism for funding infrastructure projects for governmental agencies in the Commonwealth. Through the various programs currently offered, KIA has become a supplement for local financing needs. KIA administers the Infrastructure for Economic Development Funds Bond Pool projects. KIA also administers the Water and Sewer Resources Development Funds Bond Pool Projects, in addition to the following four programs:

The Clean Water State Revolving Fund Loan Program ("Fund A") is used to finance local wastewater treatment facilities and nonpoint source projects that qualify under the U.S. Environmental Protection Agency (the "EPA") requirements of the Clean Water Act. The state match for Fund A projects is funded through bonds supported by General Fund appropriations. Revolving Fund Revenue Bonds are secured by loan repayments on wastewater and drinking water loans and interest earnings on obligations that have been pledged under the related trust indenture. These bonds are special and limited obligations of KIA and are not secured by a moral obligation pledge of the Commonwealth.

The Infrastructure Revolving Loan Program ("Fund B") provides funding for utilities and other public services projects. Fund B also includes the 2020 Water Service Account that is used to fund drinking water projects and improvements to drinking water systems. General Fund appropriations are the source of payment for Fund B bonds.

The Governmental Agencies Program ("Fund C") is a pooled loan program that seeks to provide local governmental agencies access to funding at better terms than could be obtained on an individual basis. Financing for approved projects is provided through the issuance of Fund C bonds secured by local governmental agency receipts.

The Drinking Water State Revolving Fund Loan Program ("Fund F") program is used to finance local drinking water treatment facilities that qualify under the EPA requirements of the Safe Drinking Water Act. The state match for Fund F projects is funded through bonds by General Fund appropriations. Revolving Fund Revenue Bonds are secured by loan repayments on wastewater and drinking water loans and interest earnings on obligations that have been pledged under the related trust indenture. These bonds are special and limited obligations of KIA and are not secured by a moral obligation pledge of the Commonwealth.

Council on Postsecondary Education

The Council on Postsecondary Education ("CPE"), created and governed by the provisions of KRS 164.011, is an agency, instrumentality and political subdivision of the Commonwealth. It is composed of the Commissioner of Education, a faculty member, a student member and 13 citizen members appointed by the Governor. Its work involves coordinating the change and improvement of Kentucky postsecondary education. It is responsible for general planning and oversight of a system that includes the eight public universities of the Commonwealth and the *Kentucky Community and Technical College System* ("KCTCS"). CPE's role includes developing a strategic plan, measures of efficiency, educational attainment, and effectiveness, approving all educational programs, monitoring tuition and admission rates, and housing a database of information. Information on each of the individual institutions can be found at http://cpe.ky.gov/institutions.

Cabinet for Health and Family Services

General. The Cabinet for Health and Family Services ("CHFS") is composed of nine main agencies directed toward the goal of fostering a coordinated approach to health care issues in Kentucky. The nine program agencies are as follows: Department for Aging and Independent Living; Commission for Children with Special Health Care Needs; Department for Community Based Services; Department for Family Resource Centers and Volunteer Services; Office of Health Policy; Department for Income Support; Department for Medicaid Services; Department for Behavioral Health, Developmental and Intellectual Disabilities and Department for Public Health.

Department for Behavioral Health, Developmental and Intellectual Disabilities. The mission of the Department for Behavioral Health, Developmental and Intellectual Disabilities ("DBHDID") is to provide leadership, in partnership with others, to prevent disability, build resilience in individuals and their communities, and facilitate recovery for people whose lives have been affected by mental illness, substance abuse or intellectual disability or other developmental disability. Organizationally, DBHDID has three divisions, which include the Division of Behavior Health, the Division of Developmental and Intellectual Disabilities and the Division of Program Integrity. Collectively, DBHDID responsibilities include administration of state and federally funded mental health and substance abuse treatment services throughout the Commonwealth. DBHDID provides a wide range of services, including but not limited to, community residential support, crisis intervention, peer support for youth and adults, supported employment and housing, therapeutic rehabilitation programs and more.

Department for Public Health. The mission of the Kentucky Department for Public Health ("KDPH") is to improve the health and safety of people in Kentucky through prevention, promotion and protection. KDPH is the sole organizational unit of Kentucky's state government responsible for developing and operating state public health programs and activities for the citizens of Kentucky. KDPH oversees programs designed to improve the lives of citizens and visitors through prevention of negative health outcomes, promotion of healthy lifestyles and protection from diseases, injury and environmental health impacts. KDPH has approximately 150 different programs to help

Kentuckians become healthier in cooperation with its partners such as local health departments, universities and private providers.

Energy and Environment Cabinet

General. The Energy and Environment Cabinet is responsible for the oversight of addressing the energy needs of citizens, whether from seeking ways in which to mine coal and deliver that mineral more safely and cleanly, or developing stringent regulations to assure the protection of Kentucky's natural beauty. There are three departments within the Cabinet: the Department for Natural Resources, Department for Environmental Protection and Department for Energy Development and Independence.

The Department for Natural Resources provides technical assistance, education and funding to help landowners, institutions, industries, and communities in conserving and sustaining Kentucky's natural resources. In addition, the department inspects timber harvests and mining operations to ensure the protection of Kentucky citizenry, environment and workers.

Department for Environmental Protection. The Kentucky Department for Environmental Protection ("DEP") leads the effort to protect and enhance Kentucky's environment through its six divisions; the Divisions of Air Quality, Compliance Assistance, Enforcement, Environmental Program Support, Waste Management, and Water. The importance of DEP's mission arises from the direct impact it has on Kentucky's public health, the safety of Kentucky citizens and the quality of Kentucky's valuable natural resources.

Department of Veterans' Affairs

The Department of Veterans' Affairs ("KDVA") mission is to ensure Kentucky's 295,000 veterans and their families receive all the benefits and services they have earned. KDVA provides benefits counseling, skilled long-term care at state veterans' centers, dignified interment at state veterans' cemeteries, health care, education, employment and special programs for women veterans, homeless veterans and others.

Justice and Public Safety Cabinet

General. The Kentucky Justice and Public Safety Cabinet ("JPSC") is the second largest agency in state government. It is the state entity responsible for criminal justice services, which encompasses law enforcement activities and training; prevention, education and treatment of substance abuse; juvenile treatment and detention; adult incarceration; autopsies, death certifications and toxicology analyses; special investigations; paroling of eligible convicted felons; and long range planning and recommendations on statewide criminal justice reform issues. There are five departments within the Cabinet: Department of Corrections, Department of Criminal Justice Training, Department of Juvenile Justice, Department of Public Advocacy and Department of Kentucky State Police. JPSC's vision is to continuously improve public safety and the quality of life.

Department of Corrections. The mission of the Department of Corrections is to protect the citizens of the Commonwealth and to provide a safe, secure and humane environment for staff and offenders in carrying out the mandates of the legislative and judicial processes; and, to provide opportunities for offenders to acquire skills which facilitate non-criminal behavior.

Department of Kentucky State Police. The Kentucky State Police ("KSP") was established in 1948 and is vested with the responsibility of protecting Kentucky communities and roadways. KSP takes pride in promoting public safety through service, integrity, and professionalism while partnering with the citizens they have sworn to protect.

Tourism, Arts and Heritage Cabinet

General. The Tourism, Arts and Heritage Cabinet promotes tourism, the arts and Kentucky heritage. Tourism development includes new attractions, new accommodations, expansion of existing tourism venues, convention/conference marketing, and sports venues. It encourages and provides support in market development for

Kentucky artists, historic downtown redevelopment, film opportunities, expansion of equine headquarters, recreation opportunities, museums and special exhibits, and the attraction of international trade shows or sporting events.

Tourism is nearly a $15 billion a year industry in Kentucky. The arts are an essential part of quality life in the Commonwealth and a major component in everything this Cabinet does including educating children. Heritage preserves traditions and tells life stories; it includes the history, heritage and humanities groups.

This Cabinet includes the following agencies: the Department of Travel, the Office of Adventure Tourism, Department of Fish and Wildlife Resources, Kentucky Center for the Performing Arts, Kentucky Historical Society, Humanities Council, Department of Parks, State Fair Board, Kentucky Sports Authority, Heritage Council, Frankfort Convention Complex, Governor's School for the Arts, Kentucky Artisans Center in Berea, Kentucky Arts Council, Kentucky Horse Park, the Kentucky Film Office and the Office of Creative Services. The Office of Research and Administration, as a part of this Cabinet, has a primary mission to provide up-to-date statistical analysis of tourism trends in order to facilitate a successful tourism marketing campaign.

Kentucky Center for the Arts. The mission of The Kentucky Center for the Performing Arts (the "Center") is to lead and enrich the artistic, educational and economic vitality of the region by providing unparalleled programming and cultural events. The Center is home to many of Louisville's major arts organizations, including The Louisville Orchestra, Kentucky Opera, Louisville Ballet, Stage One and PNC Bank Broadway Across America – Louisville.

Kentucky Historical Society. The Kentucky Historical Society ("KHS") engages people in the exploration of the Commonwealth's diverse heritage. Through comprehensive and innovative services, interpretive programs and stewardship, the Historical Society provides connections to the past, perspective on the present, and inspiration for the future. KHS has more than 3,900 members and more than 1,300 junior members to whom it provides support and educational services. Outreach programs collaborate with more than 430 local historical organizations. KHS is administered by an executive committee and supported by the KHS Foundation, a 501(c)(3) organization.

Kentucky Department of Parks. The Department of Parks was created in 1924 by the General Assembly and has grown to include 49 parks and historical sites and one interstate park. The parks have facilities for meetings and conferences with accommodations and camping, golf and education. The Department of Parks maintains 31 campgrounds, 300 miles of trails and offers seventeen full service state resort parks, more than any other state. The Department of Parks also operates three airfields at Rough River, Lake Barkley and Kentucky Dam Village and oversees three cafeterias in Frankfort, Kentucky. Nearly 8 million people visit Kentucky State Parks each year.

The Kentucky State Fair Board. The Kentucky State Fair Board (the "State Fair Board") was established in 1938, at which time it undertook the responsibility for managing the annual Kentucky State Fair. In 1950, the State Fair Board began construction of the Kentucky Fair & Exposition Center, one of the largest exposition facilities of its kind at that time, located in Louisville, Kentucky, and managed by the State Fair Board. Since its initial construction, the State Fair Board has expanded the Kentucky Fair & Exposition Center many times. The State Fair Board also manages the Kentucky International Convention Center located in downtown Louisville, Kentucky.

The State Fair Board is charged with stimulating the public interest in the Commonwealth facilities by providing the Kentucky Fair & Exposition Center and the Kentucky International Convention Center for exhibitions, conventions, trade shows, public gatherings, cultural activities and other functions, thereby promoting the tourism industry and economy of the Commonwealth while serving the entertainment, cultural and educational interests of the public. The Kentucky Fair & Exposition Center includes arenas and theaters, such as Freedom Hall, Cardinal Stadium, Broadbent Arena and New Market Hall, and exhibit halls and convention center space. Annual events at the Kentucky Fair & Exposition Center include the Kentucky State Fair, the National Farm Machinery Show, the North American International Livestock Convention and many other conventions and events.

The State Fair Board consists of fifteen (15) members, including the Governor, the Commissioner of Agriculture, the Dean of the College of Agriculture at the University of Kentucky and twelve (12) members appointed by the Governor from throughout the Commonwealth.

Education and Workforce Development Cabinet

General. The Kentucky Education and Workforce Development Cabinet (the "Education and Workforce Cabinet") provides life-long educational and workforce services through seamless, efficient and accessible learning opportunities for all Kentucky's citizens, from pre-school to senior citizens. The Education and Workforce Cabinet is made up of eight agencies: Commission on the Deaf and Hard of Hearing, Department of Workforce Investment, Department of Education, Education Professional Standards Board, Kentucky Educational Television, Department for Libraries and Archives, Environmental Education Council, and Kentucky Center for School Safety.

Department of Education. The Kentucky Department of Education (the "DOE") provides services and resources to Kentucky's public school system, grades preschool through 12. The DOE's responsibilities include data reporting, assistance to local school districts, assessment and accountability for school improvement, and implementation of state and federal education legislation. Some of the DOE's activities include: administering the statewide assessment and accountability system; providing technical assistance to schools and districts in the areas of finance, management and curriculum; providing support and information to the Kentucky Board of Education as it promulgates state education regulations; overseeing the state's education technology system; and, monitoring school and district compliance with state and federal laws.

Kentucky Educational Television. Kentucky Educational Television's ("KET") mission is education. As a leader in lifelong learning, KET is in every Kentucky community providing in-school and at-home educational programs for children and adults, as well as professional development seminars for educators and training programs for childcare providers. As Kentucky's only statewide public media resource, KET serves the Commonwealth via digital and high-definition broadcast technology, producing and presenting programming unique to Kentucky. These programs explore Kentucky history, arts and culture and connect citizens to important events, issues and public affairs.

Department of Military Affairs

The Kentucky Department of Military Affairs ("DMA") is a unique and diverse organization within state government, having both a state government organizational component and a federal government component under the Office of the Adjutant General for Kentucky. The six state divisions of DMA include Administrative Services Division, Bluegrass Station, Youth Challenge, Emergency Management, Kentucky Logistics Operation Center, and Facilities. Functions of these programs include coordination of an emergency management system of mitigation, preparedness, response and recovery to protect the lives, environment and property of Kentucky citizens.

Office of the Attorney General

The Office of the Attorney General, established by Section 91 of the Constitution of the Commonwealth of Kentucky and created and governed by the provisions of KRS Chapter 15, serves several roles under Kentucky law including the state's chief prosecutor, the state's chief law enforcement officer and the state's chief law officer. The office is divided into three divisions: the Criminal Division, Civil Division, and the Appellate Division. Priorities of these divisions include: (1) defending the Commonwealth; (2) protecting Kentuckians; (3) fighting the drug epidemic; (40 justice for crime victims; (5) partnering with law enforcement; and (6) government transparency. Additional information on how each of these divisions help Kentuckians everyday can be found at https://ag.ky.gov/about/Office-Divisions/Pages/default.aspx.

THE COMMONWEALTH

The Commonwealth of Kentucky, nicknamed the Bluegrass State, was the fifteenth state. Kentucky is bounded by the Ohio River to the north and the Mississippi River to the west, and is bordered by the States of Illinois, Indiana, Ohio, West Virginia, Tennessee, Missouri and the Commonwealth of Virginia.

Kentucky has been quite successful in establishing a diverse economic climate that supports businesses to thrive internationally. In 2019, Kentucky's total exports reached an all-time high with $33.1 billion in goods and services shipped abroad, a 4.0 percent increase from one year prior. Ranking number one in bourbon exports, vehicle production per capita, and foreign direct investment jobs, the Commonwealth boasts a positive economic environment. While best known for its signature bourbon and equine industries, Kentucky heritage is also deeply rooted by the automotive, manufacturing, aerospace, primary metals, logistics, chemicals, healthcare, plastic and rubber industries.

As indicated in the Commonwealth of Kentucky *Quarterly Economic & Revenue Report Third Quarter Fiscal Year 2020,* Kentucky personal income grew by 3.9 percent in the third quarter of FY20. Kentucky personal income growth has been solid and steady for the last 13 quarters, averaging 1.0 percent adjacent-quarter growth during that time. Kentucky personal income grew 1.3 percent in the third quarter on an adjacent-quarter basis.

Proprietor's income was the fastest growing component of personal income in the third quarter, gaining 6.9 percent over the previous year. Proprietor's income has been very strong for the last three quarters. Adjacent-quarter growth for the last three quarters is 5.2, 1.0, and 1.5 percent, respectively. Proprietor's income is the smallest of the five contributing income components, making up 6.6 percent of total personal income in the third quarter of FY20.

Dividends, interest, and rents income was the slowest growing component of personal income in the third quarter, growing 1.7 percent. Growth in dividends, interest, and rents has slowed considerably in the last five quarters. Average adjacent-quarter growth in the five quarters between the second quarter of FY18 to the second quarter of FY19 was 1.9 percent. Average adjacent-quarter growth during the last five quarters was 0.2 percent. Average adjacent-quarter growth in the third quarter of FY20 was 0.1 percent. Dividends, interest, and rents income growth has essentially stalled. Dividends, interest, and rents income is the third largest component of the five contributing income components, making up 16.9 percent of total personal income in the third quarter of FY20.

Kentucky non-farm employment grew by 0.2 percent in the third quarter of FY20. Adjacent-quarter growth was also 0.2 percent. Kentucky employment growth has been weak for some time, but it has been pronounced over the last four quarters. Adjacent-quarter growth over the last four quarters was -0.01, 0.2, -0.1, and 0.2 percent, respectively. That weakness is widespread across all 11 employment supersectors. The Quarterly Economic and Revenue Report for the Third Quarter Fiscal Year 2020 was made available on April 30, 2020, and may be found together with the previous quarterly reports at www.osbd.ky.gov.

In comparison to OSBD's economic outlook released in January, employment and personal income projections have taken a decided turn for the worse based on an appreciable revised national outlook published in April by IHS Markit. Even with the most up to date national variables factored in the outlook, a significant degree of uncertainty looms over Kentucky's forecast horizon in anticipation of the bottom to form. As with all states, the economic outcomes will heavily depend on the pandemic's course.

COVID-19 has rapidly evolved from a healthcare crisis to an economic crisis, shuttering business operations and upending industries. Financial markets have been left reeling from the volatile conditions, further exacerbating the magnitude of the economic impacts. Kentucky, like many states, is anticipating a particularly large disruption to growth over the forecast horizon. The Commonwealth's economic outlook reflects a bleak trajectory for the fourth quarter of FY20 and forecasts sustained negative growth for the full year of FY21. The revenue forecast mirrors the economic outlook, with significant declines expected in the fourth quarter of FY20 followed by further setbacks in FY21. Both the General Fund and the Kentucky Road Fund will see double-digit losses in revenue growth in the fourth quarter of FY20. The Fiscal Year 2020 General Fund shortfall is currently projected at $456.7 million, reflecting a 4.0 percent revenue shortfall of the officially enacted estimate of $11,448.2 million. The Fiscal Year 2020 Road Fund shortfall is currently projected at $161.8 million, reflecting a 10.4 percent revenue shortfall of the officially enacted estimate of $1,551.8 million.

The process for addressing a budgetary shortfall is prescribed statutorily in KRS 48.130. The General Fund Budget Reduction Plan for FY 20 and FY21 can be found in Part VI of House Bill 352 from the 2020 Regular Session of the General Assembly.

Financial Information Regarding the Commonwealth

Information regarding debt issuing authorities of the Commonwealth is included in EXHIBIT A. Information regarding projects for the benefit of the Commonwealth financed under public private partnerships is included in EXHIBIT B.

The Commonwealth annually publishes *The Kentucky Comprehensive Annual Financial* Report (the "CAFR") with respect to the Fiscal Year of the Commonwealth most recently ended. The CAFR includes certain financial statements of the Commonwealth, as well as general financial information pertaining to the Accounting System and Budgetary Controls, Debt Administration, Cash Management, Risk Management, General Fund Budgetary Basis and Governmental Funds GAAP Basis. In addition, the Notes to Financial Statements as set forth in the CAFR contain information regarding the basis of preparation of the Commonwealth's financial statements, Funds and Pension Plans. The "Statistical Section" of the CAFR includes information on Commonwealth revenue sources, Commonwealth expenditures by function, taxes and tax sources, taxable property, assessed and estimated values, property tax, levies and collections, demographic statistics (population, per capita income and unemployment rate), construction and bank deposits, sources of personal income and largest Commonwealth manufacturers.

Certain Financial Information Incorporated by Reference

The CAFR for the Fiscal Year ended June 30, 2019 is incorporated herein by reference. The Commonwealth has filed the CAFR for the Fiscal Year ended June 30, 2019 with the following Nationally Recognized Municipal Securities Information Repository ("NRMSIR") in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"):

Municipal Securities Rulemaking Board
Electronic Municipal Market Access System ("EMMA")
Internet: http://emma.msrb.org

A copy of the CAFR for the Fiscal Year ended June 30, 2019 may be obtained from EMMA. Additionally, the CAFR for the Fiscal Year ended June 30, 2019 and certain other fiscal years may be found on the Internet:

http://finance.ky.gov/services/statewideacct/Pages/ReportsandPublications.aspx

Only information contained on the Internet web page identified above is incorporated herein and no additional information that may be reached from such page by linking to any other page should be considered to be incorporated herein.

The Commission will enter into a Continuing Disclosure Agreement (as hereinafter defined) in order to enable the Underwriter to comply with the provisions of Rule 15c2-12. See "CONTINUING DISCLOSURE" and "EXHIBIT F – FORM OF CONTINUING DISCLOSURE AGREEMENT" herein. In addition, ongoing financial disclosure regarding the Commonwealth will be available through the filing by the Commonwealth of two documents entitled *The Kentucky Comprehensive Annual Financial Report* and *Supplementary Information to the Kentucky Comprehensive Annual Financial Report* (or successor reports) with EMMA as required under Rule 15c2-12.

Budgetary Process in the Commonwealth

General. The General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two year period beginning the following July 1.

In the absence of a legislatively enacted budget, the Supreme Court has ruled that the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of, premium, if any, and interest, when due, on obligations that are subject to appropriation. The Bonds are obligations that are subject to appropriation.

Fiscal Year 2017

The Commonwealth's combined net position (governmental and business-type activities) totaled ($15.8) billion at the end of Fiscal Year 2017, as compared to ($14.6) billion at the end of the previous year.

The largest portion of the Commonwealth's net position, $23 billion, is net investment in capital assets (e.g. land, infrastructures, buildings and improvements and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. The second largest portion of the Commonwealth's net position, totaling $1.5 billion, is restricted and represents resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance is unrestricted net position. The unrestricted net position, if it has a positive value, could be used at the Commonwealth's discretion. However, the unrestricted balance is ($40.2) billion; therefore, funds are not available for discretionary purposes. A contributing factor to the negative balance is that liabilities are recognized on the government-wide statement of net position when the obligation is incurred. Accordingly, the Commonwealth recognizes long-term liabilities (such as general bonded debt, compensated absences, unfunded employer pension cost, and contingent liabilities-shown in Note 15 to the financial statements) on the statement of net position.

The Commonwealth received program revenues of $14.9 billion and general revenues (including transfers) of $12.3 billion for total revenues of $27.2 billion during Fiscal Year 2017. Expenses for the Commonwealth during Fiscal Year 2017 were $28.4 billion, which resulted in a total decrease of the Commonwealth's net position in the amount of $1.2 billion, net of contributions, transfers and special items.

The change in net position resulted in a decrease from the previous year. The decrease in net position of governmental activities was $1.45 billion or 9.6 percent. Approximately 47.8 percent of the governmental activities' total revenue came from taxes, while 43.7 percent resulted from grants and contributions (including federal aid). Overall, program revenues were insufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes.

At June 30, 2017, the Commonwealth's governmental funds reported combined ending fund balances of $2.1 billion, a net decrease of $232.6 million in comparison with the prior year. $97 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. The $1.9 billion is restricted for certain purposes and is not available to fund current operations. The $91.2 million is considered unrestricted (committed, assigned, or unassigned). When the unrestricted balance is positive it is available for spending either at the government's discretion or upon legislative approval.

The General Fund balance at June 30, 2017, was $6.2 million. The balance reported reflects a decrease of $349 million from the previously reported amount, which represents a decrease of 98.3%. The major factor for the decrease in fund balance is an increase in expenditures of $880 million or 9.2%.

The General Fund balance is segregated into non-spendable and spendable amounts with the spendable amounts further segregated as restricted, committed, assigned, and unassigned. Inventory of $6.2 million represents the non-spendable amount. The unrestricted had a balance of $55 thousand, therefore is available for spending at the government's discretion or upon legislative approval.

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by $120.2 million from the previous year, a change of less than 1 percent. Expenditures increased by $247.5 million from the previous year, a change of 1.8 per cent. The Transportation Fund experienced a slight increase in revenues and a small decrease in expenditures, resulting in an increase in fund balance of $76.5 million.

The Commonwealth's bonded debt increased by $64.7 million to $6.6 billion, a 1.0% increase during the current fiscal year. The major factors in this increase are the issuance of new debt to advance refund debt outstanding to reduce future interest cost and the issuance of new debt to fund new projects authorized during Fiscal Year 2017. No general obligation bonds were authorized or outstanding at June 30, 2017.

Fiscal Year 2018

The Commonwealth's combined net position (governmental and business-type activities) totaled ($16.8) billion at the end of fiscal year 2018, as compared to ($15.8) billion at the end of the previous year.

The largest portion of the Commonwealth's net position, $24 billion, is net investment in capital assets (e.g. land, infrastructures, buildings and improvements and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. The second largest portion of the Commonwealth's net position, totaling $1.9 billion, is restricted and represents resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance is unrestricted net position. The unrestricted net position, if they have a positive value, could be used at the Commonwealth's discretion. However, the unrestricted balance is ($42.4) billion; therefore, funds are not available for discretionary purposes. A contributing factor to the negative balance is that liabilities are recognized on the government-wide statement of net position when the obligation is incurred. Accordingly, the Commonwealth recognizes long-term liabilities (such as general bonded debt, compensated absences, unfunded employer pension cost, and contingent liabilities-shown in Note 16 to the financial statements) on the statement of net position.

The Commonwealth received program revenues of $15.1 billion and general revenues (including transfers) of $12.8 billion for total revenues of $27.8 billion during fiscal year 2018. Expenses for the Commonwealth during fiscal year 2018 were $29.2 billion, which resulted in a total decrease of the Commonwealth's net position in the amount of $1.4 billion, net of contributions, transfers and special items.

The change in net position resulted in a decrease from the previous year. The decrease in net position of governmental activities was $1.6 billion. Approximately 48.1 percent of the governmental activities' total revenue came from taxes, while 40.1 percent resulted from grants and contributions (including federal aid). Overall, program revenues were insufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes.

At June 30, 2018, the Commonwealth's governmental funds reported combined ending fund balances of $2.4 billion, a net increase of $325.5 million in comparison with the prior year. $112 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. The $2.2 billion is restricted for certain purposes and is not available to fund current operations. The $84 million is considered unrestricted (committed, assigned, or unassigned). When the unrestricted balance is positive it is available for spending either at the government's discretion or upon legislative approval.

The General Fund balance at June 30, 2018, was negative $59 million. The balance reported reflects a decrease of $65.9 million from the previously reported amount. The major factor for the decrease in fund balance was increased spending in Medicaid and criminal justice although spending in other areas decreased.

The General Fund balance is segregated into non-spendable and spendable amounts with the spendable amounts further segregated as restricted, committed, assigned, and unassigned. Inventory of $5.8 million represents the non-spendable amount.

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by $209 million from the previous year, a change of 1.5 percent. Expenditures increased by $247.5 million from the previous year, a change of 1.8 percent. The Transportation Fund experienced a slight increase in revenues and a small decrease in expenditures, resulting in an increase in fund balance of $72.8 million.

The Commonwealth's bonded debt increased by $42 million to $6.7 billion, a 1.0% increase during the current fiscal year. The major factors in this increase are the issuance of new debt to refund debt outstanding to reduce future interest cost and the issuance of new debt to fund new projects authorized during fiscal year 2018. No general obligation bonds were authorized or outstanding at June 30, 2018.

Fiscal Year 2019

The Commonwealth's combined net position (governmental and business-type activities) totaled ($14.2) billion at the end of fiscal year 2019, as compared to ($16.8) billion at the end of the previous year.

The largest portion of the Commonwealth's net position, $23.6 billion, is net investment in capital assets (e.g. land, infrastructures, buildings and improvements and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. The second largest portion of the Commonwealth's net position, totaling $2.2 billion, is restricted and represents resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance is unrestricted net position. The unrestricted net position, if they have a positive value, could be used at the Commonwealth's discretion. However, the unrestricted balance is ($40.1) billion; therefore, funds are not available for discretionary purposes. A contributing factor to the negative balance is that liabilities are recognized on the government-wide statement of net position when the obligation is incurred. Accordingly, the Commonwealth recognizes long-term liabilities (such as general bonded debt, compensated absences, unfunded employer pension cost, and contingent liabilities-shown in Note 16 to the financial statements) on the statement of net position.

The Commonwealth received program revenues of $15.7 billion and general revenues (including transfers) of $13.4 billion for total revenues of $29.1 billion during fiscal year 2019. Expenses for the Commonwealth during fiscal year 2019 were $26.5 billion, which resulted in a total increase of the Commonwealth's net position in the amount of $2.6 billion, net of contributions, transfers and special items.

The change in net position resulted in an increase from the previous year. The increase in net position of governmental activities was $2.6 billion. Approximately 47.8 percent of the governmental activities' total revenue came from taxes, while 43.5 percent resulted from grants and contributions (including federal aid). Overall, program revenues were insufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes.

At June 30, 2019, the Commonwealth's governmental funds reported combined ending fund balances of $2.4 billion, a net increase of $10 million in comparison with the prior year. $72 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. The $1.9 billion is restricted for certain purposes and is not available to fund current operations. The $427 million is considered unrestricted (committed, assigned, or unassigned). When the unrestricted balance is positive it is available for spending either at the government's discretion or upon legislative approval.

The General Fund balance at June 30, 2019, was $233 million. The balance reported reflects an increase of $289 million from the previously reported amount. The major factor for the increase in fund balance was increased tax revenue and the reduction of KTRS Pension and Other Post Employment Liabilities.

The General Fund balance is segregated into non-spendable and spendable amounts with the spendable amounts further segregated as restricted, committed, assigned, and unassigned. Inventory of $7.4 million represents the non-spendable amount.

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by $739 million from the previous year, a change of 5.2 percent. Expenditures increased by $636 million from the previous year, a change of 4.6 percent. The Transportation Fund experienced a slight increase in revenues and an increase in expenditures, resulting in a decrease in fund balance of $25.3 million.

The Commonwealth of Kentucky's bonded debt decreased by $484 million to $6.3 billion, a 7.1 percent decrease during the current fiscal year. The major factors in this decrease is a result of the refunding of old issues by the FY19 new issues. The remaining liability on the retired bonds plus the FY19 principle payments on the remaining bonds outstanding were greater than the FY19 issues for new projects. No general obligation bonds were authorized or outstanding at June 30, 2019.

Fiscal Year 2020 (Unaudited)

As reported by the Office of the State Budget Director on June 10, 2020, the May 2020 General Fund receipts fell 8.1 percent compared to the same month of the previous Fiscal Year. Total revenues for the month were $781.0 million, compared to $850.0 million received during May 2019, a decrease of $69.0 million. Receipts have now fallen 1.8 percent for the first 11 months of FY20. The revised official estimate for FY20 calls for 3.5 percent revenue decline for the entire fiscal year. To meet the estimate with one month remaining, receipts must decline by 20.6 percent. State Budget Director John Hicks noted the General Fund revenues were better than expected due to an unanticipated 12.4 percent increase in the individual income tax, likely a result of the change in the filing deadline from April 15 to July 15.

Road Fund receipts fell 33.4 percent in May 2020 with collections of $95.8 million with declines in every major tax account. Year-to-date collections are lower by 4.6 percent. Among the accounts, motor fuels fell 27.7 percent and motor vehicle usage revenue declined 30.1 percent. Hicks observed that "even with large reductions to the motor fuels and motor vehicle usage accounts in May, collections were still ahead of expectations set by the CFG revision to the FY 20 Road Fund estimates." Based on year-to-date tax collections, revenues must decline 81.1 percent in June to meet the estimate.

Consensus Forecasting Group; Official Revenue Forecasts

The Consensus Forecasting Group ("CFG"), in conjunction with the Office of the State Budget Director ("OSBD"), is statutorily charged with the responsibility of developing budget planning reports, preliminary revenue estimates, and official revenue estimates for each branch of government and the General and Road funds, pursuant to KRS 48.120 and KRS 48.115. The CFG is staffed by the Legislative Research Commission ("LRC") but receives econometric and modeling support from the Governor's Office for Economic Analysis, an organizational unit of the OSBD. Members of the CFG are jointly selected by the State Budget Director and the LRC.

Subject to modification by the General Assembly, appropriations made in the branch budget bills enacted for each branch of government shall be based upon the official revenue estimates presented to the General Assembly by the OSBD in conjunction with the CFG. The enacted estimates shall become the official revenue estimates of the Commonwealth upon the branch budget bills becoming law, and shall remain the official revenue estimates of the Commonwealth until revised by the CFG, as provided in KRS 48.115(2).

As estimated by the Office of the Budget Director, fiscal impacts of legislative changes for all tax bills enacted during the 2018 and 2019 Regular Sessions are $172.0 million and $160.0 million for FY20 and FY21, respectively.

The Office of the State Budget Director makes available on its website the CFG official, enacted and revised revenue estimates for the General and Road Funds.

The Consensus Forecasting Group met on December 17, 2019 to render the official estimates. Three scenarios from IHS Markit (Control, Optimistic, and Pessimistic) were used as inputs in the OSBD's MAK model, an analytical model that takes US trends in employment and income as predetermined variables in order to estimate Kentucky-specific forecasts for employment and personal income. The CFG adopted the optimistic scenario for Fiscal Year 2020 and a 70-percent control and 30-percent pessimistic blended forecast for Fiscal Year 2021 and Fiscal Year 2022. General Fund growth rates for the 2020-2022 biennium were 1.6 percent, 1.3 percent, and 1.8 percent respectively. For the Road Fund, the CFG opted for the control, or baseline, forecast for Fiscal Year 2020 and for the biennial estimates. Road Fund growth rates were projected to increase of 0.4 percent in Fiscal Year 2020, remain level in Fiscal Year 2021, and increase by 1.3% in Fiscal Year 2022.

The General Assembly during its 2020 Regular Session enacted the CFG's Pessimistic forecast for revenues for both the General Fund and the Road Fund for Fiscal Year 2021 with no estimate for Fiscal Year 2022.

Concurrently a one-year budget was adopted with the intent to address the Fiscal Year 2022 budget during the 2021 Regular Session of the General Assembly. This non-traditional approach was a direct effect of the uncertainty caused by the temporary economic slow-down caused by actions taken to combat COVID-19.

The Consensus Forecasting Group met on May 22, 2020 and reduced its revenue projections for both the General Fund and Road Fund for Fiscal Year 20 at the request of State Budget Director John Hicks. The revised revenue estimate for the General Fund is $10.9 billion, down 4% from the official enacted estimate of $11.4 billion. The revised revenue estimate for the Road Fund is $1.39 billion, down 10.4% from the official enacted estimate of $1.55 billion. The projected revenue shortfall for the General Fund can be addressed through the budget reduction plan included in Part VI of House Bill 352 from the 2020 Regular Session of the General Assembly. The projected revenue shortfall for the Road Fund would not fall under the enacted budget reduction plan in House Bill 352 and must be addressed by future action of the General Assembly. Governor Beshear may call a special session to address the Road Fund shortfall before the end of the fiscal year.

The official revenue estimates, as adopted by the CFG, legislatively enacted by the General Assembly, revised by the CFG and compared to actual General and Road Fund totals for Fiscal Years 2015 through 2020 are represented below:

General Fund

Fiscal Year	Adopted	Enacted	Revised	Actual
2015	$9,794,300,000	$9,973,800,000	N/A	$9,966,600,000
2016	10,046,600,000	10,067,200,000	$10,289,900,000	10,338,900,000
2017	10,617,200,000	10,616,375,000	N/A	10,477,800,000
2018	10,875,500,000	10,874,400,000	10,718,400,000	10,838,200,084
2019*	11,005,900,000	11,198,200,000	N/A	11,392,698,460
2020*	11,290,000,000	11,487,500,000	10,991,500,000	N/A
2021	11,722,200,000	11,592,051,800	N/A	N/A
2022	11,929,300,000	N/A	N/A	N/A

*General Fund enacted revenues for Fiscal Years 2019 and 2020 include modifications resulting from tax reform legislation enacted during the 2018 Regular Session of the Kentucky General Assembly, specifically House Bills 75, 366 and 487. These changes include (1) moving to a flat 5% income tax for individuals and corporations; (2) broadening the sales tax base to include sales tax on certain services; and (3) increasing the cigarette tax by $0.50 per pack to a total of $1.10.

Road Fund

Fiscal Year	Adopted	Enacted	Revised	Actual
2015	$1,546,700,000	$1,584,870,600	N/A	$1,526,700,000
2016	1,558,400,000	1,559,396,800	$1,445,900,000	1,482,500,000
2017	1,456,900,000	1,456,900,000	N/A	1,508,000,000
2018	1,478,200,000	1,478,200,000	1,503,300,000	1,511,003,520
2019	1,505,300,000	1,505,300,000	N/A	1,566,079,860
2020	1,508,500,000	1,508,500,000	1,390,000,000	N/A
2021	1,573,400,000	1,543,400,000	N/A	N/A
2022	1,593,100,000	N/A	N/A	N/A

The actual Phase 1 Tobacco Master Settlement Agreement (MSA) payments for Fiscal Year 2019 were $117.6 million. The revised CFG revenue estimate for MSA payments in Fiscal Year 2020 is $110.9 million and the \adopted revenue estimates for MSA payments is $106.3 million in Fiscal Year 2021 and $103.0 million in Fiscal

Year 2022. The enacted amount for MSA by the General Assembly during the 2020 Regular Session was $106.3 million in Fiscal Year 2021.

The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and the Road Fund receipts. When published, the updates can be found at www.osbd.ky.gov.

Investment Policy

The Commonwealth's investments are governed by KRS 42.500 et seq. and KAR Title 200 Chapter 14. The State Investment Commission ("SIC"), comprised of the Governor, the Treasurer, Secretary of the Finance and Administration Cabinet and two gubernatorial appointees from the Kentucky Banker's Association and Bluegrass Community Bankers Association, is charged with the oversight of the Commonwealth's investment activities. The Commission is required to meet at least quarterly, and delegates day-to-day investment management to the Office of Financial Management.

On May 31, 2020, the Commonwealth's operating portfolio was approximately $6.061 billion in cash and securities. The composition of investments was as follows: U.S. Treasury securities (27.9%); securities issued by agencies and instrumentalities of the United States Government (11.9%); mortgage-backed securities and collateralized mortgage obligations (3.0%); repurchase agreements collateralized by the aforementioned (7.2%); municipal securities (0.0%); and corporate and asset-backed securities, including money market securities (50%). The portfolio had a current yield of 0.19% and an effective duration of 0.37 years.

The Commonwealth's investments are currently categorized into three investment pools; the Short Term, Limited Term, and the Intermediate Term Pools. The purpose of these pools is to provide economies of scale that enhance yield, ease administration and increase accountability and control. The Short Term Pool consists primarily of the General Fund and related accounts. The Limited Term Pool is a money market like pool which focuses on principal protection for certain agency funds. The Intermediate Term Pool represents a combination of Agency Fund investments, state held component unit funds, fiduciary funds held for the benefit of others, and also bond proceeds for capital construction projects, held until spent for their intended purpose. Bond proceeds were previously invested separately until July 2010 when they were added into the Intermediate Term Pool to provide additional economies of scale.

The Commonwealth engages in selective derivative transactions. These transactions are entered into only with an abundance of caution and for specific hedge applications to minimize yield volatility in the portfolio. The SIC expressly prohibits the use of margin or other leveraging techniques. The Commonwealth executes a variety of transactions which may be considered derivative transactions, which include: the securities lending program, over the counter treasury options, interest rate swaps, mortgage–backed securities, collateralized mortgage obligations and asset–backed securities.

The Commonwealth has had a securities lending program since the mid-1980s. The Commonwealth is able to enter into either a principal relationship or an agent relationship. In a principal relationship the Commonwealth reverses its treasury and agency securities in exchange for 102 percent of "Eligible Collateral," marked to market daily. "Eligible Collateral" is defined as securities authorized for purchase pursuant to KRS 42.500. In an agent program the agent, Deutsche Bank, lends the Commonwealth's treasuries and agencies, takes the cash received from the loan and invests it in Eligible Collateral authorized for purchase pursuant to KRS 42.500. The income generated by these transactions is split between the agent and the Commonwealth.

KAR Title 200 Chapter 14 provides, among other things that: corporate securities, inclusive of Commercial Paper, Banker's Acceptances and Certificates of Deposit are limited to $25 million per issuer and a stated final maturity of five years or less. Money market securities rated A1 P1 or higher are limited to 20 percent of the investment pools. Asset-Backed Securities ("ABS") are limited to 20 percent of the investment pools. Mortgage–Backed Securities ("MBS") and Collateralized Mortgage Obligations ("CMO") are also limited to a maximum of 25 percent of the investment pools. ABS, MBS and CMO must have a weighted average life of four years or less at time of purchase. Changes have been proposed for these regulations which generally would tighten the securities eligible for purchase while allowing a larger position in certain of those security types.

Interest Rate Swaps

Historically, the Commonwealth utilized interest rate swaps for the purpose of hedging certain of its current or projected interest-sensitive assets and interest-sensitive liabilities. ALCo is the agency with specific statutory authority to enter into and manage interest rate swaps and other similar vehicles. As of July 31, 2019, ALCo had one interest rate swap outstanding with a total notional amount outstanding of $151,555,000. This swap transaction consists of a series of four amortizing "cost of funds" interest rate swaps that totaled $243.08 million at the time of execution and having maturity dates beginning November 1, 2017 through November 1, 2027. This transaction is integrated as part of the issuance of ALCo's 2007 $243.08 million General Fund Floating Rate Project Notes.

State Retirement Systems

Following is information about the Commonwealth's retirement system, including pension plans and other post-employment benefits. Capitalized terms used under this heading and not otherwise defined shall have the respective meanings given by the CAFRs, as herein defined.

Retirement Plans. Eligible state employees may participate in one of two provided multi-employer benefit plans: the Kentucky Retirement Systems and the Teachers' Retirement System of Kentucky ("TRS"). The Kentucky Retirement Systems is comprised of five retirement plans, KERS Non-Hazardous, KERS Hazardous, County Employees Retirement System ("CERS") Non-Hazardous, CERS Hazardous, and the State Police Retirement System ("SPRS"). Each retirement plan is state supported, except for the CERS plans, which have been excluded from the Kentucky Retirement Systems information provided herein. The Kentucky Retirement Systems and TRS (collectively, the "Retirement Plans") provide both retirement and Other Post-Employment Benefits ("OPEB") to state employees and teachers based upon their age, hire date, years of service and retirement date. Most retirement benefits are subject to a statutory inviolable contract under which the benefits shall not, with limited exceptions, be reduced or impaired by alteration, amendment or repeal. Kentucky Employees Retirement System ("KERS") eligible employees hired January 1, 2014 and thereafter, are no longer party to the inviolable contract and the General Assembly can amend, suspend or reduce benefits with future legislation. The Kentucky Public Employees' Deferred Compensation Authority (the "KDC") additionally provides administration of tax-deferred supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate. The available deferred compensation plans include a 457(b) Plan and a 401(k) Plan. The Retirement Plans and KDC are component units of the Commonwealth for financial reporting purposes and are included in The Kentucky Comprehensive Annual Financial Report. For a brief description of the Retirement Plans and of the Retirement Plans' assets and liabilities, see The Kentucky Comprehensive Annual Financial Report for Fiscal Year 2019 Note 8 beginning on page 88. Additional information regarding the Kentucky Retirement Systems and TRS can be found on their respective web sites at https://kyret.ky.gov and https://trs.ky.gov, including their respective Comprehensive Annual Financial Reports (collectively, the "CAFRs") and the accompanying actuarial studies, described under Other Post-Employment Benefits. Only information contained on the Internet web page identified above is incorporated herein and no additional information that may be reached from such page by linking to any other page should be considered to be incorporated herein.

The following schedules are descriptions of plan benefits by hire date for employees who participate in the KERS Non-Hazardous and TRS benefit tiers.

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Kentucky Employees' Retirement System
Governance KRS 61.510 through KRS 61.705
Cost Sharing Multiple Employer Defined Benefit Non-Hazardous

	Tier 1 Participation Prior to 9/1/2008	**Tier 2** Participation 9/1/2008 through 12/31/2013	**Tier 3** Participation on or after 1/1/2014
Covered Employees:	Substantially all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, or any agency directed by Executive Order to participate in the system		
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation:	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor:	1.97%, or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA):	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit:	Any age with 27 years of service. Age 65 with 48 months of service. Money Purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No Money Purchase calculations.	
Reduced Retirement Benefit:	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit

Teachers' Retirement System
Governance KRS 161.220 through KRS 161.990
Cost Sharing Multiple Employer Defined Benefit with Special Funding

	Tier 1 Participation prior to 7/1/2008	Tier 2 Participation on or after 7/1/2008
Covered Employees:	Provides pension plan coverage for local school districts and other educational agencies in the state.	
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service	
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 with more than 30 years. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA):	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	
Unreduced Retirement Benefit:	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.
Reduced Retirement Benefit:	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement.	

Pension Funding. The Commonwealth's enacted budget for fiscal years 2019 through 2021 included the full Actuarially Determined Employer Contribution ("ADEC") for the assumed rates of return found on the following pages for the Kentucky Retirement Systems executive branch participants and TRS. Certain "Quasi" government agencies which participate in the KERS non-hazardous system were permitted to retain the FY 2018 contribution rate of 49.47% for fiscal years 2019 through 2021. Based upon the assumptions employed in the Retirement Plans' June 30, 2019 actuarial valuation reports used in preparing the associated Retirement Plans' 2019 CAFRs, the Kentucky Retirement Systems had a state supported pension Unfunded Actuarial Accrued Liability (the "UAAL") of 15,578 million. TRS, assuming a 7.5 percent investment return, had a pension UAAL of $14,523 million. Unlike Fiscal Year 2017, TRS was not required to report the pension liability in accordance with GASB 67. The state supported portion of the Retirement Plans for the Fiscal Year ended June 30, 2019 had funding percentages of 16.86 percent for the Kentucky Retirement Systems and 58.12 percent for TRS. These funding percentages compare to 16.43, and 57.69 percent respectively for the Fiscal Year ended June 30, 2018. In FY2000 funding ratios were greater than 100% and decreased over a number of years due to a variety of factors including, changes to the discount rate, lower than projected investment returns and other variances from actuarial assumptions. The Kentucky Retirement Systems' state supported ADEC for pension benefits for the Fiscal Year ended June 30, 2019 was $1,170 million; $1,151 million was contributed. The TRS state supported pension ADEC for the Fiscal Year ended June 30, 2019 was $1,123 million; $1,123 million was contributed.

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SCHEDULE OF FUNDING - KENTUCKY RETIREMENT SYSTEMS RETIREMENT FUNDS[+]

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll
Kentucky Employees Retirement System (KERS)					
Non-Hazardous					
6/30/2015[++]	$2,350,989,940	$12,359,672,849	$10,008,682,909	19.0%	$1,544,234,409
6/30/2016[+++]	2,112,286,498	13,224,698,427	11,112,411,929	16.0	1,529,248,873
6/30/2017[++++]	2,123,623,157	15,591,641,083	13,468,017,926	13.6	1,602,396,000
6/30/2018	2,019,278,000	15,675,232,000	13,655,954,000	12.9	1,509,955,000
6/30/2019	2,206,280,000	16,466,427,000	14,260,147,000	13.4	1,484,854,000
Hazardous					
6/30/2015[++]	$556,687,757	$895,433,387	$338,745,630	62.2%	$128,680,130
6/30/2016[+++]	559,487,184	936,706,126	377,218,942	56.0	147,563,457
6/30/2017[+++++]	607,158,871	1,121,419,836	514,260,965	54.1	178,511,000
6/30/2018	639,262,000	1,151,923,000	512,661.000	55.5	152,936,000
6/30/2019	671,747,000	1,226,195,000	554,548,000	54.8	160,600,000
State Police Retirement System (SPRS)					
6/30/2015[++]	$248,387,946	$734,156,446	$485,768,500	33.8%	$45,764,515
6/30/2016[+++]	234,567,536	775,160,294	540,592,758	28.1	45,551,469
6/30/2017[++++]	261,320,225	967,144,667	705,824,442	27.0	54,065,000
6/30/2018	268,259,000	989,528,000	721,269,000	27.1	50,346,000
6/30/2019	282,162,000	1,045,318,000	763,156,000	27.0	49,515,000
Kentucky Retirement Systems Summary (Includes KERS Non-Hazardous, KERS Hazardous and SPRS)					
6/30/2015	$3,156,065,643	$13,989,262,682	$10,833,197,039	22.6%	$1,718,679,054
6/30/2016	2,906,341,218	14,936,564,847	12,030,223,629	19.5	1,722,363,799
6/30/2017	2,992,102,253	17,680,205,586	14,688,103,333	16.9	1,834,972,000
6/30/2018	2,926,799,000	17,816,683,000	14,889,884,000	16.4	1,713,237,000
6/30/2019	3,160,089,000	18,737,940,000	15,577,851,000	16.9	1,695,969,000
Judicial Retirement Plan (JRP) & Legislator's Retirement Plan (LRP)					
6/30/2015	$383,464,411	$513,844,487	$130,198,076	74.6%	$34,476,745
6/30/2016	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2017	457,704,218	509,499,416	51,795,198	89.8	31,096,555
6/30/2018	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2019	381,002,551	439,619,398	58,616,847	86.67	27,857,590

[+]This schedule does not include data pertaining to the County Employees Retirement System (CERS); the data for 6/30/15-6/30/19 in this schedule is as presented in the CAFR of the pension plan for the Fiscal Years Ended June 30, 2015 through June 30, 2019, which may be different than the GASB compliant information reported in the state CAFR.

[++]Discount rate changed from 7.75 percent to 7.50 percent as of 7/2014.

[+++]Discount rate changed from 7.50 percent to 6.75 percent as of 7/2015.

[++++]Discount rate changed from 6.75 percent to 5.25 percent as of 7/2017.

[+++++]Discount rate changed from 7.50 percent to 6.25 percent as of 7/2017.

*JRP and LRP only perform actuarial valuations every 2 years for benefits.

SCHEDULE OF FUNDING - TEACHERS' RETIREMENT SYSTEM - KENTUCKY+

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll
Retirement Funds					
6/30/2015	$17,219,520,000	$31,149,962,000	$13,930,442,000	55.3%	$3,515,113,000
6/30/2016	17,496,894,000	32,028,227,000	14,531,333,000	54.6	3,537,226,000
6/30/2017	18,514,638,000	32,819,887,000	14,305,249,000	56.4	3,563,584,000
6/30/2018	19,496,056,000	33,795,671,000	14,299,615,000	57.7	3,605,116,000
6/30/2019	20,154,161,000	34,676,713,000	14,522,552,000	58.1	3,648,428,000

+The data for 6/30/156/30/19 in this schedule is as presented in the CAFR of the Teachers' Retirement System for the Fiscal Years Ended June 30, 2015 through June 30, 2019, which may be different than the GASB compliant information reported in the state CAFR.

Other Post-Employment Benefits. The Commonwealth's CAFR for the fiscal year ended 6/30/2017 represents Governmental Accounting Standards Board (GASB) Statement 45 ("Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions"). The Commonwealth adopted GASB Statement 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions") for CAFR reporting for the fiscal year ending 6/30/2018 and after.

The Commonwealth is obligated to provide healthcare benefits to certain retired state employees and teachers. The Retirement Plans administer two multi-employer defined benefit healthcare plans (collectively, the "Health Plans") for which the Commonwealth pays a portion of the cost of the benefits of the retired employees. As of January 1, 2006, the Commonwealth commenced self-funding of healthcare benefits for state employees. The Kentucky Retirement Systems also adopted, on January 1, 2006, a self-funding health care plan for Medicare Eligible Retirees. TRS became self-insured for post-retirement healthcare costs for Medicare Eligible Retirees on July 1, 1991. Beginning January 1, 1997, TRS offered non-Medicare Eligible Retirees insurance through the state health insurance program, which has since become self-insured. Beginning January 1, 2007, TRS offered its Medicare Eligible Retirees an insured Medicare Advantage Plan and, beginning July 1, 2010, offered this group an insured Employer Group Waiver Drug Plan. The TRS Board requires retirees not eligible for Medicare to pay the equivalent for the Medicare Part B program towards their cost of health coverage.

The Retirement Plans commission actuarial studies, which provide results for consideration, under certain actuarial funding methods and sets of assumptions. A five-year experience study covering the period from July 1, 2013 to June 30, 2018 for the Kentucky Retirement Systems, was dated April of 2019. Similarly, a five-year experience study covering the period from July 1, 2010 to June 30, 2015 for the TRS Board was dated September 15, 2016. In addition to the experience studies, annual actuarial reports are performed on both retirement systems. Pursuant to their respective actuarial studies, the OPEB UAAL as of June 30, 2019 was estimated at $1,722.4 million for the Kentucky Retirement Systems and $1,715.7 million for TRS. These estimates represent the present value of the amount of healthcare benefits under the respective Health Plans, payable over future periods and allocated by the actuarial cost method, as of June 30, 2019. The actuarial estimates for the Kentucky Retirement Systems' OPEB liabilities increased from the $1,505.0 million reported in the Kentucky Retirement Systems' 2018 CAFR. The actuarial estimates for TRS decreased from the $2,145.5 million reported in their 2018 CAFR.

The Kentucky Retirement Systems' state supported OPEB Annual Required Contribution for Fiscal Year ended June 30, 2019 was $205.0 million; $197.2 million was contributed. The TRS state supported OPEB Annual Required Contribution for the Fiscal Year ended June 30, 2019 was $77.7 million; $184.6 million was contributed. The state supported portion of the OPEB for the Fiscal Year ended June 30, 2019 had funding percentages of 49.9 percent for the Kentucky Retirement Systems and 47.2 percent for TRS.

SCHEDULE OF FUNDING - KENTUCKY RETIREMENT SYSTEMS OTHER POST EMPLOYMENT BENEFITS (OPEB)+

(OPEB)+

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll
Kentucky Employees Retirement System (KERS)					
Non-Hazardous					
6/30/2015	$695,018,262	$2,413,705,252	$1,718,686,990	28.8%	$1,544,234,409
6/30/2016	743,270,060	2,456,677,964	1,713,407,904	30.3	1,529,248,873
6/30/2017	823,917,560	2,683,496,055	1,859,578,495	30.7	1,593,097,000
6/30/2018	887,121,000	2,435,506,000	1,548,385,000	36.4	1,573,898,000
6/30/2019	991,427,000	2,733,065,000	1,741,638,000	36.3	1,515,953,000
Hazardous					
6/30/2015	$451,514,191	$374,904,234	($76,609,957)	120.4%	$128,680,130
6/30/2016	473,160,173	377,745,230	(95,414,943)	125.3	147,563,457
6/30/2017	493,458,367	419,439,652	(74,018,715)	117.7	171,087,000
6/30/2018	511,441,000	393,481,000	(117,960,000)	130.0	190,317,000
6/30/2019	525,315,000	426,705,000	(98,610,000	123.1	151,448,000
State Police Retirement System (SPRS)					
6/30/2015	$167,774,940	$254,838,710	$87,063,770	65.8%	$45,764,515
6/30/2016	172,703,691	257,197,259	84,493,568	67.2	45,551,469
6/30/2017	180,463,820	276,641,361	96,177,541	65.2	48,873,000
6/30/2018	187,535,000	262,088,000	74,553,000	71.6	50,064,000
6/30/2019	197,395,000	276,809,000	79,414,000	71.3	48,780,000
Kentucky Retirement Systems Summary (Includes KERS Non-Hazardous, KERS Hazardous, SPRS)					
6/30/2015	$1,314,307,393	$3,043,448,196	$1,729,140,803	43.2%	$1,718,679,054
6/30/2016	1,389,133,924	3,091,620,453	1,702,486,529	44.9	1,722,363,799
6/30/2017	1,497,839,747	3,379,576,978	1,881,737,231	44.3	1,813,057,000
6/30/2018	1,586,097,000	3,091,075,000	1,504,978,000	51.3	1,814,279,000
6/30/2019	1,714,137,000	3,436,579,000	1,722,442,000	49.9	1,716,181,000
Judicial Retirement Plan (JRP) & Legislators' Retirement Plan (LRP)					
6/30/2015	$94,241,652	$88,150,481	($6,091,171)	106.9%	$34,476,745
6/30/2016	104,138,383	93,292,111	(10,846,272)	111.6	34,476,745
6/30/2017	115,102,561	74,112,837	(40,989,724)	155.3	31,096,555
6/30/2018	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2019	134,603,984	66,740,213	(67,863,771)	201.7	27,857,590

+ This schedule does not include data pertaining to the County Employees Retirement System (CERS); the data for 6/30/15-6/30/19 in this schedule is as presented in the CAFR of the pension plan for the Fiscal Years Ended June 30, 2015 through June 30, 2019, which may be different than the GASB compliant information reported in the state CAFR.
*JRP and LRP only perform actuarial valuations every 2 years for benefits.

SCHEDULE OF FUNDING - TEACHERS' RETIREMENT SYSTEM - KENTUCKY+(OPEB)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll
Other Post-Employment Benefits (OPEB)					
6/30/2015	$735,025,000	$3,624,323,000	$2,889,298,000	20.3%	$3,515,113,000
6/30/2016	895,324,000	3,740,132,000	2,844,808,000	23.9	3,537,226,000
6/30/2017	1,081,424,000	3,800,788,000	2,719,364,000	28.5	3,563,584,000
6/30/2018	1,307,726,000	3,453,180,000	2,145,454,000	37.9	3,605,115,000
6/30/2019	1,535,028,000	3,250,687,000	1,715,659,000	47.2	3,648,428,000

+The data for 6/30/15-6/30/19 in this schedule is as presented in the CAFR of the Teachers' Retirement System for the Fiscal Years Ended June 30, 2015 through June 30, 2019, which may be different than the GASB compliant information reported in the state CAFR.

Recent Changes to State Retirement Systems.

The following link to the Kentucky Legislative Research Commission Legislative Record provides bill language, fiscal impact and actuarial analysis related to the bills in this section: https://legislature.ky.gov/Legislation/Pages/default.aspx.

Senate Bill 249 of the 2020 Regular Session of the Kentucky General Assembly was signed by the Governor on April 8, 2020. The bill had several provisions that affected KERS, SPRS and CERS. The amortization of the UAAL was again reset for this system to a closed 30-year amortization beginning with the June 30, 2019 valuation, and using a level percent of payroll instead of the current level dollar amortization. Additionally, any future increases or decreases in the UAAL will be amortized over a 20-year closed period utilizing a layered amortization method. Among other administrative changes, the bill also extended to June 30, 2021 the voluntary cessation of participation date for the 118 quasi-governmental agencies identified in House Bill 1 of the 2019 Regular Session. The University determination of voluntary cessation of participation date was previously set to January 1, 2021. Finally, the bill delayed an increase of the phase-in of higher contribution rates for CERS employers.

House Bill 352 of the 2020 Regular Session vetoed in part and vetoes overridden on April 15, 2020 set the KERS employer contribution rate at 84.43 percent for FY2021 and set the 118 quasi-governmental employer contribution rate below the current ADEC rate at 49.47 percent.

House Bill 484 of the 2020 Regular Session was signed by the Governor on April 7, 2020. This bill in-effect made no administrative changes, but separated the CERS and KRS into two governing boards. Oversight of CERS shall be transferred from the Kentucky Retirement Systems board of trustees to the County Employees Retirement System board of trustees.

House Bill 1 of the 2019 Special Session of the Kentucky General Assembly was signed by the Governor on July 24, 2019. Its purpose was to address pension related changes for 118 quasi-governmental agencies including regional mental health programs, local and district health departments, domestic violence shelters, rape crisis centers, child advocacy centers, state-supported universities and community colleges. The bill froze the employer contribution rate at 49.47% for Fiscal Year 2020 and provided four avenues for voluntary cessation of participation in the Kentucky Retirement System or the option to remain in the System for those agencies. An actuarial analysis by GRS Retirement Consulting, dated July 18, 2019, projected an actuarial cost relief to those agencies of $827 million. The FY 2020 employer contribution rate freeze at 49.47% instead of the actuarial determined rate of 83.43%, was projected to have an actuarial cost of $121 million for FY 2020 to the Retirement System.

Senate Bill 151 from the 2018 Regular Session of the General Assembly was signed into law by the Governor on April 10, 2018. The bill modified the funding structure of the Retirement Plans from a percent-of-payroll method to a level-dollar method, provided reform to the TRS plan, further modified benefits under the Kentucky Retirement System plans, and replaced prior legislation for opt-out provisions for quasi-governmental agencies wishing to exit the Kentucky Retirement System plans. On December 13, 2018, the Kentucky Supreme Court ruled Senate Bill 151 unconstitutional based on procedural reasons, not on merits of the bill.

Some of the 2018 pension reforms were based on a PFM Group Consulting, LLC three-part report dated August 2017, May 2017 and December 2016, respectively. The report developed a range of analyses that illustrated the current and projected financial condition of the retirement systems, and provided options and recommendations for improvement and reform. The report and other selected pension reform related information may be viewed at www.osbd.ky.gov.

In May and July of 2017, the Kentucky Retirement Systems Board voted to make the following assumption changes which were used for the Fiscal Year 2017 Actuarial Report as well as used in determining the Fiscal Year 2019 and 2020 employer contributions:

		Assumed Rate of Return		Inflation		Payroll Growth	
		To	From	To	From	To	From
KERS-N[(1)]	Pension	5.25%	6.75%	2.30%	3.25%	0.00%	4.00%
KERS-N[(1)]	OPEB	6.25	6.75	2.30	3.25	0.00	4.00
KERS-H[(2)]	Pension	6.25	7.50	2.30	3.25	0.00	4.00
KERS-H[(2)]	OPEB	6.25	7.50	2.30	3.25	0.00	4.00
SPRS	Pension	5.25	6.75	2.30	3.25	0.00	4.00
SPRS	OPEB	6.25	6.75	2.30	3.25	0.00	4.00
CERS	Pension	6.25	7.50	2.30	3.25	2.00	4.00
CERS	OPEB	6.25	7.50	2.30	3.25	2.00	4.00
CERS-H[(2)]	Pension	6.25	7.50	2.30	3.25	2.00	4.00
CERS-H[(2)]	OPEB	6.25	7.50	2.30	3.25	2.00	4.00

[(1)] Non-Hazardous
[(2)] Hazardous

As of July 2017, the TRS assumptions are as follows:

		Assumed Rate of Return	Inflation	Payroll Growth
TRS	Pension	7.50%	3.50%	4.00%
TRS	OPEB	8.00	3.50	4.00

In December 2016 the Kentucky Retirement Systems and TRS publicly presented the annual actuarial valuation reports of the systems as prepared by Cavanaugh Macdonald as of June 30, 2016. The assumed investment rate of return for KERS Non-Hazardous and SPRS was 6.75 percent based on the annual valuation conducted as of June 30, 2016. The KERS Hazardous, CERS and TRS plans continue to use a 7.5 percent discount rate. There was a reduction in the assumed rate of return from 7.75 percent to 7.5 percent for the valuation as of June 30, 2015.

Senate Bill 2 from the 2013 Regular Session of the General Assembly was signed into law by the Governor on April 4, 2013. The bill created a new section in KRS Chapter 7A establishing a 13 member Public Pension Oversight Board to oversee the Kentucky Retirement Systems and report to the General Assembly on benefits, administration, investments, funding, laws, administration regulations and legislation pertaining to Kentucky Retirement Systems. The bill also stated that new employees hired after January 1, 2014 will be placed in a Hybrid Cash Balance Plan. This plan has a guaranteed rate of return of 4.0 percent for both hazardous and non-hazardous employees, plus 75 percent of the investment return in the plan in excess of 4.0 percent to the employee. Hazardous employees' employer contribution is set at 7.5 percent of salary and non-hazardous employees have an employer contribution of 4.0 percent. The bill further provides for a 1.5 percent COLA only if it is prefunded and appropriated by the General Assembly or if the pension plan is 100 percent funded. New employees as of January 1, 2014 are no longer party to the inviolable contract, and the General Assembly has the right to amend, suspend or reduce benefits with future legislation. The bill additionally made provisions for a Health Savings Account as an insurance option for retirees, required the General Assembly to start fully funding the ADEC beginning in Fiscal Year 2015, and reset the amortization to 30-years beginning in 2015.

Litigation Potentially Impacting KERS.

In April 2013, Seven Counties Services, Inc. ("Seven Counties"), filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Western District of Kentucky (the "Bankruptcy Court"). Seven Counties provides mental health services for the Cabinet for Health and Family Services for the greater Louisville, Kentucky area and surrounding counties. For approximately the past twenty-five years, Seven Counties has been a participating employer in KERS. Seven Counties identified KERS as a creditor with a primary objective of discharging its continuing obligation to remit retirement contributions for approximately 1,300 employees and terminate its membership in KERS. The estimated impact of Seven Counties' objective on KERS would result in an unfunded liability of approximately $90 million at that time.

KERS opposed Seven Counties' attempt to discharge its obligations and terminate its membership. KERS asserted that Seven Counties is a Governmental Unit properly participating in KERS by Executive Order issued in 1978 and thus ineligible for Chapter 11 relief. Consequently, Seven Counties would remain statutorily obligated to continue participation and remit contributions.

On May 30, 2014, the Bankruptcy Court held that Seven Counties was not a Governmental Unit and could move forward with its Chapter 11 bankruptcy case. Moreover, the Court held that Seven Counties' statutory obligation to continue to participate and remit contributions to KERS was a "contract" eligible for rejection. Seven Counties rejected its participation in KERS.

In June 2014, KERS appealed the Bankruptcy Court's ruling. On October 6, 2014, Seven Counties filed a formal reorganization plan with the Bankruptcy Court. On January 6, 2015, the Bankruptcy Court confirmed Seven Counties' plan of reorganization (the "Confirmation Order"). On January 19, 2015, KERS appealed the Confirmation Order. At a hearing on January 20, 2015, the Bankruptcy Court denied a motion by KERS seeking a stay of the Confirmation Order, which would have delayed implementation of the reorganization plan pending the determination of the issues on appeal. After the Bankruptcy Court's denial of the stay, KERS filed an emergency motion for a stay with the U.S. District Court for the Western District of Kentucky (the "District"), which the District Court denied on February 4, 2015. On May 12, 2015, KERS filed a motion with the District Court to certify a question to the Kentucky Supreme Court in connection with whether the relationship between KERS and Seven Counties (i) constituted a "contract" subject to rejection in bankruptcy by Seven Counties or (ii) was a statutory obligation of Seven Counties not constituting a contract. On March 31, 2016, the United States District Court issued a Memorandum of Opinion and Order that (i) denied KERS' motion to certify a question of law to the Kentucky Supreme Court, (ii) reversed the Bankruptcy Court's determination regarding classifying KERS as a multi-employer plan and determined KERS was a multiple employer plan, (iii) affirmed the Bankruptcy Court's decision in all other aspects; and (iv) denied Seven Counties' cross-appeal.

On April 21, 2016, the Kentucky Retirement Systems' Board of Trustees voted to appeal the decision to the United States Court of Appeals for the Sixth Circuit ("Sixth Circuit"). KERS filed a brief with the Sixth Circuit Court of Appeals on January 3, 2017. Seven Counties then filed a brief at the end of July 2017, and oral arguments were held on November 30, 2017. On August 24, 2018, the Sixth Circuit issued an Opinion ruling that Seven

Counties was not a state instrumentality within the meaning of the Bankruptcy Code and was therefore eligible to file under Chapter 11. However, the Court of Appeals also certified a question of law to the Kentucky Supreme Court regarding whether the relationship between Seven Counties and Kentucky Retirement Systems was contractual or statutory. Kentucky Retirement Systems filed a Petition for Rehearing and Rehearing En Banc which was held in abeyance until the Kentucky Supreme Court issues a decision on the certified question of law. Oral arguments were held at the Kentucky Supreme Court on March 6, 2019, and on August 29, 2019 the Supreme Court ruled that Seven Counties participation in and its contributions to the KERS are based on a statutory obligation. The Supreme Court opinion and case information can be found at https://appellate.kycourts.net/SC/SCDockets/CaseDetails.aspx?cn=2018SC000461. The Supreme Court of Kentucky Opinion was forwarded to the Sixth Circuit for further action resolving the outstanding issued. On October 22, 2019 the Clerk of the Sixth Circuit sent a letter to all legal counsel in this matter stating that "the panel requests that the parties file supplemental briefs addressing how the Supreme Court of Kentucky's decision impacts: 1) the issue of what statutory obligations must be fulfilled during the pendency of bankruptcy proceedings under 28 USC §959(b); 2) the issues presented by Seven Counties' cross appeal; and 3) the justiciability of KERS' petition for rehearing and rehearing en banc." This briefing was completed on November 22, 2019 and the matter is submitted for a decision.

Other entities within the Commonwealth, including some entities with pending litigation, are attempting to terminate their participation in KERS. For example, Kentucky Retirement Systems filed an action against Kentucky River Community Care ("KRCC") to compel it to comply with its statutory duties and require retirement plan participation. Similarly, Bluegrass Oakwood, Inc., a subsidiary of Bluegrass MHMR, attempted to terminate its participation in KERS through an action before the Kentucky Court of Appeals that was dismissed on February 24, 2015, resulting in Bluegrass Oakwood remaining as a participant in KERS. No assurance can be provided with respect to the impact of such actions, if any, on the future contribution rates.

In June 2014, the City of Fort Wright, a participating employer in CERS, filed a lawsuit against the Kentucky Retirement Systems' Board of Trustees alleging that the Board invested CERS funds in investments that were prohibited by statute and common law. In addition, the City alleged that the Board of Trustees paid substantial asset management fees, which the suit alleges were improper. Kentucky Retirement Systems filed a motion to dismiss this action based on a number of legal issues, including the argument that the action was barred by the doctrine of sovereign immunity. Franklin Circuit Court denied the motion to dismiss. An interlocutory appeal of the sovereign immunity issue was filed at the Kentucky Court of Appeals. On September 23, 2016, the Court of Appeals upheld the Franklin Circuit Court's ruling that sovereign immunity did not prohibit this action from proceeding. After a motion to the Kentucky Supreme Court for discretionary review of the Court of Appeals' ruling was denied, the case returned to the Franklin Circuit Court on the merits of the claims made. Both parties filed Motions for Declaratory Judgement on the legal issue of whether or not Kentucky Retirement Systems is authorized under Kentucky law to invest CERS plan assets according to the standards established in KRS 61.650 or if some other standard applies. On September 20, 2018, Franklin Circuit Court issued an Opinion and Order denying the City of Fort Wright's Motion for Declaratory Judgment and granting Kentucky Retirement Systems Cross-Motion for Declaratory Judgment. The City of Fort Wright appealed this decision to the Kentucky Court of Appeals, which issued an Opinion on January 10, 2020, affirming the decision of the Franklin Circuit Court in favor of the Kentucky Retirement Systems. The City of Fort Wright then filed a Motion for Discretionary Review at the Kentucky Supreme Court. Kentucky Retirement Systems filed a response and the parties are awaiting a decision.

In what is essentially a companion case to the City of Fort Wright matter outlined above, Damian Stanton filed a Complaint on September 4, 2015, alleging that he is a member of CERS and that the Board invested CERS funds in investments that were prohibited by both statutory and the common law, as well as alleging that substantial management fees were paid as a result of the investments. This case was held in abeyance pending the outcome of the Kentucky Retirement Systems' motion for discretionary review in the Fort Wright matter. No substantive action has been taken in this matter to date. However, Mr. Stanton passed away in 2018 and a representative of his estate was substituted for Mr. Stanton in this action.

On November 17, 2016, Western Kentucky University ("WKU") filed a motion in Franklin Circuit Court seeking a judgment against the Kentucky Retirement Systems after the Kentucky Retirement Systems asserted WKU should continue to make retirement contributions for employees who were purportedly fired as WKU employees and then rehired as contract laborers. On March 3, 2017, Kentucky Retirement Systems filed a Motion to

Dismiss this action based on WKU's failure to name necessary parties. Franklin Circuit Court denied this motion. WKU has filed a motion for Summary Judgment in this action which was denied on October 18, 2018. Additional discovery was then allowed. WKU filed a renewed motion for summary judgement, and Kentucky Retirement Systems filed a response. On March 11, 2020, Franklin Circuit Court issued an Order granting Summary Judgment in favor of WKU. Kentucky Retirement Systems filed a Motion to Alter, Amend or Vacate on March 23, 2020 to which WKU has responded. The parties are awaiting a decision by Franklin Circuit Court.

In January 2009, Sheriff John Aubrey and a number of other plaintiffs, including hazardous duty members of the Kentucky Retirement Systems, law enforcement unions and fraternal organizations, and a number of hazardous duty employers, filed a complaint in Franklin Circuit Court seeking a determination that the 2008 amendments to KRS 61.637 regarding the legal requirements for reemployment after retirement were unconstitutional and discriminatory. The case progressed to the Supreme Court of Kentucky on a Motion to Dismiss of the Kentucky Retirement Systems based on a claim of sovereign immunity. In April 2013, the Supreme Court ruled that sovereign immunity did not prevent this case from being filed against the Kentucky Retirement Systems, and remanding the case back to Franklin Circuit Court. Recently, Plaintiffs filed a Motion for Summary Judgment. Kentucky Retirement Systems filed a Response and Cross-Motion for Summary Judgment on June 14, 2017. Franklin Circuit Court issued an Opinion and Order, denying Plaintiff's Motion for Summary Judgment and granting Kentucky Retirement Systems Motion for Summary Judgment. Plaintiff appealed this action to the Kentucky Court of Appeals. On August 30, 2019 the Court of Appeals issued an opinion affirming Franklin Circuit Court's Opinion. The Court of Appeals opinion and case information can be found at https://appellate.kycourts.net/CA/COADockets/CaseDetails.aspx?cn=2018CA000622. Plaintiff filed a Motion for Discretionary Review at the Kentucky Supreme Court. On March 18, 2020, an Order denying discretionary review was issued.

On June 12, 2017, the River City Fraternal Order of Police and several other individuals filed a Complaint and Motion for a Restraining Order challenging the Kentucky Retirement Systems' implementation of the Medicare Secondary Payer Act as it relates to KRS 61.702, asserting that Kentucky Retirement Systems violated both the federal law and the inviolable contract rights of its members. The court granted a Temporary Restraining Order (the "TRO"); however, a hearing was held at the end of July 2017 to determine whether to dissolve the TRO or grant an injunction during the pendency of this action. On September 25, 2017, Franklin Circuit Court issued an Order in the River City FOP litigation denying the Plaintiffs' Motion for Temporary Injunction and dissolved the Court's previous Restraining Order effective November 1, 2017. Plaintiffs thereafter filed a Motion to amend their Complaint to explicitly allege a violation of the Federal Medicare Secondary Payer Act. This motion was granted. Kentucky Retirement Systems filed a notice that it was removing the case to Federal District Court, where both counsels for River City and Kentucky Retirement Systems filed motions for summary judgment. On March 21, 2019, United States District Judge William Bertelsmann issued a Memorandum Opinion and Order denying the Kentucky Retirement Systems motion for summary judgement and granting River City Fraternal Order of Police's motion for summary judgement in part. Kentucky Retirement Systems filed a motion for reconsideration, which was denied by an Order dated July 17, 2019. This Order is not final for purposes of appeal, as litigation regarding potential damages is still on going.

In December 2017, certain members and beneficiaries of the Kentucky Retirement Systems filed litigation (Mayberry et al v. KKR et al) against certain Hedge Fund Sellers, Investment, Actuarial and Fiduciary Advisors, Annual Report Certifiers, and certain (past and present) Kentucky Retirement Systems' Trustees and Officers in Franklin Circuit Court. The litigation alleges (in summary) that actuarial assumptions, fees, statements and disclosures harmed the financial status of the Retirement Systems. While Kentucky Retirement Systems is designated a "Defendant," that designation is a technical formality in so much as Kentucky Retirement Systems is a "nominal defendant." On April 20, 2018, the Kentucky Retirement Systems and the plaintiffs filed a joint notice with the Court advising that Kentucky Retirement Systems does not intend to challenge its status as a "nominal defendant." Since then, the Franklin Circuit Court has ruled on various Defendants' Motions to Dismiss, denying nearly all of them. On January 10, 2019, KKR, Henry Kravis and George Roberts (collectively, "KKR Parties") amended their Answer to assert cross claims against Kentucky Retirement Systems. Certain officer and Trustee Defendants appealed the denial of their Motion to Dismiss on immunity grounds to the Court of Appeals, and that appeal was transferred to the Kentucky Supreme Court. The hedge fund defendants filed a Petition for Writ of Prohibition in the Court of Appeals, arguing the Plaintiffs lacked standing to bring the action. That Petition was granted on April 23, 2019. Plaintiffs promptly appealed the Court of Appeals' decision to the Supreme Court of

Kentucky, where it is currently pending. Oral arguments were held on October 24, 2019. The parties are awaiting a decision.

A number of related cases have also developed based on issues raised in the above referenced Mayberry action. There has been an action filed by a number of the Trustees and Officers named in Mayberry seeking reimbursement by Kentucky Retirement Systems of legal fees. There is also an appeal of an Attorney General Open Records' decision regarding an attempt by one of the corporate defendants to obtain records through the open records act rather than through discovery. Kentucky Retirement Systems has also filed an action against Hallmark Specialty Insurance seeking a declaratory judgement that Hallmark has a duty to defend and indemnify Kentucky Retirement Systems in the Mayberry action. Two of the hedge fund Defendants in the Mayberry action have also filed an action in the United States District Court for the Eastern District of Kentucky naming individual members of the current KRS Board of Trustees as Defendants. This action is seeking a judgment declaring that the Trustees violated Plaintiffs' right to due process as well as an award of costs and attorneys' fees. Three actions have also been filed in Delaware regarding the Mayberry action. One filed by Prisma Capital Partners and one filed Blackstone Alternative Asset Management allege breaches of warranties, representations and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems. The third was filed by Prisma Capital Partners against the Daniel Boone Fund, LLC. Finally, an action has been field by PAAMCO against Kentucky Retirement Systems in California also allege breaches of warranties, representations and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems.

There are currently three cases pending before the Supreme Court of Kentucky regarding the validity and implementation of KRS 61.598. The portion of KRS 61.598 currently under challenge establishes the procedure for allocating to employers additional actuarial costs resulting from annual increases in an employee's creditable compensation greater than 10 percent over the employee's last five fiscal years of employment. The cases allege a variety of constitutional challenges. These cases have not been consolidated at this time and are being briefed.

SUMMARIES OF THE PRINCIPAL DOCUMENTS

The following statements are brief summaries of certain provisions of the Resolution, the Lease and the Subleases. The statements regarding the Resolution, the Lease and the Subleases do not purport to be complete and reference is made to the Resolution, the Lease and the Subleases, copies of which are available for examination at the Office of Financial Management, 702 Capital Avenue, Suite 76, Frankfort, Kentucky 40601. Each Resolution and the Lease relating to each Resolution is separate from and will operate independently of the other Resolution and Lease and the occurrence of an event of default under one Resolution will not, in and of itself, constitute an event of default under the other Resolution.

The Resolution

Funds and Accounts. The following Funds and Accounts have been established under the Resolution. In addition to the deposits to the debt service funds established under the Prior Resolutions and under the Escrow Agreement described under "PLAN OF FINANCE" above, deposits of the proceeds of the Bonds and Revenues will be made as described below.

1. Bond Service Fund. The Resolution creates a Bond Service Fund with respect to the Bonds (the "Bond Fund"), to be held and maintained by the Trustee. There will be deposited into the Bond Fund all or such portion of the Revenues as will be sufficient to pay when due the principal of, premium, if any, and interest on all Bonds Outstanding under the Resolution at or before their maturity. Accrued interest on the Bonds, if any, will be deposited in the Bond Fund. The Resolution requires the Commission to deposit or cause to be deposited on or before any May 1 or November 1 with respect to the Bonds and any date set for redemption of Bonds prior to maturity (each a "Payment Date") with the Trustee all amounts required for the payment of the principal of, premium, if any, and interest on the Bonds due on such Payment Date.

No further payments are required to be made to the Bond Fund when, and so long as, the aggregate amount therein is sufficient to retire all of the Bonds that are then Outstanding and payable plus interest due or to become due, together with redemption premium, if any.

Under the Resolution "Revenues" means, with respect to the Lease, all of the rental payments and other payments to be made by the Cabinet to the Commission pursuant to the Lease, or any other amounts received by the Commission for the use or occupancy of the Project and any other payments or deposits to be made to the Bond Fund, including proceeds from the disposition of any portion of the Project pursuant to the Resolution.

2. Cost of Issuance Fund. The Resolution creates a Cost of Issuance Fund (the "Costs of Issuance Fund") for the Bonds to be held and maintained by the Trustee. From the proceeds of the related Series of Bonds and other available moneys, if any, deposited by the Commission at the time of delivery of such Bonds, there will be deposited therein an amount sufficient to pay certain expenses in connection with the issuance of such Series of Bonds. On payment of all duly authorized expenses incident to the issuance of such Series of Bonds, any remaining balance in the Cost of Issuance Fund will be transferred to the Bond Fund.

3. Construction Fund. The Resolution creates a Construction Fund (the "Construction Fund") for the Bonds to be held and maintained to be held by the Treasurer of the Commonwealth. Until disbursed as authorized by the Resolutions, the Construction Fund constitutes a trust fund for the benefit of the Holders. The Construction Fund will be used for the purposes of funding that portion of the Project financed with proceeds of the Bonds consisting of the acquisition, construction or undertaking of new property in connection with buildings, real estate, economic development projects, or community development projects, including costs of materials, construction work, installation of utilities, services, installation of equipment, facilities and furnishings of a permanent nature for buildings, appurtenances thereto, plans, specifications, blueprints, architectural and engineering fees and other expenses authorized to be incurred under the terms of KRS Chapters 56 and 58. Any moneys remaining in the Construction Fund after the Project is completed in full will be transferred to the Trustee to be held, in trust, in the Bond Fund.

Federal Tax Covenants of the Commission. The Commission has covenanted to do and perform all acts and things permitted by law and necessary or desirable in order to assure that the interest paid on the Federally Tax-Exempt Bonds (as defined herein) by the Commission shall be excludible from the gross income of the Holders of such Bonds for the purposes of federal income taxation and not permit the Federally Tax-Exempt Bonds to be or become "arbitrage bonds," as defined in the Code. The Resolution creates a Rebate Fund (the "Rebate Fund") for the Federally Tax-Exempt Bonds to be held and maintained by the Trustee, for the deposit of any amounts which are required to be deposited therein pursuant to the Tax Exemption Certificate and Agreement between the Commission and the Trustee.

Investment of Funds. Moneys in any Fund or Account established under the Resolution will be invested in obligations permitted by Kentucky law as specified in the Resolution.

Events of Default. The Resolution defines "Events of Default" as follows:

(a) Default in the due and punctual payment of the interest on any Bond;

(b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond at maturity or upon redemption prior to maturity; or

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Commission in the Resolution or in the Bonds contained, and the continuance thereof for a period of 30 days after written notice given by the Trustee to the Commission or by the Holders of not less than 25 percent in aggregate principal amount of Bonds Outstanding, to the Commission and the Trustee; provided, however, that if such event of default can, in the opinion of the Trustee, be corrected but not within such period, it shall not constitute an event of default hereunder if corrective action is instituted by the Commission within such period and diligently pursued until the event of default no longer exists.

Upon the happening and continuance of any event of default described in clause (a) or (b) above, unless the principal of all the Bonds has already become due and payable, either the Trustee (by notice in writing to the Commission) or the Holders of not less than 25 percent of the principal amount of Bonds Outstanding (by notice in writing to the Commission and the Trustee) may declare the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same will become and be immediately due and payable, anything in the Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee or of the Holders of not less than 25 percent of the principal amount of Bonds then Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, all overdue installments of interest on such Bonds and the principal of all Bonds which will have matured by their terms, together with the reasonable and proper charges, expenses and liabilities of the Trustee, are either paid by or for the account of the Commission or provision satisfactory, to the Trustee is made for such payment, then and in every such case any such default and its consequences will *ipso facto* be deemed to be annulled, but no such annulment will extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

The Resolution provides that upon the happening and continuance of any event of default thereunder, the Trustee may proceed, and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of Bonds then Outstanding must proceed, to protect and enforce its rights and the rights of the Holders under the pertinent Kentucky's Revised Statutes and under the Resolution forthwith by such suits, actions, or by special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Resolution or in aid of the execution of any power granted therein or in the Kentucky Revised Statutes or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights or to perform any of its duties under the Resolution.

In the enforcement of any right or remedy under the Resolution or under the law, the Trustee is entitled to sue for, enforce payment on, and receive any or all amounts then or during the continuance of any event of default becoming, and at any time remaining, due from the Commission, for principal, premium, if any, interest or otherwise under any of the provisions of the Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest borne by the Bonds then Outstanding, to the extent permitted by law together with any and all costs and expenses of collection and of all proceedings under the Resolution and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders, and to recover and enforce judgment or decree against the Commission, but solely as provided in the Resolution and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect (but solely from the moneys in the funds and accounts established by the Resolution) in any manner provided by law, the moneys adjudged or decreed to be payable.

Regardless of the happening of an event of default, the Trustee, if requested in writing to take any action under the Resolution or the Bonds by the Holders of not less than 25 percent of the principal amount of Bonds Outstanding, has no duty to act until it is furnished with indemnification satisfactory to it. The Trustee may institute and maintain such suits and proceedings as it may be advised are necessary or expedient to prevent any impairment of the security under the Resolution or the Bonds and such suits and proceedings as the Trustee may be advised are necessary or expedient to preserve or protect its interest and the interest of the Holders, provided that such request will not be otherwise than in accordance with the provisions of law and of the Resolution and will not be unduly prejudicial to the interest of the Holders not making such request.

Individual Holder Action Restricted. No Holder of Bonds has any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Resolution or for the execution of any trust thereof or for the appointment of a receiver or the enforcement of any other right under the Kentucky Revised Statutes, unless such Holder has given to the Trustee written notice of the event of default or breach of trust or duty on account of which such suit, action, or proceeding is to be taken and unless the Holders of not less than 25 percent in aggregate principal amount of Bonds Outstanding have made written request accompanied by indemnity and security satisfactory to the Trustee and have offered it reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit, or proceeding in its own name, and the Trustee thereafter fails or refuses to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its, his or their own name or names. It is understood and intended that no one or more Holders of Bonds have any right in any manner whatsoever to affect, disturb or prejudice the security of the Resolution by its, his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity will be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all of such Bonds then Outstanding. Nothing contained in the Resolution or in the Bonds affects or impairs the right of any Holder of any Bond to payment of the principal of, premium, if any, or interest on such Bond at and after the maturity thereof or the obligation of the Commission to pay the principal of, premium, if any, and interest on the

Bonds to the respective Holders thereof at the time and place, from the source, and in the manner therein provided and in the Bonds expressed.

Amendments to the Resolution. If it appears desirable and to the advantage of both the Commission and the Holders of the Bonds, the Commission will adopt resolutions supplemental to the Resolution, altering or amending any of the rights and obligations of the Commission or the Holders of the Bonds, but each such supplemental resolution will not become effective unless and until it has been approved as provided in the Resolution by the Holders of at least 66 2/3 percent of the principal amount of Bonds Outstanding and unless and until the opinion of counsel required by the Resolution has been delivered. Notwithstanding the foregoing, no such modifications, alterations or amendments will be made which permit an extension of the time of payment at maturity of the principal of, premium, if any, or interest on any Bond, or a reduction in the amount of principal or premium, if any, or the rate of interest thereon without the written consent of the Holder thereof, or which would reduce the percentage of Holders of Bonds whose approval is required by the Resolution for adoption of any supplemental resolution as described above.

In addition to the foregoing, the Commission and the Trustee may, without regard to the provisions set forth above, make any amendment or change to the Resolution (i) to cure any formal defect or ambiguity, if in the opinion of the nationally recognized bond counsel, such amendment or change is not adverse to the interest of the Holders of the Bonds, (ii) to grant to or confer on the Trustee for the benefit of the Holders of the Bonds any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Resolution as theretofore in effect, (iii) to permit the Trustee to comply with any obligations imposed on it by law, (iv) to achieve compliance of the Resolution with any federal tax law, (v) to maintain or improve any rating on the Bonds, or (vi) which in the opinion of nationally recognized bond counsel will not materially adversely affect the rights of Holders of the Bonds, and the Commission may adopt such supplemental resolution to accomplish the foregoing.

Change, Substitution or Other Modification of Project. Anything in each Resolution or the Lease notwithstanding, the Cabinet may, in its sole discretion, change, substitute or otherwise modify components of the Project so long as all Bond proceeds are applied to facilities, payments or undertakings which are included in and subject to rental payments under the Lease such that rental payments thereunder will be sufficient to pay principal of, premium, if any, and interest on the related Bonds; provided that any such change, substitution or modification shall not cause the Commission to be in violation of certain covenants of the Resolution.

The Trustee. The Resolution sets forth the terms and provisions regarding the responsibilities, compensation and removal of the Trustee. The Trustee is entitled to reasonable compensation from Revenues and to the extent the Commission fails to make such payment, the Trustee may make such payment from funds in its possession and shall be entitled to a preference therefor over any Outstanding Bonds. The Trustee may be removed at any time at the written request of the Commission or a majority of the Holders under the Resolution.

Discharge of the Resolution. If the Commission pays or causes to be paid, or there is otherwise paid, to the Holders of the Bonds the total principal and interest due or to become due thereon, including premium, if applicable, at the times and in the manner stipulated therein and in the Resolution then the pledge of Revenues under the Resolution, and all covenants, agreements and other obligations of the Commission to the Holders of the Bonds shall cease, terminate and become void and shall be discharged and satisfied.

Whenever there shall be held by the Trustee in the Bond Fund or an escrow fund established for such purpose, either (a) moneys in an amount which shall be sufficient, or (b) Defeasance Obligations (as defined below) the principal of, premium, if any, and interest on which when due (without consideration of reinvestment income) will provide moneys which, together with other moneys, if any, then on deposit in the Bond Fund or such escrow fund, shall be sufficient, as set forth in a verification report from a firm of independent certified public accountants, to pay when due the principal of, interest and redemption premium, if applicable, on the Bonds or any part thereof to and including the date upon which the Bonds or any of them will be redeemed or will mature, as the case may be, then and in any of said events all such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the defeasance provisions of the Resolution, and the Trustee will and is irrevocably instructed by the Resolution to give notice thereof to the Holders of the Bonds.

As used herein, "Defeasance Obligations" means:

(a) non-callable direct obligations of the United States of America, non-callable and, non-prepayable direct federal agency obligations the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including "CATS," "TIGRS" and "TRS" unless the Commission obtains a confirmation that the Bonds defeased thereby shall be assigned a rating equivalent to the rating assigned to obligations pledging the full faith and credit of the United States by S&P (as hereinafter defined) and Moody's (as hereinafter defined) with respect thereto) and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form, and shall exclude investments in mutual funds and unit investment trusts;

(b) non-callable obligations, timely maturing and bearing interest, to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof;

(c) certificates assigned a rating equivalent to the rating assigned to obligations pledging the full faith and credit of the United States at the time of purchase by S&P, Moody's and Fitch Ratings Inc., a New York corporation ("Fitch") (if rated by Fitch) at the time of purchase (if rated by Fitch), evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (b), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee in a segregated trust account in the trust department separate from the general assets of such custodian; and

(d) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (a), (b) or (c) which fund may be applied only to the payment when due of such bonds or other obligations and (iii) assigned a rating equivalent to the rating assigned to obligations pledging the full faith and credit of the United States at the time of purchase by S&P, Moody's and Fitch (if rated by Fitch).

The Lease and the Subleases

The Commission and the Cabinet have entered into the Lease whereby the Cabinet will lease the Project from the Commission and will pay rentals to the Commission during biennial or annual renewal terms which will provide funds, together with amounts required to be paid under the Subleases, sufficient to pay the amounts due on the Bonds. The Lease has a current term ending June 30, 2021 and the Subleases have a current term ending June 30, 2021. The Commission has granted the Cabinet the exclusive option to renew the Lease for successive and ensuing renewal terms of one or two years commencing on July 1 immediately following the end of the current term and the Subleases have corresponding renewal provisions. The last renewal term for the Lease and the Subleases relating to the Bonds ends June 30, 2040, the final maturity date for the Bonds to be issued by the Commission for the Project being November 1, 2039. Under the provisions of the Constitution of the Commonwealth, the Commission, the Cabinet and the Sublessees are each prohibited from entering into lease obligations extending beyond their biennial budget period. Notwithstanding the foregoing, the Lease and the Subleases provide that each succeeding renewal term will be deemed to be automatically renewed unless written notice of the election by the Cabinet or the Sublessees, respectively, to not so renew is given to the Commission by the last business day of May (or the last business day of April under the Subleases) prior to the beginning of the next succeeding biennial renewal term. Upon the first day of the biennial renewal term, the Cabinet and the Sublessees are bound for the entire amount of the rent becoming due during such term as a general obligation of the Cabinet or the Sublessees, limited to amounts appropriated for such purpose payable from any and all funds of the Cabinet or the Sublessees, including, but not limited to, appropriations, contributions, gifts, matching funds, devises and bequests from any source, whether federal or state, and whether public or private, so long as the same are not conditioned upon any use of the Project in a manner inconsistent with law.

The Cabinet and the Sublessees have covenanted and agreed in the Lease and the Subleases that when appropriations bills are prepared for introduction at the various successive sessions of the General Assembly of the Commonwealth, they will cause to be included in the appropriations proposed for that biennial period to be made for the Cabinet and the Sublessees sufficient amounts (over and above all other requirements of the Cabinet and the Sublessees) to enable the Cabinet and the Sublessees to make rental payments under the Lease and Subleases and thereby produce income and revenues to the Commission to permit timely payment of the Bonds as the same become due during such period. The Kentucky General Assembly recently enacted the 2020 budget bill (the "2020 Budget Bill"), which was a one-year budget bill, rather than the usual two-year budget legislation. Under the 2020 Budget Bill, the General Assembly appropriated to the Cabinet and the Sublessees amounts sufficient to meet the rental payments due under the Lease and the Subleases, and therefore to permit the Commission to meet the debt service requirements of the Bonds, through June 30, 2021. It is anticipated that the General Assembly will convene in the first quarter of 2021 to consider another budget bill providing appropriations for the Commonwealth for the period July 1, 2021 through June 30, 2022.

If appropriations relating to payments under the Subleases are made directly to the Cabinet in future biennial periods so that amounts sufficient to pay principal of, premium, if any, and interest on all the Bonds are appropriated to the Cabinet, the Subleases will terminate.

In the Resolution, the Commission has covenanted that it will receive and apply the lease rental payments from the Cabinet and the Sublessees to pay the principal of, premium, if any, and interest on the Bonds when due, and will carry out each and every duty imposed on it by the Kentucky Revised Statutes in respect thereto.

Events of default under the Lease and the Subleases include a default in the due and punctual payment of any rent or a default in the performance of any covenants therein not remedied within 30 days (or in the process of being remedied).

If an event of default occurs under the Lease, the Commission, in addition to all other remedies given to the Commission at law or in equity, may by written notice to the Cabinet terminate the Lease or, without terminating the Lease, take possession (actually or constructively) of the Project. In such event, the Commission may sublet the Project or any portion thereof to any party it deems appropriate, and in the event of a reletting may apply the rent therefrom first to the payment of the Commission's expenses incurred by reason of the Cabinet's default, and the expense of reletting, including but not limited to any repairs, renovation or alteration of the Project, and then to the payment of rent and all other sums due from the Cabinet under the Lease upon delivery of an opinion of nationally recognized bond counsel that the subletting or reletting will not cause the interest on the Bonds to be includable in gross income for federal income tax purposes. The Cabinet has similar remedies in the event of a default by any Sublessee under its applicable Sublease. The Holders have no security interest in any properties constituting the Project or any amounts derived therefrom.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings ("Fitch") have assigned the ratings of "A1" and "A+" to the Bonds, respectively.

Moody's and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") have assigned the ratings of "A2" and "AA+" to the Insured Bonds, respectively.

The rating of each respective rating agency only reflects the view of such rating agency. An explanation of the significance of the ratings given by Moody's may be obtained from Moody's Investors Service, Inc. at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, (212) 553-0300; an explanation of the rating given by Fitch may be obtained from Fitch Ratings at One State Street Plaza, New York, New York 10004, (212) 908-0500; and an explanation of the rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041, (212) 438-2000. A rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that ratings will continue for any given period of time or that ratings will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel, who has been retained by, and acts as Bond Counsel to, the Commission. The forms of the approving legal opinion of Bond Counsel is attached hereto as EXHIBIT E. Certain legal matters will be passed upon for the Commission by its counsel. Certain legal matters will be passed upon for the Underwriters by Frost Brown Todd LLC, Louisville, Kentucky.

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 Commission taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Bonds or due existence or powers of the Commission.

TAX TREATMENT

General

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (collectively, the "Federally Tax-Exempt Bonds") is excludible from gross income for federal income tax purposes and interest on the Federally Tax-Exempt Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds is exempt from income taxation by the Commonwealth and the Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

A copy of the form of opinion of Bond Counsel for the Bonds is set forth in EXHIBIT E.

Tax Treatment of Federally Tax-Exempt Bonds

The Internal Revenue Code of 1986 (the "Code") imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Federally Tax-Exempt Bonds. The Commission has covenanted to comply with certain restrictions designed to ensure that interest on the Federally Tax-Exempt Bonds will not be or become includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the Federally Tax-Exempt Bonds being includable in gross income for federal income tax purposes and such inclusion could be retroactive to the date of issuance of the Federally Tax-Exempt Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Federally Tax-Exempt Bonds may adversely affect the federal tax status of the interest on the Federally Tax-Exempt Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Kutak Rock LLP.

Although Bond Counsel has rendered opinions that interest on the Federally Tax-Exempt Bonds is excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. For example, such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

The Commission has not designated the Bonds as "qualified tax-exempt obligations" under Section 265 of the Code.

Tax Treatment of Original Issue Premium

The Bonds that have an original yield below their respective interest rates, as shown on the inside cover page hereto (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Recognition of Income Generally

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Bonds under the Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time-to-time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds.

It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time-to-time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

RISK FACTORS

THE PURCHASE OF THE BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING ALL EXHIBITS HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW, WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF THE BONDS TO AN EXTENT THAT CANNOT BE DETERMINED.

The following discussion is not meant to be an exhaustive list of the risks and other factors that should be considered in connection with the purchase of the Bonds and does not necessarily reflect the relative importance of the various risks and other factors. The occurrence of any of the following risks could materially and adversely affect the Commission's financial condition and results of operations. In any such event, the Commission may not be able to pay debt service on the Bonds. In any such event, the market price and/or liquidity for the Bonds could decline and investors could lose all or part of their investment. There can be no assurance that other risk factors will not become material in the future.

Bonds are Special and Limited Obligations

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE COMMISSION. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE COMMONWEALTH, OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE COMMONWEALTH, BUT ARE PAYABLE SOLELY FROM AMOUNTS DEPOSITED IN CERTAIN FUNDS AND ACCOUNTS CREATED BY THE RESPECTIVE RESOLUTIONS AND FROM RENTAL INCOME DERIVED FROM THE BIENNIALLY OR ANNUALLY RENEWABLE LEASE WITH THE CABINET AND SUBLEASES (AS DESCRIBED AND DEFINED HEREIN), THE RENT FROM WHICH IS SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY OF THE COMMONWEALTH ON A BIENNIAL OR ANNUAL BASIS. THE BONDHOLDERS HAVE NO SECURITY INTEREST IN ANY PROPERTIES CONSTITUTING THE PROJECT OR ANY AMOUNTS DERIVED THEREFROM. See "SECURITY FOR THE BONDS" and the cover page of this Official Statement.

Risks Relating to the Commonwealth

Appropriation Risk. See "SECURITY FOR THE BONDS" for information about the security for the Bonds and appropriations for payment of principal of and interest on the Bonds.

General Economic Conditions. The Commonwealth relies on tax revenues and fees as the primary source of funds to operate state government and to pay its obligations. Regional and national economic shocks can disrupt the state economy and can have material adverse effects on the Commonwealth's revenues, and its ability to pay its obligations including the Bonds. Such disruptions, including commodity shocks, sudden business cycle changes, weather-related disruptions, abrupt changes in consumer confidence, and national geo-political crises are outside of the control of the Commission and the Commonwealth. See "THE COMMONWEALTH - Financial Information Regarding the Commonwealth" below.

Changes in State Government. See "INTRODUCTION" and "SUMMARIES OF THE PRINCIPAL DOCUMENTS – The Lease and the Subleases" for information about the required biennial budget requests for the Cabinet.

Forward-Looking Statements. Certain disclosures in this Official Statement are "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by the use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," or "continue." These forward-looking statements are based on the current plans and expectations of the Commonwealth and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the Commonwealth's future financial position including but not limited to changes in general economic conditions, demographic trends and federal programs which may affect transfer of funds from the federal government to the Commonwealth. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the Commonwealth herein. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

State Retirement Systems. See "THE COMMONWEALTH—State Retirement Systems" for information about the Commonwealth's retirement system, including pension plans and other post-employment benefits.

Risks Relating to the Bonds

Ratings of Bonds. See "RATINGS" for information about the ratings assigned by rating agencies.

Market Liquidity. The Bonds constitute a new issue with an established trading market. Although the Underwriters have informed the Issuer and the Borrower that the Underwriters currently intend to make a market for the Bonds, the Underwriters are not obligated to do so, and they may discontinue any such market-making at any time without prior notice. No assurance can be given as to the development or liquidity of any market for the Bonds. If an active public market is not maintained, the market price and liquidity of the Bonds may be adversely affected.

Enforcement of Remedies. The enforcement of the remedies under the Bond Resolution may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of funds of governmental entities and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinion to be delivered with the issuance of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights, and under general principles of equity.

Risks Relating to Tax Matters

See "TAX TREATMENT" for information about the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds and related matters.

Risks Relating to COVID-19

On March 6, 2020, Governor Andy Beshear issued an Executive Order declaring a State of Emergency in Kentucky to provide an immediate response to the novel coronavirus (COVID-19) emergency in the Commonwealth. On March 11, 2020, the Governor recommended social distancing for everyone, advised that all community gatherings should be cancelled or postponed and encouraged all businesses to allow employees to work from home if possible. And on March 25, 2020, the Healthy at Home initiative was issued under a Gubernatorial Executive Order to protect the health and safety of Kentuckians and mitigate the spread of COVID-19, effective during the duration of the State of Emergency or until rescinded (the "Healthy at Home Order"). The Healthy at Home Order directs that only Life-Sustaining Businesses may remain open and encourages all Kentuckians stay Healthy at Home except in extremely limited circumstances. Individuals are encouraged to only leave their residence to seek medical attention, work, care for family or household members, obtain goods and services like groceries and prescriptions, and engage in outdoor activity with strict social distancing requirements.

On April 21, 2020, the Healthy at Work initiative was announced to gradually reopen business activities while continuing to keep Kentuckians safe. Healthy at Work offers a phased approach to reopening Kentucky's economy and is based on criteria set by public health experts and advice from industry experts. Phase I began on May 9 with the opening of houses of worship and on May 11 the reopening of some additional non-life-sustaining businesses in the following economic sectors: manufacturing, distribution, supply-chain, construction, vehicle and vessel dealerships, office-based businesses (50% or less in office), photography, and horse-racing (no fans). Phase II began on May 20 with the reopening of retail and funeral and memorial services followed by Phase III on May 25 with the reopening of barbers, salons, cosmetology businesses and similar services. More businesses will gradually reopen in the weeks ahead. A full list may be found at https://govstatus.egov.com/ky-healthy-at-work. Each business reopening must meet certain minimum requirements in addition to industry specific guidance.

Depending on the length and breadth of the impact of COVID-19, the effect on the economy of the Commonwealth may be significant. The long-term and short-term capital markets have experienced significant deterioration in value and volatility, which can affect the liquidity and results of operations of companies in the Commonwealth, the Commonwealth's economy as a whole and could materially affect the levels of the Commonwealth's revenues for the current and future fiscal years.

The duration and extent of the impact of COVID-19 on the Commonwealth's revenues, expenses and cashflow are uncertain and cannot be quantified with any degree of certainty at this time. For the current fiscal year, the Stay at Home Order will likely result in a negative revenue impact forcing budget reductions of a yet unknown magnitude. The Governor has extended the due date for certain Kentucky tax payments to July 15 from the normal April 15 date. Any income tax payment due April 15 may now be submitted on or before July 15 without penalty. Likewise, for the upcoming biennium, the duration and extent of the impact of COVID-19 make any predictions uncertain. In anticipation of a potential significant reduction in general fund revenues and cash balances, the Kentucky General Assembly adopted for the first time in history a one-year budget for the Commonwealth in lieu of the traditional two-year biennial budget.

Furthermore, the Commonwealth anticipates that it will incur significant additional expenditures not currently budgeted to address the COVID-19 pandemic. The potential magnitude of such expenditures is not known. However, the Commonwealth anticipates using, to the fullest extent possible, the funds that it receives (currently estimated at approximately $1.5 billion) from the recently approved federal relief packages to offset direct costs that the Commonwealth will incur in connection with the COVID-19 pandemic and related losses.

The financial and operating data contained herein are as of the dates and for the periods indicated, which were prior to the COVID-19 outbreak. Such financial and operating data have not been updated to reflect any potential impacts of the COVID-19 outbreak on the Commonwealth's general economic and financial condition.

UNDERWRITING

Citigroup Global Markets Inc., as representative of the Underwriters, has agreed to purchase the Bonds for an aggregate purchase price of $151,136,494.46 (which is equal to the principal amount of the Bonds, plus a net premium of $30,183,020.90 and less an underwriting discount of $496,526.44).

The Underwriters intend to make an initial public offering of all of the Bonds at not in excess of the public offering price or prices set forth on the inside cover page hereof. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering price or prices stated on the inside cover page hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Commission for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commission.

Citigroup Global Markets Inc., an Underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts with respect to the Bonds.

Morgan Stanley Wealth Management. Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

PNC Capital Markets LLC ("PNCCM"), an underwriter for the Bonds, may offer to sell to its affiliate, PNC Investments, LLC ("PNCI"), securities in PNCCM's inventory for resale to PNCI's customers, including securities such as those to be offered by the Commission. PNCCM may share with PNCI a portion of the fee or commission paid to PNCCM if any of the Bonds are sold to customers of PNCI.

FTN Financial Capital Markets ("FTN Financial"), an underwriter of the Bonds, anticipates in late October 2019 it will be changing its name from FTN Financial to *FHN Financial*, pending regulatory approval. The name change is being made in connection with the overall rebranding by its parent company, First Horizon National Corporation (NYSE: FHN), to align the branding of all of its divisions and subsidiaries around the First Horizon name. When the change occurs, FTN Financial's legal name will become "FHN Financial Capital Markets, a division of First Horizon Bank."

CONTINUING DISCLOSURE

The Commission will comply with the requirements of the Securities and Exchange Commission regarding secondary market disclosure as set forth in Rule 15c2-12 (the "Rule"), as amended, under the Securities Exchange Act of 1934. Specifically, the Commission entered into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), a form of which is attached as EXHIBIT F, in which it covenanted to provide notice in a timely manner, not later than ten business days after the event, to the Municipal Securities Rulemaking Board (the

"MSRB"), and the appropriate state information depository, if any, of any of the types of events with respect to the Bonds set forth in the form attached hereto. Effective on July 1, 2009, the MSRB became the sole nationally recognized municipal securities information repository and the Commission's filings with the MSRB will be in accordance with the MSRB's Electronic Municipal Market Access (EMMA) system, as applicable to the Continuing Disclosure Agreement. In addition, ongoing financial disclosure regarding the Commonwealth will be available through the filing, within nine (9) months of the end of the fiscal year, commencing with the fiscal year ending June 30, 2018, by the Commonwealth of two documents entitled The Kentucky Comprehensive Annual Financial Report and Supplementary Information to the Kentucky Comprehensive Annual Financial Report (or successor reports) with EMMA as required under Rule 15c2-12 and in accordance with the Continuing Disclosure Agreement.

The Commonwealth is providing, and for the five (5) years preceding the date of issuance of the Bonds has provided, ongoing market disclosure as required by Rule 15c2-12 pursuant to agreements entered into in connection with other outstanding securities, including timely notices of changes in the Commission's underlying ratings affecting its outstanding securities with the exceptions noted below (which information below is presented irrespective of materiality).

The Commonwealth and the Commission learned that in some instances prior rating changes on certain securities issued by the Commonwealth and certain of its agencies, including the Commission, resulting from rating downgrades, rating upgrades, and a rating withdraw on certain bond insurers, were not the subject of material event notices, due, in part, to the lack of any direct notification to the Commonwealth of the specific rating impact on such particular securities of the Commonwealth and certain of its agencies. On April 3, 2019, the Commission posted on EMMA Notices of Material Events, Notice of Rating Downgrade, Notice of Rating Withdraw, Notice of Rating Upgrade and Late Filings regarding the matters described above and listing the affected securities.

The Commonwealth and the Commission learned that in some instances prior Notices of Material Events posted to EMMA failed to include all affected CUSIPS regarding rating changes on certain securities issued by the Commonwealth and certain of its agencies, including the Commission. On May 9, 2018, on April 3, 2019, and on April 21, 2020 the Commission filed Notices of Material Event, Notices of Rating Downgrades and Late Filings on EMMA regarding the matter described in the previous sentence and listing the affected securities.

The Commonwealth and the Commission learned that its Comprehensive Annual Financial Report posted to EMMA for the fiscal year ended June 30, 2019 failed to include all affected CUSIPs on certain securities issued by the Commission. On April 21, 2020 the Commission filed a Notice of Late Filing on EMMA regarding the matter described in the previous sentence and listing the affected securities.

The Commonwealth and the Commission have taken necessary actions to assure compliance with Rule 15c2-12 with respect to such events. Additionally, the Commonwealth and the Commission have put procedures in place to assure that future material event notices would be timely filed with respect to such events.

OTHER MATTERS

This Official Statement has been prepared under the direction of the Executive Director of the Office of Financial Management.

The information set forth herein has been obtained from sources which are considered reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. The summaries of the documents herein contained do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to official documents in all respects.

This Official Statement has been approved, and its execution and delivery have been authorized, by the Commission.

THE COMMONWEALTH OF KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION

By: /s/ Ryan Barrow
Ryan Barrow, Executive Director
Office of Financial Management
(Secretary to the Commission)

EXHIBIT A

DEBT INFORMATION PERTAINING TO THE COMMONWEALTH OF KENTUCKY

COMMONWEALTH DEBT MANAGEMENT

Management

The Office of Financial Management ("OFM"), Finance and Administration Cabinet, has central responsibility for the issuance, management, review and approval of all debt issued by the Commonwealth and its agencies. Table I lists active issuing entities. OFM is also responsible for the coordination and monitoring of cash needs relative to debt activity, debt service payments and the development of a comprehensive long-term debt plan. OFM serves as primary staff to the Commission, the Kentucky Asset/Liability Commission, the Turnpike Authority of Kentucky, the Kentucky Local Correctional Facilities Construction Authority, and the State Investment Commission.

Structure

The Commonwealth's indebtedness is classified as either appropriation supported debt or non-appropriation supported debt.

Appropriation supported debt carries the name of the Commonwealth and is either (i) a general obligation of the Commonwealth, or (ii) a lease revenue obligation of one of its debt issuing agencies created by the General Assembly to finance various projects which is subject to state appropriation for all or a portion of the debt service on the bonds.

General obligation bonds pledge the full faith, credit and taxing power of the Commonwealth for the repayment of the debt. The Kentucky Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding $500,000. Kentucky has not issued general obligation bonds since 1966. The Commonwealth has no general obligation bonds outstanding.

Project revenue notes and bonds are issued by various debt issuing authorities of the Commonwealth. The revenues produced by the projects funded by the debt are pledged as security for repayment of the debt. Project revenue debt is not a direct obligation of the Commonwealth. Project revenues are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project funded constitute the entire source of payment.

The payment of debt service by the state universities is enhanced by a state intercept provision that provides that in the event of a default, the Secretary of the Finance Cabinet is required to intercept any funds appropriated to the University but not yet disbursed and to remit those funds to the Trustee to remedy the default.

Non-appropriation or moral obligation debt carries the name of the Commonwealth for the benefit and convenience of other entities within the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for the payment thereof and does not constitute a debt, liability, obligation or a pledge of the faith and credit of the Commonwealth. The General Assembly does not intend to appropriate any funds to fulfill the financial obligations represented by these types of indebtedness. Some issuers covenant that in the event of a shortfall the issuer will request from the Governor and the General Assembly sufficient amounts to pay debt service. Certain Kentucky Higher Education Student Loan Corporation bonds, Kentucky Housing Corporation Multi-Family conduit bonds, Kentucky Infrastructure Authority Governmental Agencies Program bonds, and Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund Revenue bonds are not moral obligation debt.

Default Record

The Commonwealth has never defaulted in the payment of principal or interest on its general obligation indebtedness or its project revenue obligations.

TABLE I
ACTIVE DEBT ISSUING ENTITIES

ENTITY	STATUTORY AUTHORITY/PURPOSE	DEBT LIMITATIONS	RATINGS [1]
State Property and Buildings Commission ("SPBC")	**KRS 56.450** Provide financing for capital construction projects and financing programs approved by the General Assembly.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	A1/A-/A+/A+
Kentucky Asset/Liability Commission ("ALCo")	**KRS 56.860** Provide financing of capital projects and cash flow borrowings to meet working capital needs of the Commonwealth.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly, exclusive of cash flow borrowings within a fiscal year.	Varies
Turnpike Authority of Kentucky ("TAK")	**KRS 175.410-175.990** Construct, maintain, repair, and operate Turnpike projects, resource recovery roads and economic development roads.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly	Aa3/A-/A+/NR
The State Universities (consisting of nine)	**KRS 56.495** Construct educational buildings and housing and dining facilities.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	Varies
Kentucky Housing Corporation ("KHC")	**KRS 198A** Make low interest mortgage loans and construction loans to increase the supply of housing for low to moderate income residents of the Commonwealth.	Limited to $5.0 billion of debt outstanding.	Aaa/AAA/NR/NR
Kentucky Infrastructure Authority ("KIA")	**KRS 224A** Provide financial assistance to local governments for the construction or refinancing of infrastructure facilities and to provide loans to industries for construction of pollution control facilities.	Revolving Fund programs cannot incur debt without appropriation of debt service by the General Assembly. Without legislative approval, other programs are limited to debt outstanding of $500 million.	Aaa/AAA/AAA/NR
Kentucky Higher Education Student Loan Corporation ("KHESLC")	**KRS 164A** Finances, makes and administers loans to fund and refinance costs to attend education institutions as permitted by the Commonwealth.	Limited to $5.0 billion of debt outstanding.	Varies
School Facilities Construction Commission ("SFCC")	**KRS 157.611-157.665** Assist local school districts with the financing and construction of school buildings. Finance the construction of vocational education facilities.	Cannot incur debt without appropriation of debt service by General Assembly.	A1/NR/NR/NR
Kentucky Economic Development Finance Authority ("KEDFA")	**KRS 154** Issue industrial revenue bonds on behalf of industries, hospitals, and commercial enterprises in the state. Provide low interest loans to developing businesses. Provide financing and tax credits to manufacturing entities expanding or locating facilities in the Commonwealth.	None.	Varies
Kentucky Public Transportation Infrastructure Authority ("KPTIA")	**KRS 175B.005-175B.115** Facilitate construction, financing, operation, and oversight of significant transportation projects within the Commonwealth by entering into bi-state agreements and by creating bi-state authorities and project authorities.	Cannot incur debt without prior approval of projects by General Assembly.	Baa3/NR/BBB-/NR

Notes

1. Ratings, where applicable, include Moody's, Standard & Poor's, Fitch, and Kroll. Certain State Property and Buildings Commission Agency and Road Fund Revenue Bonds may have ratings different from those identified above.

Following are recent ratings for the referenced issuer or obligations; this is not a comprehensive history of all rating changes:

State Property and Buildings Commission

- On July 20, 2017, Moody's downgraded the Commonwealth's issuer credit rating to "A1" from "Aa3" and its rating on the Commonwealth's appropriation debt to "A2" from "A1". At the same time, Moody's lowered its rating on debt backed by the Commonwealth state intercept programs for schools and universities to "A1" from "Aa3". The outlook on all is stable.
- On May 18, 2018, Standard & Poor's downgraded the Commonwealth's issuer credit rating to "A" from "A+" and its rating on the Commonwealth's appropriation debt to "A-" from "A". At the same time, Standard & Poor's lowered its rating on debt backed by the Commonwealth state intercept programs for schools and universities to "A-" from "A" and on lease debt issued by various Kentucky county public properties corporations backed by appropriations from Administrative Office of the Courts to "BBB+" from "A-". The outlook on all ratings is stable.

Turnpike Authority of Kentucky

- On July 20, 2017, Moody's downgraded the Turnpike Authority of Kentucky's Road Fund appropriation-supported obligations to "Aa3" from "Aa2".
- On August 29, 2018, Standard & Poor's downgraded the Turnpike Authority of Kentucky's Road Fund appropriation-supported obligations to "A-" from "AA-". The outlook is stable.

Kentucky Asset/Liability Commission – GARVEEs

- On February 18, 2014, Moody's downgraded certain stand-alone GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to "A1" from "Aa3" with a negative outlook. On June 16, 2014, Moody's downgraded certain GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to "A2" from "A1" and changed the outlook from negative to stable.

Kentucky Infrastructure Authority

- The Kentucky Infrastructure Authority's Governmental Agencies Program Revenue Bonds are rated "AA+" by Standard & Poor's and are backed by the loans of the borrowers. The Kentucky Infrastructure Authority's Wastewater and Drinking Water Revolving Fund Revenue Bonds are rated "Aaa/AAA/AAA" by Moody's, Standard & Poor's and Fitch, respectively.

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EXHIBIT B

PROJECTS FOR THE BENEFIT OF THE COMMONWEALTH OF KENTUCKY FINANCED UNDER PUBLIC PRIVATE PARTNERSHIPS

Overview

Due to varying factors, including but not limited to, political hurdles, fiscal environment challenges, project complexities, and the sheer size of need between varying sectors, the nation has been faced with the challenge to update fundamental, yet aging, infrastructure nationwide. For these reasons, state and local governments, including the Commonwealth, are driven to explore alternative means for procurement and delivery of such projects. This exploration has resulted in the Public-Private Partnership ("P3") structures being utilized on specific projects, as a viable method versus traditional public sector financing to design, build and operate required infrastructure projects in aspects of risk sharing, innovation and value to the taxpayer.

The Commonwealth of Kentucky has financed three capital construction projects through the P3 structure. In 2015, the Commonwealth of Kentucky State Office Building project was financed through the issuance of $68,757,000 tax-exempt Certificates of Participation ("COPs"). In 2015, the Next Generation-Kentucky Information Highway project was funded from proceeds of a conduit issue of $231,950,000 of tax-exempt senior bonds, $57,996,000 of taxable senior bonds and $15,229,000 of subordinate bonds via the Kentucky Economic Development Finance Authority. In 2018, the Commonwealth of Kentucky State Office Building project was financed through the issuance of $107,260,000 tax-exempt COPs and $3,415,000 taxable COPs.

For a brief summary of P3 projects undertaken by the Commonwealth, please see "Table I, Active Public Private Partnerships," or read each project's description below.

Commonwealth P3 Projects

2015 Commonwealth of Kentucky State Office – 300 Building project. The Certificates of Participation, Series 2015 (Commonwealth of Kentucky State Office Building project) closed on April 29, 2015. The proceeds of the Series 2015 Certificates provided funds to construct, install, and equip an office building consisting of approximately 371,160 square feet in Frankfort, Kentucky. The office building accommodates 1,400 workers. Construction commenced in March 2015 and the project achieved substantial completion and final completion on April 1 and May 15, 2016, respectively.

Under a "Design/Build/Finance/Operate/Maintain" structure, the Commonwealth's Department of Facilities Management issued a request for proposals for construction of the office building. The Commonwealth transferred state-owned property at 300 Sower Boulevard, Frankfort, Kentucky to the winning proposer, CRM/D.W. Wilburn, a single-purpose Kentucky limited liability company comprised of a contract developer and contractor, and executed both a management contract and facilities lease (i.e. lease to purchase) agreement. Under the management contract, the building will be managed by the developer upon completion of the project. Additionally, the lease allows the Commonwealth to use and occupy the building subject to proper management and the payment of periodic lease payments, which consists of base rent and additional rent. The Commonwealth maintains an option to purchase the entire project on any date on or after the commencement of the lease, otherwise the project will be conveyed back to the Commonwealth at the end of the lease term.

The Series 2015 COPs are payable solely from the revenues to be derived from the rental payments of the Finance and Administration Cabinet under the lease.

The complete Official Statement for the Commonwealth State Office Building project may be obtained from the NRMSIR and can be found on the Internet at:

http://emma.msrb.org/ER1080545.pdf

2015 Next Generation Kentucky Information Highway project. The Next Generation Kentucky Information Highway System (the "System") is a statewide network for internet access consisting of electronic equipment, fiber cable, outside plant installations, building facilities, interface equipment, network services and customer services that is designated to upgrade the services available to its core users, as well as develop a state-wide middle-mile network with excess capacity that can deliver reliable, high-speed internet connectivity throughout Kentucky to stimulate economic activity. The Kentucky Communications Network Authority ("KCNA") and its Board manage and oversee the System.

The System is being developed through a "Design Build/Finance Operate/Maintain" public/private partnership structure. The Commonwealth and the System developer (the "System Developer") entered into a project implementation agreement, pursuant to which the Commonwealth granted the System Developer an exclusive right to design, construct, operate and maintain the System in return for payments by the Commonwealth in the form of a milestone payment, a designated equipment payment and availability payments. The Kentucky Economic Development Finance Authority issued Senior Revenue Bonds (Next Generation Kentucky Information Highway Project) on September 3, 2015, the proceeds of which were loaned to a non-profit corporation (the "Borrower") for the purpose of paying a portion of the costs of the design, development and construction of the System (the "Project").

The Borrower's primary source of revenue to repay the loan is the receipt of availability payments and in certain circumstances a termination payment, to be made by the Commonwealth to the Borrower under a project agreement. All availability payments (or termination payment) to be made by the Commonwealth are subject to appropriation by the General Assembly.

The design-builder included a detailed Project Schedule and Schedule Update in its *Next Generation Kentucky Information Highway Project EMMA Report* for the February 2020 reporting period. On December 14, 2018, the different Project parties entered into a Settlement Agreement resolving 207 Supervening Events. The terms of the settlement have been incorporated into an Amended and Restated Project Agreement with an effective date of March 13, 2019. The Authority has agreed to pay a total of $93,000,000 for Project completion costs and for costs resulting from Supervening Events. The new Settlement Schedule has a Target System Completion Date of October 29, 2020, which represents approximately 15 months of delay from the original completion or "Longstop Date" of July 31, 2019. As a result of the Amended and Restated Project Agreement, the Project Longstop Date is October 29, 2021. Completing the Project by the Target System Completion Date is achievable, but risks of delays in the project exist. Construction on the project is approximately 86% complete overall.

Senate Bill 200, adopted in the 2018 Regular Session of the Kentucky General Assembly, authorized funding for availability payments from the General Fund in the amount of $33,387,400 for Fiscal Year 2019 and $34,268,300 for Fiscal Year 2020.

Senate Bill 200 also authorized up to one hundred ten million dollars ($110,000,000) for payment of the Settlement Amount and certain project costs. The financing was completed on August 6, 2019.

The complete Official Statement and filings for the Next Generation Kentucky Information Highway project may be obtained from the NRMSIR and can be found on the Internet at:

http://emma.msrb.org/ES965582.pdf

2018 Commonwealth of Kentucky State Office Building project - Mayo-Underwood Building. The Certificates of Participation, Series 2018A and Taxable Series 2018B (Commonwealth of Kentucky State Office Building project) closed on February 22, 2018. The proceeds of the Series 2018A and Taxable Series 2018B Certificates provide funds to finance the demolition and renovation of an existing downtown Frankfort commercial property known as Capital Plaza and to construct, install and equip a new office building consisting of approximately 385,022 square feet, together with an approximately 1,086 space parking garage and approximately 112 space surface parking facility. The office building is designed to comfortably accommodate 1,500 Commonwealth employees. Site work commenced in December 2017 and achieved substantial completion on February 27, 2020.

Under a “Design/Build/Finance/Operate/Maintain” structure, the Commonwealth’s Department of Facilities Management issued a request for proposals for construction of a new office building with supporting infrastructure and demolition of Capital Plaza structures. The Commonwealth transferred state-owned property in downtown Frankfort, Kentucky to the winning proposer, CRM/D.W. Wilburn #2, LLC, a Kentucky limited liability company comprised of a contract developer and contractor, and executed both a management contract and facilities lease agreement. Under the management contract, the building will be managed by the developer upon completion of the project. Additionally, the lease allows the Commonwealth to use and occupy the building subject to proper management and the payment of periodic lease payments, which consist of base rent and additional rent. The Commonwealth maintains an option to purchase the entire project on any date on or after the commencement of the lease, otherwise the project will be conveyed back to the Commonwealth at the end of the lease term.

The Series 2018A and Taxable Series 2018B COPs are payable solely from the revenues to be derived from the rental payments of the Finance and Administration Cabinet under the lease and are additionally secured by a regular capitalized interest account and a special capitalized interest account.

A naming ceremony was held on August 13, 2019 to honor the Mayo-Underwood School that served African American students during a time when public schools were segregated. The Mayo-Underwood Building is situated at the corner of Mero Street and Wilkinson Blvd, where the school stood for more than 40 years.

The complete Official Statement for the Commonwealth State Office Building project may be obtained from the NRMSIR and can be found on the Internet at:

https://emma.msrb.org/ES1106617-ES864766-ES1265884.pdf

Default Record

The Commonwealth has never defaulted on any payments relative to a P3 obligation.

TABLE I
ACTIVE PUBLIC PRIVATE PARTNERSHIPS

PROJECT	Structure	Status	Principal Outstanding
2015 Commonwealth of Kentucky State Office Building	Capital lease payments, consisting of base rent and additional rent, made pursuant to a facilities lease agreement under a 30-year, tax-exempt structure.	Project commenced in March 2015 and achieved substantial completion on April 1, 2016 and final completion on May 15, 2016. Full occupancy was achieved by August 23, 2016.	$65,060,000
2015 Next Generation – Kentucky Information Highway	Availability payments under a taxable, tax-exempt and subordinate structure for a 30-year term.	Project commenced in 2015 and as of February 2020, the system completion date is October 29, 2020, and the Longstop date remains 12 months after the Target System Completion Date (October 29, 2021).	$304,127,260
2018 Commonwealth of Kentucky State Office Building	Capital lease payments, consisting of base rent and additional rent, made pursuant to a facilities lease agreement under a taxable and tax-exempt structure for a 30-year term.	Site work commenced in December 2017 and achieved final completion on February 27, 2020. Full occupancy was achieved on December 17, 2019.______	$110,675,000

EXHIBIT C

THE PROJECT

Agency	Project Title	Amount
2010-12		
Local Government	Flood Control - State Match	$6,561.95
Economic Development-Financial Incentives	Economic Development Bonds	4,971,957.17
Economic Development-Financial Incentives	KEDFA	22,050,000.00
2012-14		
Local Government	Flood Control Matching	126,196.27
Environmental Protection	Maxey Flats Cap	1,624,849.07
Finance-Facilities and Support Services	Maintenance Pool 2012-14	72.00
Finance-Facilities & Supp Svcs	Statewide Microwave Network (KEWS) Maintenance	426,411.66
Finance-Facilities & Supp Svcs	Council of State Government's Building Complex	77,387.02
Behavioral Health	Electrical System Upgrade at Western - Design	406,693.68
2014-16		
Ky Infrastructure Authority	KIA Fund A Federally Assisted Wastewater Program 2014-16	288,384.49
Ky Infrastructure Authority	KIA Fund F Federally Assisted DWRL Program - 2014-16	84.25
Veterans' Affairs	Construct Fourth State Veterans' Nursing Home - Additional	620,768.73
Economic Development	High Tech Construction/Investment Pool - 2014-2016	2,250,000.00
Department of Education - Operations and Supp Services	Maintenance Pool - 2014-2016	5,000.00
Finance and Admin-General Admin	Next Generation Kentucky Information Highway	5,808,686.20
Finance and Admin-General Admin	Business-One Stop Portal - Phase II	2,443.51
Finance-Facilities & Support Services	Maintenance Pool - 2014-16	32,902.65
Finance-Facilities & Support Services	Upgrade State Data Center Readiness	112,349.41
Health & Fam Serv-Gen Admin & Prog Support	Maintenance Pool - 2014-16	169.12
Public Health	Radiation Monitoring Equipment	566,894.60
Eastern Ky University	Construct Science Building - Phase II & III	1,727,054.21
Ky State University	Replace Boilers and Repair Aging Distribution Lines	1,022,338.03
Morehead State University	Renovate/Expand Student Services Facility	1,578,203.12
Murray State University	Construct New Breathitt Veterinary Center	2,140,567.89
University of Kentucky	Expand/Renovate/Upgrade Law Building	2,115,444.25
University of Louisville	Construct Belknap Classroom/Academic Building	3,657,469.72
Western Ky University	Renovate Science Campus - Phase IV	1,188,426.61
KCTCS	Construct Advanced Manufacturing Facility - Georgetown	847,117.67
Ky Center for the Arts	Roof Replacement	495,856.04
Ky Historical Society	Digital Initiatives	989,334.99
Parks	Maintenance Pool - 2014-16	7,334.34
Parks	Upgrade Guest Accommodations	378,192.67
State Fair Board	Ky International Convention Center Renovation/Expansion	1,168,759.74
State Fair Board	Freedom Hall Sewer Line Replacement	765,437.08

2016-18		
Economic Development	Economic Development Bond Program - 2016-2018	7,000,000.00
Economic Development	High-Tech Construction/Investment Pool - 2016-2018	7,000,000.00
Economic Development	Kentucky Economic Development Finance Authority Loan Pool - 2016-2018	7,000,000.00
Education and Workforce-Gen Admin & Program Support	Workforce Development Construction Pool	35,164,762.19
Dept of Education-Operations & Support Services	Maintenance Pool 2016-2018	6,974.50
Dept of Education-Operations & Support Services	Kentucky School for the Blind Howser Hall Renovation	89,227.34
Dept of Education-Operations & Support Services	Kentucky School for the Deaf New Elementary Building	549,138.86
Dept of Education-Operations & Support Services	Kentucky School for the Deaf McDaniel/Scoggin Education Building	34,667.81
Finance-General Administration	Business One-Stop Portal-Phase III	9,685,233.16
Facilities and Support Services	Maintenance Pool 2016-2018	750,541.16
Facilities and Support Services	Upgrade L&N Building	696,515.38
Facilities and Support Services	HVAC Replacement-CHR Building	1,511,405.61
Health & Family Services-Gen Admin & Program Support	Maintenance Pool 2016-2018	18,366.00
Behavioral Health, Developmental and Intellectual Disabilities	Western State Hospital-Electrical Upgrade-Phase I	653,050.07
Corrections-Adult Institutions	Maintenance Pool 2016-2018	4,400.00
Corrections-Adult Institutions	Kentucky Correctional Institution for Women-Sewer Plant/Lines	2,476,600.00
Parks	Maintenance Pool 2016-2018	21,165.35
Parks	Life Safety Maintenance Pool	8.06
State Fair Board	Kentucky Exposition Center Roof Repair	7,005,144.66
2018-20		
Ky Infrastructure Authority	KIA Fund A Federally Assisted Wastewater Program 2018-2020	3,885,468.74
Education and Workforce Development-KET	FCC Transmitter Repack 2018-2020	1,658,333.97
Environmental Protection	State-Owned Dam Repair - 2018-2020	3,500,389.00
Facilities and Support Services	Maintenance Pool - 2018-2020	3,500,088.00
Facilities and Support Services	L&N Building Security and Structural Repairs	9,200,704.33
Facilities and Support Services	Upgrade Capitol Mechanical and Electrical System, Phase I	4,325,000.00
Facilities and Support Services	Emergency Generator Replacement COT/CHR	2,489,712.50
Health & Family Services-Gen Administration	Maintenance Pool - 2018-2020	2,086,000.00
Health & Family Services-BHDID	Electrical & Telecommunications Upgrade-Western State Hospital, Phase II	3,410,000.00
Health & Family Services-BHDID	HVAC System Replacement – Hazelwood	7,673,560.00
Health & Family Services-BHDID	Renovate/Replace Cottages - Oakwood, Phase I	4,000,000.00
Justice Cabinet-Corrections-Adult Institutions	Maintenance Pool - 2018-2020	2,762,362.74
Justice Cabinet-Corrections-Adult Institutions	Demolish and Repair Tower Ky State Reformatory	7,867,806.25
Justice Cabinet-Corrections-Adult Institutions	Replace Perimeter Fence, Kentucky State Reformatory	3,116,000.00
Justice Cabinet - State Police	Two-Way Radio System Replacement, Phase I	34,411,663.82
Military Affairs	Armory Modernization Pool - 2018-2020	146,752.75
Parks	Maintenance Pool - 2018-2020	7,937,361.90

State Fair Board	Kentucky International Convention Center East Roof Replacement	4,595,260.83
State Fair Board	Maintenance Pool - 2018-2020	2,400,000.00
Revenue	Integrated Tax System	92,499,820.00
Finance - COT	Legacy System Replacement	18,506,540.00
KYTC	Kentucky Aviation Economic Development Fund	14,001,746.15
University of Kentucky	HealthCare Disparities Initiative	33,524,580.73
Economic Development	Economic Development Bond Pool – 2020	25,000,000.00
Parks	Hospitality Upgrades Pool	3,400,000.00
Parks	Life Safety System Upgrade and ADA Improvements Pool	4,100,000.00
Parks	Utilities and Communications Cabling Infrastructure Rep Pool	10,800,000.00
Parks	Lodge Roof Replacement and Repairs Pool	11,600,000.00
Parks	Wastewater Treatment and Infrastructure Upgrades Pool	20,100,000.00
2020-2021		
EKU	Purchase Aviation Maintenance Technician/Pilot Training Equipment	5,000,000.00
EKU	Construct Aviation/Aerospace Instructional Facility	3,016,000.00
Attorney General	Technology Upgrades	2,000,000.00
Ky Infrastructure Authority	Fund A-Federally Assisted Wastewater Program	4,086,000.00
Ky Infrastructure Authority	Fund F-Drinking Water Revolving Loan Program	4,561,000.00
Education	School Safety Facility Upgrades	18,200,000.00
Finance & Administration	Capitol Campus Upgrade	22,000,000.00
Finance & Administration	Air Handler Replacement and Repair-Central Lab	2,011,300.00
Finance & Administration	Elevator Upgrades - Phase I	2,000,000.00
Kentucky State Police	Emergency Radio System Replacement, Phase II	52,450,000.00
Corrections	Repair/Replace Roofs - Eastern KY Correctional Complex	6,531,000.00
Corrections	Install Emergency Generators-Luther Luckett & Green River	5,700,000.00
CHFS-Behavioral Health	Western State Hospital - Electrical Upgrade - Phase III	3,493,000.00
CHFS-Behavioral Health	Oakwood Renovate/Replace Cottages - Phase II	8,000,000.00
CHFS-Behavioral Health	Oakwood Replace, Upgrade and Enhance Emergency Generators	1,825,000.00
State Fair Board	Prestonia Grounds and Infrastructure Improvements	4,000,000.00
Parks	Wastewater Treatment Upgrades Pool	5,000,000.00
Environmental Protection	State-Owned Dam Repair Pool	7,000,000.00
Education	State Schools Roof Replacement Pool	3,272,000.00
Education	State Schools HVAC Pool	5,000,000.00
Parks	Maintenance Pool	5,000,000.00
Finance & Administration	Maintenance Pool	5,000,000.00
Corrections	Maintenance Pool	5,000,000.00
Health and Family Services	Maintenance Pool	5,000,000.00
State Fair Board	Maintenance Pool	1,500,000.00
	Unallocated Bond Proceeds from SPBC 122A	(175,000,000)
	Grand Total	**491,271,000**

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EXHIBIT D

BOOK-ENTRY-ONLY SYSTEM

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such book-entry-only system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners (as hereinafter defined) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Resolution.

The following information about the book-entry-only system applicable to the Bonds has been supplied by DTC. Neither the Commission nor the Trustee makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of the Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, 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. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry-only system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Commission or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The Commission cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made 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, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

The information in this EXHIBIT E concerning DTC and DTC's book-entry-only system has been obtained from sources that the Commission believes to be reliable, but neither the Commission nor the Underwriters take any responsibility for the accuracy thereof.

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EXHIBIT E

FORM OF BOND COUNSEL OPINION FOR THE BONDS

_____________, 2020
Commonwealth of Kentucky
State Property and Buildings Commission
Frankfort, KY 40601

U.S. Bank National Association
Louisville, Kentucky

$121,450,000
State Property and Buildings Commission of
the Commonwealth of Kentucky
Revenue Bonds, Project No. 124 Series A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the State Property and Buildings Commission of the Commonwealth of Kentucky (the "Commission") of $121,450,000 aggregate principal amount of Revenue Bonds, Project No. 124 Series A (the "Bonds"). The Bonds are issuable as fully registered Bonds without coupons dated as of their date of delivery in denominations of $5,000 or any integral multiple thereof, bearing interest payable semiannually on May 1 and November 1 of each year commencing on November 1, 2020. The Bonds are subject to redemption at the option of the Commission as set forth in the Bond Resolution (as defined below). The Bonds are not subject to optional redemption prior to maturity.

The Bonds are being issued by the Commission, pursuant to Chapter 56 and Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes, as supplemented and amended (the "Act"), and a resolution adopted by the Commission on May 18, 2020 (the "Bond Resolution") for the purpose of providing funds to (a) to refund the Prior Bonds, or portions thereof, as described in the Bond Resolution, and (b) to pay the costs of issuing the Bonds.

The Commission has covenanted in the Bond Resolution to at all times do and perform all acts and things permitted by law and necessary or desirable to assure that the interest on the Bonds shall, for purposes of federal income taxation, be excludable from the gross income of the recipient.

We have examined the laws of the Commonwealth of Kentucky, the Act, the Budget Act, a certified copy of the Bond Resolution, an executed counterpart of the Lease (as defined in the Bond Resolution), an executed counterpart of the Tax Exemption Certificate and Agreement dated October 30, 2019 between the Commission and the Finance and Administration Cabinet of the Commonwealth of Kentucky (the "Cabinet"), certified copies of proceedings of the Commission authorizing the issuance of the Bonds, a copy of an executed bond of the Bonds and such other documents, records, certificates and opinions as we have deemed relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that:

1. The Bonds have been authorized and issued in accordance with the laws of the Commonwealth of Kentucky and constitute valid and legally binding obligations of the Commission, payable as to principal and interest solely from the payments to be made by the Cabinet pursuant to the Lease, which payments are subject to biennial appropriation by the General Assembly of the Commonwealth of Kentucky.

2. The Bond Resolution has been duly adopted by the Commission, and constitutes a valid and binding obligation of the Commission, enforceable against the Commission in accordance with its terms.

3. The Lease has been duly authorized, executed and delivered by the Commission and by the Cabinet, and represents a valid and binding agreement of the Commission and the Cabinet, enforceable in accordance with its terms.

4. Assuming compliance by the Commission and the Cabinet with certain covenants, existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owners thereof) is excluded from gross income for federal income tax purposes and is not a special preference item for purposes of the federal alternative minimum tax.

5. The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts, or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

6. Under the existing laws of the Commonwealth of Kentucky, interest on the Bonds is excluded from the gross income of the recipients thereof for Kentucky income tax purposes and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions and taxing authorities thereof.

The obligations of the Commission and the Cabinet, and the enforceability thereof, with respect to the Bonds and the other documents described above are subject, in part, to the provisions of the bankruptcy laws of the United States of America and to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally, now or hereafter in effect. Certain of such obligations, and enforcement thereof, are also subject to general equity principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents.

This opinion is based upon existing law as of the date of issuance and delivery of the Bonds and we express no opinion as of any date subsequent thereto. We express no opinion as to the title to, or the sufficiency in the Bond Resolution or otherwise of the description of, the Project, or the priority of any liens, charges or encumbrances on the Project.

Very truly yours,

EXHIBIT F

$ 121,450,000
COMMONWEALTH OF KENTUCKY
State Property and Buildings Commission
Revenue Bonds, Project No. 124 Series A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated as of July 1, 2020, by the Kentucky State Property and Buildings Commission (the "Issuer") and acknowledged by U.S. Bank National Association, as trustee (the "Trustee") under the Bond Resolution adopted by the Issuer on May 18, 2020 (the "Resolution"), is executed and delivered in connection with the issuance of the Issuer's $121,450,000 Revenue Bonds, Project No.124 Series A (the "Bonds"). Capitalized terms used in this Agreement which are not otherwise defined in the Resolution shall have the respective meanings specified above or in Article IV hereof. The parties agree as follows:

ARTICLE I

THE UNDERTAKING

SECTION 1.1. Purpose. This Agreement constitutes a written undertaking of the Issuer, providing for the disclosure of certain information concerning the Bonds on an on-going basis as set forth herein for the benefit of Holders and beneficial owners of the Bonds in accordance with the provisions of the Rule.

SECTION 1.2. Annual Financial Information. (a) The Issuer shall provide, or shall cause to be provided, Annual Financial Information with respect to each fiscal year of the Commonwealth of Kentucky (the "Commonwealth"), commencing with the fiscal year ending June 30, 2020, by no later than 9 months after the end of the respective fiscal year, but in any event shall provide Audited Financial Statements no later than 15 business days after the final publication date of such Audited Financial Statements, to the MSRB.

(b) The Issuer shall provide, or shall cause to be provided, in a timely manner, but in any event on a date not in excess of 10 business days after the occurrence of such failure, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsections (a) and (b) above to the MSRB.

SECTION 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

SECTION 1.4. Notices of Material Events. If a Material Event occurs, the Issuer shall provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the Material Event, a Material Event Notice to the MSRB.

SECTION 1.5. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

ARTICLE II

OPERATING RULES

SECTION 2.1. References to Other Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents previously either (i) provided to the MSRB or (ii) filed with the SEC. If such a document is the Official Statement, it also must be available from the MSRB.

SECTION 2.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

SECTION 2.3. Material Event Notices. Each Material Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Bonds.

SECTION 2.4. Manner of Transmission of Information and Notices. (a) Information required to be provided to the MSRB shall be transmitted to the MSRB, in an electronic format as prescribed by the MSRB, and accompanied by identifying information as prescribed by the MSRB. A description of such format and information as presently prescribed by the MSRB is included in Attachment A hereto.

(b) Except as required by subsection (a) above or unless otherwise required by law, the Issuer shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer's information and notices, subject to technical and economic feasibility in the Issuer's sole determination.

SECTION 2.5. Fiscal Year. Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The current fiscal year of the Commonwealth is July 1 - June 30, and the Issuer shall promptly notify in writing the MSRB of each change in the fiscal year of the Commonwealth and the State Agencies.

SECTION 2.6. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to the terms of this Agreement.

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

SECTION 3.1. Termination. (a) The Issuer's obligations under this Agreement shall terminate upon a legal defeasance pursuant to Section 10.03 of the Resolution, prior redemption or payment in full of all of the Bonds.

(b) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (i) delivers to the Trustee and the MSRB an opinion of Frost Brown Todd LLC or nationally recognized bond counsel or other counsel expert in federal securities laws selected by the Issuer, addressed to the Issuer and Trustee, to the effect that those portions of the Rule which require the provisions of this Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion.

SECTION 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the Holders of the Bonds, (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied; (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have delivered to the Trustee an opinion of Frost Brown Todd LLC or nationally recognized bond counsel or other counsel expert in federal securities laws selected by the Issuer, addressed to the Issuer and the Trustee, to the same effect as set forth in clause (2) above and, (4) either (i) the Issuer shall have delivered to the Trustee an opinion of Kutak Rock LLP or other nationally recognized bond counsel or counsel expert in federal securities laws selected by the Issuer, addressed to the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of the beneficial owners of the Bonds, or (ii) the Holders of 100 percent of the principal amount of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Resolution with consent of Holders of Bonds pursuant to Section 10.02 of the Resolution as in effect on the date of this Agreement, and (5) the Issuer shall have delivered copies of such opinion and amendment to the MSRB. The Trustee shall not be required to sign any amendment to this Agreement which adversely affects its rights or duties hereunder.

(b) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall inure solely to the benefit of the Holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement.

(b) Except as provided in this subsection (b), the provisions of this Agreement shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Bonds, provided, however, that the Trustee shall not be required to take any enforcement action under this subsection (b) except at the written direction of the Holders of not less than twenty-five percent in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity reasonably satisfactory to it. The Holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be Holders of Bonds for purposes of this subsection (b) unless and until the respective Holder exercises any rights pursuant to this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the Commonwealth.

ARTICLE IV

DEFINITIONS

SECTION 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

"Annual Financial Information" means the financial information or operating data with respect to the Commonwealth, for each fiscal year of the Commonwealth, as set forth in the documents entitled Comprehensive Annual Financial Report and Supplementary Information to the Comprehensive Annual Financial Report (or successor reports).

"Audited Financial Statements" means the annual financial statements, if any, of the Commonwealth, audited by such auditor as shall then be required or permitted by state law. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that the Commonwealth may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, and shall include a reference to the specific federal or state law or regulation describing such accounting basis.

"Dissemination Agent" means any entity designated by the Issuer to act as the Dissemination Agent hereunder.

"Financial obligation" means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b). However, "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"GAAP" means generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board.

"Material Event" means any of the following events with respect to the Bonds, whether relating to the Issuer or otherwise:

(i) principal and interest payment delinquencies;
(ii) non-payment related defaults, if material;
(iii) unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) unscheduled draws on credit enhancements reflecting financial difficulties;
(v) substitution of credit or liquidity providers, or their failure to perform;
(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax-exempt status of the securities;
(vii) modifications to rights of security holders, if material;
(viii) bond calls (except in the case of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event if the terms under which the redemption is to occur are set forth in detail in an official statement and the only open issue is which Bonds will be redeemed in the case of a partial redemption, provided notice of the redemption is given to the Holders and the public; see Exchange Act Release No. 23856, Dec. 3, 1986) and tender offers;
(ix) defeasances;
(x) release, substitution, or sale of property securing repayment of the securities, if material;
(xi) rating changes;
(xii) bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a

proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a financial obligation of the Commonwealth or an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Commonwealth or an obligated person, any of which affect security Holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Commonwealth or an obligated person, any of which reflect financial difficulties.

"*Holders*" shall mean any holder of the Bonds and any beneficial owner thereof.

"Material Event Notice" means written or electronic notice of a Material Event.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended. The MSRB as of the date of this Agreement is the sole nationally recognized municipal securities information repository.

"Official Statement" means the "final official statement", as defined in paragraph (f)(3) of the Rule, relating to the Bonds.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CRF Part 240, § 240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof.

"SEC" means the United States Securities and Exchange Commission.

"Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V

MISCELLANEOUS

SECTION 5.1. Duties, Immunities and Liabilities of Trustee. Article IX of the Resolution is hereby made applicable to this Agreement as if this Agreement were (solely for this purpose) contained in the Resolution.

SECTION 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION

By ______________________________________

Title: ____________________________________

Acknowledged by:

____
as Trustee

By ______________________________________

Title: ____________________________________

ATTACHMENT A

MSRB PROCEDURES FOR SUBMISSION OF CONTINUING DISCLOSURE DOCUMENTS AND RELATED INFORMATION

Securities and Exchange Commission Release No. 34-59061 (the "Release") approves an MSRB rule change establishing a continuing disclosure service of the MSRB's Electronic Municipal Market Access system ("EMMA"). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 ("Rule 15c2-12") under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information are to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information or operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made as portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB's continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligating persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB's Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.

EXHIBIT G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY FOR THE INSURED BONDS

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

SPECIMEN

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

SPECIMEN

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

KENTUCKY STATE PROPERTY
AND BUILDINGS COMMISSION

ATTACHMENT E

Kentucky Preference Laws (KRS 45A.490-494)

The scoring of bids/proposals is subject to Reciprocal preference for Kentucky resident bidders and Preferences for a Qualified Bidder. *Vendors not claiming resident bidder or qualified bidder status need not submit the corresponding affidavit.

Reciprocal preference for Kentucky resident bidders

KRS 45A.490 Definitions for KRS 45A.490 to 45A.494.

As used in KRS 45A.490 to 45A.494:
(1) "Contract" means any agreement of a public agency, including grants and orders, for the purchase or disposal of supplies, services, construction, or any other item; and
(2) "Public agency" has the same meaning as in KRS 61.805.

KRS 45A.492 Legislative declarations.

The General Assembly declares:

(1) A public purpose of the Commonwealth is served by providing preference to Kentucky residents in contracts by public agencies; and
(2) Providing preference to Kentucky residents equalizes the competition with other states that provide preference to their residents.

KRS 45A.494 Reciprocal preference to be given by public agencies to resident bidders -- List of states -- Administrative regulations.

(1) Prior to a contract being awarded to the lowest responsible and responsive bidder on a contract by a public agency, a resident bidder of the Commonwealth shall be given a preference against a nonresident bidder registered in any state that gives or requires a preference to bidders from that state. The preference shall be equal to the preference given or required by the state of the nonresident bidder.

(2) A resident bidder is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:

(a) Is authorized to transact business in the Commonwealth; and

(b) Has for one (1) year prior to and through the date of the advertisement, filed Kentucky corporate income taxes, made payments to the Kentucky unemployment insurance fund established in KRS 341.490, and maintained a Kentucky workers' compensation policy in effect.

(3) A nonresident bidder is an individual, partnership, association, corporation, or other business entity that does not meet the requirements of subsection (2) of this section.

(4) If a procurement determination results in a tie between a resident bidder and a nonresident bidder, preference shall be given to the resident bidder.

(5) This section shall apply to all contracts funded or controlled in whole or in part by a public agency.

(6) The Finance and Administration Cabinet shall maintain a list of states that give to or require a preference for their own resident bidders, including details of the preference given to such bidders, to be used by public agencies in determining resident bidder preferences. The cabinet shall also promulgate administrative regulations in accordance with KRS Chapter 13A establishing the procedure by which the preferences required by this section shall be given.

(7) The preference for resident bidders shall not be given if the preference conflicts with federal law.

(8) Any public agency soliciting or advertising for bids for contracts shall make KRS 45A.490 to 45A.494 part of the solicitation or advertisement for bids.

The reciprocal preference as described in KRS 45A.490-494 above shall be applied in accordance with 200 KAR 5:400.

Determining the residency of a bidder for purposes of applying a reciprocal preference

Any individual, partnership, association, corporation, or other business entity claiming resident bidder status shall submit along with its response the attached Required Affidavit for Bidders, Offerors, and Contractors Claiming Resident Bidder Status. The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

A nonresident bidder shall submit, along with its response, its certificate of authority to transact business in the Commonwealth as filed with the Commonwealth of Kentucky, Secretary of State. The location of the principal office identified therein shall be deemed the state of residency for that bidder. If the bidder is not required by law to obtain said certificate, the state of residency for that bidder shall be deemed to be that which is identified in its mailing address as provided in its bid.

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS CLAIMING RESIDENT BIDDER STATUS

FOR BIDS AND CONTRACTS IN GENERAL:
The bidder or offeror hereby swears and affirms under penalty of perjury that, in accordance with KRS 45A.494(2), the entity bidding is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:

1. Is authorized to transact business in the Commonwealth;
2. Has for one year prior to and through the date of advertisement
   a. Filed Kentucky income taxes;
   b. Made payments to the Kentucky unemployment insurance fund established in KRS 341.49; and
   c. Maintained a Kentucky workers' compensation policy in effect.

The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

______________________________ ______________________________
Signature Printed Name

______________________________ ______________________________
Title Date

Company Name ______________________________

Address ______________________________

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