

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 19, 2010**  
**(Bonds to be Sold August 26, 2010 at 1:00 P.M. E.D.S.T.)**

*In the opinion of Bond Counsel, subject to the conditions set forth in "Tax Exemption" herein, under existing laws, interest on the Bonds is excluded from gross income for federal and Kentucky income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. Bond Counsel is further of the opinion that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions. See "Tax Exemption" herein.*

**New Issue**

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

**\$3,285,000\***

**MURRAY (KENTUCKY) INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS,  
SERIES OF 2010**

**Dated: Date of Delivery**

**Bonds Due: March 1, 2011 then  
September 1, 2011 through 2021**

The Bonds will be issued initially in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal and interest on the Bonds will be paid by The Bank of New York Mellon Trust Co., N.A., Louisville, Kentucky, as Paying Agent and Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal or interest to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The Bonds will be issuable in denominations of \$5,000 or any integral multiples thereof, fully registered as to both principal and interest. The Bonds will mature on the respective dates shown below. Interest on the Bonds is payable semiannually on each March 1 and September 1, commencing March 1, 2011.

<u>Cusip</u> <u>627087--</u>	<u>Maturing</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price/</u> <u>Yield</u>	<u>Cusip</u> <u>627087--</u>	<u>Maturing</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price/</u> <u>Yield</u>
	3/1/11	\$20,000	%	%		9/1/16	\$340,000	%	%
	9/1/11	45,000				9/1/17	350,000		
	9/1/12	45,000				9/1/18	360,000		
	9/1/13	325,000				9/1/19	365,000		
	9/1/14	330,000				9/1/20	380,000		
	9/1/15	335,000				9/1/21	390,000		

The Bonds maturing on or after September 1, 2021, shall be subject to redemption at the option of the District in whole or in part at any time on or after September 1, 2020, and if in part, in the maturity or maturities selected by the District, at a redemption price of 100% of the principal amount redeemed.

The Bonds are offered, subject to prior sale, when, as and if issued by the Corporation, subject to prior approval of legality by Henry M. Reed III, Louisville, Kentucky, Bond Counsel. Delivery of the Bonds is expected on or about September 16, 2010.

\*Preliminary, subject to adjustment

**J.J.B. Hilliard, W.L. Lyons, LLC**  
**Louisville, Kentucky**  
**Financial Advisor**

This Preliminary Official Statement has been prepared for submission to prospective bidders for the bonds herein described and is in a form "deemed final" by the Corporation for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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**MURRAY INDEPENDENT SCHOOL DISTRICT  
FINANCE CORPORATION**

Corporation Directors and Officers

Dr. Richard Crouch – President and Director  
Stuart Alexander - Vice President and Director  
Laura Pitman- Director  
Mark Vinson – Director  
Donnie Winchester - Director  
Bob Rogers - Secretary  
Sarah Kaegi - Treasurer

**MURRAY INDEPENDENT BOARD OF EDUCATION**

Board Members

Dr. Richard Crouch, Chairperson  
Stuart Alexander, Vice Chairperson  
Laura Pitman  
Mark Vinson  
Donnie Winchester  
Bob Rogers, Superintendent

**BOND COUNSEL**

Henry M. Reed III  
Louisville, Kentucky

**FINANCIAL ADVISOR**

J.J.B. Hilliard, W.L. Lyons, LLC  
Louisville, Kentucky

**PAYING AGENT AND BOND REGISTRAR**

The Bank of New York Mellon Trust  
Louisville, Kentucky

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the Murray Independent School District Finance Corporation and the Board of Education of Murray Independent referred to the cover page hereof. No person has been authorized by the Murray Independent School District Finance Corporation or the Board of Education of Murray Independent to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized by the Murray Independent School District Finance Corporation or the Board of Education of Murray Independent or the Financial Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Murray Independent School District Finance Corporation or the Board of Education of Murray Independent since the date hereof.

Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except the Murray Independent School District Finance Corporation or the Board of Education of Murray Independent, will pass upon the accuracy or adequacy of this Official Statement or approve the Bonds for sale.

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**OFFICIAL STATEMENT**

**Relating To**

**\$3,285,000\***

**MURRAY (KENTUCKY) INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS,  
SERIES OF 2010**

**INTRODUCTORY STATEMENT**

This Official Statement, including the cover pages, is furnished in connection with the offering of \$3,285,000\* in principal amount of School Building Refunding Revenue Bonds, Series of 2010 (the "Bonds") of the Murray Independent School District Finance Corporation (the "Corporation") . The Bonds will be issued under and in compliance with the laws of the Commonwealth of Kentucky, including among others Sections 162.120 through 162.290 and 162.385 of the Kentucky Revised Statutes (the "School Bond Act"), and in accordance with a resolutions (the "Resolutions") adopted by the Board of Directors of the Corporation. Also, the Board of Education of Murray Independent, Kentucky (the "Board"), has adopted a resolutions approving and directing the issuance of the Bonds by the Corporation.

Prior to the issuance of the Bonds, the Board will enter into a Continuing Disclosure Certificate regarding its obligation to make continuing annual disclosure of certain financial and operating information and disclosure of certain material events which might occur, all as described hereinafter under the heading "CONTINUING DISCLOSURE UNDERTAKING."

The Bonds will be issued initially only in book-entry form in the name of Cede & Co., a nominee of The Depository Trust Company ("DTC"), as securities depository. No physical delivery of the Bonds will be made to purchasers. SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER, REFERENCES TO BONDHOLDERS OR REGISTERED HOLDERS OR OWNERS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS. See "BOOK ENTRY AND DTC."

There follows brief descriptions of the Board and the Corporation, the Projects to be financed, the Bonds, the Resolutions and related documents, and the Continuing Disclosure Certificate, together with the Appendices containing financial and other information with respect to the Board. All descriptions contained herein of the Bonds, the Resolutions and related documents, and the Continuing Disclosure Certificate do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, all of which are available for inspection at the office of the Board in Murray, Kentucky.

**BOOK ENTRY AND DTC**

The following information regarding the Depository Trust Company, New York, New York ("DTC"), and Cede & Co. will be applicable to the Bonds as long as a book-entry system is utilized. The Corporation does not assume any responsibility for the accuracy or completeness of the information set forth under this heading "BOOK ENTRY AND DTC", and the Corporation is not required to supervise, and will not supervise, the operation of the book-entry system described herein.

DTC will act as securities depository for the Bonds. The Bonds 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 each series of the Bonds, in the aggregate principal amount of the issue, and will be deposited with DTC.

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\*Preliminary, subject to adjustment

DTC, the world's largest securities 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 issues, 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 bond 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, all of which are registered clearing agencies. 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: AAA. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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 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 DTC nominee do not effect 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 registrar 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 within an issue 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 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 Corporation 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 and principal 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 Corporation or Paying Agent, on 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 securities 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, Paying Agent or Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Corporation or Paying Agent, 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.

THE CORPORATION AND THE PAYING AGENT AND BOND REGISTRAR WILL HAVE NO 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 PAYING AGENT AND BOND REGISTRAR AS BEING A REGISTERED OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT OF ANY AMOUNT DUE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO REGISTERED OWNERS UNDER THE TERMS OF THE RESOLUTIONS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

The securities depository may discontinue providing its services with respect to the Bonds at any time by giving 30 days' notice to the Corporation and the Paying Agent and Bond Registrar and discharging its responsibilities with respect thereto under applicable law. If no successor securities depository is appointed in accordance with the Resolutions, or if the Corporation decides to discontinue the Book-Entry-Only System, Bond certificates shall be printed and delivered to and registered in the name of the Beneficial Owners.

In the event that the Book-Entry-Only System is discontinued, a Bondholder may transfer or exchange Bonds in accordance with the Resolutions. The Paying Agent and Bond Registrar may require a Bondholder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Resolutions. The Paying Agent and Bond Registrar shall not be required to transfer or exchange any Bond (a) during any period beginning five days prior to the selection by the Paying Agent and Bond Registrar of Bonds to be redeemed prior to maturity and ending on the date of mailing of notice of any such redemption or (b) if such Bond has been selected or called for redemption in whole or in part.

### **THE BONDS**

The Bonds will be dated the date of delivery (anticipated to be September 16, 2010), will be issued initially in book-entry form in the principal amount of \$3,285,000\* and in denominations of \$5,000 or any integral multiples thereof, will mature as to principal on March 1, 2011 and September 1, 2011, and thereafter on each September 1 until final maturity, and will bear interest as set forth on the cover page of this Official Statement.

The Bonds maturing on or after September 1, 2021, shall be subject to redemption at the option of the District in whole or in part at any time on or after September 1, 2020, and if in part, in the maturity or maturities selected by the District, at a redemption price of 100% of the principal amount redeemed.

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\*Preliminary, subject to adjustment

Not less than thirty days nor more than sixty days before the redemption date of the Bonds, the Paying Agent and Bond Registrar is required to cause a notice of redemption to be mailed postage prepaid by first class United States mail to all registered holders of the Bonds to be redeemed in whole or in part at their registered addresses, and any notice so mailed shall be conclusively presumed to have been duly given whether or not received by the registered holder. Failure to mail any notice or any defect in any notice with respect to the Bonds shall not affect the validity of the redemption of any of the Bonds. Such redemption notice must set forth the details with respect to the redemption.

Interest accruing on the Bonds will be payable semiannually on March 1 and September 1 of each year (commencing March 1, 2011) from the later of date of issuance, or the most recent interest payment date to which interest has been paid or duly provided for. The interest installments on the Bonds will be paid to the person who is the registered holder thereof as of the close of business on the Record Date for such interest installment, which Record Date shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Payment of interest shall be made by check mailed to the person who is the registered holder on the applicable Record Date at the address of such registered holder as it appears on the books of the Paying Agent and Bond Registrar. Principal shall be paid when due upon delivery of the Bonds for payment at the designated office of the Paying Agent and Bond Registrar, The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky. If the date for making any principal or interest payment is not a business day for the Paying Agent and Bond Registrar, such payment may be made on the next succeeding business day and no interest shall accrue for the period after such stipulated date.

See "BOOK ENTRY AND DTC" regarding payment of principal and interest to the Beneficial Owners while the Bonds are in the Book-Entry-Only System.

#### **MURRAY (KENTUCKY) INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION**

The Corporation is an agency, instrumentality and constituted authority of the Board of Education of the Murray Independent School District, Kentucky (the "Board"), organized pursuant to Sections 162.385 and 58.180 of the Kentucky Revised Statutes as a Kentucky nonprofit corporation under Sections 273.161 through 273.390 of the Kentucky Revised Statutes. The Corporation was created by the Board in order to act on behalf of the Board in the financing of school building projects for the Board.

The Corporation is governed by a five-member Board of Directors consisting of the incumbent members of the Board of Education.

#### **BOARD OF EDUCATION OF MURRAY INDEPENDENT**

The Board is a statutory board of education organized and existing pursuant to Chapter 160 of the Kentucky Revised Statutes, vested with the responsibility of providing for the public education in the Murray Independent School District (the "District") by establishing and operating public schools. The Board consists of five (5) members, each elected from a separate division within the Murray Independent School District.

#### **AUTHORITY AND SECURITY**

The Bonds are being issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.120 through 162.290, 162.385, and Section 58.180 of the Kentucky Revised Statutes, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of Hemlepp v. Aronberg, 369 S.W.2d 121, for the purpose of providing funds to retire certain portions of the Corporation's outstanding School Building Revenue Bonds, Series A of 2001, dated September 15, 2001 (the "Prior Issue") maturing September 1, 2013 and thereafter (the "Refunded Bonds") prior to their stated maturities on September 1, 2011. The Bonds of the Prior Issue maturing September 1, 2011 and September 1, 2012 shall not be defeased and shall remain payable under the Prior Lease (the "Remaining Bonds").

The Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Projects originally financed from the proceeds of the Prior Issue. The Bonds are secured by statutory mortgage liens upon and pledges of the revenues derived from the rental of the school Projects to the Board under a Contract, Lease and Option dated as of the date of delivery (the "2010 Lease"); provided, however, said liens and pledges are inferior and subordinate to similar liens and pledges securing certain of the Corporation's outstanding School Building Revenue Bonds issued to construct or

improve the Projects (the “Prior Lien Bonds”) but rank on the basis of parity with the liens and pledges securing Remaining Bonds.

Under the 2010 Lease the Board has leased the school properties securing the Refunding Bonds in accordance with the provisions of KRS 162.140 for an initial period from September 16, 2010 through June 30, 2011, with the option in the Board to renew said 2010 Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rentals due under the 2010 Lease, the principal and interest on all of the Refunding Bonds as same become due.

In addition, the 2010 Lease provides that the Prior Lease will be canceled as to the Refunded Bonds effective upon the sale and delivery of the Refunding Bonds. The 2010 Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the 2010 Lease until September 1, 2021, the final maturity date of the Refunding Bonds, and such annual rentals shall be deposited as received in the Bond Fund for the Refunding Bonds and used and applied for the payment of all maturing principal of and interest on the Refunding Bonds.

Under the terms of the 2010 Bond Resolution and the 2010 Lease, the statutory mortgage liens securing the Refunding Bonds which are created and granted pursuant to KRS 162.200 upon the school Projects are and shall be restricted in their application to the exact location of said school building Projects and to such easements and rights of way for ingress, egress and the rendering of services thereto as may be necessary for the proper use and maintenance of said school buildings; the right being reserved to erect or construct upon any land not occupied by the school Projects other independently financed school buildings, free and clear of said statutory mortgage liens, which other independently financed school buildings may or may not have a party wall with and adjoin said school buildings constituting the Projects, provided no part of the cost of said other independently financed school buildings is paid from the proceeds of the sale of the Refunding Bonds.

The right has been reserved in the Corporation to obtain the release of the liens and pledges on any of the sites of the Projects by providing for the retirement of the same proportionate amount of Refunding Bonds then outstanding as was allocated to the site for which the release is sought.

### **THE REFUNDING PLAN**

The Bonds are being issued for the purpose of advance refunding through the deposit in escrow (the “Series of 2001 Escrow Fund”) and investment in U.S. Obligations, State and Local Government Series, of sufficient funds to pay the interest requirements due and payable through September 1, 2011, on the Series A of 2001 Prior Bonds maturing on and after September 1, 2013. The Refunded Bonds will be redeemed along with the required redemption price of 101%. The refunding plan is being undertaken in order to obtain debt service savings.

The Series A of 2001 Prior Bonds are scheduled to be paid and redeemed as follows:

1. \$290,000 of the Remaining Bonds scheduled to mature September 1, 2011 and September 1, 2012 will be paid as and when due from the revenues of the Board;
2. \$3,035,000 of Series A of 2001 Prior Bonds scheduled to mature on and after September 1, 2013, will be called for redemption on September 1, 2011, the earliest date on which the Series A of 2001 Prior Bonds are subject to redemption prior to maturity at a redemption price of 101% for a redemption premium of \$30,350.

The estimated sources and uses of funds for the Refunding Plan are as follows:

**Sources of Funds\***

Par Amount of Refunding Bonds	<u>\$3,285,000</u>
<b><i>Total Sources of Funds</i></b>	<b><u>\$3,285,000</u></b>

**Uses of Funds\***

Deposit to Escrow Fund	\$3,194,475
Underwriter Discount (1.50%)	49,275
Costs of Issuance & Surplus Funds	<u>41,250</u>
<b><i>Total Uses of Funds</i></b>	<b><u>\$3,285,000</u></b>

\*Preliminary, subject to adjustment

**DISPOSITION OF BOND PROCEEDS**

The Bond proceeds will be applied as follows:

- (a) There will be paid the expenses incident to the issuance, sale and delivery of the Bonds, including the fee of the financial advisor, legal fees, rating fees and paying agent fees and such other appropriate expenses as may be approved by the Corporation or the Board.
- (b) The balance of the proceeds shall be deposited to the Escrow Fund to be held at The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky.

**MISCELLANEOUS RESOLUTION AND LEASE PROVISIONS**

The Resolution permits the issuance of additional parity bonds if necessary to complete the construction and acquisition of the Projects in accordance with plans and specifications approved by the Board and the State Department of Education.

In the Resolution, the Corporation has reserved the right to make provision for the discharge of the pledges and liens securing any of the Bonds by depositing in escrow obligations of the United States Government which, together with earnings thereon, will produce amounts sufficient for payment of such Bonds.

The Resolution and the Contract, Lease and Option contain tax covenants, representations and warranties to the effect that the Corporation and the Board are in compliance with, and will comply with, the requirements of the United States Internal Revenue Code of 1986, as amended (the "Code"), so that the Bonds will not become "arbitrage bonds" within the meaning of the Code.

**STATE SUPPORT FOR EDUCATION**

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

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

KRS 157.330 establishes the fund to Support Education Excellence in Kentucky ("SEEK") funded from biennial appropriations from the General Assembly for distribution to school districts. The base funding guaranteed to each school district by SEEK for operating and capital expenditures is determined in each fiscal year by dividing the total annual SEEK appropriation by the state-wide total of pupils in average daily attendance ("ADA") in the

preceding fiscal year; the ADA for each district is subject to adjustment to reflect the number of at risk students (approved for free lunch programs under state and federal guidelines), number and types of exceptional children, and transportation costs.

KRS 157.420 establishes a formula which results in the allocation of funds for capital expenditures in school districts at \$100 per ADA pupil which is included in the SEEK allotment (\$3,866) for the current biennium which is required to be segregated into a Capital Outlay Allotment Fund which may be used only for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

KRS 160.470(12)(a) requires that effective for fiscal years beginning July 1, 1990 each school district shall levy a minimum equivalent tax rate of \$.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 160.470(12)(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

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

KRS 157.620(1) also provides that in order to be eligible for participation from the Kentucky School Facilities Construction Commission for debt service on bond issues the district must levy a tax which will produce revenues equivalent to \$.05 per \$100 of the total assessed value of all property in the district (including tangible and intangible property and motor vehicles) in addition to the minimum \$.30 levy required by KRS 160.470(12). A district having a special voted tax which is equal to or higher than the required \$.05 tax, must commit and segregate for capital purposes at least an amount equal to the required \$.05 tax. Those districts which levy the additional \$.05 tax are also eligible for participation in the Kentucky Facilities Support ("KFS") program for which funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources under KRS 157.440(1)(b).

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

#### **KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION**

KRS 160.470 provides that a local school district budget failing to provide payments for rentals in connection with outstanding revenue bonds for school purposes shall be disapproved by the State Department of Education. State Department of Education approval of a bond issue and its associated financial, educational and construction plans is required prior to its issuance and must have been received prior to the sale of the issue. State supervision also extends to other areas of local school finance, including supervision of general operations such as the examination of business methods and accounts of a school district, requirements of prompt, detailed reports of receipts and expenditure and the annual approval of an operating budget as a prerequisite to such operation. All local boards who have entered into contracts for the issuance of bonds must arrange for insurance protection in an amount equal to the full insurable value of the buildings or to the continuous retention of such insurance. This State Department of Education supervision and control is believed to be a major contribution toward the maintenance of Kentucky's record of no defaults in payment of its revenue bonds for school purposes.

Kentucky law requires that annual budgets of local school boards provide for rental payments for debt service in order for such budgets to be approved by the State Department of Education.

## **BIENNIAL BUDGET FOR 2010-2012**

Following its failure to adopt the required Biennial Budget for the Commonwealth during the Regular Session adjourning April 15, 2010, the Kentucky General Assembly was convened in Extraordinary Session on May 24, 2010, and adopted a budget on May 28, 2010, which has been approved by the Governor.

### **REVENUE SOURCES WITHIN THE MURRAY INDEPENDENT SCHOOL DISTRICT**

#### **Capital Outlay Allotment**

Kentucky's Minimum Foundation Program provides for the annual payment to all districts for capital construction or acquisition. Funds from the Capital Outlay Allotment are not directly pledged for debt service, but as a practical matter, and to the extent needed, have been, and it is expected will continue to be, applied to debt service through rental payments on lease agreements.

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

The capital outlay allotments for the most recent four year period and the estimates for 2009-10 can be found in Appendix A.

#### **General Property and Motor Vehicle Tax**

The Board levies a tax on \$100 of valuation on real estate, personal property and motor vehicles in the District. See Appendix A for the most recent five-year period of tax rates assessed and receipts.

#### **Utility Tax**

The Board levies a 3% utility gross receipts tax (for school purposes) on the gross receipts derived from the furnishing, within the Murray Independent School District of telephone, telegraph, electric power, water and gas, subject to certain exemptions. Once levied, the tax remains in effect from year to year unless and until the Board requests its discontinuance. See Appendix A for a summary of recent years' receipts from the tax.

#### **SEEK Program Fund**

The SEEK Program Fund allocates biennial appropriations from the General Assembly to each Kentucky school district. The base level is determined for each fiscal year by dividing the total SEEK appropriation by the statewide total of pupils in average daily attendance. Each district's share of the SEEK Program is subject to adjustment to reflect several factors. See "STATE SUPPORT FOR EDUCATION" for more details.

See Appendix A for a recent history of the SEEK Program Fund appropriations to the District.

#### **FSPK Program**

The FSPK Program provides funds for districts to support debt service and capital expenditures. The amount of FSPK funds each district receives is based on a funding formula that takes into consideration a district's average daily attendance and the amount of local revenue generated on a district's tax base relative to a state-wide average assessment.

See **Appendix A** for the District's funds from the FSPK Program for the last four years and the 2009-10 budgeted amount.

## TAX BASE INFORMATION

### Homestead Exemption

Section 170 of the Kentucky Constitution was amended by the voters of the Commonwealth of Kentucky at the General Election held December 2, 1971, to exempt from property taxes the first \$6,500 of single-unit residential property of taxpayers 65 years of age or older. Following that election, the 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues through increases in taxes on non-exempt property by amounts equivalent to the revenues lost through application of this homestead exemption. In subsequent sessions of the General Assembly the "single-unit" qualification has been enlarged so as to provide for the exemption to apply to real property "held by legal or equitable title, by the entireties, jointly, in common, as a condominium" maintained as the permanent residence of the owner; and that the \$6,500 exemption "shall be construed to mean \$6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as one (1) percent, the maximum exemption shall be adjusted accordingly." The local general property tax rate on non-exempt property has been adjusted so as to recover tax revenues equivalent to the revenues lost through application of the homestead exemption. The amount of the individual exemption as of January 1, 2010 was \$33,700.

### Limitation on Taxation

The 1990 Regular Session of the Kentucky General Assembly in enacting the KERA legislative package amended the provisions of KRS 160.470 which prohibited school districts from levying ad valorem property taxes which would generate revenues in excess of 4% of the previous year's revenues without said levy being subject to recall, to permit exception to the referendum under (1) KRS 160.470(12) (a new section of the statute) and (2) and amended KRS 157.440.

Under KRS 160.470(12)(a) for fiscal years beginning July 1, 1990 school districts are permitted to levy a "minimum equivalent tax rate" of thirty cents (\$.30) for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes (including occupational or utilities) levied by the district for school purposes divided by the total assessed value of property plus the assessment of motor vehicles certified by the State Revenue Cabinet. Failure to levy the minimum equivalent rate subjects the board of the district to removal.

The exception provided by KRS 157.440(1)(a) permits school districts to levy an equivalent tax rate as defined in KRS 160.470(12)(a) which will produce up to 15% of those revenues guaranteed by the program to support education excellence in Kentucky. Levies permitted by this section of the statute are not subject to public hearing or recall provisions as set forth in KRS 160.470.

Please see **Appendix A** for tax base data to include assessments and tax receipts.

### TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended, and therefore advises as follows:

- (A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.
- (B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law; provided, that the corporate entities noted below are advised of certain tax consequences as follows:
  - 1. In the computation of the corporate minimum tax, earnings and profits may include otherwise tax-exempt interest on the Bonds; this provision applies to corporations only.

2. Property and casualty insurance companies may be denied certain loss reserve deductions to the extent of otherwise tax-exempt interest on the Bonds.
- (C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than \$30,000,000 of tax-exempt obligations during the calendar year ending December 31, 2010, the Bonds may be treated by financial institutions as if they were acquired before August 8, 1986.
- (D) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law for individuals; however, said income must be included in the calculation of "modified adjusted gross income" in the determination of whether and to what extent Social Security benefits are subject to Federal income taxation.

#### **CONTINUING DISCLOSURE**

As a result of the Board and issuing agencies acting on behalf of the Board having outstanding at the time the Bonds referred to herein are offered for public sale municipal securities in excess of \$1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said Corporation and Board will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

Financial information regarding the Board may be obtained from Superintendent, Murray Independent Board of Education, 208 South 13<sup>th</sup> Street, Murray, Kentucky 42071 Telephone 270-753-4363.

#### **ABSENCE OF MATERIAL LITIGATION**

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Corporation or the Board taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds or the due existence or powers of the Corporation or Board.

#### **VERIFICATION OF MATHEMATICAL ACCURACY**

Grant Thornton LLP will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in the underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Refunded Bonds, and (2) the computations of yield on both the securities and the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest on the Bonds is exempt from tax. Grant Thornton LLP will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

#### **FINANCIAL ADVISOR**

J.J.B. Hilliard, W.L. Lyons, LLC, Louisville, Kentucky ("Hilliard Lyons"), has been employed as Financial Advisor in connection with the issuance of the Bonds. Hilliard Lyons' fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Hilliard Lyons may submit a bid or bids for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

## **RATING**

The Bonds have been assigned a rating of “ ” by Moody's Investors Service, Inc. (“Moody's”). Any explanation on the significance of such ratings may be obtained only from Moody's. The Board and Corporation furnished to Moody's certain information and materials about the Bonds and themselves. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that such ratings will continue for any given period of time or that they may not be lowered or withdrawn entirely by Moody's. Any downward change in or withdrawal of such rating could have an adverse effect on the market price of the Bonds.

## **NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS**

The statements contained in the Official Statement under the headings Introductory Statement, Book-Entry and DTC, The Bonds, Murray (Kentucky) Independent School District Finance Corporation, Security for the Bonds, Biennial Budget 2010-2012, The Refunding Plan, Disposition of Bond Proceeds, Miscellaneous Resolution and Lease Provisions, State Support of Education, Kentucky Department of Education Supervision, Homestead Exemption and Limitation on Taxation under the general heading of Tax Base Information, Tax Exemption; Bank Qualified, and Continuing Disclosure have been reviewed by Henry M. Reed III, Bond Counsel, Louisville, Kentucky, and he is of the opinion that the statements under such headings are substantially correct.

Bond Counsel has not undertaken to review the accuracy or completeness of statistical and geographical information contained in this Official Statement.

## **COMPLETENESS OF OFFICIAL STATEMENT**

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

## **APPROVAL OF OFFICIAL STATEMENT**

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relies upon information furnished to it by the Board and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement. The financial information supplied by the Board and reported herein, is represented by the Board to be correct. Additional financial information for the District, to include audited financial reports, is available upon request to the District's Fiscal Agent, J.J.B. Hilliard, W.L. Lyons, LLC, (502) 588-1124.

## **MURRAY INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION**

By /s/ Dr. Richard Crouch  
President

## **MURRAY INDEPENDENT BOARD OF EDUCATION**

By /s/ Dr. Richard Crouch  
Chairperson

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**APPENDIX A**

**MURRAY (KENTUCKY) INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS  
SERIES OF 2010**

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**Tax Base and Operating Data**

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## TAX BASE INFORMATION

### *Property Subject to Taxation*

The following table summarizes the assessed valuation of all classes of property subject to taxation by the Board:

<u>Year</u>	<u>Real Estate</u>	<u>Tangible Personal</u>	<u>Franchise</u>	<u>Motor Vehicle</u>	<u>Total Assessed Value</u>
2009-10 (est.)	\$376,308,472	\$45,209,310	\$6,756,610	\$44,082,632	\$472,357,024
2008-09	376,464,386	43,172,987	3,818,075	51,017,004	474,472,452
2007-08	340,395,538	43,072,140	7,583,901	48,637,703	439,689,282
2006-07	320,957,754	40,465,412	8,430,141	48,988,416	418,841,723
2005-06	309,977,540	39,247,761	2,212,922	47,189,721	398,627,944

Source: Murray Independent School District

### *History of Assessment Rates*

The following presents the assessment rates for the property subject to taxation by the Board:

	<u>2009-10 (est.)</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Real Estate	\$.510	\$.490	\$.509	\$.514	\$.499
Tangible	.510	.516	.515	.514	.501
Motor Vehicle	.544	.544	.544	.544	.544
Utilities (expressed as a percent)	3%	3%	3%	3%	3%

Source: Murray Independent School District

### *Tax Receipts*

The following presents real estate, tangible, personal and motor vehicle tax receipts versus amounts budgeted for collection in the District:

<u>Fiscal Year</u>	<u>Taxes Collected</u>	<u>Amount Budgeted</u>	<u>Percent Collected versus Budgeted</u>
2008-09	\$2,303,103.27	\$2,127,708	108.2%
2007-08	2,187,980.39	2,043,535	107.1
2006-07	2,144,132.06	1,944,263	110.3
2005-06	2,020,209.25	1,906,785	105.9

Source: Murray Independent School District

## OPERATING AND FINANCIAL DATA

Murray Independent School District serves the public educational needs of the Calloway County, Kentucky. In addition to the District, portions of Calloway County are served by the Calloway County School District. School enrollment and average daily attendance are summarized below:

<u>Year</u>	<u>Enrollment</u>	<u>Average Daily Attendance</u>
2009-10 (est.)	1,520	1,048.4
2008-09	1,495	1,041.3
2007-08	1,503	1,054.6
2006-07	1,607	1,350.7
2005-06	1,693	1,481.4

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Source: Murray Independent School District

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**Summary of Major Fund Balances**

The District maintains its books and records on the modified accrual basis method of accounting. This practice is the accounting method prescribed by the Kentucky Department of Education for local school districts. The following table summarizes, on a modified accrual basis, the activity of the major funds used by the District.

	<b>General Fund</b>			
	<b>Budget</b>	<b>Fiscal Years</b>		
	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
Beginning Balance	\$5,402,996	\$4,733,602	\$3,284,405	\$1,756,771
<b>Revenues From Local Sources</b>				
General Property Tax	1,226,000	1,329,589	1,287,242	1,233,326
Public Service Companies	18,000	26,245	19,094	51,385
Utilities Gross Receipts Tax	850,000	974,575	928,733	878,850
Motor Vehicles	215,000	238,926	259,533	247,333
Earnings from Investment	40,000	84,590	191,641	202,926
Revenue in Lieu of Taxes	111,000	112,060	127,169	127,375
Rental of School Facilities and other Local Sources	313,000	352,914	388,344	557,660
<b>Revenue from State Sources</b>				
SEEK Program	3,536,522	5,047,894	5,500,616	5,710,553
Other	108,274	2,422,869	2,293,269	2,679,381
<b>Other Revenues</b>				
Federal Aid	-	-	-	17,821
Sale of Property, Reimbursements, etc.	11,000	22,147	87,195	6,139
<b>Clearing Accounts and Transfers</b>				
Capital Outlay Fund	-	-	-	-
Transfers and Clearing Accounts	-	-	-	-
Total of All Receipts	<u>\$6,428,796</u>	<u>\$10,611,809</u>	<u>\$11,082,836</u>	<u>\$11,712,749</u>
Total of All receipts Plus Beginning Balance	<u>\$11,831,792</u>	<u>\$15,345,411</u>	<u>\$14,367,241</u>	<u>\$13,469,520</u>
<b>Expenditures</b>				
Total Current Expenses	11,806,792	9,919,741	9,616,080	10,162,476
Advancements, Loans & Transfer, etc.	25,000	22,674	17,559	22,639
Total Expenditures	<u>\$11,831,792</u>	<u>\$9,942,415</u>	<u>\$9,633,639</u>	<u>10,185,115</u>
Ending Balance	<u><u>\$0</u></u>	<u><u>\$5,402,996</u></u>	<u><u>\$4,733,602</u></u>	<u><u>\$3,284,405</u></u>

Source: Murray Independent School District

**Capital Outlay Fund**

	<b>Fiscal Years</b>			
	<b>Budget</b>	<b>Actual</b>		
	<b><u>2009-10</u></b>	<b><u>2008-09</u></b>	<b><u>2007-08</u></b>	<b><u>2006-07</u></b>
Beginning Balance	\$386,157	\$424,168	\$569,367	\$472,057
<b>Receipts</b>				
Capital Outlay Allotment	105,000	125,200	135,070	148,140
Other	<u>4,800</u>	<u>6,692</u>	<u>19,705</u>	<u>33,934</u>
Total Receipts	<u>\$109,800</u>	<u>\$131,892</u>	<u>\$154,775</u>	<u>\$182,074</u>
Total Receipts Plus Beginning Balance	<u>\$495,957</u>	<u>\$556,060</u>	<u>\$724,142</u>	<u>\$654,131</u>
<b>Expenditures</b>				
Debt Service on Bonds	259,682	0	212,695	0
Other	<u>236,275</u>	<u>169,903</u>	<u>87,279</u>	<u>84,764</u>
Total Expenditures	<u>\$495,957</u>	<u>\$169,903</u>	<u>\$299,974</u>	<u>\$ 84,764</u>
Ending Balance	<u>\$ 0</u>	<u>\$386,157</u>	<u>\$424,168</u>	<u>\$569,367</u>

Source: Murray Independent School District

**SEEK Allotment**

The following represents the SEEK program funds provided to the Board for the last four fiscal years and the estimated 2009-10 amount.

	<b><u>2009-10 (est.)</u></b>	<b><u>2008-09</u></b>	<b><u>2007-08</u></b>	<b><u>2006-07</u></b>	<b><u>2005-06</u></b>
SEEK Funds	\$3,536,522	\$5,047,894	\$5,500,616	\$5,710,523	\$6,386,981

Source: Murray Independent School District

**FSPK**

The following represents the FSPK funds provided to the Board for the last four years and the estimated 2009-10 amount.

	<b><u>2009-10 (est.)</u></b>	<b><u>2008-09</u></b>	<b><u>2007-08</u></b>	<b><u>2006-07</u></b>	<b><u>2005-06</u></b>
FSPK Allotment	\$250,454	\$418,204	\$420,706	\$524,810	\$532,824

Source: Murray Independent School District

**APPENDIX B**

**MURRAY (KENTUCKY) INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS  
SERIES OF 2010**

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**Outstanding Bonds of the District**

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## OUTSTANDING BONDS OF THE DISTRICT

The following represents the bonds outstanding of the District as of September 1, 2010:

### Payable from Local Revenues

<u>Issue of</u>	<u>Original Issue Amount</u>	<u>Bonds Retired</u>	<u>Bonds Outstanding</u>
September 15, 2001-Ser A <sup>(1)</sup>	\$4,415,000	\$1,095,000	\$3,320,000
September 15, 2001-Ser B	670,000	355,000	315,000
March 1, 2003	957,585	634,736	322,849
March 1, 2004	<u>7,169,998</u>	<u>1,853,710</u>	<u>5,316,288</u>
Subtotal	<u>\$13,212,583</u>	<u>\$4,068,446</u>	<u>\$9,144,137</u>

### Payable from Non-Local Revenues <sup>(2)</sup>

<u>Issue of</u>	<u>Original Issue Amount</u>	<u>Bonds Retired</u>	<u>Bonds Outstanding</u>
March 1, 2003	\$ 82,415	\$ 55,264	\$ 27,151
March 1, 2004	<u>980,002</u>	<u>276,290</u>	<u>703,712</u>
Subtotal	<u>\$ 1,062,417</u>	<u>\$ 331,554</u>	<u>\$ 730,863</u>
<b>Total Local and Non-Local</b>	<u><b>\$14,275,000</b></u>	<u><b>\$4,400,000</b></u>	<u><b>\$9,875,000</b></u>

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(1) Portions of this financing will be refunded through the issuance of the Series 2010 Bonds. See "The Refunding Plan" for more details.

(2) Represents bonds payable by the Kentucky School Facilities Construction Commission, a state agency.

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**APPENDIX C**

**MURRAY (KENTUCKY) INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS  
SERIES OF 2010**

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**Demographic and Economic Data**

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## CALLOWAY COUNTY, KENTUCKY

Calloway County covers 386 square miles of gently rolling plain in Kentucky's Jackson Purchase Region. Kentucky Lake marks the eastern boundary of the county and the southern boundary is the Kentucky-Tennessee state line. The 2009 estimated population of Calloway County was 36,348.

Murray, home of Murray State University, is located in extreme southwestern Kentucky. Murray, with a 2009 estimated population of 16,554, is the county seat of Calloway County. Murray's location places the city 122 miles northwest of Nashville, Tennessee; 225 miles southwest of Louisville, Kentucky; and 214 miles southeast of St. Louis, Missouri.

### Economic Framework

The total number of Calloway County residents employed in 2009 averaged 16,618. Manufacturing firms in the county reported 2,682 employees; trade, transportation and public utilities provided 3,674 jobs; 3,269 people were employed in service occupations; informational, financial activities and public administration accounted for 1,085 employees; and contract construction firms provided 745 jobs.

### Transportation

Railroad service is provided to Murray by the K.W.T. Railway and the J & J Railroad. The primary highways serving Murray are U.S. Highway 641, and Kentucky Highways 94 and 121 (northeast of Murray), all "AAA"-rated (80,000 pound gross load limit trucking highways). The Purchase Parkway, a multi-lane toll road, is accessible 19 miles north of Murray via U.S. 641. Interstate 24 is accessible 27 miles north of Murray via U.S. 641 and the Purchase Parkway. Truck service is provided to Murray by 23 common carriers, which provide interstate and/or intrastate service. The Murray-Calloway County Airport, 5 miles northwest of the city, has a 5000-foot paved runway. The nearest scheduled commercial airline service is available at Barkley Regional Airport in Paducah, 49 miles northwest of Murray. The Nashville Metropolitan Airport is 128 miles southeast of Murray.

### Power and Fuel

The Murray Electric System provides electric service to Murray. West Kentucky RECC serves Calloway County. The source of supply for both distributors is Tennessee Valley Authority. Murray Natural Gas System provides natural gas to the city. The source of supply is Texas Gas Resources Corporation.

### Labor Supply

There is a current estimated labor supply of 10,910 persons available for industrial jobs in the labor market area. In addition, from 2009 through 2012, 9,708 young persons in the area will become 18 years of age and potentially available for industrial jobs.

Major employers in Murray Independent are listed below (as of January 2010):

<u>Firm</u>	<u>Product</u>	<u>Average Employment</u>
Pella Corporation	Window and door manufacturer	1,000
Briggs & Stratton Corp.	Small engines for various applications	645
Kenlake Foods	Powdered beverages, hot cereal & salted nut products	331
Morningstar	Single serving milk in plastic bottles, private packaging, nondairy flavored creamers	261
Pulmo-Dose	Distribute pharmaceuticals	230
Drywall Systems Plus Inc.	Headquarters-drywall products	95
RT Vanderbilt	Industrial chemical additives & petroleum product accelerators	64
S'portable Scoreboards Inc.	Scoreboards; electronic display products; marquees	55
Schwarz Supply Source	Distribution center	51
Rudolph's Inc.	Wholesale tire distributor	49

Sources: Kentucky Cabinet for Economic Development

**Calloway County  
Economic Statistics  
2006-2010**

<u>Year</u>	<u>Per Capita Income</u> (1)	<u>Median Family Income</u>	<u>Average Weekly Wage</u> (1)	<u>Unemployment Rate</u> (2)	<u>Employment</u> (2)	<u>Civilian Labor Force</u> (2)
2010	(1)	\$51,700	(1)	8.1%	16,607	18,069
2009	(1)	51,700	\$571.64	8.4	16,618	18,138
2008	\$27,721	49,700	561.50	5.9	16,772	17,817
2007	26,869	47,400	545.83	5.4	16,895	17,866
2006	25,658	47,800	535.05	5.6	17,122	18,147

Source: Kentucky Department of Economic Development.

(1) Data not available.

(2) Preliminary, as of May 2010.

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**APPENDIX D**

**MURRAY (KENTUCKY) INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS  
SERIES OF 2010**

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**Estimated District Debt Service Requirements on Series of 2010 Bonds  
and Estimated Total Annual District Debt Service Requirements**

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*Murray Independent  
School District Finance Corporation  
School Building Refunding Revenue Bonds, Series of 2010*

**ESTIMATED DISTRICT DEBT SERVICE REQUIREMENTS ON SERIES OF 2010 BONDS**

Date	District			Fiscal Total
	Principal	Interest	Total P+I	
3/01/2011	\$20,000.00	\$35,053.33	\$55,053.33	
9/01/2011	45,000.00	38,140.00	83,140.00	\$138,193.33
3/01/2012	-	37,915.00	37,915.00	
9/01/2012	45,000.00	37,915.00	82,915.00	120,830.00
3/01/2013	-	37,690.00	37,690.00	
9/01/2013	325,000.00	37,690.00	362,690.00	400,380.00
3/01/2014	-	35,740.00	35,740.00	
9/01/2014	330,000.00	35,740.00	365,740.00	401,480.00
3/01/2015	-	33,265.00	33,265.00	
9/01/2015	335,000.00	33,265.00	368,265.00	401,530.00
3/01/2016	-	30,082.50	30,082.50	
9/01/2016	340,000.00	30,082.50	370,082.50	400,165.00
3/01/2017	-	26,257.50	26,257.50	
9/01/2017	350,000.00	26,257.50	376,257.50	402,515.00
3/01/2018	-	21,882.50	21,882.50	
9/01/2018	360,000.00	21,882.50	381,882.50	403,765.00
3/01/2019	-	16,842.50	16,842.50	
9/01/2019	365,000.00	16,842.50	381,842.50	398,685.00
3/01/2020	-	11,550.00	11,550.00	
9/01/2020	380,000.00	11,550.00	391,550.00	403,100.00
3/01/2021	-	5,850.00	5,850.00	
9/01/2021	390,000.00	5,850.00	395,850.00	401,700.00
<b>Total</b>	<b>\$3,285,000.00</b>	<b>\$587,343.33</b>	<b>\$3,872,343.33</b>	<b>\$3,872,343.33</b>

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J.J.B. Hilliard, W.L. Lyons, LLC  
Public Finance

**MURRAY INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS  
SERIES OF 2010**

**ANNUAL DISTRICT DEBT SERVICE REQUIREMENTS**

<b>Series of 2010</b>					
<b>Fiscal Year Ended June 30</b>	<b>Existing Debt Service<sup>(1)</sup></b>	<b>Principal</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Net New Debt Service</b>
2011	\$827,015.12	\$20,000.00	\$35,053.33	\$55,053.33	\$882,068.45
2012	759,586.24	45,000.00	76,055.00	121,055.00	880,641.24
2013	759,272.24	45,000.00	75,605.00	120,605.00	879,877.24
2014	485,444.24	325,000.00	73,430.00	398,430.00	883,874.24
2015	483,713.74	330,000.00	69,005.00	399,005.00	882,718.74
2016	491,114.24	335,000.00	63,347.50	398,347.50	889,461.74
2017	487,424.24	340,000.00	56,340.00	396,340.00	883,764.24
2018	487,794.12	350,000.00	48,140.00	398,140.00	885,934.12
2019	481,994.75	360,000.00	38,725.00	398,725.00	880,719.75
2020	485,794.12	365,000.00	28,392.50	393,392.50	879,186.62
2021	483,368.87	380,000.00	17,400.00	397,400.00	880,768.87
2022	489,890.00	390,000.00	5,850.00	395,850.00	885,740.00
2023	880,127.00	-	-	-	880,127.00
2024	877,939.00	-	-	-	877,939.00
<b>Total</b>	<b>\$8,480,477.92</b>	<b>\$3,285,000.00</b>	<b>\$587,343.33</b>	<b>\$3,872,343.33</b>	<b>\$12,352,821.25</b>

Note: (1) Existing Debt Service excludes the refunded portion of the Series 2001 Bonds.

J.J.B. Hilliard, W.L. Lyons, LLC  
Public Finance

**APPENDIX E**

**MURRAY (KENTUCKY) INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS  
SERIES OF 2010**

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**Continuing Disclosure Agreement**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement ("Agreement") made and entered into as of the 16<sup>th</sup> day of September, 2010 by and between the Board of Education of the Murray Independent School District ("Board"); the Murray Independent School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

The Board has never failed to perform its obligations with regard to any previous undertaking.

### WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$3,285,000 of the Corporation's School Building Refunding Revenue Bonds, Series of 2010, dated September 16, 2010, ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by J.J.B. Hilliard, W.L. Lyons, LLC, Louisville, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

WHEREAS, the Securities and Exchange Commission ("SEC"), pursuant to the Securities and Exchange Act of 1934, has amended the provisions of SEC Rule 15c2-12 relating to financial disclosures by the issuers of municipal securities under certain circumstances ("Rule"), and

WHEREAS, it is intended by the parties to this Agreement that all terms utilized herein shall have the same meanings as defined by the Rule, and

WHEREAS, the Board is an "obligated person" as defined by the Rule and subject to the provisions of said Rule, and

WHEREAS, failure by the Board and the Corporation to observe the requirements of the Rule will inhibit the subsequent negotiation, transfer and exchange of the Bonds with a resulting diminution in the market value thereof to the detriment of the Registered and Beneficial Owners of said Bonds and the Board;

NOW, THEREFORE, in order to comply with the provisions of the Rule and in consideration of the purchase of the Bonds by the Registered and Beneficial Owners, the parties hereto agree as follows:

### **1. ANNUAL FINANCIAL INFORMATION.**

The Board agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the Board for its fiscal years ending June 30 of each year to (a) the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of its Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission and (b) the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

For the purposes of the Rule "annual financial information" means financial information and operating data provided annually, of the type included in the FOS with respect to the Board in accordance with guidelines established by the National Federation of Municipal Analysts, and shall include annual audited financial statements for the Board in order that the recipients will be provided with ongoing information regarding revenues and operating expenses of the Board.

The annual financial information shall be prepared in accordance with Generally Accepted Accounting Principles, Generally Accepted Auditing Standards or in accordance with the appropriate sections of KRS or Kentucky Administrative Regulations.

The parties hereto agree that this Agreement is entered into among them for the benefit of those who become Registered and Beneficial Owners of the Bonds as third party beneficiaries to said Agreement.

## **2. MATERIAL EVENTS NOTICES.**

Under the Rule, Section 15c2-12(b)(5)(i)(C), the following eleven (11) events must be disclosed to MSRB via EMMA and the SID, if any, if material:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of Bondholders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing the repayment of the Bonds; and
- (11) Rating changes.

Notice of said material events shall be given to the entities identified in this Section by the Board on a timely basis in light of the date of occurrence of the material events. Notwithstanding the foregoing, the provisions of the documents under which the Bonds are authorized and issued do not provide for a debt service reserve, credit enhancements or credit or liquidity providers.

In accordance with Rule Section 15c2-12(b)(5)(i)(D), the Board agrees that in the event of a failure to provide the Annual Financial Information required under Section 1 of this Agreement, it will notify EMMA and SID, if any, of such failure in a timely manner.

## **3. SPECIAL REQUESTS FOR INFORMATION.**

Upon the request of any Registered or Beneficial Owner of the Bonds or the original purchaser of the Bonds or any subsequent broker-dealer buying or selling said Bonds on the secondary market ("Underwriters"), the Board shall cause financial information or operating data regarding the conduct of the affairs of the Board to be made available on a timely basis following such request.

## **4. DISCLAIMER OF LIABILITY.**

The Board and the Corporation hereby disclaim any liability for monetary damages for any breach of the commitments set forth in this Agreement and remedies for any breach of the Board's continuing disclosure undertaking shall be limited to an action for specific performance or mandamus in a court of competent jurisdiction in Kentucky following notice and an opportunity to cure such a breach.

## **5. FINAL OFFICIAL STATEMENT.**

That the Final Official Statement prepared by the Financial Advisor and approved by the authorized representatives of the Board and the Corporation is hereby incorporated in this Agreement as fully as if copied herein and the "annual financial information" required under Section 1 hereof shall in summary form update the specific information set forth in said FOS.

## **6. DURATION OF THE AGREEMENT.**

This Agreement shall be in effect so long as any of the Bonds remain outstanding and unpaid; provided, however, that the right is reserved in the Board to delegate its responsibilities under the Agreement to a competent agent or trustee, or to adjust the format of the presentation of annual financial information so long as the intent and purpose of the Rule to present adequate and accurate financial information regarding the Board is served.

## **7. AMENDMENT; WAIVER**

Notwithstanding any other provision of this Agreement, the Board may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 1, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Board shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Section 15c2-12(b)(5)(i)(C) of the Rule, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

## **8. DEFAULT**

In the event of a failure of the Board to comply with any provision of this Agreement, the Corporation may and, at the request of any Underwriter or any Registered Owner or Beneficial Owner of Bonds, shall take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

In witness whereof the parties hereto have executed this Agreement as of the date first above written.

**BOARD OF EDUCATION OF THE  
MURRAY INDEPENDENT  
SCHOOL DISTRICT**

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

**MURRAY (KENTUCKY) INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION**

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

**OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

**\$3,285,000\***

**Murray Independent School District Finance Corporation  
School Building Refunding Revenue Bonds, Series of 2010  
Dated as of the date of delivery (September 16, 2010)**

**SALE: August 26, 2010 AT 1:00 P.M., E.D.S.T.**

The Murray (Kentucky) Independent School District Finance Corporation (the "Corporation") will until 1:00 P.M., E.D.S.T., on August 26, 2010 receive at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, Frankfort, Kentucky 40601, competitive bids for the purchase of \$3,285,000 principal amount of Murray Independent School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2010 (the "Refunding Bonds"), dated and bearing interest from date of delivery, payable on March 1, 2011, and semi-annually thereafter on September 1 and March 1 of each year, in denominations in multiples of \$5,000 within the same maturity, maturing on March 1, 2011 and on September 1 in each of the years as follows:

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT*</u>
2011**	\$20,000
2011	45,000
2012	45,000
2013	325,000
2014	330,000
2015	335,000
2016	340,000
2017	350,000
2018	360,000
2019	365,000
2020	380,000
2021	390,000

\*\*Indicates first principal maturity March 1, 2011.

\*Subject to a "Permitted Adjustment" increasing or decreasing the principal amount of Bonds awarded by up to \$330,000.

**PROVISIONS FOR PRIOR REDEMPTION; BOND REGISTRAR/PAYING AGENT**

The Refunding Bonds are to be issued in fully registered form (both principal and interest). The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the Nominee of The Depository Trust Company ("DTC"); the fifteenth day of the month preceding a due date being the "record date" for said Refunding Bonds. Please see "Book-Entry-Only-System" below.

The Bonds maturing on or after September 1, 2021 are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after September 1, 2020, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent by regular United States Mail to the Registered Owners of the Bonds so selected not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

**MURRAY (KENTUCKY) INDEPENDENT  
SCHOOL DISTRICT FINANCE CORPORATION**

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.290 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board of Education of the Murray Independent School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Bonds herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

## **AUTHORITY AND PURPOSE**

The Refunding Bonds are being issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including KRS Sections 162.120 through 162.290, 162.385, and Section 58.180, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of Hemlepp v. Aronberg, 369 S.W.2d 121, for the purpose of providing funds to retire certain of the outstanding Murray (Kentucky) Independent School District Finance Corporation School Building Revenue Bonds, Series A of 2001, dated September 15, 2001 (the "2001 Bonds") maturing September 1, 2013 and thereafter prior to their stated maturities (the "Refunded Bonds"). The Bonds of the Prior Issue maturing September 1, 2011 and September 1, 2012 shall not be defeased and shall remain payable under the Prior Lease (the "Remaining Bonds").

## **PROCEEDS TO RETIRE CERTAIN BONDS OF PRIOR ISSUE**

The Refunded Bonds were issued by the Corporation under the authority of KRS Sections 162.120 through 162.290 and 162.385 for the purpose of providing funds to finance additions and renovations to Murray Elementary School, Murray Middle School and Murray High School (the "Projects") for the Board. Under the terms of a Resolution authorizing the Refunded Bonds, those Bonds are payable from the income and revenues of the Projects financed from the proceeds thereof.

The total principal amount of the 2001 Bonds outstanding as of August 26, 2010 is \$3,460,000, scheduled to mature on September 1 in each of the years 2010 through 2021.

Upon the delivery of the Refunding Bonds sufficient proceeds thereof shall be deposited in a special Escrow Fund and Invested in U.S. Government Obligations or collateralized Certificates of Deposit or investment contracts collateralized by a qualified surety bond in order to provide for the prior redemption of the Refunded Bonds.

The Series of 2010 Bond Resolution expressly provides that upon delivery of the Refunding Bonds and the deposit of sufficient funds in accordance with the preceding paragraph, the statutory mortgage liens upon and the pledges of revenues shall no longer secure the Refunded Bonds which shall be paid from and secured by the monies deposited in the Escrow fund.

The Remaining Bonds shall continue to be secured by statutory mortgage liens and pledges of revenues under the Prior Lease and the liens and pledges securing the Refunding Bonds shall rank on a parity with those liens and pledges.

## **SECURITY FOR REFUNDING BONDS**

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Projects originally financed from the proceeds of the Refunded Bonds. The Refunding Bonds are secured by statutory mortgage liens upon and pledges of the revenues derived from the rental of the school Projects to the Board under a Contract, Lease and Option dated as of the date of delivery (the "Series of 2010 Lease"); provided, however, said liens and pledges are inferior and subordinate to similar liens and pledges securing certain of the Corporation's outstanding School Building Revenue Bonds issued to construct or improve the Projects (the "Prior Lien Bonds") but rank on the basis of parity with the liens and pledges securing Remaining Bonds.

Title to the school Projects financed from the proceeds of the Refunded Bonds will be vested in the Corporation securing the Refunding Bonds in accordance with the terms of the Series of 2010 Lease.

The Series of 2010 Lease provides that the Prior Lease will be canceled effective upon the escrow of sufficient funds to provide for the retirement of the Refunded Bonds after the retirement of the Remaining Bonds. The Series of 2010 Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the 2010 Lease until September 1, 2021, the final maturity date of the Refunding Bonds, and such annual rentals shall be deposited as received in the 2010 Bond Fund for the Refunding Bonds and used and applied for the payment of all maturing principal of and interest on the Refunding Bonds.

Under the terms of the Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a

sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

Under the terms of the Series 2010 Bond Resolution and the 2010 Lease the statutory mortgage liens and pledges of rental revenues securing the Refunding Bonds which are created and granted pursuant to KRS 162.200 upon the school Project properties are and shall be restricted in their application to the exact locations of said school buildings and to such easements and rights of way for ingress, egress and the rendering of services thereto as may be necessary for the proper use and maintenance of said school buildings; the right being reserved to erect or construct upon any land not occupied by the school Projects other independently financed school buildings, free and clear of said statutory mortgage liens and revenue pledges, which other independently financed school buildings may or may not have a party wall with and adjoin said school buildings constituting the Projects, provided no part of the cost of said other independently financed school buildings is paid from the proceeds of the sale of the Refunding Bonds.

### **BIENNIAL BUDGET FOR 2010 -2012**

Following its failure to adopt the required Biennial Budget for the Commonwealth during its Regular Session adjourning April 15, 2010, the Kentucky General Assembly was convened in Extraordinary Session on May 24, 2010, and adopted a budget on May 28, 2010, which has been approved by the Governor.

### **BIDDING CONDITIONS AND RESTRICTIONS**

(A) The terms and conditions of the sale of the Refunding Bonds are as follows:

(1) Bids must be made on Official Bid Form, contained in Information for Bidders available from the undersigned or J.J.B. Hilliard, W.L. Lyons, LLC, Louisville, Kentucky, or by visiting [pos.hilliard.com](http://pos.hilliard.com) submitted manually, by facsimile or electronically via PARITY<sup>®</sup> *INFRA*.

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

(3) The minimum bid shall be not less than \$3,235,725 (98.50% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(4) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly \$3,285,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified; provided, however, the Corporation reserves the right to increase or decrease the total principal amount of Refunding Bonds sold to such best bidder, in the amount of not exceeding \$330,000, with such increase or decrease to be made in any maturity, and the total amount of Refunding Bonds awarded to such best bidder will be a minimum of \$2,955,000 or a maximum of \$3,615,000. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be at the same price per \$5,000 of Refunding Bonds as the price per \$5,000 for the \$3,285,000 of Refunding Bonds bid.

- (5) The successful bidder may elect to notify the Financial Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on September 1 in accordance with the maturity schedule setting the actual size of the issue.
- (6) The successful purchaser shall be required (without further advice from the Corporation) to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds actually awarded to the Paying Agent Bank, The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, Attn: Ms. Susanna Wood (502-566-6901) by the close of business on the day following the award as a good faith deposit said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.
- (7) All Refunding Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.
- (8) The right to reject bids for any reason deemed acceptable by the Corporation, and the right to waive any possible informalities or irregularities in any bid, which in the sole judgment of the Corporation shall be minor or immaterial, is expressly reserved.
- (9) CUSIP identification numbers will be printed on the Refunding Bonds at the expense of the Corporation. The purchaser shall pay the CUSIP Service Bureau assignment charge and expenses incident to the printing of the Final Official Statement. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for said Refunding Bonds in accordance with the terms of any accepted proposal for the purchase of said Bonds.
- (B) Bidders will be required to take delivery of the Bonds within forty five (45) days of sale and pay for the Bonds in FEDERAL FUNDS.
- (C) Said Bonds are offered for sale on the basis of the principal of said Bonds not being subject to Kentucky ad valorem taxation and on the basis of the interest on said Bonds not being subject to Federal or Kentucky income taxation on the date of their delivery to the successful bidder. See TAX EXEMPTION below.
- (D) The Corporation will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A Final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.
- (E) If, prior to the delivery of the Bonds, any event should occur which alters the tax exempt status of the Bonds, or of the interest thereon, the purchaser shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Corporation, whereupon the good faith check of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.
- (F) The Corporation and the Board agree to cooperate with the successful bidder in the event said purchaser desires to purchase municipal bond insurance regarding the Refunding Bonds; provided, however, that any and all expenses incurred in obtaining said insurance shall be solely the obligation of the successful bidder should the successful bidder so elect to purchase such insurance.

### **STATE SUPPORT OF EDUCATION**

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

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

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

KRS 157.420 establishes a formula which results in the allocation of funds for capital expenditures in school districts at \$100 per ADA pupil which is included in the SEEK allotment (\$3,866) for the current biennium which is required to be segregated into a Capital Outlay Allotment Fund which may be used only for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

KRS 157.440(1) requires that effective for fiscal years beginning July 1, 1990 each school district shall levy a minimum equivalent tax rate of \$.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of properties, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

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

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

KRS 157.620(1) also provides that in order to be eligible for participation from the Kentucky School Facilities Construction Commission for debt service on bond issues the district must levy a tax which will produce revenues equivalent to \$.05 per \$100 of the total assessed value of all properties in the district (including tangible and intangible properties and motor vehicles) in addition to the minimum \$.30 levy required by KRS 160.470(12). A district having a special voted tax which is equal to or higher than the required \$.05 tax, must commit and segregate for capital purposes at least an amount equal to the required \$.05 tax. Those districts which levy the additional \$.05 tax are also eligible for participation in the Kentucky Facilities Support ("KFS") program for which funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources under KRS 157.440(1)(b).

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

### **CONTINUING DISCLOSURE**

As a result of the Board and issuing agencies acting on behalf of the Board having outstanding at the time the Bonds referred to herein are offered for public sale municipal securities in excess of \$1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said Corporation and Board will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

Financial information regarding the Board may be obtained from Superintendent, Murray Independent Board of Education, 208 S. 13<sup>th</sup> Street, Murray, Kentucky 42071 Telephone 270-753-4363.

## **TAX EXEMPTION; BANK QUALIFIED**

Bond Counsel is of the opinion that the Refunding Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986 (the "Code"), as amended, and therefore advises as follows:

(A) The Refunding Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) The interest income from the Refunding Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law; provided, that the corporate entities noted below are advised of certain tax consequences as follows:

(1) In the computation of the corporate minimum tax, earnings and profits may include otherwise tax-exempt interest on the Refunding Bonds; this provision applies to corporations only.

(2) Properties and casualty insurance companies may be denied certain loss reserve deductions to the extent of otherwise tax-exempt interest on the Refunding Bonds.

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than \$30,000,000 of tax-exempt obligations during the calendar year ending December 31, 2010, the Bonds may be treated by financial institutions as if they were acquired before August 8, 1986.

(D) The interest income from the Refunding Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law for individuals; however, said income must be included in the calculation of "modified adjusted gross income" in the determination of whether and to what extent Social Security benefits are subject to Federal income taxation.

## **BOOK-ENTRY-ONLY SYSTEM**

Unless the purchaser of the Refunding Bonds elects the issuance of standard bond certificates, the Refunding Bonds shall utilize the Book-Entry-Only-System administered by The Depository Trust Company ("DTC").

DTC will act as securities depository for the Bonds. The Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond Certificate will be issued, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

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 Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are 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 ("Beneficial Ownership Interest") are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their Beneficial Ownership interests in Bonds, except in the event that use of the book-entry system for the Securities is discontinued. Transfers of ownership interest in the Securities are to be accomplished by entries

made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co., effect no 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 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.

Redemption notices shall be sent to Cede & Co. 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 the Bonds to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments of the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' account on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities 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 Issuer, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Trustee, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payment to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

NEITHER THE ISSUER, THE BOARD NOR THE BOND REGISTRAR/PAYING AGENT 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 BOND REGISTRAR/PAYING AGENT AS BEING AN OWNER 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 PURCHASE PRICE OF TENDERED BONDS OR 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 BOND RESOLUTION 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.

**MURRAY INDEPENDENT SCHOOL  
DISTRICT FINANCE CORPORATION**

By s/ Bob Rogers  
Secretary

**OFFICIAL BID FORM**

(Bond Purchase Agreement)

The Murray (Kentucky) Independent School District Finance Corporation (“Corporation” or “Issuer”), will until 1:00 P.M., E.D.S.T., on August 26, 2010, receive in the office of Dr. Robert E. Tarvin, Executive Director of the Kentucky Schools Facilities Construction Commission, Suite 102, 229 W. Main Street, Frankfort, Kentucky 40601, (telephone 502-564-5582; Fax 502-564-3412) competitive bids for its \$3,285,000 School Building Refunding Revenue Bonds, Series of 2010, dated as of the date of delivery (September 16, 2010); maturing March 1, 2011 and on September 1, 2011 through 2021 (“Bonds”).

We hereby bid for said \$3,285,000\* principal amount of Bonds, the total sum of \$\_\_\_\_\_ (not less than \$3,235,725) plus accrued interest from date of delivery payable March 1, 2011 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on March 1, 2011 and on September 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2011**	\$20,000	_____ %
2011	45,000	_____ %
2012	45,000	_____ %
2013	325,000	_____ %
2014	330,000	_____ %
2015	335,000	_____ %
2016	340,000	_____ %
2017	350,000	_____ %
2018	360,000	_____ %
2019	365,000	_____ %
2020	380,000	_____ %
2021	390,000	_____ %

\*\*Indicates first principal maturity March 1, 2011.

We understand this bid may be accepted for as much as \$3,615,000 of Bonds or as little as \$2,955,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

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

The successful bidder may elect to notify the Financial Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption on September 1 in accordance with the maturity schedule setting the actual size of the issue.

The DTC Book-Entry-Only-System will be utilized on delivery of this issue.

It is understood that the Corporation will furnish the final, approving Legal Opinions of Henry M. Reed III, Bond and Special Tax Counsel, Louisville, Kentucky.

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, Attn: Ms. Susanna Wood (502-566-6901).

Bids must be submitted only on this form and must be fully executed.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about September 16, 2010 and upon acceptance by the Issuer's Financial Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

\_\_\_\_\_  
Bidder

By \_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Address

Total interest cost from September 16, 2010 to final maturity \$ \_\_\_\_\_

Plus discount or less any premium \$ \_\_\_\_\_

Net interest cost (total interest cost plus discount or less any premium) \$ \_\_\_\_\_

Average interest rate or cost (i.e. NIC) \_\_\_\_\_%

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted by J.J.B. Hilliard, W.L. Lyons, LLC, as Financial Advisor and Agent for the Murray Independent School District Finance Corporation for \$ \_\_\_\_\_ amount of Bonds at a price of \$ \_\_\_\_\_ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2011**	_____,000	_____%	2016	_____,000	_____%
2011	_____,000	_____	2017	_____,000	_____
2012	_____,000	_____	2018	_____,000	_____
2013	_____,000	_____	2019	_____,000	_____
2014	_____,000	_____	2020	_____,000	_____
2015	_____,000	_____	2021	_____,000	_____

Dated: August 26, 2010

\_\_\_\_\_  
J.J.B. Hilliard, W.L. Lyons, LLC, as Agent for the  
Murray Independent School District  
Finance Corporation