

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 18, 2010
(Bonds to be Sold August 25, 2010 at 1:00 P.M. E.D.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 ISSUES
BANK QUALIFIED

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

BOOK-ENTRY-ONLY-SYSTEM

\$12,780,000*

McCRACKEN COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES 2010A

AND

\$720,000*

McCRACKEN COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES 2010B

Date: Date of Delivery

2010A Bonds Due: January 1, 2011
then July 1, 2011 - 2022
2010B Bonds Due: March 1, 2011 - 2021

The Bank of New York Mellon Trust Co., N.A., St. Louis, Missouri, has been designated as Paying Agent and Bond Registrar. The Bonds will be issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal, interest and premium, if any, on the Bonds will be paid by The Bank of New York Mellon Trust Co., N.A., St. Louis, Missouri, as Paying Agent and Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal, interest or premium to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The 2010A Bonds will be issued in denominations of \$5,000 each or integral multiples thereof, and will bear interest payable on January 1, 2011 and thereafter semiannually on each July 1 and January 1. The 2010B Bonds will be issued in denominations of \$5,000 each or integral multiples thereof, and will bear interest payable on March 1, 2011 and thereafter semiannually on each September 1 and March 1. The Bonds will mature in the respective years as shown on the inside cover page.

Electronic bids for the Bonds must be submitted through PARITY® Competitive Bidding System.

The 2010A Bonds and 2010B Bonds are not subject to optional redemption prior to their stated maturities.

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 14, 2010.

*Preliminary, subject to adjustment

J.J.B. HILLIARD, W.L. LYONS, LLC
Louisville, Kentucky
Fiscal Agent

\$12,780,000*
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES 2010A

(First Interest Payment Date January 1, 2011)

<u>Cusip#</u>	<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>Cusip#</u>	<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>
579832--	1/1/11	\$100,000	%		579832--	7/1/17	\$985,000	%	
579832--	7/1/11	170,000			579832--	7/1/18	985,000		
579832--	7/1/12	170,000			579832--	7/1/19	1,720,000		
579832--	7/1/13	650,000			579832--	7/1/20	1,755,000		
579832--	7/1/14	670,000			579832--	7/1/21	1,955,000		
579832--	7/1/15	680,000			579832--	7/1/22	1,990,000		
579832--	7/1/16	950,000							

\$720,000*
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES 2010B

(First Interest Payment Date March 1, 2011)

<u>Cusip#</u>	<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>Cusip#</u>	<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>
579832--	3/1/11	\$20,000	%		579832--	3/1/17	\$90,000	%	
579832--	3/1/12	30,000			579832--	3/1/18	95,000		
579832--	3/1/13	30,000			579832--	3/1/19	115,000		
579832--	3/1/14	30,000			579832--	3/1/20	125,000		
579832--	3/1/15	25,000			579832--	3/1/21	135,000		
579832--	3/1/16	25,000							

*Preliminary, subject to adjustment

**McCRACKEN COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

Corporation Officers

Neil Archer - - Director and President
Rick Straub - Vice President and Director
Nancy Waldrop - Secretary
Michael Hatton - Director
Dr. Don Heine - Director
Jeffrey Parker- Director

McCRACKEN COUNTY BOARD OF EDUCATION

Board Members

Neil Archer, Chairperson
Rick Straub, Vice Chairperson
Johnna DeJarnett - Treasurer
Michael Hatton
Dr. Don Heine
Jeffrey Parker

Nancy Waldrop - Superintendent

BOND COUNSEL

Henry M. Reed III
Louisville, Kentucky

FISCAL AGENT

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

PAYING AGENT AND REGISTRAR

The Bank of New York Mellon Trust Company, N.A.
St. Louis, Missouri

BOOK-ENTRY-ONLY-SYSTEM

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 McCracken County School District Finance Corporation or the McCracken County Board of Education identified on the cover page hereof. No person has been authorized by the McCracken County School District Finance Corporation or the McCracken County Board of Education 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 McCracken County School District Finance Corporation or the McCracken County Board of Education or the Fiscal Agent. 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 McCracken County School District Finance Corporation or the McCracken County Board of Education since the date hereof.

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

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\$12,780,000*
McCRACKEN COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES 2010A
and
\$720,000*
McCRACKEN COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES 2010B

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, is furnished in connection with the offering of \$12,780,000* in principal amount of McCracken County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2010A ("Series 2010A Bonds"); and \$720,000* in principal amount of McCracken County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2010B ("Series 2010B Bonds") (collectively referred to as the "Bonds") of the McCracken County School District Finance Corporation (the "Corporation"). The Bonds will be issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky including, among others, Section 162.120 through 162.300, 162.385 and Section 58.010 through 58.140 and 58.180 of the Kentucky Revised Statutes (the "KRS"). The Bonds will be issued in accordance with a resolution (the "Resolution") adopted by the Corporation.

BOOK ENTRY AND DTC

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

The Depository Trust Company ("DTC"), New York, NY, 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 the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Bonds and Exchange Commission. More information about DTC can be found at www.dtcc.com.

*Preliminary, subject to adjustment

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 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, distributions, and dividend 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.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

THE BONDS

Series 2010A Bonds

The Bonds will be dated as of date of delivery, will be issued in the principal amount of \$12,780,000* in fully registered form and in denominations of \$5,000 or any integral multiples thereof, will mature as to principal on January 1, 2011 and July 1, 2011, and then July 1 thereafter, and will bear interest as set forth on the cover page of this Official Statement.

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

Not less than thirty days before the redemption date of any Bonds, the Paying Agent and Bond Registrar is required to cause a notice of redemption to be mailed postage prepaid by regular United States mail to all Registered Owners of Bonds to be redeemed in whole or in part at their registered addresses. Failure to mail any notice or any defect in any notice with respect to any Bonds shall not affect the validity of the redemption of any other Bonds. Such redemption notice must set forth the details with respect to the redemption.

Interest accruing on the Bonds will be payable semiannually on January 1 and July 1 of each year (commencing January 1, 2011) from the date of delivery, or the most recent interest payment date to which interest has been paid or duly provided for. The interest installment on each Bond will be paid to the person who is the Registered Owner thereof as of the close of business on the Record Date for such interest installment, which Record Date will be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Payment of interest will be made by check or draft mailed to the person who is the Registered Owner on the applicable Record Date at the address of such Registered Owner as it appears on the books of the Paying Agent and Bond Registrar. Principal will be paid when due upon delivery of the Bond for payment at the principal office of the Paying Agent and Bond Registrar.

The Bonds are transferable upon presentation and surrender thereof to the Paying Agent and Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative. The Paying Agent and Bond Registrar will not be obligated 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.

Series 2010B Bonds

The Bonds will be dated as of date of delivery, will be issued in the principal amount of \$720,000* in fully registered form and in denominations of \$5,000 or any integral multiples thereof, will mature as to principal on March 1, 2011, and then March 1 thereafter, and will bear interest as set forth on the cover page of this Official Statement.

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

Not less than thirty days before the redemption date of any Bonds, the Paying Agent and Bond Registrar is required to cause a notice of redemption to be mailed postage prepaid by regular United States mail to all Registered Owners of Bonds to be redeemed in whole or in part at their registered addresses. Failure to mail any notice or any defect in any notice with respect to any Bonds shall not affect the validity of the redemption of any other 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 date of delivery, or the most recent interest payment date to which interest has been paid or duly provided for. The interest installment on each Bond will be paid to the person who is the Registered Owner thereof as of the close of business on the Record Date for such interest installment, which Record Date will be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Payment of interest will be made by check or draft mailed to the person who is the Registered Owner on the applicable Record Date at the address of such Registered Owner as it appears on the books of the Paying Agent and Bond Registrar. Principal will be paid when due upon delivery of the Bond for payment at the principal office of the Paying Agent and Bond Registrar.

*Preliminary, subject to adjustment

The Bonds are transferable upon presentation and surrender thereof to the Paying Agent and Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative. The Paying Agent and Bond Registrar will not be obligated 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.

McCRACKEN COUNTY (KENTUCKY) SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of KRS Sections 162.120 through 162.300 and Section 162.385, 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 McCracken County, Kentucky, (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board.

AUTHORITY AND SECURITY

Series 2010A Bonds

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 162.300, 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 providing funds to retire certain of the outstanding McCracken County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2002, dated July 1, 2002 (the "Prior Bonds") maturing July 1, 2013 and thereafter prior to their stated maturities (the "Defeased Bonds") on July 1, 2012. The Prior Bonds of the Prior Issue maturing July 1, 2011 and July 1, 2012 shall not be defeased and shall remain payable under the Prior Lease (the "Remaining 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 Defeased 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 Series A of 2010 (the "Series A 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, improve or refinance the Projects (the "Prior Lien Bonds") but rank on the basis of Parity with the liens and pledges securing the Remaining Bonds.

Title to the school Projects financed from the proceeds of the Defeased Bonds is vested in the Corporation securing the Refunding Bonds in accordance with the terms of the Series A of 2010 Lease.

The Series A of 2010 Lease provides that the Prior Lease will be canceled as to the Defeased Bonds upon the required Escrow deposit but will remain in effect to secure the Remaining Bonds until their retirement. The Series A 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 July 1, 2022, 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 2010 Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 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 and Adjusted Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

Under the terms of the 2010 Bond Resolution and the 2010 Lease the statutory mortgage liens and pledges of rental revenues securing the Refunding Bonds and Remaining 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.

The right has been reserved by the Corporation, at the request of the Board of Education, to withdraw any unimproved portion(s) of the Project site from the properties encumbered by the Bonds, and to convey such portion(s) to the Board of Education, for any purpose whatsoever, if the Board of Education shall certify that such withdrawal and conveyance does not adversely affect the usage by the Board of Education of the Project or adversely affect the security of the Registered Owners. Also, the right has been reserved to grant easements and rights-of-way through the Project site for roads, utilities, drainage and other public purposes, free and clear of the liens and pledges securing the Bonds; provided (a) no such release shall be made which would interfere with the ownership and efficient operation of the Project, or of any other school buildings and appurtenances securing any other outstanding bonds, or with the use of the surrounding premises for school purposes; (b) no such release may be made which would impair ingress to and egress from any school building; and (c) any such release shall not effect any reduction in the rental otherwise required by the 2010 Lease approved in the Bond Resolution.

Series 2010B Bonds

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 162.300, 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 providing funds to retire all of the outstanding McCracken County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2001, dated March 15, 2001 (the "2001 Bonds") maturing March 1, 2011 and thereafter at or prior to their stated maturities (the "Defeased Bonds").

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Project originally financed from the proceeds of the Defeased Bonds. The Refunding Bonds are secured by a statutory mortgage lien upon and a pledge of the revenues derived from the rental of the school Project to the Board under a Contract, Lease and Option dated September 14, 2010 (the "Series B of 2010 Lease"); provided, however, said lien and pledge are inferior and subordinate to a similar lien and pledge securing certain of the Corporation's outstanding School Building Revenue Bonds issued to refinance the Project (the "Prior Lien Bonds").

Title to the school Project financed from the proceeds of the Defeased Bonds is vested in the Corporation securing the Refunding Bonds in accordance with the terms of the Series B of 2010 Lease.

The Series B 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 Defeased Bonds after the retirement of the Remaining Bonds. The Series B 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 March 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 2010 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 2010 Bond Resolution and the 2010 Lease the statutory mortgage lien and pledge of rental revenues securing the Refunding Bonds which are created and granted pursuant to KRS 162.200 upon the school Project property 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 lien and revenue pledge, which other independently financed school buildings may or may not have a party wall with and adjoin said school buildings constituting the Project, provided no part of the cost of said other independently financed school buildings is paid from the proceeds of the sale of the Refunding Bonds.

The right has been reserved by the Corporation, at the request of the Board of Education, to withdraw any unimproved portion(s) of the Project site from the properties encumbered by the Bonds, and to convey such portion(s) to the Board of Education, for any purpose whatsoever, if the Board of Education shall certify that such withdrawal and conveyance does not adversely affect the usage by the Board of Education of the Project or adversely affect the security of the Registered Owners. Also, the right has been reserved to grant easements and rights-of-way through the Project site for roads, utilities, drainage and other public purposes, free and clear of the liens and pledges securing the Bonds; provided (a) no such release shall be made which would interfere with the ownership and efficient operation of the Project, or of any other school buildings and appurtenances securing any other outstanding bonds, or with the use of the surrounding premises for school purposes; (b) no such release may be made which would impair ingress to and egress from any school building; and (c) any such release shall not effect any reduction in the rental otherwise required by the 2010 Lease approved in the Bond Resolution.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION (Series A of 2010 Bonds Only)

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission will agree to continue to pay approximately 6.4% of the debt service requirements of the Refunding Bonds through July 1, 2022 and Remaining Bonds through July 1, 2012; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial budget period terminating on June 30, 2012.

The Extraordinary Session of the General Assembly of the Commonwealth adopted the State's Budget for the biennium ending June 30, 2012. *Inter alia*, the Budget funded \$150,000,000 of the Commission's previous Offers of Assistance made during the last biennium; authorized \$100,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2014; authorized the Commission to issue up to \$65,500,000 in bonds to cover the funding of the category 5 buildings in the State that are identified on the Kentucky Department of Education list of May 18, 2010 (grantees required to meet certain qualifications); authorized the Commission to make use of Build America Bonds and Qualified Tax Credit Bonds now available under Federal law; and funded certain technology programs and a statewide building classification study.

BIENNIAL BUDGET 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.

THE REFUNDING PROGRAM

Series 2010A Bonds

The Series A Bonds are being issued for the purpose of advance refunding through the deposit in escrow (the "Series of 2002 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 July 1, 2012, and retire all of said Series of 2002 Defeased Bonds on July 1, 2012. The refunding plan is being undertaken in order to obtain debt service savings.

The 2002 Prior Bonds are scheduled to be paid and redeemed as follows:

1. \$595,000 of the Remaining Bonds scheduled to mature July 1, 2011 through July 1, 2012 will be paid as and when due from the revenues of the Board;

2. \$11,520,000 of Series of 2002 Prior Bonds scheduled to mature on and after July 1, 2013, will be called for redemption on July 1, 2012, the earliest date on which the Series of 2002 Prior Bonds are subject to redemption prior to maturity at par.

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

Sources of Funds*

Par Amount of Bonds:	
SFCC Funds	\$ 850,908
Local Funds	<u>11,929,092</u>
Total	<u>\$12,780,000</u>

Uses of Funds*

Deposit to Escrow Fund	\$12,495,326
Issuance Costs & Surplus Funds	92,974
Underwriter's Discount (@ 1.50%)	<u>191,700</u>
Total	<u>\$12,780,000</u>

*Preliminary, subject to adjustment

Series 2010B Bonds

The Series B 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 March 1, 2011, on the Series of 2001 Defeased Bonds maturing on and after March 1, 2011 and retire said Bonds on said date. The refunding plan is being undertaken in order to obtain debt service savings.

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

1. \$20,000 of Series of 2001 Prior Bonds scheduled to mature on March 1, 2011 and \$650,000 principal scheduled to mature March 1, 2012 and thereafter will be paid or called for redemption on March 1, 2011, the earliest date on which the Series of 2001 Prior Bonds are subject to redemption prior to maturity at a premium of \$6,500.

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

Sources of Funds*

Par Amount of Bonds	<u>\$720,000</u>
Total	<u>\$720,000</u>

Uses of Funds*

Deposit to Escrow Fund	\$691,714
Issuance Costs & Surplus Funds	17,486
Underwriter's Discount (@ 1.50%)	<u>10,800</u>
Total	<u>\$720,000</u>

*Preliminary, subject to adjustment

DISPOSITION OF BOND PROCEEDS

The Bond proceeds will be applied as follows:

- (a) There will be paid any and all expenses incident to the issuance, sale and delivery of the Bonds, including the fees of the Fiscal Agent, the rating fee and such other appropriate expenses as may be approved by the Corporation and 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., St. Louis, Missouri.

MISCELLANEOUS RESOLUTION AND LEASE PROVISIONS

In the Resolution the Corporation has reserved the right to make provision for discharge of the pledge and lien securing the Bonds by depositing in or for the credit of the Bond Fund moneys sufficient to pay all principal, premium and interest requirements on the Bonds to a certain date of redemption or to the date of maturity, or by depositing in the Bond Fund obligations of the United States Government which, together with earnings thereon, will produce such amounts for payment of the Bonds.

The Resolution and the Lease 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 OF EDUCATION

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

KERA became fully effective on July 13, 1990. Elementary and Secondary Education in the Commonwealth is supervised by the Commissioner of Education as the Chief Executive Officer of the State Department of Education ("DOE"), 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. This 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 proceeding 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 type 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 property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

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

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

KRS 157.620(1) also provides that in order to be eligible for participation from the 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. 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 Facilities Support Program of Kentucky ("FSPK") for which funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources.

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

KRS 156.029 provides for the establishment of the Kentucky Board of Education consisting of eleven members appointed by the Governor and confirmed by the Senate and House of Representatives of the Kentucky General Assembly. Seven members shall represent each of the Supreme Court districts throughout the Commonwealth and four members shall represent the state at large.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

Pursuant to the provisions of KRS 160.470, it is provided that a local school district budget failing to provide payments for rentals in connection with outstanding revenue bonds for school purposes shall be disapproved. State Department of Education approval of a bond issue and its associated financial, educational and construction plans, is required prior to its issuance and will have been received prior to the sale of this 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 perfect record of no defaults in payment of its revenue bonds for school purposes.

THE STATE DEPARTMENT OF EDUCATION HAS ADOPTED A POLICY WHICH REQUIRES THAT ANNUAL BUDGETS OF LOCAL SCHOOL BOARDS PROVIDE FOR RENTAL PAYMENTS FOR DEBT SERVICE IN ORDER FOR SUCH BUDGETS TO BE APPROVED BY SAID DEPARTMENT.

REVENUE SOURCES WITHIN THE McCRACKEN COUNTY SCHOOL DISTRICT

Capital Outlay Allotment

Kentucky's SEEK Capital Outlay 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 will continue to be applied to debt service through rental payments on the lease agreement.

The State 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 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 overexpenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

The capital outlay allotment to the District for the most recent four year period and the budgeted 2010-11 amount can be found in **Appendix A**.

Utility Tax

The Board levies a utility gross receipts tax (for school purposes) on the gross receipts derived from the furnishing, within McCracken County, 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. The tax is due and payable monthly. Please see **Appendix A** for utility receipts received by the Board.

General Property and Motor Vehicle Tax

The Board levies a tax at a rate per \$100 on real estate, personal property and motor vehicles. See **Appendix A** for the most recent five year period of rates assessed.

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 OF 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 statewide average assessment.

See **Appendix A** for the District's funds from the FSPK Program for the last four years and the 2010-11 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 November 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." In fiscal year 2009-10, \$142,835,699 of such property was exempt from property taxes in the District. 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 not more than \$30,000,000 of qualified 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Board and the Corporation, by the adoption of respective Resolutions, have designated the Bonds as "qualified tax-exempt obligations" within the meaning of the Code and certified that they do not reasonably anticipate that the total principal amount of tax-exempt obligations which will be issued by the Board or the Corporation during the calendar year ending December 31, 2010, will exceed \$30,000,000.

CONTINUING DISCLOSURE

Series 2010A Bonds

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.

Series 2010B Bonds

As a result of the principal amount of Bonds being offered not exceeding \$1,000,000, Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission.

Financial information regarding the Board may be obtained from Superintendent, McCracken County Board of Education, 435 Berger Road, Paducah, Kentucky 42003, Telephone 270-538-4000.

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 Board or Corporation taken with respect to the issuance or sale thereof.

FISCAL AGENT

J.J.B. Hilliard, W.L. Lyons, LLC, Louisville, Kentucky, will act as Fiscal Agent to the Board and the Corporation in connection with the issuance of the Bonds and will receive a fee, payable from Bond proceeds, for their services as Fiscal Agent. The Fiscal Agent has reserved the right to bid either alone or in conjunction with others, on the Bonds as the same are put up for public sale.

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.

RATING

The Board and the Corporation have received a rating of " " on the Bonds from Moody's Investors Service ("Moody's"). Any explanation of the significance of such rating 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 rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by Moody's. Any such 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, The Bonds, Biennial Budget, McCracken County (Kentucky) School District Finance Corporation, Authority and Security, The Refunding Plans, 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 and Continuing Disclosure have been reviewed by Henry M. Reed III, Bond Counsel, 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 of 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.

McCRACKEN COUNTY BOARD OF EDUCATION

By /s/ Neil Archer
Chairperson

McCRACKEN COUNTY SCHOOL DISTRICT FINANCE CORPORATION

By /s/ Neil Archer
President

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

By /s/ Dr. Robert Tarvin
Executive Director

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APPENDIX A

**MCCRACKEN COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES OF 2010A & B**

Tax Base, Operating and Financial 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>
2010-11 (est.)	\$2,474,447,273	\$587,734,240	\$162,145,058	\$319,540,898	\$3,543,867,469
2009-10	2,433,931,090	639,210,254	134,806,628	289,344,399	3,497,292,371
2008-09	2,375,413,117	486,730,085	123,160,433	326,419,273	3,311,722,908
2007-08	2,231,280,120	500,249,543	107,491,575	305,864,710	3,144,885,948
2006-07	2,077,761,328	427,470,719	112,765,439	296,885,593	2,914,883,019

Source: McCracken County School District

History of Assessment Rates

The following presents the assessment rates for the last five fiscal years for property subject to taxation by the Board:

	<u>2010-11 (est.)</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Real Estate	\$.502	\$.504	\$.487	\$.428	\$.433
Tangible	.504	.504	.489	.428	.433
Motor Vehicle	.529	.529	.529	.529	.529
Utility	3%	3%	3%	3%	3%

Source: McCracken County School District

Tax Receipts

The following presents real estate, tangible personal, public service and motor vehicle tax receipts versus amounts budgeted in the District for the last five tax years:

<u>Fiscal Year</u>	<u>Tax Receipts</u>	<u>Taxes Budgeted</u>	<u>Percent Collected vs. Budgeted</u>
2010 ⁽¹⁾	\$17,258,310	\$16,318,841	105.8%
2009	14,810,032	13,748,514	107.7
2008	15,127,936	15,358,901	98.5
2007	12,516,169	12,250,656	102.2
2006	12,004,145	11,572,165	103.7

⁽¹⁾ unaudited

Source: McCracken County School District

Top Ten Taxpayers for 2009

<u>Taxpayer</u>	<u>Property Assessment</u>	<u>Taxes Paid</u>
Kentucky Oaks Mall	\$50,900,262	\$413,819.12
Ducmall, LLC	14,374,800	116,867.12
Wal Mart Real Estate Business	10,646,400	86,555.25
Sams Real Estate Business Trust	9,222,955	74,982.63
Computer Service, Inc.	9,083,185	73,846.30
Wal Mart Store	9,000,000	73,170.00
USF Propco I LLC	8,156,900	25,204.83
Lowes Home Centers	9,134,350	66,132.26
Brooks Properties, Inc.	7,800,000	63,414.00
Paducah Retirement Residence, LLC	7,355,570	64,508.36

Source: McCracken County PVA & McCracken County Sheriff

In Lieu of Tax Payments

The District, in lieu of tax payments, receives revenues from the Tennessee Valley Authority ("TVA") and Paducah Power System ("PPS"). The most recent five-year history of payments is as follows:

<u>Year</u>	<u>Amount</u>
2009-10	\$4,146,261.52
2008-09	3,789,506.75
2007-08	3,454,421.23
2006-07	3,057,425.29
2005-06	2,819,683.02

Source: McCracken County 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.

General Fund

	Fiscal Years			
	Tentative Budget	Unaudited	Actual	
	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Beginning Balance	\$9,152,508	\$9,405,524	\$9,986,815	\$9,391,002
Adjustments in Beginning Balance	253,016	0	(386,822)	(425,789)
Adjusted Beginning Balance (1)	<u>\$9,405,524</u>	<u>\$9,405,524</u>	<u>\$9,599,993</u>	<u>\$8,965,213</u>
Revenues From Local Sources				
General Property Tax	10,708,091	11,990,954	9,491,910	9,690,149
Public Service Companies	0	92,672	159,048	355,173
Utilities Gross Receipts Tax	2,500,000	2,078,536	2,779,206	2,085,171
Motor Vehicles	1,454,100	1,376,866	1,527,515	1,460,919
Earnings from Investments	79,945	36,284	122,758	475,601
Revenue in Lieu of Taxes	2,500,000	4,146,262	3,789,507	3,454,421
Rental of School Facilities and other local sources	374,373	161,547	178,748	(30,487)
Revenue from State Sources				
SEEK Program	19,243,344	19,409,408	22,997,604	22,742,766
Other	221,375	8,583,766	8,226,584	209,959
Other Revenues				
Federal Aid	36,130	115,956	36,130	60,516
Sale of Property, Reimbursements, etc.	0	0	0	0
Clearing Accounts and Transfers				
Capital Outlay Fund	0	0	0	0
Transfers and Clearing Accounts	0	2,548,371	2,159,954	0
Total of All Receipts	<u>37,117,358</u>	<u>50,540,622</u>	<u>51,468,964</u>	<u>40,504,188</u>
Total of All receipts Plus Beginning Balance	<u>\$46,522,882</u>	<u>\$59,946,146</u>	<u>\$61,068,957</u>	<u>\$49,469,401</u>
Expenditures				
Total Current Expenses	40,563,565	48,081,387	50,573,829	38,961,786
Advancements, Loans & Transfer, etc.	5,959,317	2,712,251	1,089,604	520,800
Total Expenditures	<u>\$46,522,882</u>	<u>\$50,793,638</u>	<u>\$51,663,433</u>	<u>\$39,482,586</u>
Ending Balance	<u>\$0</u>	<u>\$9,152,508</u>	<u>\$9,405,524</u>	<u>\$9,986,815</u>

Source: McCracken County School District

(1) This change resulted in restatements among certain beginning fund balances and reclassifications of certain accounts.

OPERATING AND FINANCIAL DATA

The District serves the public educational needs of a majority of the county. In addition to the District, portions of the county are served by the Paducah Independent School District. School enrollment and average daily attendance are summarized below:

<u>Year</u>	<u>Enrollment</u>	<u>Average Daily Attendance</u>
2010-11 (est.)	7,400	7,081.8
2009-10	7,315	6,888.0
2008-09	7,150	6,590.6
2007-08	7,205	6,344.0
2006-07	7,208	6,297.2

Source: McCracken County School District

Capital Outlay Fund

	<u>Fiscal Years</u>			
	<u>Tentative Budget</u>	<u>Unaudited</u>	<u>Actual</u>	
	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Beginning Balance	\$473,432	\$ 332,427	\$(702,711)	\$350,383
Adjustments in Beginning Balance	<u>(440,485)</u>	<u>1,249,637</u>	<u>702,711</u>	<u>(313,921)</u>
Adjusted Beginning Balance	\$ 32,947	\$1,582,064	\$ 0	\$(36,462)
Receipts				
Capital Outlay Allotment	\$656,322	\$ 637,515	\$642,607	\$631,360
Other	<u>11,100</u>	<u>4,827</u>	<u>266,179</u>	<u>48,638</u>
Total Receipts	<u>\$667,422</u>	<u>\$ 642,343</u>	<u>\$908,786</u>	<u>\$679,998</u>
Total Receipts Plus Beginning Balance	<u>\$700,369</u>	<u>\$2,224,407</u>	<u>\$908,786</u>	<u>\$643,536</u>
Expenditures				
Debt Service on Bonds	\$700,369	\$ 0	\$429,767	\$ 149,074
Other	<u>0</u>	<u>1,750,975</u>	<u>146,592</u>	<u>1,197,173</u>
Total Expenditures	<u>\$700,369</u>	<u>\$1,750,975</u>	<u>\$576,359</u>	<u>1,346,247</u>
Ending Balance	<u>\$ 0</u>	<u>\$ 473,432</u>	<u>\$332,427</u>	<u>\$(702,711)</u>

Source: McCracken County School District

SEEK Allotment

The following represents the SEEK program funds provided to the Board for the last four fiscal years including the estimated 2010-11 allotment.

	<u>2010-11 (est.)</u>	<u>2009-10</u> ⁽¹⁾	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
SEEK Funds	\$19,243,344	\$19,409,408	\$22,997,604	\$22,742,766	\$21,054,934
⁽¹⁾ unaudited					

Source: McCracken County School District

FSPK Allotment

The following represents the FSPK allotment provided to the Board for the last four years including the estimated 2010-11 allotment.

	<u>2010-11 (est.)</u>	<u>2009-10</u> ⁽¹⁾	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
FSPK Allotment	\$725,560	\$524,095	\$635,034	\$438,502	\$553,123
⁽¹⁾ unaudited					

Source: McCracken County School District

APPENDIX B

**MCCRACKEN COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES OF 2010A & B**

Outstanding Bonds of the District

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OUTSTANDING SCHOOL BUILDING REVENUE BONDS AS OF AUGUST 1, 2010

Payable from Local Revenues

<u>Issue of</u>	<u>Original Issue Amount</u>	<u>Bonds Retired</u>	<u>Bonds Outstanding</u>
December 1, 1998	\$1,437,171	\$1,269,156	\$ 168,015
March 1, 2001 (1)	850,000	180,000	670,000
July 1, 2002 (2)	11,980,334	512,594	11,467,740
December 1, 2002	1,550,000	560,000	990,000
June 15, 2004	3,110,000	675,000	2,435,000
October 1, 2004	2,638,430	449,066	2,189,364
September 3, 2009	<u>4,855,000</u>	<u>100,000</u>	<u>4,755,000</u>
Subtotal	<u>\$26,420,935</u>	<u>\$3,745,816</u>	<u>\$22,675,119</u>

Payable from Non-Local Revenues (3)

December 1, 1998	\$ 2,097,829	\$1,850,844	\$ 246,985
July 1, 2002 (2)	1,239,666	282,406	957,260
October 1, 2004	<u>706,570</u>	<u>135,934</u>	<u>570,636</u>
Subtotal	<u>\$ 4,044,065</u>	<u>\$2,269,184</u>	<u>\$ 1,774,881</u>
Total	<u>\$30,465,000</u>	<u>\$6,015,000</u>	<u>\$24,450,000</u>

(1) This financing is being refunded by the issuance of the Series 2010B Bonds. See "The Refunding Plan" herein for more details.

(2) This financing is being refunded by the issuance of the Series 2010A Bonds. See "The Refunding Plan" herein for more details.

(3) Represents bond issues payable by the School Facilities Construction Commission.

Source: McCracken County School District

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APPENDIX C

**MCCRACKEN COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES OF 2010A & B**

Demographic and Economic Data

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McCRACKEN COUNTY, KENTUCKY

McCracken County, with a land area of 251 square miles, had an estimated 2009 population of 65,880 persons. Paducah, the county seat of McCracken County, is the major economic center and the largest urban area in west Kentucky’s Jackson Purchase Region. Paducah is located at the confluence of the Ohio and Tennessee Rivers (the head of the Tennessee-Tombigbee Waterway) approximately 48 river miles east of the confluence of the Ohio and Mississippi Rivers. Paducah is located 139 miles northwest of Nashville, Tennessee; 167 miles southeast of St. Louis Missouri; and 215 miles southwest of Louisville, Kentucky. Paducah had an estimated 2009 population of 25,720 and is a “Hall of Fame” Kentucky Certified City.

The Economic Framework

The total number of McCracken County residents employed in 2009 averaged 28,830. Manufacturing firms in the county reported 3,516 employees; transportation, trade and utilities provided 9,787 jobs; 16,673 people were employed in service occupations; informational, financial activities and public administration accounted for 3,238 employees; and contract construction firms provided 2,127 jobs.

Labor Supply

There is a current estimated labor supply of 12,720 persons available for industrial jobs in the labor market area. In addition, from 2009 through 2012, 13,674 young persons in the area will become 18 years of age and potentially available for industrial jobs.

Transportation

Major “AAA”- rated trucking highways serving the city include Interstate 24 and U.S. Highways 45, 60, and 62. The Interstate 24 Downtown Loop provides direct access from downtown to Interstate 24. Twenty-five trucking companies provide interstate and/or intrastate service to Paducah. Three maintain local terminals. The Paducah & Louisville Railway provides main line rail service to Paducah. Connections with the Illinois Central Railroad and the Burlington Northern Railroad are located near Paducah. The Barkley Regional Airport, six miles west of Paducah, provides scheduled commuter airline service. The Paducah-McCracken County Riverport Authority operates a public riverport at the confluence of the Ohio and Tennessee Rivers. Major manufacturing employers in McCracken County are listed below (as of June 2009):

<u>Firm</u>	<u>Product</u>	<u>Average Employment</u>
United States Enrichment Corp.	Government & uranium enrichment	1,178
Lynx Services LLC	Customer service center	265
Credit Bureau Systems	Credit reporting, collections, patient & ins billing	252
US Food Service of Paducah	Food service distribution	249
Computer Services Inc.	Software solutions provider for banks in both a service bureau and an in-house environment	230
Henry A. Petter Supply Co.	Headquarters, industrial supply/distribution	214
Dippin' Dots, Inc.	Ice cream & yogurt	169
VMV	Vinyl windows	121
Vinyl Window Technologies & AKS	Manufacturer of vinyl windows and doors, corporate offices for mfg and building material distribution centers	119
H.T. Hackney Co.	Wholesale distribution	117

Sources: Kentucky Cabinet for Economic Development, Division of Research and Planning

**McCracken County Economic Statistics
2006-2010**

<u>Year</u>	<u>Per Capita Income</u>	<u>Median Family Income</u>	<u>Average Weekly Wage</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Civilian Labor Force</u>
2010	(1)	\$54,100	(1)	8.6% (2)	28,831 (2)	31,547 (2)
2009	(1)	54,600	\$696.41	8.9	28,830	31,654
2008	\$36,685	52,900	675.69	5.8	29,647	31,462
2007	36,226	50,500	644.48	4.9	30,238	31,809
2006	34,558	51,000	625.83	5.4	29,501	31,200

Source: Kentucky Department of Economic Development

(1) Data not available.

(2) Preliminary as of May 2010.

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APPENDIX D

**MCCRACKEN COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES OF 2010A & B**

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

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*McCracken County, Kentucky
School District Finance Corporation
School Building Refunding Revenue Bonds, Series of 2010A*

ESTIMATED COMMISSION AND DISTRICT DEBT SERVICE REQUIREMENTS ON SERIES OF 2010A BONDS

Date	Commission			District			Combined Debt Service			Fiscal Total
	Principal	Interest	Total P+I	Principal	Interest	Total P+I	Principal	Interest	Total P+I	
1/01/2011	\$10,657.00	\$6,096.73	\$16,753.73	\$89,343.00	\$95,418.69	\$184,761.69	\$100,000.00	\$101,515.42	\$201,515.42	
7/01/2011	15,401.00	9,091.81	24,492.81	154,599.00	142,681.31	297,280.31	170,000.00	151,773.12	321,773.12	\$523,288.54
1/01/2012	-	9,014.81	9,014.81	-	141,908.32	141,908.32	-	150,923.13	150,923.13	
7/01/2012	15,556.00	9,014.81	24,570.81	154,444.00	141,908.32	296,352.32	170,000.00	150,923.13	320,923.13	471,846.26
1/01/2013	-	8,937.03	8,937.03	-	141,136.10	141,136.10	-	150,073.13	150,073.13	
7/01/2013	76,205.00	8,937.03	85,142.03	573,795.00	141,136.10	714,931.10	650,000.00	150,073.13	800,073.13	950,146.26
1/01/2014	-	8,556.00	8,556.00	-	138,267.12	138,267.12	-	146,823.12	146,823.12	
7/01/2014	77,165.00	8,556.00	85,721.00	592,835.00	138,267.12	731,102.12	670,000.00	146,823.12	816,823.12	963,646.24
1/01/2015	-	7,977.26	7,977.26	-	133,820.86	133,820.86	-	141,798.12	141,798.12	
7/01/2015	78,331.00	7,977.26	86,308.26	601,669.00	133,820.86	735,489.86	680,000.00	141,798.12	821,798.12	963,596.24
1/01/2016	-	7,389.78	7,389.78	-	129,308.34	129,308.34	-	136,698.12	136,698.12	
7/01/2016	79,776.00	7,389.78	87,165.78	870,224.00	129,308.34	999,532.34	950,000.00	136,698.12	1,086,698.12	1,223,396.24
1/01/2017	-	6,532.19	6,532.19	-	119,953.44	119,953.44	-	126,485.63	126,485.63	
7/01/2017	81,510.00	6,532.19	88,042.19	903,490.00	119,953.44	1,023,443.44	985,000.00	126,485.63	1,111,485.63	1,237,971.26
1/01/2018	-	5,655.96	5,655.96	-	110,240.92	110,240.92	-	115,896.88	115,896.88	
7/01/2018	83,429.00	5,655.96	89,084.96	901,571.00	110,240.92	1,011,811.92	985,000.00	115,896.88	1,100,896.88	1,216,793.76
1/01/2019	-	4,613.09	4,613.09	-	98,971.28	98,971.28	-	103,584.37	103,584.37	
7/01/2019	85,541.00	4,613.09	90,154.09	1,634,459.00	98,971.28	1,733,430.28	1,720,000.00	103,584.37	1,823,584.37	1,927,168.74
1/01/2020	-	3,543.83	3,543.83	-	78,540.54	78,540.54	-	82,084.37	82,084.37	
7/01/2020	87,817.00	3,543.83	91,360.83	1,667,183.00	78,540.54	1,745,723.54	1,755,000.00	82,084.37	1,837,084.37	1,919,168.74
1/01/2021	-	2,336.35	2,336.35	-	55,616.78	55,616.78	-	57,953.13	57,953.13	
7/01/2021	90,324.00	2,336.35	92,660.35	1,864,676.00	55,616.78	1,920,292.78	1,955,000.00	57,953.13	2,012,953.13	2,070,906.26
1/01/2022	-	1,037.94	1,037.94	-	28,812.06	28,812.06	-	29,850.00	29,850.00	
7/01/2022	69,196.00	1,037.94	70,233.94	1,920,804.00	28,812.06	1,949,616.06	1,990,000.00	29,850.00	2,019,850.00	2,049,700.00
Total	\$850,908.00	\$146,377.02	\$997,285.02	\$11,929,092.00	\$2,591,251.52	\$14,520,343.52	\$12,780,000.00	\$2,737,628.54	\$15,517,628.54	

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

McCracken County, Kentucky
School District Finance Corporation
School Building Refunding Revenue Bonds, Series of 2010B

ESTIMATED DISTRICT DEBT SERVICE REQUIREMENTS ON SERIES OF 2010B BONDS

Date	District			Fiscal Total
	Principal	Interest	Total P+I	
9/01/2010	-	-	-	
3/01/2011	\$20,000.00	\$8,333.13	\$28,333.13	\$28,333.13
9/01/2011	-	8,233.13	8,233.13	
3/01/2012	30,000.00	8,233.13	38,233.13	46,466.26
9/01/2012	-	8,083.13	8,083.13	
3/01/2013	30,000.00	8,083.13	38,083.13	46,166.26
9/01/2013	-	7,933.13	7,933.13	
3/01/2014	30,000.00	7,933.13	37,933.13	45,866.26
9/01/2014	-	7,708.13	7,708.13	
3/01/2015	25,000.00	7,708.13	32,708.13	40,416.26
9/01/2015	-	7,520.63	7,520.63	
3/01/2016	25,000.00	7,520.63	32,520.63	40,041.26
9/01/2016	-	7,251.88	7,251.88	
3/01/2017	90,000.00	7,251.88	97,251.88	104,503.76
9/01/2017	-	6,284.38	6,284.38	
3/01/2018	95,000.00	6,284.38	101,284.38	107,568.76
9/01/2018	-	5,096.88	5,096.88	
3/01/2019	115,000.00	5,096.88	120,096.88	125,193.76
9/01/2019	-	3,659.38	3,659.38	
3/01/2020	125,000.00	3,659.38	128,659.38	132,318.76
9/01/2020	-	1,940.63	1,940.63	
3/01/2021	135,000.00	1,940.63	136,940.63	138,881.26
Total	\$720,000.00	\$135,755.73	\$855,755.73	\$855,755.73

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

**MCCRACKEN COUNTY
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES OF 2010A&B**

ANNUAL DISTRICT DEBT SERVICE REQUIREMENTS

Fiscal Year Ended June 30	Existing Debt Service ⁽¹⁾	Series of 2010A			Series of 2010B			Net New Debt Service
		Principal	Interest	Total P+I	Principal	Interest	Total P+I	
2011	\$1,678,097.97	\$100,000.00	\$101,515.42	\$201,515.42	\$20,000.00	\$8,333.13	\$28,333.13	\$1,907,946.52
2012	1,415,737.71	170,000.00	302,696.25	472,696.25	30,000.00	16,466.26	46,466.26	1,934,900.22
2013	1,417,863.96	170,000.00	300,996.26	470,996.26	30,000.00	16,166.26	46,166.26	1,935,026.48
2014	1,009,448.70	650,000.00	296,896.25	946,896.25	30,000.00	15,866.26	45,866.26	2,002,211.21
2015	997,595.38	670,000.00	288,621.24	958,621.24	25,000.00	15,416.26	40,416.26	1,996,632.88
2016	1,002,525.84	680,000.00	278,496.24	958,496.24	25,000.00	15,041.26	40,041.26	2,001,063.34
2017	699,000.00	950,000.00	263,183.75	1,213,183.75	90,000.00	14,503.76	104,503.76	2,016,687.51
2018	685,075.00	985,000.00	242,382.51	1,227,382.51	95,000.00	12,568.76	107,568.76	2,020,026.27
2019	685,125.00	985,000.00	219,481.25	1,204,481.25	115,000.00	10,193.76	125,193.76	2,014,800.01
2020	0.00	1,720,000.00	185,668.74	1,905,668.74	125,000.00	7,318.76	132,318.76	2,037,987.50
2021	0.00	1,755,000.00	140,037.50	1,895,037.50	135,000.00	3,881.26	138,881.26	2,033,918.76
2022	0.00	1,955,000.00	87,803.13	2,042,803.13	-	-	-	2,042,803.13
2023	0.00	1,990,000.00	29,850.00	2,019,850.00	-	-	-	2,019,850.00
Total	\$9,590,469.56	\$12,780,000.00	\$2,737,628.54	\$15,517,628.54	\$720,000.00	\$135,755.73	\$855,755.73	\$25,963,853.83

Note: (1) Existing Debt Service excludes the refunded portion of the Series 2001 and 2002 Bonds.

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

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APPENDIX E

**MCCRACKEN COUNTY (KENTUCKY)
SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS
SERIES OF 2010A & B**

Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement ("Agreement") made and entered into as of the 14th day of September, 2010 by and between the Board of Education of the McCracken County School District ("Board"); the McCracken County 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 \$12,780,000 of the Corporation's School Building Refunding Revenue Bonds, Series A of 2010, dated September 14, 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
MCCRACKEN COUNTY SCHOOL DISTRICT**

Chairman

Attest:

Secretary

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

President

Attest:

Secretary

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$12,780,000*

**McCracken County School District Finance Corporation
School Building Refunding Revenue Bonds, Series A of 2010
Dated as of delivery (September 14, 2010)**

SALE: August 25, 2010 AT 1:00 P.M., E.D.S.T.

The Secretary of the McCracken County (Kentucky) School District Finance Corporation (the "Corporation") will until 1:00 P.M., E.D.S.T., on August 25, 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 \$12,780,000 principal amount of McCracken County School District Finance Corporation School Building Refunding Revenue Bonds, Series A of 2010 (the "Refunding Bonds"), dated and bearing interest from September 14, 2010 (date of delivery), payable on January 1, 2011, and semi-annually thereafter on July 1 and January 1 of each year, in denominations in multiples of \$5,000 within the same maturity, maturing on January 1, 2011 and on July 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2011**	\$100,000	2017	\$985,000
2011	170,000	2018	985,000
2012	170,000	2019	1,720,000
2013	650,000	2020	1,755,000
2014	670,000	2021	1,955,000
2015	680,000	2022	1,990,000
2016	950,000		

**Indicates first principal maturity January 1, 2011.

*Subject to the permitted adjustment increasing or decreasing the principal amount of Refunding Bonds to be sold by up to \$1,280,000.

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., St. Louis, Missouri, 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 are NOT subject to redemption at the option of the Corporation prior to their stated maturities.

MCCRACKEN COUNTY (KENTUCKY) SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, 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 McCracken County School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes 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 162.300, 162.385, and Section 58.180, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of Hemlepp v. Aronberg, 369 S.W.2d 121, for the purpose of providing funds to retire certain of the outstanding McCracken County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2002, dated July 1, 2002 (the "2002 Bonds") maturing July 1, 2013 and thereafter (the "Defeased Bonds") prior to their stated maturities on July 1, 2012.

The 2002 Bonds maturing July 1, 2011 and July 1, 2012 shall not be defeased and shall remain payable from rentals due under the Prior Lease (the "Remaining Bonds").

SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission will agree to continue to pay approximately 6.4% of the debt service requirements of the Refunding Bonds through July 1, 2022 and Remaining Bonds through July 1, 2012; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial budget period terminating on June 30, 2012.

The Extraordinary Session of the General Assembly of the Commonwealth adopted the State's Budget for the biennium ending June 30, 2012. *Inter alia*, the Budget funded \$150,000,000 of the Commission's previous Offers of Assistance made during the last biennium; authorized \$100,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2014; authorized the Commission to issue up to \$65,500,000 in bonds to cover the funding of the category 5 buildings in the State that are identified on the Kentucky Department of Education list of May 18, 2010 (grantees required to meet certain qualifications); authorized the Commission to make use of Build America Bonds and Qualified Tax Credit Bonds now available under Federal law; and funded certain technology programs and a statewide building classification study.

PROCEEDS TO RETIRE CERTAIN BONDS OF PRIOR ISSUE

The Defeased Bonds were issued by the Corporation under the authority of KRS Sections 162.120 through 162.300 and 162.385 for the purpose of providing funds to finance additions and renovations to Hendron Lone Oak Elementary School, Reidland Elementary School and Concord Elementary School (the "2002 Projects") or (the "Projects") for the Board. Under the terms of the Bond Resolution authorizing the Defeased Bonds, those Bonds are payable from the income and revenues of the Projects financed from the proceeds thereof.

The total principal amount of the 2002 Bonds outstanding as of August 25, 2010 is \$12,115,000, scheduled to mature on July 1 in each of the years 2011 through 2022.

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 in order to provide for accruing interest and retire the Defeased Bonds on July 1, 2012.

The Series A 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 Bonds shall be paid from and secured by the monies deposited in the Escrow fund for the Prior Sinking Fund for the retirement thereof upon the delivery of the Refunding Bonds.

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, but are inferior and subordinate to the liens and pledges securing certain of the Corporation's outstanding School Building Revenue Bonds issued to construct, improve or refinance the Projects (the "Prior Lien Bonds").

SECURITY FOR REFUNDING BONDS

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Projects originally financed from the proceeds of the Defeased 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 Series A of 2010 (the "Series A of 2010 Lease"); provided, however, said liens and pledges are inferior and subordinate to similar liens and pledges securing the Prior Lien Bonds but rank on the basis of Parity with the liens and pledges securing the Remaining Bonds.

Title to the school Projects financed from the proceeds of the Defeased Bonds is vested in the Corporation securing the Refunding Bonds in accordance with the terms of the Series A of 2010 Lease.

The Series A of 2010 Lease provides that the Prior Lease will be canceled as to the Defeased Bonds upon the required Escrow deposit but will remain in effect to secure the Remaining Bonds until their retirement. The Series A 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 July 1, 2022, 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 2010 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 157.627(5) and 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 2010 Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

Under the terms of the 2010 Bond Resolution and the 2010 Lease the statutory mortgage liens and pledges of rental revenues securing the Refunding Bonds and Remaining 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 submitted manually, by facsimile or electronically via PARITY®.

(2) 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.

- (3) The minimum bid shall be not less than \$12,588,300 (98.5% 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 \$12,780,000 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 \$1,280,000, 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 \$11,500,000 or a maximum of \$14,060,000. 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 \$12,780,000 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 July 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., St. Louis, Missouri, Attn: Mr. James Agnew (314-613-8218) 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 on or about September 14, 2010 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 shall provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.
- (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 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 (\$3,066) 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 property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 157.440(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 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.

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, McCracken County Board of Education, 435 Berger Road, Paducah, Kentucky 42003 Telephone 270-538-4000.

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, 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.

**MCCRACKEN COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

By s/ Dr. Nancy Moore Waldrop
Secretary

OFFICIAL BID FORM, SERIES A BONDS

(Bond Purchase Agreement)

The McCracken County (Kentucky) School District Finance Corporation (“Corporation” or “Issuer”), will until 1:00 P.M., E.D.S.T., on August 25, 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 \$12,780,000 School Building Refunding Revenue Bonds, Series A of 2010, dated as of delivery (September 14, 2010); maturing January 1, 2011 and July 1, 2011 through 2022 (“Bonds”).

We hereby bid for said \$12,780,000* principal amount of Bonds, the total sum of \$_____ (not less than \$12,588,300) plus accrued interest from September 14, 2010 (date of delivery) payable January 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 January 1, 2011 and on July 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2011**	\$100,000	_____ %	2017	\$985,000	_____ %
2011	170,000	_____ %	2018	985,000	_____ %
2012	170,000	_____ %	2019	1,720,000	_____ %
2013	650,000	_____ %	2020	1,755,000	_____ %
2014	670,000	_____ %	2021	1,955,000	_____ %
2015	680,000	_____ %	2022	1,990,000	_____ %
2016	950,000	_____ %			

**Indicates first principal maturity January 1, 2011.

*Subject to the permitted adjustment

I understand this bid may be accepted for as much as \$14,060,000 of Bonds or as little as \$11,500,000 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 July 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 Opinion 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., St. Louis, Missouri, Attn: Mr. James Agnew (314-613-8218).

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 14, 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 14, 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 McCracken County 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	_____%	2017	_____,000	_____%
2012	_____,000	_____	2018	_____,000	_____
2013	_____,000	_____	2019	_____,000	_____
2004	_____,000	_____	2020	_____,000	_____
2015	_____,000	_____	2022	_____,000	_____
2016	_____,000	_____			

Dated: August 25, 2010

J.J.B. HILLIARD, W.L. LYONS, LLC,
as Agent for the McCracken County
School District Finance Corporation

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$720,000*

**McCracken County School District Finance Corporation
School Building Refunding Revenue Bonds, Series B of 2010
Dated September 14, 2010**

SALE: August 25, 2010 AT 1:00 P.M., E.D.S.T.

The McCracken County (Kentucky) School District Finance Corporation (the "Corporation") will until 1:00 P.M., E.D.S.T., on August 25, 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 \$720,000 principal amount of McCracken County School District Finance Corporation School Building Refunding Revenue Bonds, Series B of 2010 (the "Refunding Bonds"), dated and bearing interest from September 14, 2010, 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 in each of the years thereafter as follows:

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT*</u>
2011	\$ 20,000
2012	30,000
2013	30,000
2014	30,000
2015	25,000
2016	25,000
2017	90,000
2018	95,000
2019	115,000
2020	125,000
2021	135,000

*Subject to the permitted adjustment increasing or decreasing the principal amount of Refunding Bonds to be sold by up to \$70,000.

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., St. Louis, Missouri, 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 Refunding Bonds are NOT subject to redemption at the option of the Corporation prior to their stated maturities.

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

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and KRS 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 McCracken County, Kentucky (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 162.120 through 162.300, 162.385, and Section 58.180, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of Hemlepp v. Aronberg,

369 S.W.2d 121, for the purpose of providing funds to retire all of the outstanding McCracken County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2001, dated March 15, 2001 (the "2001 Bonds") maturing March 1, 2011 and thereafter at or prior to their stated maturities (the "Defeased Bonds").

PROCEEDS TO RETIRE ALL BONDS OF PRIOR ISSUE

The Defeased Bonds were issued by the Corporation under the authority of KRS 162.120 through 162.300 and 162.385 for the purpose of providing funds to finance installation of HVAC improvements at Heath High School (the "Project") for the Board. Under the terms of a Resolution authorizing the Defeased Bonds, those Bonds are payable from the income and revenues of the Project financed from the proceeds thereof.

The total principal amount of the 2001 Bonds outstanding as of August 25, 2010 is \$670,000, scheduled to mature on March 1 in each of the years 2011 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 Defeased Bonds.

The Series B 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 lien upon and the pledge of revenues shall no longer secure the Defeased Bonds which shall be paid from and secured by the monies deposited in the Escrow fund.

The lien and pledge securing the Refunding Bonds are inferior and subordinate to the lien and pledge securing certain of the Corporation's outstanding School Building Revenue Bonds issued to refinance the Project (the "Prior Lien Bonds").

SECURITY FOR REFUNDING BONDS

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Project originally financed from the proceeds of the Defeased Bonds. The Refunding Bonds are secured by a statutory mortgage lien upon and a pledge of the revenues derived from the rental of the school Project to the Board under a Contract, Lease and Option dated September 14, 2010 (the "Series B of 2010 Lease"); however, provided, however, said lien and pledge are inferior and subordinate to a similar lien and pledge securing the Prior Lien Bonds.

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

The Series B 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 Defeased Bonds after the retirement of the Remaining Bonds. The Series B 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 March 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 lien and pledge of rental revenues securing the Refunding Bonds which are created and granted pursuant to KRS 162.200 upon the school Project property 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 Project other independently financed school buildings, free and clear of said statutory mortgage lien and revenue pledge, which other independently financed school buildings may or may not have a party wall with and adjoin said school buildings constituting the Project, provided no part of the cost of said other independently financed school buildings is paid from the proceeds of the sale of the Refunding Bonds.

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 submitted manually, by facsimile or electronically via PARITY[®] *INFRA*.

(2) 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.

(3) The minimum bid shall be not less than \$709,200 (98.5% 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 \$720,000 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 \$70,000, 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 \$650,000 or a maximum of \$790,000. 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 \$720,000 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 March 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., St. Louis, Missouri, Attn: Mr. James Agnew (314-613-8218) 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 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 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 property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 157.440(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 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.

CONTINUING DISCLOSURE

As a result of the principal amount of Bonds being offered not exceeding \$1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission.

Financial information regarding the Board may be obtained from Superintendent, 435 Berger Road, Paducah, Kentucky 42003, Telephone 270-538-4000.

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) Property 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.

**MCCRACKEN COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

By s/ Dr. Nancy Moore Waldrop
Secretary

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OFFICIAL BID FORM, SERIES B BONDS

(Bond Purchase Agreement)

The McCracken County (Kentucky) School District Finance Corporation (“Corporation” or “Issuer”), will until 1:00 P.M., E.D.S.T., on August 25, 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 \$720,000 School Building Refunding Revenue Bonds, Series of 2010, dated September 14, 2010; maturing March 1, 2011 through 2021 (“Bonds”).

We hereby bid for said \$720,000* principal amount of Bonds, the total sum of \$_____ (not less than \$709,200) plus accrued interest from September 14, 2010 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 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2011	\$ 20,000	_____ %
2012	30,000	_____ %
2013	30,000	_____ %
2014	30,000	_____ %
2015	25,000	_____ %
2016	25,000	_____ %
2017	90,000	_____ %
2018	95,000	_____ %
2019	115,000	_____ %
2020	125,000	_____ %
2021	135,000	_____ %

We understand this bid may be accepted for as much as \$790,000 of Bonds or as little as \$650,000 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 March 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., St. Louis, Missouri, Attn: Mr. James Agnew (314-613-8218).

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 14, 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 14, 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 McCracken County 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	_____%	2017	_____,000	_____%
2012	_____,000	_____	2018	_____,000	_____
2013	_____,000	_____	2019	_____,000	_____
2014	_____,000	_____	2020	_____,000	_____
2015	_____,000	_____	2021	_____,000	_____
2016	_____,000	_____			

Dated: August 25, 2010

J.J.B. Hilliard, W.L. Lyons, LLC, as Agent for the
McCracken County School District Finance
Corporation