

**INVITATION TO TENDER BONDS FOR PURCHASE**

*made by*

**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION  
*to the Beneficial Owners of*  
COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION**

**Revenue Refunding Bonds, Project No. 117  
Federally Taxable Series C**

**Revenue Refunding Bonds, Project No. 122  
Federally Taxable Series D**

**Revenue Refunding Bonds, Project No. 125  
Federally Taxable Series B**

**of the maturities and corresponding CUSIP numbers listed on the inside cover page hereof for cash**

**THE INVITATION TO TENDER BONDS FOR PURCHASE WILL EXPIRE AT 5:00 P.M., EASTERN TIME, ON APRIL 5, 2024, UNLESS EARLIER CANCELED OR EXTENDED AS DESCRIBED HEREIN. TENDERED TARGET BONDS MAY BE WITHDRAWN AT ANY TIME BEFORE THE EXPIRATION DATE. SEE “TERMS OF THIS INVITATION” HEREIN.**

This Invitation to Tender Bonds for Purchase, dated March 21, 2024 (as it may be amended or supplemented, including the cover page, inside cover page, and appendix, this “*Invitation*”), is made by the Commonwealth of Kentucky State Property and Buildings Commission (the “*Commission*”), with the assistance of BofA Securities, Inc. as dealer manager (the “*Dealer Manager*”), to the beneficial owners (the “*Holder*” or “*Bondholder*”) of certain maturities of the Commission’s outstanding (i) Revenue Refunding Bonds, Project No. 117 Federally Taxable Series C, (ii) Revenue Refunding Bonds, Project No. 122 Federally Taxable Series D, and (iii) Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B set forth on the inside cover page of this Invitation (collectively, the “*Target Bonds*”). The Commission is providing the Holders of the Target Bonds with the opportunity to tender all or a portion of their Target Bonds to the Commission for cash purchase by the Commission. If the Invitation is consummated, there will be a single purchase price (a “*Purchase Price*”) for the Target Bonds of such CUSIP at which all Target Bonds of such CUSIP will be purchased. The Purchase Price for the Target Bonds of a CUSIP which the Commission determines to purchase will be based on a fixed spread (“*Fixed Spread*”) to be added to the yields on certain benchmark United States Treasury Securities (each, a “*Benchmark Treasury Security*”), as set forth on the inside cover page of this Invitation. Each Bondholder is invited by the Commission to tender to the Commission (an “*Offer*”), for purchase, in cash, all or part of its beneficial ownership interests in the Target Bonds in Authorized Denominations (as defined herein). For Target Bonds maturing on or after May 1, 2026, if the Commission accepts any Target Bonds for a particular CUSIP, the Commission will purchase all Target Bonds of such CUSIP offered pursuant to this Invitation. The Target Bonds, if any, which the Commission decides to purchase will be purchased on May 1, 2024, unless such date is extended by the Commission, assuming all conditions to this Invitation have then been satisfied or waived by the Commission (the “*Settlement Date*”). Accrued but unpaid interest on the Target Bonds, if any, purchased by the Commission up to but excluding the Settlement Date (the “*Accrued Interest*”) will also be paid on the Settlement Date.

The total of each Purchase Price of the Target Bonds of each CUSIP validly tendered and purchased by the Commission pursuant to this Invitation (the “*Aggregate Purchase Price*”), is expected to be funded from net proceeds of the Commission’s Revenue Refunding Bonds, Project No. 130 Series C (the “*Series 130C Bonds*”), expected to be issued on the Settlement Date. The Series 130C Bonds will be issued in the manner, on the terms, and with the security therefor described in the Preliminary Official Statement, dated March 21, 2024, attached hereto as Appendix A (the “*Series 130 POS*”). The payment of Accrued Interest on Target Bonds validly tendered and accepted for purchase is expected to be funded from proceeds of the Series 130C Bonds. ***The purchase of any Target Bonds tendered pursuant to this Invitation is contingent on, among other things, the issuance of the Series 130C Bonds, and is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein). See “INTRODUCTION – General” herein.***

To make an informed decision as to whether, and how, to tender Target Bonds for purchase pursuant to this Invitation, Bondholders should carefully read this Invitation in its entirety, including APPENDIX A, and are advised to consult with their broker, account executive, financial advisor, attorney, or other professionals (each, a “*Financial Representative*”). For more information about risks concerning this Invitation, please see “ADDITIONAL CONSIDERATIONS” herein.

Any Bondholder wishing to tender Target Bonds must follow the procedures for Offers more specifically described herein. Bondholders and their Financial Representatives with questions about this Invitation should contact the Dealer Manager or the Information and Tender Agent. For more information about risks associated with this Invitation, please see “ADDITIONAL CONSIDERATIONS” herein.

**Key Dates and Times**

All of these dates and times are subject to change. All times are Eastern Time.  
Notices of changes will be sent in the manner provided for in this Invitation.

Launch Date	March 21, 2024
Expiration Date	5:00 P.M. on April 5, 2024
Notice of Results	April 8, 2024
Determination of Purchase Prices	10:00 A.M. on April 10, 2024
Notice of Purchase Prices	April 10, 2024
Acceptance Date	April 11, 2024
Settlement Date	May 1, 2024

The Dealer Manager is:  
**BofA Securities, Inc.**

The Information and Tender Agent is:  
**Globic Advisors Inc.**

**TARGET BONDS SUBJECT TO THIS INVITATION\***

**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION**

**REVENUE REFUNDING BONDS, PROJECT NO. 117 FEDERALLY TAXABLE SERIES C**

<b>CUSIP (49151F)</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Outstanding Principal Amount</b>	<b>Par Call Date</b>	<b>Benchmark Treasury Security</b>	<b>Fixed Spread (Basis Points)</b>
XL9	05/01/2025	3.307%	\$5,075,000		UST 0.000% due 03/20/2025 CUSIP: 912797KJ5	-17.7 bps
XM7	05/01/2026	3.407%	\$4,020,000		UST 4.625% due 02/28/2026 CUSIP: 91282CKB6	-15.1 bps
XN5	05/01/2027	3.507%	\$6,585,000		UST 4.250% due 03/15/2027 CUSIP: 91282CKE0	-1.4 bps
XP0	05/01/2028	3.657%	\$2,145,000		UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	+10.8 bps
XQ8	05/01/2029	3.757%	\$2,115,000		UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	+9.8 bps

**REVENUE REFUNDING BONDS, PROJECT NO. 122 FEDERALLY TAXABLE SERIES D**

<b>CUSIP (49151F)</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Outstanding Principal Amount</b>	<b>Par Call Date</b>	<b>Benchmark Treasury Security</b>	<b>Fixed Spread (Basis Points)</b>
E71	11/01/2024	2.190%	\$ 7,370,000		UST 0.000% due 03/20/2025 CUSIP: 912797KJ5	+15.1 bps
E89	11/01/2025	2.293%	\$10,250,000		UST 4.625% due 02/28/2026 CUSIP: 91282CKB6	+7.0 bps
E97	11/01/2026	2.393%	\$10,495,000		UST 4.250% due 03/15/2027 CUSIP: 91282CKE0	+2.5 bps
F21	11/01/2027	2.522%	\$10,750,000		UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	+12.7 bps
F39	11/01/2028	2.572%	\$11,035,000		UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	+9.9 bps
F47	11/01/2029	2.622%	\$11,320,000		UST 4.250% due 02/28/2031 CUSIP: 91282CKC4	+9.4 bps
F54	11/01/2030	2.722%	\$11,630,000	11/01/2029	UST 4.250% due 02/28/2031 CUSIP: 91282CKC4	+14.1 bps
F62	11/01/2031	2.772%	\$11,950,000	11/01/2029	UST 4.000% due 02/15/2034 CUSIP: 91282CJZ5	+18.5 bps

**REVENUE REFUNDING BONDS, PROJECT NO. 125 FEDERALLY TAXABLE SERIES B**

<b>CUSIP (49151F)</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Outstanding Principal Amount</b>	<b>Par Call Date</b>	<b>Benchmark Treasury Security</b>	<b>Fixed Spread (Basis Points)</b>
N89	09/01/2024	0.675%	\$8,665,000		UST 0.000% due 03/20/2025 CUSIP: 912797KJ5	+23.8 bps
N97	09/01/2025	1.039%	\$8,745,000		UST 4.625% due 02/28/2026 CUSIP: 91282CKB6	+11.9 bps
P20	09/01/2026	1.239%	\$8,845,000		UST 4.250% due 03/15/2027 CUSIP: 91282CKE0	+4.0 bps
P38	09/01/2027	1.696%	\$8,980,000		UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	+13.5 bps
P46	09/01/2028	1.846%	\$9,135,000		UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	+10.2 bps
P53	09/01/2029	2.023%	\$9,310,000		UST 4.250% due 02/28/2031 CUSIP: 91282CKC4	+8.7 bps
P61	09/01/2030	2.123%	\$9,505,000		UST 4.250% due 02/28/2031 CUSIP: 91282CKC4	+13.1 bps
P79	09/01/2031	2.223%	\$9,720,000		UST 4.000% due 02/15/2034 CUSIP: 91282CJZ5	+17.4 bps
P87	09/01/2032	2.323%	\$9,940,000	09/01/2031	UST 4.000% due 02/15/2034 CUSIP: 91282CJZ5	+21.5 bps
P95	09/01/2033	2.423%	\$6,900,000	09/01/2031	UST 4.000% due 02/15/2034 CUSIP: 91282CJZ5	+25.2 bps

\* Preliminary and subject to change.

## IMPORTANT INFORMATION

This Invitation and other information with respect to this Invitation are and will be available from BofA Securities, Inc. as dealer manager (the “*Dealer Manager*”) and Globic Advisors Inc. (the “*Information and Tender Agent*”) at <http://emma.msrb.org> and <https://www.globic.com/kyspbc>. Bondholders wishing to tender their Target Bonds for purchase pursuant to this Invitation must follow the procedures described in this Invitation. The Commission reserves the right to cancel or modify this Invitation at any time on or before the Expiration Date, reserves the right to make a future tender offer at prices different than the prices described herein in its sole discretion, and reserves the right to redeem the Target Bonds in accordance with their terms in its sole discretion. The Commission will have no obligation to accept tendered Target Bonds for purchase or purchase Target Bonds tendered and accepted for purchase if this Invitation is cancelled or modified, the Commission is unable to issue the Series 130C Bonds, or any of the other conditions set forth herein are not satisfied. The Commission further reserves the right to accept nonconforming Offers or waive irregularities in any Offer of Target Bonds. The sale of the Series 130C Bonds is subject to market conditions and conditions to be satisfied on or before the Settlement Date. The consummation of this Invitation is also subject to certain other conditions as described herein. **TARGET BONDS THAT ARE NOT TENDERED FOR PURCHASE IN RESPONSE TO THIS INVITATION, AS WELL AS TARGET BONDS THAT THE COMMISSION DOES NOT PURCHASE IN RESPONSE TO THIS INVITATION (ALL SUCH TARGET BONDS, THE “UNPURCHASED BONDS”), WILL REMAIN OUTSTANDING. UNPURCHASED BONDS THAT ARE TENDERED BUT NOT PURCHASED BY THE COMMISSION WILL BE RETURNED TO THE RESPECTIVE HOLDERS THAT TENDERED SUCH TARGET BONDS. THE COMMISSION MAY AT ANY TIME REFUND, REDEEM, DEFEASE, OFFER TO PURCHASE, OR EXCHANGE SOME OR ALL OF THE UNPURCHASED BONDS ACCORDING TO THEIR TERMS.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS INVITATION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS INVITATION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INVITATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THIS INVITATION IS NOT BEING EXTENDED TO, AND TARGET BONDS TENDERED IN RESPONSE TO THIS INVITATION WILL NOT BE ACCEPTED FROM OR ON BEHALF OF, BONDHOLDERS IN ANY JURISDICTION IN WHICH THIS INVITATION OR SUCH OFFER OR SUCH ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. IN ANY JURISDICTIONS WHERE THE SECURITIES, “BLUE SKY,” OR OTHER LAWS REQUIRE THIS INVITATION TO BE MADE THROUGH A LICENSED OR REGISTERED BROKER OR DEALER, THIS INVITATION SHALL BE DEEMED TO BE MADE ON BEHALF OF THE COMMISSION THROUGH THE DEALER MANAGER.**

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Invitation.

No dealer, salesperson, or other person has been authorized to give any information or to make any representation not contained in this Invitation, including APPENDIX A, and, if given or made, such information or representation may not be relied upon as having been authorized by the Commission.

The delivery of this Invitation shall not under any circumstances create any implication that any information contained herein is correct as of any time after the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the Commission since the date hereof. The information contained in this Invitation is as of the date of this Invitation only and is subject to change, completion, or amendment without notice. None of the Commission, the Dealer Manager, or the Information and Tender Agent are responsible (i) for transmitting any offer, or (ii) for the Depository Trust Company (“*DTC*”) process and Holders’ interactions with DTC and the DTC participants.

The Dealer Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, including APPENDIX A. The Dealer Manager has not independently verified any of the information contained herein and assumes no responsibility for the accuracy or completeness of any such information.

None of the Commission, the Dealer Manager, or the Information and Tender Agent makes any recommendation that any Bondholder tender or refrain from tendering all or any portion of such Bondholder’s Target Bonds for purchase. Bondholders must make their own decisions and should read this Invitation carefully and consult with their broker, account

executive, financial advisor, attorney, or other appropriate professional (each, a “*Financial Representative*”) in making these decisions.

Certain statements included or incorporated by reference into this Invitation constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “forecast,” “plan,” “expect,” “estimate,” “budget,” or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. The Commission does not plan to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions, or circumstances on which such statements are based, occur.

This Invitation, including APPENDIX A, contains important information which should be read in its entirety before any decision is made with respect to this Invitation.

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*made by*

**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION**

*to the Beneficial Owners of*

**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION**

**Revenue Refunding Bonds, Project No. 117  
Federally Taxable Series C**

**Revenue Refunding Bonds, Project No. 122  
Federally Taxable Series D**

**Revenue Refunding Bonds, Project No. 125  
Federally Taxable Series B**

**of the maturities and corresponding CUSIP numbers listed on the inside cover page hereof for cash**

**INTRODUCTION**

**General**

This Invitation to Tender Bonds for Purchase, dated March 21, 2024 (as it may be amended or supplemented, including the cover page, inside cover page, and appendix, this “*Invitation*”), is made by the Commonwealth of Kentucky State Property and Buildings Commission (the “*Commission*”) with the assistance of BofA Securities, Inc. as dealer manager (the “*Dealer Manager*”), to the beneficial owners (the “*Holder*” or “*Bondholder*”) of certain maturities of the Commission’s outstanding (i) Revenue Refunding Bonds, Project No. 117 Federally Taxable Series C, (the “*Series 117C Bonds*”), (ii) Revenue Refunding Bonds, Project No. 122 Federally Taxable Series D (the “*Series 122D Bonds*”), and (iii) Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B (the “*Series 125B Bonds*”), set forth on the inside cover page of this Invitation (collectively, the “*Target Bonds*”). The Commission is providing the Holders of the Target Bonds with the opportunity to offer to tender all or a portion of their Target Bonds to the Commission for cash purchase by the Commission. If the Invitation is consummated, there will be a single purchase price (a “*Purchase Price*”) for the Target Bonds of such CUSIP at which all Target Bonds of each CUSIP will be purchased. The Purchase Price for the Target Bonds of a CUSIP which the Commission determines to purchase will be based on a fixed spread (the “*Fixed Spread*”) to be added to the yields on certain benchmark United States Treasury Securities (each, a “*Benchmark Treasury Security*”), as set forth on the inside cover page of this Invitation. Each Bondholder is invited by the Commission to tender to the Commission (an “*Offer*”), for purchase, in cash, all or part of its beneficial ownership interests in the Target Bonds in Authorized Denominations (as defined herein). The Target Bonds which the Commission decides to purchase will be purchased on May 1, 2024, unless such date is extended by the Commission, assuming all conditions to this Invitation have then been satisfied or waived by the Commission (the “*Settlement Date*”). Accrued but unpaid interest on the Target Bonds, if any, purchased by the Commission up to but excluding the Settlement Date (the “*Accrued Interest*”) will also be paid on the Settlement Date.

Each Bondholder is invited by the Commission to Offer to the Commission, for purchase, in cash, all or part of its beneficial ownership interests in the Target Bonds in Authorized Denominations (as defined herein). The Commission may decide to purchase less than all (or none) of the Target Bonds tendered to the Commission (see “TERMS OF THIS INVITATION – Determination of Amounts to be Purchased”). Offers must be submitted by 5:00 P.M., Eastern Time, on April 5, 2024 (or such later date as the Commission may determine, the “*Expiration Date*”). The Commission may extend, amend, waive the terms of, or otherwise modify this Invitation at any time on or before the Expiration Date. The Commission may also, at any time before the Settlement Date, cancel this Invitation in accordance with the terms hereof, in which case the Commission will have no obligation to purchase Target Bonds. See “TERMS OF THIS INVITATION – Extension, Termination, and Amendment of each Offer; Changes to Terms” for a description of the right of the Commission to extend, cancel, amend, waive the terms of, or otherwise modify this Invitation.

The total of each Purchase Price of the Target Bonds by CUSIP validly tendered and purchased by the Commission pursuant to this Invitation (the “*Aggregate Purchase Price*”), is expected to be funded from net proceeds of the Commission’s Revenue Refunding Bonds, Project No. 130 Series C (the “*Series 130C Bonds*”), issued on the Settlement Date. The payment of Accrued Interest on Target Bonds validly tendered and accepted for purchase is expected to be funded from proceeds of the Series 130C Bonds. **The purchase of any Target Bonds tendered pursuant to this Invitation is contingent on, among other things, the issuance of the Series 130C Bonds, and is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined below).**

None of the Commission, the Dealer Manager, or the Information and Tender Agent (as defined herein) makes any recommendation that any Bondholder tender or refrain from tendering all or any portion of such Bondholder's Target Bonds for purchase. Bondholders must make their own decisions and should read this Invitation carefully and consult with their broker, account executive, financial advisor, attorney, or other appropriate professional in making these decisions.

If tendered Target Bonds are not accepted for purchase by the Commission, or all conditions to this Invitation are not satisfied or waived by the Commission, on or before the Settlement Date, any such Target Bonds offered pursuant to this Invitation shall be returned to the Bondholder and remain outstanding.

**HOLDERS OF TARGET BONDS WHO DO NOT ACCEPT THIS INVITATION, AS WELL AS HOLDERS OF TARGET BONDS WHO TENDER TARGET BONDS FOR PURCHASE WHEREIN THE COMMISSION IN ITS DISCRETION DOES NOT ACCEPT SUCH TENDER FOR PURCHASE, WILL CONTINUE TO HOLD SUCH TARGET BONDS (THE "UNPURCHASED BONDS") AND SUCH UNPURCHASED BONDS WILL REMAIN OUTSTANDING UNDER THEIR RESPECTIVE AUTHORIZING RESOLUTIONS OF THE COMMISSION. THE COMMISSION RESERVES THE RIGHT TO, AND MAY DECIDE TO, REFUND SOME OR ALL OF THE TARGET BONDS NOT PURCHASED PURSUANT TO THIS INVITATION IN ACCORDANCE WITH THE TERMS OF SUCH BONDS, WHICH RIGHT SHALL BE EXERCISED BY THE COMMISSION. See "Unpurchased Bonds" herein.**

### **Financing Conditions**

Notwithstanding any other provision of this Invitation, the Commission has no obligation to accept for purchase any Target Bonds, and its obligation to pay the Purchase Price of any Target Bonds validly tendered (and not validly withdrawn) and accepted pursuant to this Invitation is subject to the satisfaction of or waiver of the following conditions on or before the Settlement Date: (a) the successful completion by the Commission of a debt financing transaction (the "*Proposed Financing*"), including the issuance of the Series 130C Bonds, the proceeds of which will be sufficient to (i) fund the Aggregate Purchase Price of all Target Bonds validly tendered and accepted for purchase pursuant to this Invitation, and (ii) pay all fees and expenses associated with the Proposed Financing and this Invitation; and (b) the Commission obtaining satisfactory and sufficient economic benefit as a result of the consummation of this Invitation, when taken together with the Proposed Financing (collectively, the "*Financing Conditions*"), all on terms and conditions that are in the Commission's best interest. The Commission reserves the right, subject to applicable law, to amend or waive any of the conditions to this Invitation, in whole or in part, at any time before the Expiration Date (as defined herein) or from time to time. As described herein, this Invitation may be withdrawn by the Commission at any time before the Expiration Date.

### **Purpose**

This Invitation is being issued as part of a plan of finance to use proceeds from the sale of the Series 130C Bonds, that includes the retirement of the Target Bonds by purchasing them pursuant to this Invitation. Further, as described herein, the Commission's purchase of Target Bonds pursuant to this Invitation is contingent upon receipt of sufficient proceeds for such purpose from the issuance of the Series 130C Bonds and any other available moneys of the Commission. There can be no assurance that the Series 130C Bonds will be issued or when they will be issued, or that the proceeds thereof, together with other available moneys of the Commission, will be sufficient to enable the Commission to purchase any or all of the Target Bonds validly tendered for purchase.

The purpose of the issuance of the Series 130C Bonds is to produce present value debt service savings in respect of the Prior Bonds (as defined in the Series 130 POS), as more fully described in the Series 130 POS. Thus, the final decision to purchase tendered Target Bonds, and, if less than all of the Target Bonds that are tendered are purchased, which Target Bonds will be accepted for purchase by the Commission, will be based upon market conditions associated with the sale of the Series 130C Bonds and other factors outside of the control of the Commission.

### **Consideration for Invitation**

The Fixed Spread for each CUSIP for the Target Bonds as set forth on the inside cover page of this Invitation represents the yield, expressed as an interest rate percentage, above the yield on the indicated Benchmark Treasury Security at which the Commission will purchase Target Bonds.

The applicable Fixed Spread for a CUSIP will represent the spread which will be added to the yield on the Benchmark U.S. Treasury Security corresponding thereto to arrive at a yield (the "*Purchase Yield*") used to calculate the Purchase Price for each maturity and corresponding CUSIP of the Target Bonds.

The yields on the Benchmark Treasury Securities (the “*Treasury Security Yields*”) will be determined at 10:00 A.M. Eastern Time on April 10, 2024, based on the bid-side price of the U.S. Benchmark Treasury as quoted on the Bloomberg Bond Trader FIT1 series of pages. The Fixed Spread will be added to the Benchmark Treasury Security Yield to arrive at a Purchase Yield. The Benchmark Treasury Security for each CUSIP is identified on the inside cover page of this Invitation.

The Purchase Yield will be used to calculate the Purchase Prices for Target Bonds. The Purchase Prices for Target Bonds will be equal to: the sum of (i) the present value of all remaining scheduled principal and interest on the applicable Target Bonds, discounted at the Purchase Yield to the Settlement Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), minus (ii) Accrued Interest up to but not including the Settlement Date. The Commission will publish a Notice of Purchase Prices (as defined herein) on April 10, 2024. In addition to the Purchase Prices of the Target Bonds accepted for purchase by the Commission, Accrued Interest on such Target Bonds will be paid by, or on behalf of, the Commission to the tendering Bondholders on the Settlement Date.

The tables below provide an example of the Purchase Prices realized by a Bondholder that submits an Offer based on the following closing yields as of March 20, 2024 for the Benchmark Treasury Securities provided below and the Fixed Spreads. **THIS EXAMPLE IS BEING PROVIDED FOR CONVENIENCE ONLY AND IS NOT TO BE RELIED UPON BY A BONDHOLDER AS AN INDICATION OF THE PURCHASE YIELDS OR PURCHASE PRICES THAT MAY BE ACCEPTED BY THE COMMISSION.**

Based on these Benchmark Treasury Security yields, the following Purchase Prices would be derived:

**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION  
REVENUE REFUNDING BONDS, PROJECT NO. 117  
FEDERALLY TAXABLE SERIES C**

CUSIP (49151F)	Maturity Date	Benchmark Treasury Security	Illustrative Benchmark Yield	Fixed Spreads	Illustrative Purchase Yield	Purchase Price (% of Principal Amount)
XL9	05/01/2025	UST 0.000% due 03/20/2025 CUSIP: 912797KJ5	4.997%	-17.7 bps	4.820%	98.539%
XM7	05/01/2026	UST 4.625% due 02/28/2026 CUSIP: 91282CKB6	4.604%	-15.1 bps	4.453%	98.019%
XN5	05/01/2027	UST 4.250% due 03/15/2027 CUSIP: 91282CKE0	4.397%	-1.4 bps	4.383%	97.562%
XP0	05/01/2028	UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	4.248%	+10.8 bps	4.356%	97.459%
XQ8	05/01/2029	UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	4.248%	+9.8 bps	4.346%	97.378%

**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION  
REVENUE REFUNDING BONDS, PROJECT NO. 122  
FEDERALLY TAXABLE SERIES D**

CUSIP (49151F)	Maturity Date	Benchmark Treasury Security	Illustrative Benchmark Yield	Fixed Spreads	Illustrative Purchase Yield	Purchase Price (% of Principal Amount)
E71	11/01/2024	UST 0.000% due 03/20/2025 CUSIP: 912797KJ5	4.997%	+15.1 bps	5.148%	98.558%
E89	11/01/2025	UST 4.625% due 02/28/2026 CUSIP: 91282CKB6	4.604%	+7.0 bps	4.674%	96.589%
E97	11/01/2026	UST 4.250% due 03/15/2027 CUSIP: 91282CKE0	4.397%	+2.5 bps	4.422%	95.247%
F21	11/01/2027	UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	4.248%	+12.7 bps	4.375%	94.046%
F39	11/01/2028	UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	4.248%	+9.9 bps	4.347%	92.815%
F47	11/01/2029	UST 4.250% due 02/28/2031 CUSIP: 91282CKC4	4.273%	+9.4 bps	4.367%	91.549%
F54	11/01/2030	UST 4.250% due 02/28/2031 CUSIP: 91282CKC4	4.273%	+14.1 bps	4.414%	90.528%
F62	11/01/2031	UST 4.000% due 02/15/2034 CUSIP: 91282CJZ5	4.275%	+18.5 bps	4.460%	89.339%

**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION  
REVENUE REFUNDING BONDS, PROJECT NO. 125  
FEDERALLY TAXABLE SERIES B**

CUSIP (49151F)	Maturity Date	Benchmark Treasury Security	Illustrative Benchmark Yield	Fixed Spreads	Illustrative Purchase Yield	Purchase Price (% of Principal Amount)
N89	09/01/2024	UST 0.000% due 03/20/2025 CUSIP: 912797KJ5	4.997%	+23.8 bps	5.235%	98.504%
N97	09/01/2025	UST 4.625% due 02/28/2026 CUSIP: 91282CKB6	4.604%	+11.9 bps	4.723%	95.291%
P20	09/01/2026	UST 4.250% due 03/15/2027 CUSIP: 91282CKE0	4.397%	+4.0 bps	4.437%	92.983%
P38	09/01/2027	UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	4.248%	+13.5 bps	4.383%	91.748%
P46	09/01/2028	UST 4.250% due 02/28/2029 CUSIP: 91282CKD2	4.248%	+10.2 bps	4.350%	90.204%
P53	09/01/2029	UST 4.250% due 02/28/2031 CUSIP: 91282CKC4	4.273%	+8.7 bps	4.360%	88.982%
P61	09/01/2030	UST 4.250% due 02/28/2031 CUSIP: 91282CKC4	4.273%	+13.1 bps	4.404%	87.509%
P79	09/01/2031	UST 4.000% due 02/15/2034 CUSIP: 91282CJZ5	4.275%	+17.4 bps	4.449%	86.198%
P87	09/01/2032	UST 4.000% due 02/15/2034 CUSIP: 91282CJZ5	4.275%	+21.5 bps	4.490%	85.070%
P95	09/01/2033	UST 4.000% due 02/15/2034 CUSIP: 91282CJZ5	4.275%	+25.2 bps	4.527%	84.124%

The Notice of Purchase Prices will be made available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (“EMMA”), using the CUSIP numbers for the Target Bonds listed in the tables on the inside cover page hereof; (ii) to DTC (defined herein) and to the DTC participants holding the Target Bonds; and (iii) by posting electronically on the website of the Information and Tender Agent located at <https://www.globic.com/kyspbc>.

### **Binding Contract to Sell**

If a Bondholder’s Offer is accepted by the Commission by the time specified herein, the Bondholder will be obligated to sell, and the Commission will be obligated to purchase, such Target Bonds on the Settlement Date at the Purchase Price for such Target Bonds, plus Accrued Interest, subject to the conditions described herein.

### **Sources of Funds to Purchase Target Bonds and Pay Accrued Interest**

The Aggregate Purchase Price is expected to be funded from the net proceeds of the Series 130C Bonds. The payment of accrued interest on Target Bonds validly tendered and accepted for purchase pursuant to this Invitation will be funded by proceeds of the Series 130C Bonds.

**THE PURCHASE OF ANY TARGET BONDS TENDERED PURSUANT TO THIS INVITATION IS CONTINGENT ON THE ISSUANCE BY THE COMMISSION OF THE SERIES 130C BONDS.** The sale of the Series 130C Bonds is subject to market conditions and conditions to be satisfied on or before the Settlement Date. The Series 130C Bonds are described in the Series 130 POS and are not being offered pursuant to this Invitation.

### **Brokerage Commissions and Other Fees**

Bondholders will not be obligated to pay any brokerage commissions or other fees to the Commission, the Dealer Manager, or the Information and Tender Agent in connection with this Invitation. However, Bondholders should check with the Financial Representative which maintains the account in which their Target Bonds are held to determine whether it will charge any commissions or fees.

### **Unpurchased Bonds**

Unpurchased Bonds will continue to be outstanding, and payable and secured, pursuant to their terms. Unpurchased Bonds that are offered but not purchased by the Commission will be returned to the respective Holders of such offered Target Bonds. Holders of Unpurchased Bonds will continue to bear the risk of ownership of such Unpurchased Bonds.

**For information concerning the Commission, see the Series 130 POS attached hereto as APPENDIX A. Bondholders must read the entirety of this Invitation, including APPENDIX A, in order to make an informed decision.**

**The Commission may, in the future, redeem, refund, or defease, all or any portion of the Unpurchased Bonds or may invite Holders to tender such Target Bonds for purchase by the Commission. See “ADDITIONAL CONSIDERATIONS.”**

### **Dealer Manager, Information, and Tender Agent**

BofA Securities, Inc. is Dealer Manager for this Invitation. Investors with questions about this Invitation should contact the Dealer Manager or Globic Advisors Inc., which serves as Information and Tender Agent (the “*Information and Tender Agent*”) for this Invitation, at the addresses and telephone numbers set forth on the page preceding Appendix A to this Invitation. See “DEALER MANAGER” and “INFORMATION AND TENDER AGENT” herein.

## **TERMS OF THIS INVITATION**

### **Expiration Date**

The Commission’s invitation to submit Offers will expire at 5:00 P.M., Eastern Time, on the Expiration Date. Holders tendering Target Bonds must follow the procedures more specifically described herein. Target Bonds offered after 5:00 P.M., Eastern Time, on the Expiration Date and before the acceptance of Offers by the Commission as described below under the heading “– Irrevocability of Offers; Return of Target Bonds Not Purchased” may be accepted by the Commission for purchase, in its sole discretion.

In accordance with the terms of this Invitation, the Commission may extend the Expiration Date, date of the Notice of Results, the Acceptance Date, or the Settlement Date, or cancel, amend, or otherwise modify or waive any conditions of this Invitation. See “–Extension, Termination, and Amendment of Each Offer; Changes to Terms.”

### **Offers Only Through the DTC ATOP Account**

The Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company (“*DTC*”), New York, New York, as bond depository for the Target Bonds. The Commission, through the Information and Tender Agent, will establish an Automated Tender Offer Program (“*ATOP*”) account (the “*DTC ATOP Account*”) at DTC for the Target Bonds to which this Invitation relates promptly after the date of this Invitation.

**ALL OFFERS MUST BE MADE THROUGH THE DTC ATOP ACCOUNT. THE COMMISSION WILL NOT ACCEPT ANY OFFERS THAT ARE NOT MADE THROUGH THE DTC ATOP ACCOUNT. AS A RESULT, HOLDERS WHO ARE NOT DTC PARTICIPANTS CAN ONLY MAKE OFFERS THROUGH THE FINANCIAL INSTITUTION THAT MAINTAINS THE DTC ACCOUNT IN WHICH THEIR TARGET BONDS ARE HELD. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS INVITATION.**

Any financial institution that is a participant in DTC may make a book-entry tender of the Target Bonds by causing DTC to transfer such Target Bonds into the DTC ATOP Account relating to this Invitation, and the applicable series, maturity and CUSIP number in accordance with DTC’s procedures for such transfer. Bondholders who are not DTC participants can only tender Target Bonds pursuant to this Invitation by making arrangements with and instructing their Financial Representative to tender the Bondholder’s Target Bonds through the DTC ATOP Account. To ensure a Bondholder’s Target Bonds are tendered to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date, the Bondholder must provide instructions to the Bondholder’s Financial Representative in sufficient time for the Financial Representative to tender the Target Bonds to the DTC ATOP Account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder’s instructions in order to tender the Bondholder’s Target Bonds to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date. See “– Tender of Target Bonds by Financial Institutions; DTC ATOP Account.”

**The Commission, the Dealer Manager, and the Information and Tender Agent are not responsible for the transfer of any tendered Target Bonds to the DTC ATOP Account or for any mistakes, errors, or omissions in the transfer of any tendered Target Bonds.**

### **Information to Bondholders**

The Commission may give information about this Invitation to the market and Bondholders by delivery of the information to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (“*EMMA*”) and DTC (collectively referred to herein, together with EMMA and the Information and Tender Agent, as the “*Information Services*”). Additionally, the Commission may give information about this Invitation to the Information and Tender Agent. The Information and Tender Agent will deliver information provided to it by the Commission through its website, <https://www.globic.com/kyspbc>. Delivery by or on behalf of the Commission of information to the Information Services will be deemed to constitute delivery of this information to each Bondholder.

**The Commission, the Dealer Manager, and the Information and Tender Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.**

Bondholders who would like to receive information transmitted by or on behalf of the Commission to the Information Services may receive such information from the Dealer Manager or the Information and Tender Agent by contacting them using the contact information under the heading “MISCELLANEOUS” below.

Any updates to this Invitation, including, without limitation, any supplements to the Series 130 POS, will be distributed through the Information Services. The final Official Statement with respect to the Series 130C Bonds will be posted to EMMA after the Acceptance Date and before the Settlement Date assuming the sale of the Series 130C Bonds.

### **Minimum Denominations**

A Bondholder may submit one or more Offers to tender Target Bonds of a particular CUSIP number that it owns in an amount of its choosing, but not to exceed the principal amount of such Target Bonds owned by the Bondholders, but in a principal amount equal to the minimum denomination of \$5,000 (the “*Minimum Authorized Denomination*”) or any integral multiple of \$5,000 in excess thereof only.

## Accrued Interest

The Purchase Price of the Target Bonds will not be deemed to include any amount representing Accrued Interest on a tendered Target Bond. In addition to the Purchase Prices of the Target Bonds accepted for purchase by the Commission, Accrued Interest on such Target Bonds will be paid by, or on behalf of, the Commission to the tendering Bondholders on the Settlement Date from proceeds of the Series 130C Bonds.

## Provisions Applicable to All Tenders

**Need for Advice.** A Bondholder should ask its Financial Representative for help in determining: (a) whether to offer Target Bonds for purchase; (b) the principal amount of Target Bonds to be offered for purchase; and (c) whether it will charge a fee for submitting Offers or tenders if the Commission purchases the Bondholder's tendered Target Bonds. None of the Commission, the Dealer Manager, and the Information and Tender Agent will charge any Bondholder for submitting Offers or tendering Target Bonds.

**Need for Specificity of Tender.** No Offer of Target Bonds of a CUSIP may exceed the principal amount of Target Bonds of such CUSIP owned by the Bondholder and must include (a) the CUSIP number(s) of the Target Bonds being offered and (b) the principal amount of the Target Bonds being tendered for purchase. Such principal amount must be stated in Authorized Denominations and if not so stated, for Offers to sell less than all of the Bondholder's position in the Target Bonds, such principal amount will be reduced to the greatest integral multiple of \$5,000. Any Bondholder located outside of the United States should check with its Financial Representative to determine if there are any additional minimal increments, alternative settlement timing, or other limitations. See “– Offers of Target Bonds at an Offer Spread” for additional information.

“All or none” offers are not permitted.

**ALL OFFERS FOR PURCHASE MUST BE MADE THROUGH THE DTC ATOP ACCOUNT. THE COMMISSION WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH THE DTC ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS INVITATION.** See “– Tender of Target Bonds by Financial Institutions; DTC ATOP Account.”

**General.** A Bondholder may only offer Target Bonds it owns or controls. By offering Target Bonds pursuant to this Invitation, a Bondholder will be deemed to have represented and agreed with the Commission to the representations as set forth below under “– Representations by Tendering Bondholders to the Commission.” All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders who would like to receive information furnished by the Commission to the Information Services can review on EMMA or the website of the Information and Tender Agent at <https://www.globic.com/kyspbcc>, or otherwise must make appropriate arrangements with their Financial Representatives or the Information and Tender Agent.

## Representations by Tendering Bondholders to the Commission

By tendering Target Bonds for purchase, each tendering Bondholder will be deemed to have represented to and agreed with the Commission that:

(a) the Bondholder has received this Invitation and the Series 130 POS and has had the opportunity to review this Invitation and the Series 130 POS before making its decision to submit an Offer to tender Target Bonds, and agrees that, if its Offer is accepted by the Commission with respect to any Target Bonds, it will be obligated to sell such Target Bonds on the terms and conditions set forth in this Invitation, and if the purchase of any tendered Target Bonds is consummated, agrees to the purchase of such Target Bonds on the terms and conditions set forth in this Invitation;

(b) the Bondholder has full power and authority to offer to tender, sell, assign, and transfer the tendered Target Bonds; and if its Offer to tender is accepted by the Commission pursuant to this Invitation, on the Settlement Date, the Commission will acquire good, marketable, and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements, or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the applicable Purchase Price(s), plus Accrued Interest;

(c) the Bondholder has made its own independent decision to Offer and tender its Target Bonds for purchase pursuant to this Invitation, and as to the terms thereof, and such decision is based upon the Bondholder's own judgment and upon advice from such advisors with whom the Bondholder has determined to consult;

(d) the Bondholder is not relying on any communication from the Commission, the Dealer Manager, or the Information and Tender Agent as investment advice or as a recommendation to Offer and tender the Bondholder's Target

Bonds, it being understood that the information from the Commission, the Dealer Manager, and the Information and Tender Agent related to the terms and conditions of this Invitation made pursuant to this Invitation shall not be considered investment advice or a recommendation to Offer and tender Target Bonds; and

(e) the Bondholder is capable of assessing the merits of and understanding (on its own or through independent professional advice), and does understand, agree, and accept, the terms and conditions of this Invitation and the Bondholder's Offer.

#### **Tender of Target Bonds by Financial Institutions; DTC ATOP Account**

The Commission, through the Information and Tender Agent, will establish the DTC ATOP Account for purposes of this Invitation within three Business Days (as defined below) after the date of this Invitation. Tender of Target Bonds in accordance with this Invitation may be made to the Commission through the DTC ATOP Account. Any financial institution that is a participant in DTC may make a book-entry tender of the Target Bonds by causing DTC to transfer the applicable Target Bonds into the DTC ATOP Account in accordance with DTC's procedures. Concurrently with the delivery of Target Bonds through book-entry transfer into the DTC ATOP Account, an Agent's Message (defined below) in connection with such book-entry transfer must be transmitted to and received at the DTC ATOP Account by not later than 5:00 P.M., Eastern Time, on the Expiration Date (as this date may have been changed pursuant to this Invitation). The confirmation of a book-entry transfer into the DTC ATOP Account as described above is referred to herein as a "**Book-Entry Confirmation**." The term "**Agent's Message**" means a message transmitted by DTC to, and received by, the DTC participant and forming a part of the Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering the Target Bonds that are the subject of such Book-Entry Confirmation, stating (1) the CUSIP number, series, and principal amount of the Target Bonds that have been tendered by such participant pursuant to this Invitation, and (2) that such participant on behalf of the related Bondholder agrees to be bound by the terms of this Invitation. By causing DTC to transfer Target Bonds into the DTC ATOP Account, a financial institution warrants to the Commission that it has full authority, and has received from the Bondholder(s) of such Target Bonds all direction necessary, to tender and sell such Target Bonds as set forth in this Invitation. Bondholders who are not DTC participants can only tender Bonds pursuant to this Invitation by making arrangements with and instructing their Financial Representative to tender the Bondholder's Target Bonds through the DTC ATOP Account. To ensure a Bondholder's Target Bonds are tendered to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date, a Bondholder must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondholder's Target Bonds to the DTC ATOP Account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Target Bonds to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date.

"**Business Day**" means a DTC business day, which is any day other than (i) a Saturday or a Sunday, or (ii) a day on which the offices of the Commission or banking institutions in New York, New York, are required or authorized by law to be closed.

**NONE OF THE COMMISSION, THE DEALER MANAGER, OR THE INFORMATION AND TENDER AGENT ARE RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED TARGET BONDS TO THE DTC ATOP ACCOUNT OR FOR ANY MISTAKES, ERRORS, OR OMISSIONS IN THE TRANSFER OF ANY TENDERED TARGET BONDS.**

#### **Determinations as to Form and Validity of Offer; Right of Waiver and Rejection**

All questions as to the validity (including the time of receipt at the DTC ATOP Account), form, eligibility, and acceptance of Offers will be determined by the Commission in its sole discretion and such determinations will be final, conclusive, and binding.

The Commission reserves the right to waive any irregularities or defects in any Offer. The Commission, the Dealer Manager, and the Information and Tender Agent are not obligated to give notice of any defects or irregularities in Offers and they will have no liability for failing to give such notice.

The Commission reserves the absolute right to reject any and all Offers, whether or not they comply with the terms of this Invitation.

#### **Amendment or Withdrawals of Tenders before an Expiration Date**

A Bondholder may amend its Offer by causing a withdrawal message for the Offer to be received at the DTC ATOP Account with a new Offer for the same Target Bonds to be submitted to the DTC ATOP Account by not later than 5:00 P.M., Eastern Time, on the Expiration Date.

A Bondholder may withdraw its Target Bonds tendered for purchase pursuant to this Invitation by causing a withdrawal notice to be transmitted via the DTC ATOP Account to, and received by, the Information and Tender Agent by not later than 5:00 P.M., Eastern Time, on the Expiration Date.

Any amendment or withdrawal must be submitted in substantially the same manner as an Offer in response to this Invitation. ***All amendments or withdrawal notices must be made through the DTC ATOP Account. The Commission will not accept any amendments or withdrawals that are not made through the DTC ATOP Account.*** Holders who are not DTC participants can only amend or withdraw their Offer by making arrangements with and instructing their DTC participant to submit the Bondholder's amended Offer or the Bondholder's notice of withdrawal through the DTC ATOP Account.

***Bondholders who have tendered their Target Bonds for purchase will not receive any information from the Commission, the Dealer Manager, or the Information and Tender Agent concerning Offers by other Bondholders. Offering Bondholders will not be afforded an opportunity to amend their Offers after 5:00 P.M. on the Expiration Date. An amended or withdrawn offer must specify the applicable CUSIP number, and with respect to amended Offers, the principal amount previously offered and the new amount being offered. All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by the Commission in its sole discretion, and will be final, conclusive, and binding.***

### **Irrevocability of Offers; Return of Target Bonds Not Purchased**

All Offers will become irrevocable at 5:00 P.M., Eastern Time, on the Expiration Date, subject to change as set forth in “– Extension, Termination, and Amendment of Each Offer; Changes to Terms.”

The Commission will instruct DTC to return to the offering institutions those Target Bonds that were offered but were not accepted for purchase. None of the Commission, the Dealer Manager, or the Information and Tender Agent is responsible or liable for the return of Target Bonds to offering institutions or Bondholders or for when such Target Bonds are returned.

### **Acceptance of Tenders for Purchase**

On April 11, 2024 (the “***Acceptance Date***”), the Commission will make a final determination of the principal amount of Target Bonds of each CUSIP that it selected for purchase (such principal amount, the “***Aggregate Purchased Amount***”) from among those Target Bonds that were initially accepted for purchase, pursuant to the Final Acceptance Notice provided on the Acceptance Date. Notice of the final Aggregate Purchased Amount and total principal amounts of all Target Bonds of each CUSIP to be purchased will be provided to the Information Services on the Acceptance Date. This notification will state the final Aggregate Purchased Amount and the principal amounts of all Target Bonds (if any) that the Commission will purchase in accordance with this Invitation, which may be zero.

The Commission will have no obligation to purchase Target Bonds tendered if cancellation or modification occurs or if the Commission is unable to issue the Series 130C Bonds. The Commission, therefore, has the right to purchase none, some, or all of the Target Bonds offered, notwithstanding any other statements herein about the Commission's current intentions for amount of Target Bonds to be purchased. Target Bonds that will be purchased will be indicated by CUSIP.

For Target Bonds maturing on or after May 1, 2026, if the Commission accepts any Target Bonds for a particular CUSIP, the Commission will purchase all Target Bonds of such CUSIP offered pursuant to this Invitation.

For Target Bonds maturing before May 1, 2026, the Commission will determine the amount (if any) of the tendered Target Bonds that it will purchase upon satisfaction or waiver of the Financing Conditions. Should the Commission choose to purchase some but not all the Target Bonds tendered for purchase of a particular CUSIP, the Commission will accept those Target Bonds on a pro rata basis reflecting the ratio of (a) the principal amount, if any, the Commission determines to purchase of such CUSIP to (b) the aggregate principal amount of valid offers to sell received (the “***Proration Factor***”). To avoid returning Target Bonds to any Bondholder that are not in a Minimum Authorized Denomination, the amount of such Target Bonds tendered by any Bondholder will be multiplied by the applicable Proration Factor and rounded down to the nearest \$5,000 principal amount and the remainder will be returned to such Bondholder. The Proration Factor will take into consideration the rounding procedure.

With respect to Unpurchased Bonds, the Commission shall have the right in the future to either refund some or all of the Target Bonds or invite Bondholders to tender their Target Bonds for purchase by the Commission.

After the Expiration Date, the Commission will determine, in accordance with this Invitation, the amount (if any) of the tendered Target Bonds that it will purchase.

**Notwithstanding any other provision of this Invitation, the consummation of this Invitation and the Commission's obligation to accept for purchase, and to pay for Target Bonds validly tendered (and not validly withdrawn) pursuant to this Invitation are subject to the satisfaction of or waiver of the Financing Conditions (see "INTRODUCTION – General" herein) and the other conditions set forth herein. The Commission reserves the right, subject to applicable law, to amend or waive any of the conditions to this Invitation, in whole or in part, at any time before the Expiration Date or from time to time, in its sole discretion. This Invitation may be withdrawn by the Commission at any time before 5:00 P.M., Eastern Time, on the Expiration Date.**

#### **Notice of Results**

On April 8, 2024, the Commission will determine, by CUSIP, the preliminary principal amount (if any) of the Target Bonds that it expects to purchase, subject to the terms of this Invitation. Notice of the preliminary principal amount of Target Bonds of each CUSIP expected to be purchased will be provided to the Information Services on such date. This notification will state the preliminary Aggregate Purchased Amount of the Target Bonds for each CUSIP that the Commission will initially agree to purchase in accordance with this Invitation, which may be zero.

#### **Notice of Purchase Prices**

On the day that the yields on the Benchmark Treasury Securities and the Purchase Prices are determined, currently expected to be April 10, 2024, the Commission will provide notice of such yields and the resulting Purchase Yields and Purchase Prices for the Target Bonds indicated in the Preliminary Notice of Acceptance to the Information Services (the "*Notice of Purchase Prices*").

#### **Acceptance Notice**

On the Acceptance Date, the Commission will make a final determination of the Aggregate Purchased Amount of Target Bonds of each CUSIP that it will purchase from among those Target Bonds that were initially accepted for purchase, pursuant to the Final Acceptance Notice provided on the Acceptance Date. Notice of the final Aggregate Purchased Amount and total principal amounts of all Target Bonds of each CUSIP to be purchased will be provided to the Information Services on the Acceptance Date. This notification will state the final Aggregate Purchased Amount of Purchased Bonds, the principal amounts of all Target Bonds (if any) that the Commission will purchase (at the Purchase Prices therefor set forth in the Notice of Purchase Prices) in accordance with this Invitation, which may be zero.

The purchase by the Commission of any Target Bonds is contingent upon the issuance and sale of the Series 130C Bonds. The issuance of the Series 130C Bonds is subject to market conditions and conditions to be satisfied on or before the Settlement Date.

The Commission will have no obligation to accept tendered Target Bonds for purchase, or to purchase Target Bonds, if this Invitation is canceled. See "– Extension, Termination, and Amendment of Each Offer; Changes to Terms" herein.

#### **Acceptance of Tenders Constitutes Irrevocable Agreement; Notice**

Acceptance by the Commission of Target Bonds tendered for purchase on the Acceptance Date will constitute an irrevocable agreement between the offering Bondholder and the Commission to sell and purchase such Target Bonds, subject to satisfaction of all conditions to the Commission's obligation to purchase tendered Target Bonds and the other terms of this Invitation.

The acceptance of Target Bonds tendered for purchase is expected to be made in the Final Acceptance Notice to be provided to the Information Services no later than 5:00 P.M., Eastern Time, on the Acceptance Date. The Final Acceptance Notice will state the principal amount of the Target Bonds of each CUSIP number that the Commission has agreed to purchase, in accordance with this Invitation, which may be zero for a particular CUSIP number.

#### **Settlement Date; Purchase of Target Bonds**

Subject to satisfaction of all conditions to the Commission's obligation to purchase Target Bonds offered and accepted for purchase pursuant to this Invitation, as described herein, including, without limitation, the Financing Conditions, on the Settlement Date, the Commission will purchase and pay for all Target Bonds validly tendered for purchase to the Commission pursuant to accepted Offers, at the applicable Purchase Price, plus Accrued Interest and the tendering Bondholders will sell such Target Bonds to the Commission for such consideration.

If the conditions to the Commission's obligation to purchase Target Bonds are satisfied or waived, the Commission will pay the Aggregate Purchase Price in immediately available funds on the Settlement Date by deposit of such amount with DTC. The Commission expects that, in accordance with DTC's standard procedures, DTC will transmit amounts sufficient to purchase the tendered Target Bonds at the Purchase Price in immediately available funds to its participant financial institutions that hold such tendered Target Bonds for delivery to the Bondholders. **Neither the Commission, the Dealer Manager, nor the Information and Tender Agent are responsible or liable for the distribution of the Purchase Prices plus Accrued Interest by DTC to the Bondholders.**

#### **Extension, Termination, and Amendment of Each Offer; Changes to Terms**

The Commission may extend this Invitation by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled Expiration Date, or any prior extension thereof. Notice of an extension of the Expiration Date will be effective when such notice is given.

The Commission may extend the date of the Notice of Results, the Acceptance Date, or the Settlement Date by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled date of the Notice of Results, Acceptance Date, or Settlement Date, as applicable, or any prior extension thereof. Notice of any extension of the date of the Notice of Results, Acceptance Date, or the Settlement Date will be effective when such notice is given.

As provided in this Invitation, the Commission may amend, waive the terms of, or otherwise modify this Invitation, or terminate this Invitation, at any time on or before the Expiration Date, by giving notice to the Information Services of such amendment, waiver, or other modification. The amendment, waiver, or modification will be effective at the time specified in such notice.

As provided by this Invitation, the Commission may, at any time before the Settlement Date, cancel this Invitation by giving notice to the Information Services of such cancellation. The Commission will have no obligation to purchase Target Bonds if cancellation of this Invitation occurs or if the Commission fails to accept Offers.

If the Commission amends, modifies, or waives any of the terms or conditions of this Invitation in any respect, the Commission may (but is not required to) disseminate additional Invitation materials and extend this Invitation to the extent required to allow, in the Commission's judgment, reasonable time for dissemination to Holders and for Holders to respond.

If the Commission amends the terms of this Invitation that relate to the consideration offered for the Target Bonds, in any material respect, notice of such amendment will be given no later than five Business Days before the Expiration Date, as extended to provide reasonable time for dissemination of such amendment or waiver to Holders and for Holders to respond.

If the Commission amends the terms of this Invitation (other than any term that relates to the consideration offered for the Target Bonds), which amendment may include a waiver of any term, in any material respect, notice of such amendment or waiver will be given no later than three Business Days before the Expiration Date, as extended to provide reasonable time for dissemination of such amendment or waiver to Holders and for Holders to respond.

No extension or amendment or other modification or waiver of the terms or conditions of this Invitation will change the Commission's right to decline to purchase Target Bonds without liability on the conditions stated herein or give rise to any liability of the Commission or the Information and Tender Agent to any Bondholder or nominee.

#### **AVAILABLE INFORMATION**

Certain information relating to the Target Bonds and the Commission may be obtained by contacting the Dealer Manager or Information and Tender Agent at the contact information set forth on the page preceding Appendix A to this Invitation. Such information is limited to (i) this Invitation, including the information set forth in the Series 130 POS which is attached hereto as APPENDIX A, and (ii) information about the Commission's Revenue Bonds available through EMMA.

#### **ADDITIONAL CONSIDERATIONS**

*None of the Commission, the Dealer Manager, or the Information and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering all or any portion of the Target Bonds. Each Bondholder must make its decision and should read this Invitation and the Series 130 POS and consult with its Financial Representative in making such decision.*

In deciding whether to submit an Offer in response to this Invitation, each Bondholder should consider carefully, in addition to the other information contained in this Invitation, the following:

***Unpurchased Bonds.*** Holders of Unpurchased Bonds will continue to hold such Unpurchased Bonds and such Unpurchased Bonds will remain outstanding. See “INTRODUCTION – Unpurchased Bonds” herein.

***Future Refunding or Tender.*** The Commission may in the future refund or defease all or any portion of the Unpurchased Bonds or may invite Holders to tender such Target Bonds for purchase by the Commission. Accordingly, it is possible that such Target Bonds would be redeemed or purchased at a more or less advantageous price than will be available through this Invitation sometime in the future as part of another transaction.

***Market for Target Bonds.*** The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders may be able to sell Target Bonds at a price greater than the Purchase Price(s).

***Ratings.*** As of the date of this Invitation, the Target Bonds are rated “A1” by Moody’s Investors Service, Inc. and “AA-” by Fitch Ratings Inc. and the portion of the Target Bonds comprising the Commission’s Revenue Refunding Bonds, Project No. 122 Federally Taxable Series D are rated “A+” by Kroll Bond Rating Agency, LLC. The ratings of the Target Bonds by each rating agency reflect only the views of such organization and any desired explanation of the significance of such ratings and any outlooks or other statements given by such rating agency with respect thereto should be obtained from such rating agency.

There is no assurance that the current ratings assigned to the Target Bonds will continue for any given period of time or that any of such ratings will not be revised upward or downward, suspended, or withdrawn entirely by any rating agency. Any such upward or downward revision, suspension, or withdrawal of such ratings may have an effect on the availability of a market for or the market price of the Target Bonds. Each Bondholder should review these ratings and consult with its Financial Representatives concerning them.

***Market Conditions for the Series 130C Bonds.*** The purpose of the sale of the Series 130C Bonds associated with this Invitation is to produce present value debt service savings in respect of the Prior Bonds, as more fully described in the Series 130 POS. Thus, the final decision to purchase Target Bonds, and, if less than all of the Target Bonds that are tendered are purchased, which Target Bonds will be accepted for purchase by the Commission will be based upon market conditions associated with the sale of the Series 130C Bonds and other factors outside of the control of the Commission.

***Financing Timetable.*** There is currently an approximately four Business Day period between the Expiration Date and the date on which the Commission will determine the Target Bonds to be purchased, as required by the timetable for the marketing and sale of the Series 130C Bonds. Bondholders that tender their Target Bonds will not be able to sell or otherwise dispose of their Target Bonds so tendered during this time period, even if their Target Bonds are not initially or ultimately accepted for purchase by the Commission.

#### **SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The following is a general summary of the U.S. federal income tax consequences for tendering Bondholders that have their tender(s) accepted by the Commission. The discussion is based on the Internal Revenue Code of 1986, as amended (the “*Code*”), the Treasury Regulations promulgated thereunder, and relevant rulings and decisions now in effect, all of which are subject to change or differing interpretations. No assurances can be given that future changes in U.S. federal income tax laws will not alter the conclusions reached herein. The discussion below does not purport to deal with U.S. federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in the Target Bonds in light of the investor’s particular circumstances or to certain types of investors subject to special treatment under U.S. federal income tax laws (e.g., individuals who are neither citizens nor residents of the United States; foreign corporations, trusts and estates, in each case, as defined for U.S. federal income tax purposes; banks, insurance companies; tax-exempt organizations; financial institutions; brokers-dealers; partnerships or other pass-through entities (or entities treated as such for U.S. federal income tax purposes); and persons who have hedged the risk of owning the Target Bonds). Bondholders should note that no rulings have been or will be sought from the Internal Revenue Service (the “*IRS*”), and no assurance can be given that the IRS will not take contrary positions with respect to any of the U.S. federal income tax consequences discussed below. This U.S. federal income tax discussion is included for general

information only and should not be construed as a tax opinion nor tax advice by the Commission or any of its advisors or agents to the Bondholders, and Bondholders, therefore, should not rely upon such discussion.

**BONDHOLDERS SHOULD CONSULT THEIR TAX ADVISORS IN DETERMINING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN, AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE DISPOSITION OF THEIR TARGET BONDS PURSUANT TO THIS INVITATION.**

The Commission's purchase of a Target Bond for cash in accordance with this Invitation will be a taxable event for U.S. federal income tax purposes. A Bondholder who sells Target Bonds pursuant to this Invitation generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the amount of money received by the Bondholder, exclusive of any amount paid for Accrued Interest, and (ii) the Bondholder's adjusted U.S. federal income tax basis in its tendered Target Bonds.

Any gain or loss arising in connection with a taxable sale pursuant to this Invitation may be capital gain or loss (either long-term or short-term, depending on the Bondholder's holding period for the tendered Target Bonds) or may be ordinary income or loss, depending on the particular circumstances of the Bondholder. Non-corporate holders may be eligible for reduced rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to various limitations.

Under Section 3406 of the Code, a tendering Bondholder who is a "United States person," as defined in Section 7701(a)(30) of the Code, may, under certain circumstances, be subject to U.S. federal backup withholding.

Backup withholding applies if such tendering Bondholder: (i) fails to furnish such Bondholder's Social Security number or other taxpayer identification number ("**TIN**"); (ii) furnishes an incorrect TIN; (iii) fails to report property interest, dividends or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such Bondholder is not subject to backup withholding. Bondholders should consult their tax advisors regarding whether backup withholding applies to them and, if backup withholding applies, regarding qualification for an exemption from backup withholding and the procedures for obtaining such exemption. Backup withholding is not an additional tax. Any amounts deducted and withheld should generally be allowed as a credit against the Bondholder's U.S. federal income tax liability.

**DEALER MANAGER**

The Commission has retained BofA Securities, Inc. (the "**Dealer Manager**") as dealer manager for this Invitation. The Commission has agreed to pay the Dealer Manager customary fees for its services and to reimburse the Dealer Manager for its reasonable out-of-pocket costs and expenses relating to this Invitation. References in this Invitation to the Dealer Manager are to BofA Securities, Inc. only in its capacity as the Dealer Manager. The compensation of the Dealer Manager is based upon the amount of Target Bonds tendered to and accepted by the Commission.

The Dealer Manager may contact Bondholders regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies, and other nominees to forward this Invitation to beneficial owners of the Target Bonds.

The Dealer Manager, together with its respective affiliates, comprise a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Commission for which they received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Dealer Manager and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans or credit default swaps) for their own account and for the accounts of their respective customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the Commission, including the Target Bonds.

In addition to its role as Dealer Manager for the Target Bonds, BofA Securities is also serving as underwriter for the Series 130C Bonds as described in APPENDIX A, and as such, it will receive compensation in connection with that transaction as well as for acting as Dealer Manager in connection with this Invitation.

The Dealer Manager is not acting as a financial or municipal advisor to the Commission in connection with this Invitation.

## **INFORMATION AND TENDER AGENT**

Globic Advisors Inc. has been retained to serve as Information and Tender Agent for this Invitation. The Commission has agreed to pay the Information and Tender Agent customary fees for its services and to reimburse the Information and Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Invitation.

## **MISCELLANEOUS**

No one has been authorized by the Commission, the Dealer Manager, or the Information and Tender Agent to recommend to any Bondholder whether to tender Target Bonds pursuant to this Invitation or the amount of Target Bonds to tender. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation. Any recommendations, information, and representations given or made cannot be relied upon as having been authorized by the Commission, the Dealer Manager, or the Information and Tender Agent.

None of the Commission, the Dealer Manager, or the Information and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering all or any portion of the principal amount of such Bondholder's Target Bonds. Bondholders must make their own decisions and should read this Invitation carefully and consult with their broker, account executive, financial advisor, attorney, or other professional in making these decisions.

Investors with questions about this Invitation should contact the Dealer Manager or the Information and Tender Agent. The contact information for the Dealer Manager and the Information and Tender Agent is as follows:

### **The Dealer Manager for this Invitation is:**

BofA Securities, Inc.  
One Bryant Park, 12th Floor  
New York, New York 10036  
Tel: (646) 743-1362  
Attn: Contact your BofA Securities representative  
or the Municipal Liability Management Group  
Email: dg.muni-lm@bofa.com

### **The Information and Tender Agent for this Invitation is:**

Globic Advisors Inc.  
Attn: Robert Stevens  
485 Madison Ave, 7th Floor  
New York, New York 10022  
Phone: (212) 227-9622  
Email: rstevens@globic.com

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**APPENDIX A**  
**PRELIMINARY OFFICIAL STATEMENT**

See attachment

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**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 21, 2024**

**Book-Entry-Only  
NEW ISSUE**

**Ratings: Moody's: "A1"  
Fitch: "AA-"  
(See "RATINGS" herein)**

*In the opinion of Bond Counsel for the Bonds, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the Commission, and subject to the conditions and limitations set forth herein under the caption "TAX TREATMENT," interest on the Bonds (including any original issue discount properly allocable to the owner of any Bond) is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See "TAX TREATMENT" herein for a more complete discussion, and "EXHIBIT G – Form of Bond Counsel Opinion for the Bonds."*



**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION  
\$222,095,000\* REVENUE BONDS, PROJECT NO. 130 SERIES A  
\$410,735,000\* REVENUE REFUNDING BONDS, PROJECT NO. 130 SERIES B  
\$ \_\_\_\_\_\* REVENUE REFUNDING BONDS, PROJECT NO. 130 SERIES C**

**Dated: Date of Delivery**

**Maturity: November 1, as shown on inside cover**

The Commonwealth of Kentucky State Property and Buildings Commission (the "Commission") is issuing its Revenue Bonds, Project No. 130 Series A (the "Series A Bonds"), Revenue Refunding Bonds, Project No. 130 Series B (the "Series B Bonds"), and Revenue Refunding Bonds, Project No. 130 Series C (the "Series C Bonds" and, together with the Series A Bonds and Series B Bonds, the "Bonds"). The Bonds will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal, premium, if any, and interest due on the Bonds will be made directly to DTC. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds will bear interest payable on each May 1 and November 1, commencing on November 1, 2024. The principal of, premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, Louisville, Kentucky, as Trustee and Paying Agent.

The Bonds mature on the dates and in the principal amounts, bear semiannual interest at the rates, and have the prices and yields shown on the inside cover page hereof.

The Series A Bonds are subject to redemption before maturity as described herein. The Series B Bonds and the Series C Bonds are not subject to redemption before maturity. See "THE BONDS – Redemption".

The Bonds are being issued by the Commission, an independent agency of the Commonwealth of Kentucky (the "Commonwealth"), at the request of the Finance and Administration Cabinet of the Commonwealth (the "Cabinet") in accordance with a Bond Resolution adopted on March 14, 2024 (the "Resolution"). The Series A Bonds are being issued to (i) pay the costs of the New Project (as defined herein), and (ii) pay the costs of issuing the Series A Bonds. The Series B Bonds are being issued to (a) refund certain of the Prior Build America Bonds (as defined herein), and (b) pay the costs of issuing the Series B Bonds. The Series C Bonds are being issued to (1) pay the costs of purchasing certain Prior Bonds (as defined herein) pursuant to a Tender Offer (as described and defined herein), and (2) pay the costs of issuing the Series C Bonds. See "PLAN OF FINANCE" herein.

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

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

The Bonds are offered when, as, and if issued and accepted by the Underwriters, subject to the approving legal opinion of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Dinsmore & Shohl LLP, Louisville, Kentucky. It is expected that the Bonds will be available for delivery in New York, New York, through the book-entry procedures of DTC, on or about May 1, 2024.

**BofA Securities**

**Morgan Stanley**

**Baird**

**PNC Capital Markets LLC**

**Raymond James**

**FHN Financial Capital Markets**

**Huntington Capital Markets**

**Stifel**

Dated: \_\_\_\_\_, 2024.

\* Preliminary, subject to change.

THIS PRELIMINARY OFFICIAL STATEMENT AND INFORMATION CONTAINED HEREIN ARE SUBJECT TO CHANGE. COMPLETION OR AMENDMENT WITHOUT NOTICE. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED BEFORE THE TIME THE OFFICIAL STATEMENT IS DELIVERED IN FINAL FORM. UNDER NO CIRCUMSTANCES SHALL THIS PRELIMINARY OFFICIAL STATEMENT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF ANY OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION, OR SALE WOULD BE UNLAWFUL BEFORE REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION.

**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION  
REVENUE AND REVENUE REFUNDING BONDS, PROJECT NO. 130**

**\$222,095,000\* REVENUE BONDS, PROJECT NO. 130 SERIES A**

<b>Maturity</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Yield</b>	<b>CUSIP No.†</b>
11/01/2025	\$ 6,625,000				
11/01/2026	6,965,000				
11/01/2027	7,320,000				
11/01/2028	7,695,000				
11/01/2029	8,090,000				
11/01/2030	8,505,000				
11/01/2031	8,940,000				
11/01/2032	9,400,000				
11/01/2033	9,885,000				
11/01/2034	10,390,000				
11/01/2035	10,920,000				
11/01/2036	11,480,000				
11/01/2037	12,070,000				
11/01/2038	12,690,000				
11/01/2039	13,340,000				
11/01/2040	14,025,000				
11/01/2041	14,745,000				
11/01/2042	15,500,000				
11/01/2043	16,315,000				
11/01/2044	17,195,000				

**\$410,735,000\* REVENUE REFUNDING BONDS, PROJECT NO. 130 SERIES B**

<b>Maturity</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Yield</b>	<b>CUSIP No.†</b>
11/01/2024	\$58,065,000				
11/01/2025	59,590,000				
11/01/2026	62,610,000				
11/01/2027	65,760,000				
11/01/2028	69,065,000				
11/01/2029	72,550,000				
11/01/2030	23,095,000				

**\$ \_\_\_\_\_\* REVENUE REFUNDING BONDS, PROJECT NO. 130 SERIES C**

<b>Maturity</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Yield</b>	<b>CUSIP No.†</b>
11/01/2024	\$				
11/01/2025					
11/01/2026					
11/01/2027					
11/01/2028					
11/01/2029					
11/01/2030					
11/01/2031					
11/01/2032					
11/01/2033					

\* Preliminary, subject to change.

† Copyright 2024, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. All CUSIP data herein are provided by CUSIP Global Services. The CUSIP numbers listed above are being provided solely for the convenience of the Bondholders only at the time of issuance of the Bonds, and the Commission does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**COMMONWEALTH OF KENTUCKY  
STATE PROPERTY AND BUILDINGS COMMISSION**

**MEMBERS**

ANDREW G. BESHEAR  
Governor  
(Chairman of the Commission)

JACQUELINE COLEMAN  
Lieutenant Governor

RUSSELL COLEMAN  
Attorney General

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

JEFF NOEL  
Secretary  
Cabinet for Economic Development

JOHN HICKS  
Executive Cabinet Secretary and State Budget Director

L. JOE MCDANIEL  
State Controller

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

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

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

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

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

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR ANY PERMITTED OMISSIONS) BY THE COMMISSION FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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## SUMMARY

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

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

**The Offering** The Commission is offering its (i) Revenue Bonds, Project No. 130 Series A (the “Series A Bonds”), (ii) Revenue Refunding Bonds, Project No. 130 Series B (the “Series B Bonds”), and (iii) Revenue Refunding Bonds, Project No. 130 Series C (the “Series C Bonds” and, together with the Series A Bonds and Series B Bonds, the “Bonds”).

**Authority** The Bonds are being issued in accordance with the provisions of the Constitution and laws of the Commonwealth, including, particularly, Chapters 56 and 58 of the Kentucky Revised Statutes, and the Bond Resolution adopted by the Commission on March 14, 2024 (the “Resolution”), (i) authorizing the issuance of the Bonds, (ii) approving the Lease Agreement dated as of May 1, 2024, by and between the Commission and the Cabinet (the “Lease”), and (iii) authorizing the Sublease Agreements dated as of May 1, 2024, between the Cabinet and certain State Agencies (which, together with other subleases by and between the Cabinet and State Agencies that are currently in force and effect, are hereinafter referred to as the “Subleases”).

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

The Series B Bonds are being issued to (i) refund certain of the Commission’s (a) Revenue and Revenue Refunding Bonds, Project No. 95 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission) dated July 9, 2009, (b) Revenue Bonds, Project No. 96 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission) dated November 17, 2009, and (c) Revenue Bonds, Project No. 99 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission) dated November 17, 2010 (collectively, the “Prior Build America Bonds”), as more completely identified in “EXHIBIT D – Summary of Prior Build America Bonds” hereto, and (ii) pay the costs of issuing the Series B Bonds. The proceeds of the Prior Build America Bonds were used to finance a portion of the costs of the Prior Project (as defined herein) and to pay the costs of issuance of the Prior Build America Bonds.

The Series C Bonds are being issued to (i) pay the costs of purchasing certain of the Commission’s (a) Revenue Refunding Bonds, Project No. 117 Federally Taxable Series C dated August 31, 2017, (b) Revenue Refunding Bonds, Project No. 122 Federally Taxable Series D dated October 30, 2019, and (c) Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B dated July 1, 2021 (collectively, the “Prior Bonds”), pursuant to a Tender Offer (as defined herein), as more completely identified in “EXHIBIT E – Tendered Bonds” hereto, and (ii) pay the costs of issuing the Series C Bonds. The proceeds of the Prior Bonds were used to refinance a portion of the costs of the Prior Project and to pay the costs of issuance of the Prior Bonds.

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

See “SECURITY FOR THE BONDS” herein and “SUMMARIES OF THE PRINCIPAL DOCUMENTS – The Lease and the Subleases” herein. The Bonds are not secured by a lien

on any of the properties constituting the Project (as defined herein) or any amounts derived therefrom.

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

**Features of the Bonds**

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, at the interest rates, yields, and purchase prices set forth on the inside cover page hereof. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as the securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds so purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal, premium, if any, and interest due on the Bonds will be made directly to DTC.

The Bonds will bear interest payable on each May 1 and November 1, commencing on November 1, 2024. The principal of, premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, Louisville, Kentucky, as Trustee and Paying Agent (the “Trustee”).

The Series A Bonds maturing on and after November 1, 2035 are subject to optional redemption at par on November 1, 2034, and on any business day thereafter, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued interest thereon, without premium. The Series B Bonds and the Series C Bonds are not subject to redemption before maturity. See “THE BONDS – Redemption” herein.

It is expected that delivery of the Bonds will be made on or about May 1, 2024, in New York, New York, through the facilities of DTC, against payment therefor.

**Tax Status**

Subject to compliance by the Commission, the Cabinet, and others with certain covenants, in the opinion of Kutak Rock LLP, Bond Counsel, under present law, interest on the Bonds (including original issue discount treated as interest) is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals; however, interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. It is also the opinion of Bond Counsel, under the laws of the Commonwealth, as presently enacted and construed, that interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth and any political subdivisions thereof. See “TAX TREATMENT” herein and “EXHIBIT G – Form of Bond Counsel Opinion for the Bonds” hereto for a more complete description of the opinion of Bond Counsel and additional federal tax law consequences.

**Continuing Disclosure**

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

H attached hereto. See “CONTINUING DISCLOSURE” herein and “EXHIBIT H – Form of Continuing Disclosure Agreement” hereto.

**General**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All summaries of documents and agreements contained in this Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are available from the Office of Financial Management.

**Information**

Information regarding the Bonds is available by contacting the Office of Financial Management, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40622, (502) 564-2924; or, during the initial offering period, by contacting the representative of the Underwriters, BofA Securities, Inc., 110 North Wacker, Chicago, Illinois 60606, (312) 537-6008. This Official Statement will be posted with the Electronic Municipal Market Access (EMMA) system.

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# OFFICIAL STATEMENT

Relating to

**COMMONWEALTH OF KENTUCKY**  
**STATE PROPERTY AND BUILDINGS COMMISSION**  
**\$222,095,000\* REVENUE BONDS, PROJECT NO. 130 SERIES A**  
**\$410,735,000\* REVENUE REFUNDING BONDS, PROJECT NO. 130 SERIES B**  
**\$ \_\_\_\_\_\* REVENUE REFUNDING BONDS, PROJECT NO. 130 SERIES C**

## INTRODUCTION

This Official Statement, including the cover page, inside cover page, and exhibits attached hereto, provides information in connection with the issuance and sale by the State Property and Buildings Commission (the “Commission”), an independent agency of the Commonwealth of Kentucky (the “Commonwealth”), of its Revenue Bonds, Project No. 130 Series A (the “Series A Bonds”), Revenue Refunding Bonds, Project No. 130 Series B (the “Series B Bonds”), and Revenue Refunding Bonds, Project No. 130 Series C (the “Series C Bonds” and, together with the Series A Bonds and Series B Bonds, the “Bonds”), issued at the request of the Finance and Administration Cabinet of the Commonwealth (the “Cabinet”).

The Series A Bonds are being issued to (a) pay the costs of the New Project (as defined herein), and (b) pay the costs of issuing the Series A Bonds. The Series B Bonds are being issued to (i) refund all or a portion of certain of the Commission’s outstanding (A) Revenue and Revenue Refunding Bonds, Project No. 95 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission) dated July 9, 2009, (B) Revenue Bonds, Project No. 96 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission) dated November 17, 2009, and (C) Revenue Bonds, Project No. 99 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission) dated November 17, 2010 (collectively, the “Prior Build America Bonds”), as more completely identified in “EXHIBIT D – Summary of Prior Build America Bonds” hereto, and (ii) pay the costs of issuing the Series B Bonds. The Series C Bonds are being issued to (1) pay the costs of purchasing certain of the Commission’s outstanding (a) Revenue Refunding Bonds, Project No. 117 Federally Taxable Series C dated August 31, 2017, (b) Revenue Refunding Bonds, Project No. 122 Federally Taxable Series D dated October 30, 2019, and (c) Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B dated July 1, 2021 (collectively, the “Prior Bonds”), pursuant to a Tender Offer (as defined and described herein), as more completely identified in “EXHIBIT E – Tendered Bonds” hereto, and (2) pay the costs of issuing the Series C Bonds.

The Bonds have been authorized and issued in accordance with the Constitution and laws of the Commonwealth, including, particularly, Chapters 56 and 58 of the Kentucky Revised Statutes (“KRS”). The Commission adopted the Bond Resolution (the “Resolution”) on March 14, 2024, (i) authorizing the issuance of the Bonds, (ii) approving the Lease Agreement dated as of May 1, 2024, by and between the Commission and the Cabinet (the “Lease”), and (iii) authorizing the Sublease Agreements dated as of May 1, 2024, by and between the Cabinet and certain State Agencies (which, together with other subleases by and between the Cabinet and State Agencies that are currently in force and effect, are hereinafter referred to as the “Subleases”).

The Cabinet, as lessee, has entered into the Lease with the Commission. Payments made in accordance with the Lease will provide the Commission with amounts to pay the principal of, premium, if any, and interest on the Bonds as they become due. The current term of the Lease ends June 30, 2024, and the Lease renews automatically (unless terminated in writing by the Cabinet by no later than the last business day of the preceding May) for successive biennial periods, to and including the biennial period that includes the final maturity of the Bonds. The Lease requires the Cabinet, for each biennial period during which any Bonds are outstanding, to seek legislative appropriations to the Cabinet or the Sublessees in amounts which are sufficient to permit the Cabinet to make rental payments to the Commission in amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds.

Portions of the Project (as defined herein) will be used by various State Agencies (as defined and described under the heading “THE STATE AGENCIES” herein) (each, a “Sublessee” and collectively, the “Sublessees”). In order to comply with the Commonwealth’s budget process, the Cabinet has subleased certain portions of the Project under subleases previously entered into with certain Sublessees (the “Existing Subleases”) and the Cabinet will sublease portions of the New Project to certain Sublessees under additional subleases to be dated as of May 1, 2024 (the “New Subleases” and,

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\* Preliminary, subject to change.

together with the Existing Subleases, the “Subleases”). The term of the Subleases will end on June 30, 2024. The Subleases will renew automatically (unless terminated by the applicable Sublessee in writing no later than the last business day of the preceding April) for successive biennial periods of 2 years each, ending on June 30 (each, a “Renewal Term”), to and including June 30 of the Renewal Term that includes the final maturity of the Bonds. Each Sublease requires the applicable Sublessee, for each Renewal Term of its Sublease, to seek to have legislative appropriations made to such Sublessee in amounts sufficient to permit such Sublessee to make rental payments to the Cabinet coming due during that Renewal Term. However, under the Commonwealth’s current budget process, appropriations to make payments under the Subleases which are included in the current budget will be made directly to the Cabinet in future Renewal Terms.

The General Assembly of the Commonwealth of Kentucky (the “Kentucky General Assembly”) has previously appropriated to the Cabinet amounts sufficient to meet the rental payments due under the Lease and, therefore, to permit the Commission to meet the debt service requirements of the Bonds through June 30, 2024, and is currently considering budget bills that would provide appropriations for the Commonwealth for the period of July 1, 2024 through June 30, 2026.

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

Brief descriptions of the Commonwealth, the Commission, the Resolution, the Bonds, the Lease, the Subleases, the Project, the Cabinet, and the Sublessees are included in this Official Statement. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Resolution. All summaries of documents and agreements in this Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are available at the Office of Financial Management, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40622, (502) 564-2924. This Official Statement will be posted with the Electronic Municipal Market Access (“EMMA”) system.

## THE BONDS

### General

The Bonds are issuable only as fully registered bonds. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof and will be dated the date of their delivery. The Bonds will bear interest payable on each May 1 and November 1, commencing on November 1, 2024, at the interest rates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year of 12 30-day months. The 15th day of the calendar month before each date established for the payment of the principal, interest, or premium, if any, on the Bonds, whether by maturity, acceleration, or redemption, is the record date established for the Bonds. U.S. Bank Trust Company, National Association, Louisville, Kentucky, is the trustee and paying agent for the Bonds (the “Trustee”).

### Redemption

*Optional Redemption of Bonds.* The Series A Bonds maturing on and after November 1, 2035 are subject to optional redemption at par on November 1, 2034, and on any business day thereafter, in whole or in part, and if in part, in such order of maturity as may be determined by the Commission (less than all of a single maturity to be selected by lot, in such manner as the Trustee may determine), at a redemption price equal to the principal amount thereof, plus accrued interest thereon, without premium.

The Series B Bonds and the Series C Bonds are not subject to redemption before maturity.

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

*Notice of Redemption.* At least 30 days but not more than 60 days before the date fixed for redemption of any Series A Bonds, the Trustee shall cause a notice of redemption to be mailed, by regular United States first class mail, postage prepaid, to all owners of the Series A Bonds to be redeemed, in whole or in part, at their registered addresses. Failure to mail any such notice or any defect therein in respect of any Series A Bond shall not affect the validity of the redemption of any other Series A Bond. Such redemption notice shall set forth the details with respect to the redemption. Any owner owning at least \$1,000,000 in aggregate principal amount of Series A Bonds may request that a second copy of the notice of redemption be sent to a second address provided to the Trustee in writing. The notice of redemption shall set forth the complete title of the related Series A Bonds, the CUSIP numbers, the date of the issue, the serial numbers, the interest rate, the maturity date, the date fixed for the redemption, the redemption price to be paid, and, if less than all of the Series A Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters of such Series A Bonds to be redeemed and, in the case of Series A Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and the place or places of redemption, including the name, address, and phone number of a contact person. The notice of redemption shall also state that on the date fixed for redemption, the redemption price will become due and payable upon each Series A Bond or portion thereof so called for redemption prior to maturity, and that interest thereon shall cease to accrue from and after such date. With respect to an optional redemption of any Series A Bonds, unless moneys sufficient to pay the principal of, interest, and premium, if any, on the Series A Bonds to be redeemed shall have been received by the Trustee before the giving of such notice of redemption, such notice may, at the option of the Commission, state that the redemption shall be conditional upon the receipt of such moneys by the Trustee on or before the date fixed for redemption.

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

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

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

### **Book-Entry-Only System**

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

### **SECURITY FOR THE BONDS**

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

The Kentucky General Assembly has appropriated to the Cabinet amounts sufficient to meet the rental payments under the Lease and, therefore, to permit the Commission to meet the debt service requirements of the Bonds through June 30, 2024, and is currently considering budget bills that would provide appropriations for the Commonwealth for the period of July 1, 2024 through June 30, 2026.

Under the provisions of the Constitution of the Commonwealth, the Cabinet and the Sublessees are prohibited from entering into financing obligations extending beyond the biennial budget. Appropriations for the rental payments under the Lease and the Subleases are subject to the discretion and approval of the Kentucky General Assembly. There can be no assurance that (i) any such appropriation will be forthcoming in future sessions, or (ii) in the performance of his or her obligation to balance the Commonwealth’s biennial budget, the Governor will not reduce or eliminate such

appropriations. FAILURE OF THE CABINET TO RECEIVE SUCH APPROPRIATIONS WILL HAVE A MATERIAL ADVERSE EFFECT ON THE COMMISSION'S ABILITY TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

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

## **PLAN OF FINANCE**

### **General**

The proceeds of the Series A Bonds will be used by the Commission and the Cabinet to (i) pay the costs of the New Project (as defined herein), and (ii) pay the costs of issuing the Series A Bonds. The proceeds of the Series B Bonds will be used by the Commission and the Cabinet to (a) refund all or a portion of the Prior Build America Bonds, as more completely identified in "EXHIBIT D – Summary of Prior Build America Bonds" hereto, and (b) pay the costs of issuing the Series B Bonds. The proceeds of the Prior Build America Bonds were used to finance a portion of the costs of the Prior Project (as defined herein) and to pay the costs of issuance of the Prior Build America Bonds. The proceeds of the Series C Bonds will be used by the Commission and the Cabinet to (1) pay the costs of purchasing certain Prior Bonds pursuant to a Tender Offer (as defined and described herein), as more completely identified in "EXHIBIT E – Tendered Bonds" hereto, and (2) pay the costs of issuing the Series C Bonds. The proceeds of the Prior Bonds were used to refinance a portion of the costs of the Prior Project and to pay the costs of issuance of the Prior Bonds.

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

The Lease provides that, effective upon the issuance of the Series B Bonds and Series C Bonds, the Cabinet and the Commission will adjust the amount of the semi-annual lease payments made by the Cabinet under the lease agreements governing the Prior Build America Bonds and the Prior Bonds so that the amount of such lease payments shall equal the debt service remaining on the Prior Build America Bonds and the Prior Bonds not refunded by the Series B Bonds or the Series C Bonds. Accordingly, the Cabinet will make lease payments equivalent to debt service for the refunded portion of the Prior Build America Bonds and the Prior Bonds under the Lease for the Series B Bonds and the Series C Bonds.

On the date of issuance of the Series B Bonds, certain proceeds of the Series B Bonds will be deposited with the trustees for the Prior Build America Bonds to be applied to the refunding of the Prior Build America Bonds.

The Commission anticipates that purchasing certain of the Prior Bonds pursuant to a Tender Offer may provide benefits for the Commission and the Cabinet by reducing the amount of debt service payable after 2024. The magnitude of the benefits, if any, of such Tender Offer is not known at this time and will be subject to a number of factors, including, but not limited to, participation rates, purchase prices, and general market conditions. Consequently, the issuance of the Series C Bonds and the purchase of any of the Target Bonds (as defined herein) pursuant to the Tender Offer are dependent upon market conditions and other events beyond the control of the Commission. See "PLAN OF FINANCE – Tender Offer" herein.

### **Refunding of Prior Build America Bonds**

The Commission intends to call the Prior Build America Bonds in accordance with the extraordinary redemption provisions of the respective resolutions of the Commission governing each series of the Prior Build America Bonds (collectively, the "Prior BAB Resolutions").

The extraordinary optional redemption for each series of the Prior Build America Bonds is triggered by an "Extraordinary Event." Under each Prior BAB Resolution, an Extraordinary Event will have occurred "if Section 54AA or 6431 of the Code [as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds"] is modified, amended, or interpreted in a manner pursuant to which the Commission's 35% cash subsidy payment from the United States Treasury is reduced or eliminated" with respect to the respective series of the Prior Build America Bonds.

The 35% direct payment cash subsidy permitted under Section 6431 for Build America Bonds issued under Section 54AA, like the Prior Build America Bonds, has been modified by the Budget Control Act of 2011 to apply sequestration to the direct payment subsidy paid on the Prior Build America Bonds. In the absence of such sequestration, the Commission would have continued to receive the 35% direct payment cash subsidy set forth in Code Section 6431. Such sequestration has, however, modified the amount of the cash subsidy paid pursuant to Code Section 6431, and it has in fact reduced the Commission's 35% subsidy on the Prior Build America Bonds. Because Code Section 6431 has been modified in a manner pursuant to which the Commission's 35% cash subsidy payment from the United States Treasury has been reduced, an Extraordinary Event has occurred.

The Commission anticipates that each series of the Prior Build America Bonds will be redeemed at a redemption price equal to the greater of: (i) the principal amount of the Prior Build America Bonds of such series to be redeemed, less any original issue discount and plus any original issue premium related to such Prior Build America Bonds; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Prior Build America Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Prior Build America Bonds are to be redeemed, discounted to the date on which such Prior Build America Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of 12 30-day months, at the Treasury Rate plus 100 basis points, plus in each case, accrued interest on such Prior Build America Bonds to the date fixed for redemption.

For additional information, definitions of certain foregoing terms, and a further description of the extraordinary redemption provisions, see the Official Statements for the Prior Build America Bonds located at the following links:

Project No. 95 Series C Bonds: <https://emma.msrb.org/EA626766.pdf>

Project No. 96 Series C Bonds: <https://emma.msrb.org/EP668546.pdf>

Project No. 99 Series C Bonds: <https://emma.msrb.org/EP763315.pdf>

## **Tender Offer**

On or about March 21, 2024, the Commission will release an Invitation to Tender Bonds for Purchase (the "Invitation"), inviting owners of certain of the Prior Bonds identified in the Invitation (collectively, the "Target Bonds") to tender any of the Target Bonds for purchase (the "Tender Offer"), upon the terms and conditions set forth in the Invitation. The purpose of the Tender Offer is to give the Commission the opportunity to retire the Target Bonds on the date of issuance of the Series C Bonds (the "Settlement Date").

Pursuant to the Tender Offer, as set forth in the Invitation, the owners of Target Bonds may tender such Target Bonds for cash and, subject to the conditions set forth in the Invitation, the Commission expects to effectuate the purchase of Target Bonds that are accepted for purchase in accordance with the terms and at the purchase prices set forth in the Invitation. The Target Bonds purchased pursuant to the Tender Offer will be canceled on the Settlement Date and shall no longer be deemed "Outstanding" within the meaning of the respective resolutions of the Commission that authorized each series of the Target Bonds. Moneys to pay the purchase price of the Target Bonds tendered for purchase and the costs of the Tender Offer are expected to be provided by the Commission from the proceeds of the Series C Bonds.

The information provided under this heading is not intended to summarize all of the terms of the Invitation, and reference is hereby made to the Invitation for a discussion of the terms of the Tender Offer and the conditions for settlement of the Tendered Bonds (as defined herein) validly tendered and accepted for purchase. The Commission may conduct additional tender and/or exchange offers in the future and reserves the right to redeem any of the Target Bonds not selected for purchase pursuant to the Tender Offer, or any bonds not identified as Target Bonds in the Invitation, in accordance with the terms of such bonds. The Target Bonds that are accepted by the Commission for tender and purchase, as more particularly described in the Invitation, will be listed in EXHIBIT E attached hereto (the "Tendered Bonds").

(Continued on the following page)

**SOURCES AND USES OF FUNDS FOR THE BONDS**

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

<b>SOURCES:</b>	<b>Series A Bonds</b>	<b>Series B Bonds</b>	<b>Series C Bonds</b>	<b>Total</b>
Par Amount of Bonds	\$[ ]	\$[ ]	\$[ ]	\$[ ]
Net Original Issue Premium/Discount	[ ]	[ ]	[ ]	[ ]
<b>Total Sources:</b>	<u>\$[ ]</u>	<u>\$[ ]</u>	<u>\$[ ]</u>	<u>\$[ ]</u>
<b>USES:</b>				
Deposit to Construction Fund	\$[ ]	\$ 0.00	\$ 0.00	\$[ ]
Deposit to Prior Debt Service Funds	0.00	[ ]	0.00	[ ]
Purchase of Tendered Bonds	0.00	0.00	[ ]	[ ]
Costs of Issuance*	[ ]	[ ]	[ ]	[ ]
<b>Total Uses:</b>	<u>\$[ ]</u>	<u>\$[ ]</u>	<u>\$[ ]</u>	<u>\$[ ]</u>

\*Includes Underwriters' discount, legal fees, rating agency fees, verification fees, printing costs, and other miscellaneous costs.

**THE PROJECT**

The Project consists of (i) the various public projects, including economic development projects and community development projects, financed with the proceeds of the Prior Build America Bonds and refinanced with the proceeds of the Prior Bonds (collectively, the "Prior Project"), and (ii) a portion of the various public projects, including economic development projects and community development projects, funded with proceeds of the Series A Bonds and identified in "EXHIBIT C – The Project" hereto (collectively, the "New Project" and, together with the Prior Project, the "Project"). The Cabinet will lease the Project from the Commission under the Lease, and the Cabinet will sublease certain portions of the Project to the State Agencies under the Subleases.

**THE STATE PROPERTY AND BUILDINGS COMMISSION**

**General**

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

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

**Budgetary Process in the Commonwealth**

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the Commonwealth's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget ("State Budget") to the Kentucky General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the Kentucky General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a 2-year period beginning the following July 1. Each State Budget has historically been divided into 2 bills – one devoted to the Executive Branch other than Transportation Cabinet (each, an "Executive Branch Budget"), and a second for the Kentucky Transportation Cabinet (each, a "Kentucky Transportation Cabinet Budget"). The Executive Branch Budgets

and Kentucky Transportation Cabinet Budgets collectively comprise the State Budget and authorize the incurrence of indebtedness by agencies of state government, including the Commission, for a variety of purposes.

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

### **Future Financings of the Commonwealth**

The Kentucky General Assembly has delivered bills providing for the Executive Branch Budget and the Kentucky Transportation Cabinet Budget for each biennium ending June 30, 2010, 2012, 2014, 2016, 2018, 2020, 2022, and 2024. During this time, however, the Kentucky General Assembly approved the Executive Branch Budget and the Kentucky Transportation Cabinet Budget for the biennium ending June 30, 2022 in annual tranches in separate legislative sessions. During the 2019 Regular Session of the Kentucky General Assembly, the Kentucky General Assembly amended the State Budget for the biennium ending June 30, 2020.

The current State Budget governing the biennium ending June 30, 2024, authorizes bond financings for projects totaling a net amount of \$3,917.21 million to support various capital initiatives of the Commonwealth. Of the total authorization, \$2,834.13 million is General Fund supported, \$933.08 million is Agency Fund supported, and \$150.0 million is Federal Highway Trust Fund (“FHTF”) supported through Grant Anticipation Revenue Vehicle Bonds designated for the Brent Spence Bridge Project. No additional Road Fund authorizations were appropriated. A portion of the General Fund authorization listed above has been permanently financed.

The 2023 Regular Session of the Kentucky General Assembly amended the existing Budget Act to authorize an agency fund supported project for Western Kentucky University for the financing of the construction and equipping of a new building for the Gordon Ford College of Business totaling \$25 million.

The 2024 Regular Session of the Kentucky General Assembly convened on January 2, 2024 and is scheduled to adjourn on April 15, 2024. The Kentucky General Assembly is currently considering House Bill 6 (Executive Branch Budget other than the Transportation Cabinet) and House Bill 110 (Kentucky Transportation Cabinet Budget), which collectively would provide appropriations for the Commonwealth for the period of July 1, 2024 through June 30, 2026. After passage by the Kentucky General Assembly, both bills would then be delivered to the Governor for consideration. Once received, the Governor would have 10 days (excluding Sundays) to act on each bill by either signing the bill, permitting the bill to become law without signature, or vetoing the bill. If either bill is vetoed, it may still be passed by a simple majority of the members of both houses of the Kentucky General Assembly.

As of December 31, 2023, the balance of prior bond authorizations of the Kentucky General Assembly dating from 2010 through 2023 subject to moral obligation or state intercept totals \$3,812.48 million. Of these prior authorizations, \$2,715.05 million is General Fund supported, \$934.93 million is Agency Fund supported, \$12.50 million is Road Fund supported, and \$150 million is FHTF supported.

The following table summarizes, in aggregate, by fund type, the information regarding authorized but unissued debt of the Commonwealth that is described in this section.

(Continued on the following page)

**SUMMARY OF AUTHORIZED BUT UNISSUED DEBT BY FUND TYPE  
AS OF DECEMBER 31, 2023**

<b>Legislative Session (Year)</b>	<b>General Fund (millions)</b>	<b>Agency Fund (millions)</b>	<b>Road Fund (millions)</b>	<b>Federal Fund (millions)</b>	<b>TOTAL (millions)</b>
2010	\$22.05	\$17.50			\$39.55
2012	1.74		\$12.50		14.24
2014	6.58				6.58
2016	17.86				17.86
2018	167.25	6.53			173.78
2019	33.25				33.25
2020 – 2021	361.63	80.43			442.06
2022 – 2024	2,254.69	830.47		\$150.00	3,235.16
Bond Pool Proceeds*	<u>(150.00)</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>(150.00)</u>
<b>TOTAL</b>	<b><u>\$2,715.05</u></b>	<b><u>\$934.93</u></b>	<b><u>\$12.50</u></b>	<b><u>\$150.00</u></b>	<b><u>\$3,812.48</u></b>

\* Original State Property and Buildings Commission Project Number 128 Proceeds.

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

**THE FINANCE AND ADMINISTRATION CABINET**

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

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

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

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

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

## THE STATE AGENCIES

The cabinets, departments, and administrative bodies listed below (each, a “State Agency” and collectively, the “State Agencies”) are identified in an enacted State Budget to receive bond proceeds for the New Project and are represented on the Project List set forth in “EXHIBIT C – The Project” hereto.

### **Cabinet for Economic Development**

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

### **Department for Local Government**

The Department for Local Government (“DLG”) provides financial help in the way of grant and loan assistance, as well as advising local governments in matters of budget, personnel, and other items relevant to those entities. The mission of DLG is to empower partners with effective advocacy, information, and funding resources. DLG includes 5 divisions: Office of Financial Management and Administration, Office of Federal Grants, Office of State Grants, Office of Legal Services, and Office of Field Services. The Kentucky Infrastructure Authority (“KIA”) is also administratively attached to DLG. DLG also partners with the state’s 15 Area Development Districts in serving the local governments of the Commonwealth.

### **Kentucky Infrastructure Authority**

KIA was created to provide a mechanism for funding in the way of grant and loan assistance to communities for water and wastewater needs. Through the various programs currently offered, KIA has become a supplement for local financing needs. KIA administers the Infrastructure for Economic Development Funds Bond Pool projects. KIA also administers the Water and Sewer Resources Development Funds Bond Pool Projects, in addition to the following 5 programs:

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

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

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

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

The Water Management Assistance Fund was created to assist utilities which are financially at risk. The program was initially funded by a direct appropriation from the General Fund.

In addition, KIA also administers the federally funded Cleaner Water Program. The Kentucky General Assembly appropriated \$500 million from the Commonwealth's Coronavirus State and Local Fiscal Recovery Fund award from the United States Treasury to be used as grants for water and wastewater infrastructure projects.

### **Council on Postsecondary Education**

The Council on Postsecondary Education ("CPE"), created and governed by the provisions of KRS 164.011, is an agency, instrumentality and political subdivision of the Commonwealth. It is composed of the Commissioner of Education, a faculty member, a student member and 13 citizen members appointed by the Governor. Its work involves coordinating the change and improvement of Kentucky postsecondary education. It is responsible for general planning and oversight of a system that includes the 8 public universities of the Commonwealth and the Kentucky Community and Technical College System ("KCTCS"), and licenses non-profit and for-profit higher education institutions to operate in the Commonwealth. CPE's role includes developing a strategic plan, measures of efficiency, educational attainment, and effectiveness, approving all educational programs, monitoring tuition and admission rates, and housing a database of information. Information on each of the individual institutions can be found at [cpe.ky.gov/campuses/state.html](http://cpe.ky.gov/campuses/state.html).

### **Cabinet for Health and Family Services**

*General.* The Cabinet for Health and Family Services ("CHFS") is composed of 9 main agencies directed toward the goal of fostering a coordinated approach to healthcare issues in Kentucky. The 9 program agencies are as follows: Department for Aging and Independent Living; Commission for Children with Special Health Care Needs; Department for Community Based Services; Department for Family Resource Centers and Volunteer Services; Office of Health Policy; Department for Income Support; Department for Medicaid Services; Department for Behavioral Health, Developmental and Intellectual Disabilities and Department for Public Health.

*Department for Behavioral Health, Developmental and Intellectual Disabilities.* The mission of the Department for Behavioral Health, Developmental and Intellectual Disabilities ("DBHDID") is to provide leadership, in partnership with others, to prevent disability, build resilience in individuals and their communities, and facilitate recovery for people whose lives have been affected by mental illness, substance abuse, or intellectual disability or other developmental disability. Organizationally, DBHDID has 3 divisions, which include the Division of Behavior Health, the Division of Developmental and Intellectual Disabilities, and the Division of Program Integrity. Collectively, DBHDID responsibilities include administration of state and federally funded mental health and substance abuse treatment services throughout the Commonwealth. DBHDID provides a wide range of services, including, but not limited to, community residential support, crisis intervention, peer support for youth and adults, supported employment and housing, therapeutic rehabilitation programs, and more.

*Department for Community Based Services.* The mission of the Department for Community Based Services is to build an effective and efficient system of care with Kentucky citizens and communities to: reduce poverty, adult maltreatment, and their effects; advance person and family self-sufficiency, recovery, and resiliency; assure all children have safe and nurturing homes and communities; and recruit and retain a workforce and partners that operate with integrity and transparency. Services are administered through 9 service regions with offices serving all 120 Kentucky counties.

*Department for Income Support.* The Department for Income Support provides programs and services for enforcement of child support and disability determination. The Child Support Enforcement program helps parents and legal guardians of minor children with enforcement of child support obligations, court orders, and collections of support from noncustodial parents. Program staff for Disability Determination Services uses federal guidelines and regulations to determine eligibility for both Supplemental Security Income and Social Security Disability Income.

*Department for Public Health.* The mission of the Kentucky Department for Public Health ("KDPH") is to improve the health and safety of people in Kentucky through prevention, promotion, and protection. KDPH is the sole organizational unit of Kentucky's state government responsible for developing and operating state public health programs and activities for the citizens of Kentucky. KDPH oversees programs designed to improve the lives of citizens and visitors through prevention of negative health outcomes, promotion of healthy lifestyles, and protection from diseases, injury, and environmental health impacts. KDPH has approximately 150 different programs to help Kentuckians become healthier in cooperation with its partners such as local health departments, universities, and private providers.

### **Energy and Environment Cabinet**

*General.* The Energy and Environment Cabinet is responsible for enforcing laws relating to natural resources and the environment. It keeps citizens safe and healthy while supporting a positive business climate. There are 2

departments, the Department for Natural Resources and the Department for Environmental Protection, and several offices within the Cabinet, including the Office of Energy Policy and the Office of Kentucky Nature Preserves.

*Department for Environmental Protection.* The Kentucky Department for Environmental Protection (“DEP”) protects and enhances Kentucky’s environment through its divisions of Air Quality, Waste Management, Water, Enforcement, and Compliance Assistance. The importance of DEP’s mission arises from the direct impact it has on Kentucky’s public health, the safety of Kentucky citizens and the quality of Kentucky’s valuable natural resources.

### **School Facilities Construction Commission**

The School Facilities Construction Commission is responsible for providing an equitable distribution of Commonwealth funding for school construction and technology based on the unmet needs of Kentucky’s 171 school districts.

### **Department of Veterans’ Affairs**

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

### **Justice and Public Safety Cabinet**

*General.* The Kentucky Justice and Public Safety Cabinet (“JPSC”) is responsible for criminal justice services, which encompasses law enforcement activities and training; prevention, education, and treatment of substance abuse; juvenile treatment and detention; adult incarceration; autopsies, death certifications, and toxicology analyses; special investigations; paroling of eligible convicted felons; and long range planning and recommendations on statewide criminal justice reform issues. There are 5 departments within the JPSC: the Department of Kentucky State Police, the Department of Corrections, the Department of Juvenile Justice, the Department of Criminal Justice Training, and the Department of Public Advocacy. The JPSC also administers the Office of the State Medical Examiner and the Office of Drug Control Policy.

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

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

*Department of Criminal Justice Training.* The mission of the Department of Criminal Justice Training is to provide quality criminal justice training and services that advance the ability of Kentucky law enforcement to create a safe, secure environment in which to reduce crime and its cost to society.

### **Tourism, Arts and Heritage Cabinet**

*General.* The Kentucky Tourism, Arts and Heritage Cabinet is dedicated to fostering and promoting the state’s rich heritage as well as continuing Kentucky’s long history of being a premier travel destination. It encourages and provides support in market development for Kentucky artists, historic downtown redevelopment, equine headquarters promotion, recreation opportunities, attracting international trade shows/sporting events, and expanding museums and special exhibits.

This Cabinet includes the following agencies: the Department of Tourism, the Department of Parks, the Department of Fish and Wildlife Resources, the Kentucky Historical Society, the Kentucky Humanities Council, the Kentucky Heritage Council, the Kentucky Venues, the State Fair Board, the Center for African American Heritage, the Kentucky Performing Arts, the Governor’s School for the Arts, the Kentucky Artisan Center in Berea, the Kentucky Arts Council, and the Kentucky Horse Park. The Office of Research and Administration, as a part of this Cabinet, has a primary mission to provide up-to-date statistical analysis of tourism trends to facilitate a successful tourism marketing campaign.

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

*Kentucky Heritage Council.* The mandate of the Kentucky Heritage Council is to identify, preserve, and protect the cultural resources of Kentucky. The Council also maintains continually updated inventories of historic structures and archaeological sites and nominates properties to the National Register of Historic Places.

*Kentucky Department of Parks.* The Department of Parks was created in 1924 by the Kentucky General Assembly and has grown to include 44 parks and historical sites and 1 interstate park. These parks have facilities for meetings and conferences with accommodations and camping, golf and education. The Department of Parks maintains campgrounds and trails and offers full service state resort parks.

*Kentucky Horse Park.* The mission of the Kentucky Horse Park is to celebrate Kentucky’s relationship with the horse through education, exhibition, engagement and competition. In addition to being one of the Commonwealth’s most popular tourist destinations, it is known for world-class competition facilities that host prestigious equine shows and competitions.

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

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

## **Education and Labor Cabinet**

*General.* The Education and Workforce Development Cabinet and Labor Cabinet were consolidated on July 1, 2022, establishing the Education and Labor Cabinet. Agencies of the Cabinet are as follows: Kentucky Commission on the Deaf and Hard of Hearing, Department of Workforce Development, Department of Education, Kentucky Occupational Safety and Health Review Commission, Kentucky Occupational Safety and Health Standards Board, Kentucky Educational Television, Department for Libraries and Archives, Kentucky Environmental Education Council, State Labor Relations Board, Workers’ Compensation Funding Commission, Kentucky Geographic Education Board, Kentucky Commission on Proprietary Education, Employers’ Mutual Insurance Authority, Workers’ Compensation Nominating Committee, Kentucky Work Ready Skills Advisory Committee, Foundation for Adult Education, and Board of Directors for the Center for School Safety.

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

*Kentucky Educational Television.* Kentucky Educational Television’s (“KET”) mission is education. As a leader in lifelong learning, KET is in every Kentucky community providing in-school and at-home educational programs for children and adults, as well as professional development seminars for educators and training programs for childcare providers. As Kentucky’s only statewide public media resource, KET serves the Commonwealth via digital and high-

definition broadcast technology, producing and presenting programming unique to Kentucky. These programs explore Kentucky's history, arts and culture and connect citizens to important events, issues and public affairs.

### **Department of Military Affairs**

The Kentucky Department of Military Affairs ("DMA") is a diverse organization within state government, having both a state government organizational component and a federal government component under the Office of the Adjutant General for Kentucky. The 6 state divisions of DMA include Administrative Services Division, Bluegrass Station, Youth Challenge, Emergency Management, Kentucky Logistics Operation Center, and Facilities. Functions of these programs include coordination of an emergency management system of mitigation, preparedness, response, and recovery to protect the lives, environment, and property of Kentucky citizens.

### **Office of the Attorney General**

The Office of the Attorney General, established by Section 91 of the Constitution of the Commonwealth and created and governed by the provisions of KRS Chapter 15, serves several roles under Kentucky law including the state's chief prosecutor, the state's chief law enforcement officer and the state's chief law officer. The office is divided into 3 divisions: the Criminal Division, the Civil Division, and the Appellate Division. Priorities of these divisions include defending the Commonwealth; protecting Kentuckians; fighting the drug epidemic; justice for crime victims; partnering with law enforcement; and government transparency.

### **Transportation Cabinet**

The Transportation Cabinet is responsible for the construction, reconstruction, and maintenance of the Commonwealth's primary road system, which carries an estimated 85% of the Commonwealth's motor vehicle traffic. The system consists of parkways, interstate highways, primary roads, secondary roads, rural secondary roads, and supplemental roads, and includes nearly 9,000 bridges. Additionally, the Transportation Cabinet provides direction for licensed airports and heliports throughout the Commonwealth.

## **THE COMMONWEALTH**

The Commonwealth of Kentucky, nicknamed the Bluegrass State, was the 15th state. Kentucky is bounded by the Ohio River to the north and the Mississippi River to the west, and is bordered by the states of Illinois, Indiana, Ohio, West Virginia, Tennessee, Missouri, and the Commonwealth of Virginia. Within a day's drive of 2/3 of the population of the United States, Kentucky is located at the center of a 34 state distribution area in the eastern United States. Kentucky's location advantages facilitate the distribution of goods and materials to an industrial and consumer market.

Kentucky has established a diverse economic climate that supports businesses internationally. In 2022, Kentucky's total exports reached \$34.4 billion in goods and services shipped abroad, making Kentucky the nation's 16th largest exporter. As shown on the Kentucky Economic Development website (<https://ced.ky.gov/>), Kentucky ranks as number 1 in vehicle production per capita and foreign direct investment jobs, and the Commonwealth boasts a positive economic environment. While best known for its signature bourbon and equine industries, the Commonwealth also contains the world's longest cave system in Mammoth Cave National Park and the greatest length of navigable waterways and streams in the contiguous United States. Kentucky's heritage is deeply rooted in the automotive, manufacturing, aerospace, primary metals, logistics, chemical, healthcare, plastic, and rubber industries.

As indicated in the Commonwealth of Kentucky Quarterly Economic & Revenue Report Second Quarter Fiscal Year 2024 (which may be found, together with the previous quarterly reports, at <https://osbd.ky.gov>), Kentucky personal income grew by 5.2% in the second quarter of FY24, which is above the national growth rate of 4.6%. The last 9 adjacent-quarter growth rates for Kentucky personal income are: 0.3, 1.3, 0.8, 0.7, 0.5, 2.5, 1.4, 0.6, and 0.7%, respectively. Kentucky wages and salaries income was the fastest growing component of Kentucky personal income in the second quarter of FY24. Kentucky wages and salaries income grew by 7.8% in the second quarter of FY24, as compared to the second quarter of FY23, and made up 50.3% of total Kentucky personal income in the second quarter of FY24.

Kentucky non-farm employment rose by 2.1% in the second quarter of FY24, as compared to the second quarter of FY23, but declined by 0.2% from the first quarter of FY24, marking the first time that Kentucky non-farm employment growth rates have fallen since the end of the 2020 recession. The last 9 adjacent-quarter growth rates for Kentucky non-farm employment are: 1.2, 0.8, 0.4, 0.9, 0.3, 0.8, 0.8, 0.8, and -0.2%, respectively. The fastest growing supersector in Kentucky was construction employment, which grew 4.7% in the second quarter of FY24 over the second quarter of FY23. Kentucky construction employment has had a net increase of 9.2%, or 7,300 jobs, over the last 9 adjacent-quarters.

Kentucky educational services employment also grew by 4.0%. The last 9 adjacent-quarter growth rates for educational services employment are: 0.2, 0.3, 0.6, 1.4, 0.5, 1.0, 1.0, 2.3, and -0.4%, respectively.

Kentuckians' personal income is projected to grow 3.9% in the second half of FY24. The wages and salaries component of Kentucky personal income is projected to increase by 4.6% in the second half of FY24, and the total wages and salaries growth of Kentuckians for all of FY24 is projected to outpace the national wages and salaries growth rate by 0.6%. Kentucky's non-farm employment is anticipated to increase 1.1% in the second half of FY24, adding approximately 21,200 annualized jobs to the Commonwealth's economy. 6 of the 11 supersectors are forecasted to experience varying degrees of employment gains in the second half of FY24.

### **Financial Information Regarding the Commonwealth**

Information regarding the debt issuing authorities of the Commonwealth is set forth in "EXHIBIT A – Debt Information Pertaining to the Commonwealth of Kentucky" hereto. Information regarding projects for the benefit of the Commonwealth financed under public private partnerships is included in "EXHIBIT B – Projects for the Benefit of the Commonwealth of Kentucky Financed Under Public Private Partnerships" hereto. A table summarizing annual aggregate debt service supported by appropriations of the Commonwealth's General Fund for debt issued by the Commission, ALCo, and the School Facilities Construction Commission is set forth in Table II of EXHIBIT A attached hereto.

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

### **Certain Financial Information Incorporated by Reference**

The Commonwealth's ACFR for the Fiscal Year ended June 30, 2023 is hereby incorporated herein by reference. The Commonwealth filed the ACFR for the Fiscal Year ended June 30, 2023 with the following official repository for municipal securities disclosures under Securities and Exchange Commission Rule 15c2-12, promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"):

Municipal Securities Rulemaking Board  
Electronic Municipal Market Access System  
Internet: <http://emma.msrb.org>

A copy of the Commonwealth's ACFR may be obtained from EMMA. Additionally, the ACFR for the Fiscal Year ended June 30, 2023 and certain other fiscal years can be found at <https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/financial-reporting-branch/Pages/annual-comprehensive-financial-reports.aspx>.

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

The Commission will enter into a Continuing Disclosure Agreement (as defined herein) with respect to the Bonds to enable the Underwriters to comply with the provisions of Rule 15c2-12. See "CONTINUING DISCLOSURE" herein and "EXHIBIT H – Form of Continuing Disclosure Agreement" hereto. In addition, ongoing financial disclosure regarding the Commonwealth will be available through the filing by the Commonwealth of 2 documents entitled The Kentucky Annual Comprehensive Financial Report and Supplementary Information to the Kentucky Annual Comprehensive Financial Report (or any successor reports) with EMMA, as required under Rule 15c2-12.

### **Fiscal Year 2020**

The Commonwealth's combined net position (governmental and business-type activities) totaled \$(11.5) billion at the end of fiscal year 2020, as compared to \$(14.2) billion at the end of the previous year.

The largest portion of the Commonwealth's net position, \$24.4 billion, is net investment in capital assets (e.g. land, infrastructure, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. The second largest portion of the Commonwealth's net position, totaling \$1.6 billion, is restricted and represents resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance is unrestricted net position. The unrestricted net position, if they have a positive value, could be used at the Commonwealth's discretion. However, the unrestricted balance is \$(37.6) billion; therefore, funds are not available for discretionary purposes. A contributing factor to the negative balance is that liabilities are recognized on the government-wide statement of net position when the obligation is incurred. Accordingly, the Commonwealth recognizes long-term liabilities (such as general bonded debt, compensated absences, unfunded employer pension cost, and contingent liabilities) on the statement of net position.

The Commonwealth received program revenues of \$17.0 billion and general revenues (including transfers) of \$16.7 billion for total revenues of \$33.7 billion during fiscal year 2020. Expenses for the Commonwealth during fiscal year 2020 were \$31.0 billion, the total net position of the Commonwealth increased in the amount of \$2.7 billion, net of contributions, transfers and special items.

The governmental activities resulted in an increase in the Commonwealth's net position by \$3.6 billion. Approximately 46.0% of the governmental activities' total revenue came from taxes, while 46.0% resulted from grants and contributions (including federal aid). Overall, program revenues were insufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes. At June 30, 2020, the Commonwealth's governmental funds reported combined ending fund balances of \$3.0 billion, a net increase of \$584.1 million in comparison with the prior year. \$5.4 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. The \$2.3 billion is restricted for certain purposes and is not available to fund current operations. The \$668.8 million is considered unrestricted (committed, assigned, or unassigned). When the unrestricted balance is positive it is available for spending either at the government's discretion or upon legislative approval.

The General Fund is the primary operating fund of the Commonwealth. The fund balance at June 30, 2020, was \$610 million. The balance reported reflects an increase of \$377.5 million from the previously reported amount. The major factor for the increase in fund balance was increased tax revenue and the reduction of TRS Pension and Other Post Employment Liabilities. On August 19, 2020, the State Budget Director reported a General Fund Surplus deposit of \$162.5 million to the Budget Reserve Trust Fund. The deposit brought the total balance to \$465.7 million, or 4% of General Fund revenue.

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by \$1.59 billion from the previous year, a change of 10.6%. Expenditures increased by \$1.6 billion from the previous year, a change of 11.0%. The Transportation Fund experienced a slight decrease in revenues and a decrease in expenditures, resulting in an increase in fund balance of \$238 thousand.

During fiscal year 2020, the Commonwealth's bonded debt decreased by \$317 million to \$5.9 billion, a 5.1% decrease. The major factor in this decrease was the result of the refunding of old issues by the FY20 new issues. The remaining liability on the retired bonds, plus the FY20 principal payments on the remaining bonds outstanding, were greater than the FY20 issues for new projects. No general obligation bonds were authorized or outstanding as of June 30, 2020.

## **Fiscal Year 2021**

The Commonwealth's combined net position (governmental and business-type activities) totaled \$(5.4) billion at the end of fiscal year 2021, as compared to \$(11.6) billion at the end of the previous year.

The largest portion of the Commonwealth's net position, \$25.0 billion, is net investment in capital assets (e.g., land, infrastructure, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. The second largest portion of the Commonwealth's net position, totaling \$2.4 billion, is restricted and represents resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance is unrestricted net position. The unrestricted net position, if they have a positive value, could be used at the Commonwealth's discretion. However, the unrestricted balance is \$(32.8) billion; therefore, funds are not available for discretionary purposes. A contributing factor to the negative balance is that liabilities are recognized on the government-wide statement of net position when the obligation

is incurred. Accordingly, the Commonwealth recognizes long-term liabilities (such as general bonded debt, compensated absences, unfunded employer pension cost, and contingent liabilities) on the statement of net position.

The Commonwealth received program revenues of \$21.5 billion and general revenues (including transfers) of \$18.0 billion for total revenues of \$39.5 billion during fiscal year 2021. For fiscal year 2021, expenses for the Commonwealth were \$33.4 billion, and the total net position of the Commonwealth increased by \$6.2 billion, net of contributions, transfers, and special items.

The governmental activities resulted in an increase in the Commonwealth's net position by \$5.7 billion. Approximately 42.0% of the governmental activities' total revenue came from taxes, while 50.6% resulted from grants and contributions (including federal aid). Overall, program revenues were not sufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes. At June 30, 2021, the Commonwealth's governmental funds reported combined ending fund balances of \$5.4 billion, a net increase of \$2.4 billion in comparison with the prior year. Of that \$5.4 billion in governmental funds, \$73.5 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact, \$2.8 billion is restricted for certain purposes and is not available to fund current operations, and \$2.5 billion is considered unrestricted (committed, assigned, or unassigned). When the unrestricted balance is positive, it is available for spending either at the government's discretion or upon legislative approval.

The General Fund is the primary operating fund of the Commonwealth. The fund balance at June 30, 2021, was \$2.5 billion. The balance reported reflects an increase of \$1.9 billion from the previously reported amount. The major factor for the increase in fund balance was increased tax revenue and the reduction of TRS Pension and Other Post Employment Liabilities. On August 4, 2021, the State Budget Director reported a General Fund surplus deposit of \$1.17 billion to the Budget Reserve Trust Fund. The deposit brought the total balance to \$1.92 billion, or 16% of General Fund appropriations.

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. Fiscal year 2021 revenues increased by \$4.4 billion from the previous year, a change of 26.7%. Fiscal year 2021 expenditures increased by \$4.0 billion from the previous year, a change of 25.1%. The Transportation Fund experienced a slight increase in revenues and a decrease in expenditures, resulting in an increase in fund balance of \$246.8 million.

During fiscal year 2021, the Commonwealth's bonded debt decreased by \$532.2 million to \$5.7 billion, an 8.6% decrease. The major factor in this decrease was the result of the refunding of old issues by the FY21 new issues. The remaining liability on the retired bonds, plus the FY21 principal payments on the remaining bonds outstanding, were greater than the FY21 issues for new projects. No general obligation bonds were authorized or outstanding as of June 30, 2021.

## **Fiscal Year 2022**

The Commonwealth's combined net position (governmental and business-type activities) totaled \$2.4 billion at the end of fiscal year 2022, as compared to \$(5.8) billion at the end of the previous year.

The largest portion of the Commonwealth's net position, \$25.8 billion, is net investment in capital assets (e.g. land, infrastructure, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. The second largest portion of the Commonwealth's net position, totaling \$3.4 billion, is restricted and represents resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance is unrestricted net position. The unrestricted net position, if they have a positive value, could be used at the Commonwealth's discretion. However, the unrestricted balance is \$(26.8) billion; therefore, funds are not available for discretionary purposes. A contributing factor to the negative balance is that liabilities are recognized on the government-wide statement of net position when the obligation is incurred. Accordingly, the Commonwealth recognizes long-term liabilities (such as general bonded debt, compensated absences, unfunded employer pension cost, and contingent liabilities-shown in Note 16 to the financial statements) on the statement of net position.

The Commonwealth received program revenues of \$23.2 billion and general revenues (including transfers) of \$17.9 billion for total revenues of \$41.1 billion during fiscal year 2022. Expenses for the Commonwealth during fiscal year 2022 were \$32.9 billion, the total net position of the Commonwealth increased in the amount of \$8.2 billion, net of contributions, transfers, and special items.

The governmental activities resulted in an increase in the Commonwealth's net position by \$7.3 billion. Approximately 42.7% of the governmental activities' total revenue came from taxes, while 49.7% resulted from grants and contributions (including federal aid). Overall, program revenues were not sufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes. At June 30, 2022, the Commonwealth's governmental funds reported combined ending fund balances of \$8.1 billion, a net increase of \$2.7 billion in comparison with the prior year. \$70.8 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. \$3.5 billion is restricted for certain purposes and is not available to fund current operations. \$4.5 billion is considered unrestricted (committed, assigned, or unassigned). When the unrestricted balance is positive it is available for spending either at the government's discretion or upon legislative approval.

The General Fund is the primary operating fund of the Commonwealth. The fund balance at June 30, 2022, was \$4.4 billion. The balance reported reflects an increase of \$1.9 billion from the previously reported amount. The major factor for the increase in fund balance was increased tax revenue and the reduction of TRS Pension and Other Post Employment Liabilities. On August 17, 2022, the State Budget Director reported a General Fund surplus deposit of \$1.01 billion to the Budget Reserve Trust Fund. The deposit brought the total balance to a record \$2.7 billion, or 19.5% of fiscal year 2022 General Fund appropriations.

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by \$4.4 billion from the previous year, a change of 26.7%. Expenditures increased by \$4.0 billion from the previous year, a change of 25.1%. The Transportation Fund experienced a slight increase in revenues and an increase in expenditures, resulting in an increase in fund balance of \$37.9 million.

During fiscal year 2022, the Commonwealth's bonded debt decreased by \$489.9 million to \$5.2 billion, a 8.6% decrease. The major factor in this decrease was the result of the refunding of old issues by the FY22 new issues. The remaining liability on the retired bonds, plus the FY22 principal payments on the remaining bonds outstanding, were greater than the FY22 issues for new projects. No general obligation bonds were authorized or outstanding as of June 30, 2022.

### **Fiscal Year 2023**

The Commonwealth's combined net position (governmental and business-type activities) totaled \$6.3 billion at the end of fiscal year 2023, as compared to \$2.4 billion at the end of the previous year.

The largest portion of the Commonwealth's net position, \$24.7 billion, is net investment in capital assets (e.g. land, infrastructure, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. The second largest portion of the Commonwealth's net position, totaling \$3.8 billion, is restricted and represents resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance is unrestricted net position. The unrestricted net position, if they have a positive value, could be used at the Commonwealth's discretion. However, the unrestricted balance is \$(22.3) billion; therefore, funds are not available for discretionary purposes. A contributing factor to the negative balance is that liabilities are recognized on the government-wide statement of net position when the obligation is incurred. Accordingly, the Commonwealth recognizes long-term liabilities (such as general bonded debt, compensated absences, unfunded employer pension cost, and contingent liabilities) on the statement of net position.

The Commonwealth received program revenues of \$24.3 billion and general revenues (including transfers) of \$18.3 billion for total revenues of \$42.6 billion during fiscal year 2023. Expenses for the Commonwealth during fiscal year 2023 were \$38.7 billion, the total net position of the Commonwealth increased in the amount of \$3.8 billion, net of contributions, transfers, and special items.

The governmental activities resulted in an increase in the Commonwealth's net position by \$3.6 billion. Approximately 42.6% of the governmental activities' total revenue came from taxes, while 49.4% resulted from grants and contributions (including federal aid). Overall, program revenues were not sufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes. As of June 30, 2023, the Commonwealth's governmental funds reported combined ending fund balances of \$9.7 billion, a net increase of \$1.6 billion in comparison with the prior year. \$82.7 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. \$4.0 billion is restricted for certain purposes and is not available to fund current operations. \$5.6 billion is considered

unrestricted (committed, assigned, or unassigned). When the unrestricted balance is positive it is available for spending either at the government's discretion or upon legislative approval.

The General Fund is the primary operating fund of the Commonwealth. The fund balance at June 30, 2023, was \$5.4 billion. The balance reported reflects an increase of \$1.0 billion from the previously reported amount. The major factor for the increase in fund balance was increased tax revenue and the reduction of TRS Pension and Other Post Employment Liabilities.

On August 2, 2023, the State Budget Director reported a General Fund surplus deposit of \$1.45 billion into the Budget Reserve Trust Fund. The deposit brought the total balance up to \$3.7 billion, which equates to 24.6% of the fiscal year 2023-24 official revenue estimate. Also reported was a Road Fund surplus of \$55.5 million, all of which was deposited to the Highways-State Construction Account.

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by \$0.5 billion from the previous year, a change of 2.3%. Expenditures increased by \$1.9 billion from the previous year, a change of 8.7%. The Transportation Fund experienced a slight increase in revenues and an increase in expenditures, resulting in an increase in fund balance of \$149.4 million.

During fiscal year 2023, the Commonwealth's bonded debt decreased by \$256.6 million to \$5.0 billion, a 4.9% decrease. The major factor in this decrease was the result of the refunding of old issues by the FY23 new issues. The remaining liability on the retired bonds, plus the FY23 principal payments on the remaining bonds outstanding, were greater than the FY23 issues for new projects. No general obligation bonds were authorized or outstanding as of June 30, 2023.

#### **Fiscal Year 2024 (Unaudited)**

As reported by the Office of the State Budget Director on March 11, 2024, General Fund receipts for February fell 6.5%, as compared to February of 2023. Collections for the month totaled \$1,007.6 million. The official FY24 General Fund revenue forecast, which was revised by the Consensus Forecasting Group on December 8, 2023, calls for revenues to increase by 2.7% compared to FY23 actual receipts. Based on February's results, General Fund revenues must increase by 2.1% over the remainder of the fiscal year in order to meet the official revenue forecast.

Road Fund revenues grew 5.2% in February, as collections totaled \$140.0 million. Total revenue has grown 6.5% through the first 8 months of FY24. The official Road Fund revenue estimate for FY24 calls for revenue to increase 7.3% compared to FY23 actual receipts. Based on year-to-date tax collections, Road Fund revenues must increase by 8.8% over the remainder of the fiscal year in order to meet the official revenue forecast.

#### **Consensus Forecasting Group; Official Revenue Forecasts**

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

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

OSBD makes available on its website the CFG official, enacted, and revised revenue estimates for the General and Road Funds. When published, the updates can be found at [www.osbd.ky.gov](http://www.osbd.ky.gov).

The CFG met on December 8, 2023 to revise the enacted General Fund revenue estimate for FY24 and the preliminary estimates adopted for FY25 and FY26. Three scenarios from IHS Markit (Control, Optimistic, and Pessimistic) were used as inputs in the OSBD's MAK model, an analytical model that takes United States trends in employment and income as predetermined variables in order to estimate Kentucky-specific forecasts for employment and personal income. The CFG adjusted the FY24, FY25, and FY26 General Fund forecasts to \$15,554.5 million, \$15,549.5 million,

and \$16,002.6 million, respectively, and adjusted the FY24, FY25, and FY26 Road Fund forecasts to \$1,881.7 million, \$1,825.0 million, and \$1,894.3 million, respectively.

The official revenue estimates, as adopted by the CFG, legislatively enacted by the Kentucky General Assembly, revised by the CFG, and compared to actual General Fund and Road Fund totals for fiscal years 2020 through 2026 are represented below:

<b>General Fund</b>				
<b>Fiscal Year</b>	<b>Adopted</b>	<b>Enacted</b>	<b>Revised</b>	<b>Actual</b>
2020*	\$11,290,000,000	\$11,487,500,000	\$10,991,500,000	\$11,566,600,000
2021**	11,722,200,000	11,704,000,000	11,729,000,000	12,827,432,329
2022	11,996,300,000	11,834,800,000	13,791,900,000	14,702,460,457
2023***	14,085,800,000	13,758,988,400	15,201,900,000	15,147,662,170
2024***	14,684,000,000	14,154,398,600	15,554,500,000	N/A
2025	15,549,500,000			
2026	16,002,600,000			

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

\*\* General Fund enacted revenue during the 2020 Regular Session of the Kentucky General Assembly for fiscal year 2021 was \$11,592,051,800 and subsequently amended by the Kentucky General Assembly in the 2021 Regular Session to \$11,704,000,000.

\*\*\* General Fund enacted revenues for fiscal years 2023 and 2024 include tax policy changes enacted during the 2022 Regular Session of the Kentucky General Assembly, specifically House Bill 8. Changes include (1) reducing the individual income tax rate to 4.5% on January 1, 2023; and (2) broadening the sales tax base to include sales tax on certain services. Additionally, the individual income tax rate changed from 4.5% to 4.0% on January 1, 2024.

<b>Road Fund</b>				
<b>Fiscal Year</b>	<b>Adopted</b>	<b>Enacted</b>	<b>Revised</b>	<b>Actual</b>
2020	\$1,508,500,000	\$1,508,500,000	\$1,390,000,000	\$1,491,500,000
2021	1,573,400,000	1,543,400,000	1,577,700,000	1,642,340,305
2022	1,609,200,000	1,609,200,000	1,680,100,000	1,675,354,852
2023	1,719,900,000	1,721,000,000	N/A	1,753,323,281
2024	1,676,700,000	1,679,150,500	1,881,700,000	N/A
2025	1,825,000,000			
2026	1,894,300,000			

The CFG preliminary revenue estimates for the MSA payments are \$102.6 million, \$97.3 million, and \$92.5 million, as adopted and revised for fiscal year 2024, fiscal year 2025, and fiscal year 2026, respectively.

The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and the Road Fund receipts.

### **Investment Policy**

The Commonwealth’s investments are governed by the provisions of KRS Sections 42.500 et seq. and Title 200, Chapter 14 of the Kentucky Administrative Regulations. The State Investment Commission (“SIC”), comprised of the State Treasurer, State Controller, the Secretary of the Finance and Administration Cabinet, and 2 gubernatorial appointees from the Kentucky Banker’s Association and the Bluegrass Community Bankers Association, is charged with oversight of the Commonwealth’s investment activities. The SIC is required to meet at least quarterly, and day-to-day investment management is the responsibility of the Office of Financial Management.

Title 200, Chapter 14 of the Kentucky Administrative Regulations provides, among other things, that corporate securities, inclusive of commercial paper, banker’s acceptances, and certificates of deposit, are limited to \$25 million per issuer and a stated final maturity of 5 years or less. Money market securities rated A1, P1, or higher are limited to 20% of the investment pools. Asset-Backed Securities (“ABS”) are limited to 20% of the investment pools. Mortgage-Backed Securities (“MBS”) and Collateralized Mortgage Obligations (“CMO”) are both limited to a maximum of 25% of the investment pools. In addition, ABS, MBS, and CMO must have a weighted average life of 4 years or less at the time of purchase.

On February 29, 2024, the Commonwealth's operating portfolio was approximately \$13.500 billion in cash and securities. The composition of the investments was as follows: (i) United States Treasury securities, 39.6%; (ii) securities issued by any agencies or instrumentalities of the United States Government, 36.3%; (iii) Mortgage-Backed Securities and Collateralized Mortgage Obligations, 0.4%; (iv) Repurchase Agreements collateralized by the aforementioned, 4.4%; (v) corporate and asset-backed securities, 1.9%; and (vi) Money Market Securities, 17.4%. The portfolio had a current yield of 5.15% and an effective duration of 0.43 years.

The Commonwealth's investments are currently categorized into 3 investment pools: Short Term, Limited Term, and Intermediate Term Pools. The purpose of these pools is to provide economies of scale that preserve principal, provide liquidity, enhance yield, ease administrative burden, and increase accountability and control. The Short Term Pool consists primarily of the General Fund and related accounts. The Limited Term Pool is a money market like pool that focuses on principal protection for certain agency funds. The Intermediate Term Pool represents a combination of Agency Fund investments, state held component unit funds, fiduciary funds held for the benefit of others, and most bond proceeds for capital construction projects.

## **State Retirement Systems**

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

*Retirement Plans.* Eligible state and local government employees may participate in one of the Commonwealth's multi-employer benefit plans administered by: (i) the Kentucky Public Pensions Authority ("KPPA"), or (ii) the Teachers' Retirement System of the State of Kentucky ("TRS").

The KPPA is an administrative entity that performs daily system activities, which include administrative support, investment management, benefits counseling, accounting and payroll functions, and legal services for 5 plans. The Kentucky Retirement Systems, through its board, oversees 3 of the 5 plans supported by the KPPA: (i) Kentucky Employees Retirement System ("KERS") Non-Hazardous, (ii) KERS Hazardous, and (iii) the State Police Retirement System ("SPRS"). The County Employees Retirement System has its own governance board, separate from the Kentucky Retirement Systems, and oversees the County Employees Retirement System ("CERS") Non-Hazardous, and CERS Hazardous, which are the 4th and 5th of 5 systems that the KPPA administers. The KPPA is governed by a third board, which is composed of members of the boards of each of the Kentucky Retirement Systems and CERS. Each retirement plan is state supported, except for the CERS plans, which have been excluded from the Kentucky Retirement Systems information provided herein.

TRS is administered by an 11-member Board of Trustees, each of whom serves on behalf of public educators and administrators, excluding post-secondary employees, across the Commonwealth.

The Kentucky Retirement Systems and TRS (collectively, the "Retirement Plans") provide both retirement and Other Post-Employment Benefits ("OPEB") to state employees and teachers based upon their age, hire date, years of service, and retirement date. Most retirement benefits are subject to a statutory inviolable contract under which the benefits shall not, with limited exceptions, be reduced or impaired by alteration, amendment, or repeal. KERS Non-Hazardous, KERS Hazardous, and SPRS eligible employees hired January 1, 2014 and thereafter are no longer party to the inviolable contract, and the Kentucky General Assembly can amend, suspend, or reduce benefits with future legislation.

For a brief description of the Retirement Plans and the Retirement Plans' assets and liabilities, see Note 8 to The Kentucky ACFR for the Fiscal Year ended June 30, 2023, beginning on page 98. Additional information regarding the Kentucky Retirement Systems and TRS can be found on their respective websites at <https://kyret.ky.gov> and <https://trs.ky.gov>, including their respective ACFRs and the accompanying actuarial studies, described under Other Post-Employment Benefits. Only information contained on the web page identified above is incorporated herein and no additional information that may be reached from such page by linking to any other page should be considered to be incorporated herein.

The Kentucky Public Employees' Deferred Compensation Authority ("KDC") additionally provides for the administration of tax-deferred supplemental retirement plans for all state, public school, and university employees, and employees of local political subdivisions that have elected to participate. The available deferred compensation plans include a 457(b) Plan and a 401(k) Plan. The Retirement Plans and KDC are component units of the Commonwealth for financial reporting purposes and are included in The Kentucky ACFR.

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

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

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

(Continued on the following page)

**Kentucky Teachers' Retirement System**  
**Governance KRS 161.220 through KRS 161.716**  
**Cost Sharing Multiple Employer Defined Benefit with Special Funding**

	<b>Tier 1</b> Entry before 7/1/2002	<b>Tier 2</b> Entry on or between 7/1/2002 and 6/30/2008	<b>Tier 3</b> Entry on or between 7/1/2008 and 12/31/2021	<b>Tier 4</b> Entry on or after 1/1/2022
<b>Covered Employees:</b>	Provides pension plan coverage for local school districts and other educational agencies in the state.			
<b>Benefit Formula:</b>	Final Average Salary x Benefit Factor x Years of Service = Annuity			Service Credit x Multiplier x Final Average Salary = Annuity
<b>Final Average Salary:</b>	Average of the 5 highest annual salaries, except members at least age 55 with 27 or more years of service may use their 3 highest annual salaries. The minimum annual service allowance for all members is \$440 multiplied by the member's years of credited service. When calculating the final average salary, increases in compensation in last 3 years before retirement are limited to the highest percentage increase on any one rank and step of the district salary schedule or to what is generally available to other TRS-covered employees.	Average of the 5 highest annual salaries, except members at least age 55 with 27 or more years of service may use their 3 highest annual salaries. The minimum annual service allowance for all members is \$440 multiplied by the member's years of credited service. When calculating the final average salary, increases in compensation in last 3 years before retirement are limited to the highest percentage increase on any one rank and step of the district salary schedule or to what is generally available to other TRS-covered employees.	The final average salary is the average of the 5 highest annual salaries, except members at least age 55 with 27 or more years of service may use their 3 highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service. When calculating the final average salary, increases in compensation in last 3 years before retirement are limited to the highest percentage increase on any one rank and step of the district salary schedule or to what is generally available to other TRS-covered employees.	The final average salary is the average of the highest 5 salaries. When calculating the final average salary, increases in compensation in last 5 years before retirement are limited to the highest percentage increase on any one rank and step of the district salary schedule or to what is generally available to other TRS-covered employees.
<b>Benefit Factor:</b>	Non-University members: 2.0% for service before 7/1/1983; 2.5% for service after 7/1/1983; and 3.0% if retiring after 7/1/2004 for each year in excess of 30 years. University members: 2.0% for each year of service.	Non-University members: 2.0% if retiring with less than 10 years; 2.5% if retiring with 10 or more years; and 3.0% if retiring after 7/1/2004 for each year in excess of 30 years. University members: 2.0% for each year of service.	Non-University members is equal to: (a) 1.70% of final average salary for each year that is 10 years or less; (b) 2% of final average salary for each year that is greater than 10 years but less than 20 years; (c) 2.3% of final average salary for each year that is greater than 20 years but less than 26 years; (d) 2.5% of final average salary for each year that is greater than 26 years but less than 30 years; (e) 3% of final average salary for each year that is greater than 30 years. University members is equal to: (a) 1.5% of final average salary for each year that is 10 years or less; (b) 1.7% of final average salary for each year that is greater than 10 years but less than 20 years; (c) 1.85% of final average salary for each year that is greater than 20 years but less than 27 years; (d) 2% of final average salary for each year that is greater than or equal to 27 years.	For all members, the career factor is 0.25% from 20 to 29.99 years of service or 0.5% at 30 or more years of service. For Non-University members, the age factor is 1.70% from age 57 to 60, and increases monthly to 1.9% at age 65. The maximum non-university multiplier is 2.4%. For University members, the age factor is 0.7% from age 57 to 60, and increases monthly to 0.9% at age 65. The maximum university multiplier is 1.4%.
<b>Cost of Living Adjustment (COLA):</b>	1.5% annually additional ad hoc increases must be authorized by the Kentucky General Assembly.			A standard, statutory COLA of 1.5% is provided annually on each July 1, subject to risk controls outlined separately, on a retired foundational benefit for retirees who have been retired for at least 1 year.
<b>Unreduced Retirement Benefit:</b>	Any age with 27 years of Kentucky service, or age 60 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service, or age 60 with 5 years of Kentucky service.	Any age with 27 years, or age 60 with 5 years.	No penalty if age 57 with 30 years of Kentucky service, age 60 with 10 years of Kentucky service, or age 65 with 5 years of Kentucky service.

**Kentucky Teachers' Retirement System**  
**Governance KRS 161.220 through KRS 161.716**  
**Cost Sharing Multiple Employer Defined Benefit with Special Funding**

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
	Entry before 7/1/2002	Entry on or between 7/1/2002 and 6/30/2008	Entry on or between 7/1/2008 and 12/31/2021	Entry on or after 1/1/2022
<b>Reduced Retirement Benefit Calculation:</b>	Reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. Penalty (up to 25%). Age 55 with 5 years.	Reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. Penalty (up to 25%). Age 55 with 5 years.	Reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service. Penalty (up to 30%). Age 55 with 10 years.	The standard penalty is a reduction of 6% for the lesser of each year that the member's age is below 60 or that the service is less than 30 years with a maximum penalty of 18%. Early retirement penalty (up to 18%).

*Pension Funding.* The Commonwealth's enacted budget for fiscal years 2017 through 2024 included the full Actuarially Determined Employer Contribution ("ADEC") for the assumed rates of return on the following pages for the Kentucky Retirement Systems executive branch participants and TRS. Certain "Quasi" government agencies which participate in the KERS non-hazardous system were permitted to retain the FY18 contribution rate of 49.47% for fiscal years 2019 through 2021. Based upon the assumptions employed in the Retirement Plans' June 30, 2022 actuarial valuation reports used in preparing the associated Retirement Plans' 2023 ACFRs, the Kentucky Retirement Systems had a state supported pension Unfunded Actuarial Accrued Liability ("UAAL") of \$13,725 million. TRS had a pension UAAL of \$17,455 million calculated with the assumptions adopted in September 2021. Unlike fiscal year 2017, TRS was not required to report the pension liability in accordance with the Governmental Accounting Standards Board's ("GASB") Statement 67. The state supported portion of the Retirement Plans for the fiscal year ended June 30, 2023 had aggregate funding percentages of 26.83% for the Kentucky Retirement Systems and 58.62% for TRS. These funding percentages compare to 23.51% and 58.80%, respectively, for the fiscal year ended June 30, 2022. In fiscal year 2000, funding ratios for the Kentucky Retirement Systems were greater than 100% and decreased over a number of years due to a variety of factors, including changes to the discount rate, lower than projected investment returns, and other variances from actuarial assumptions. The Kentucky Retirement Systems' state supported ADEC for pension benefits for the fiscal year ended June 30, 2023 was \$1,166 million; \$1,406 million was contributed. The TRS state supported pension ADEC for the fiscal year ended June 30, 2023 was \$1,144 million; \$1,144 million was contributed.

(Continued on the following page)

**SCHEDULE OF FUNDING – KENTUCKY RETIREMENT SYSTEMS RETIREMENT FUNDS<sup>+</sup>**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (\$)</b>	<b>Actuarial Accrued Liability (\$)</b>	<b>Unfunded Actuarial Accrued Liability (\$)</b>	<b>Funded Ratio</b>	<b>Covered Payroll (\$)</b>
<i>Kentucky Employees Retirement System (KERS)</i>					
<u>Non-Hazardous</u>					
6/30/2019	2,206,280,000	16,466,427,000	14,260,147,000	13.4%	1,485,854,000
6/30/2020	2,323,298,166	16,348,961,571	14,025,663,405	14.2%	1,476,156,000
6/30/2021	2,735,875,974	16,321,372,580	13,585,496,606	16.8%	1,441,337,000
6/30/2022	3,065,263,298	16,576,630,410	13,511,367,112	18.5%	1,432,960,000
6/30/2023	3,552,471,492	16,304,277,475	12,751,805,983	21.8%	1,648,318,000
<u>Hazardous</u>					
6/30/2019	671,647,000	1,226,195,000	554,548,000	54.8%	160,600,000
6/30/2020	709,586,801	1,283,769,521	574,182,720	55.3%	171,840,000
6/30/2021	782,496,050	1,295,242,844	512,746,794	60.4%	172,725,000
6/30/2022	823,436,199	1,316,825,246	484,389,047	63.2%	188,648,000
6/30/2023	891,460,165	1,363,036,563	471,576,398	65.4%	223,922,000
<i>State Police Retirement System (SPRS)</i>					
6/30/2019	282,162,000	1,045,318,000	763,156,000	27.0%	49,515,000
6/30/2020	296,126,111	1,053,157,155	757,031,044	28.1%	49,019,000
6/30/2021	323,250,208	1,053,259,535	730,009,327	30.7%	47,873,000
6/30/2022	559,973,178	1,067,447,757	507,474,579	52.5%	48,061,000
6/30/2023	589,848,255	1,091,794,728	501,946,473	54.0%	65,693,000
<i>Kentucky Retirement Systems Summary (Includes KERS Non-Hazardous, KERS Hazardous, and SPRS)</i>					
6/30/2019	3,160,089,000	18,737,940,000	15,577,851,000	16.9%	1,695,969,000
6/30/2020	3,329,011,078	18,685,888,247	15,356,877,169	17.8%	1,697,015,000
6/30/2021	3,841,622,232	18,669,874,959	14,828,252,727	20.6%	1,661,935,000
6/30/2022	4,448,672,675	18,960,903,413	14,503,230,738	23.5%	1,669,669,000
6/30/2023	5,033,779,912	18,759,108,766	13,725,328,854	26.8%	1,937,933,000
<i>Judicial Retirement Plan (JRP) &amp; Legislator's Retirement Plan (LRP)</i>					
6/30/2019	381,002,551	439,619,398	58,616,847	86.7%	27,857,590
6/30/2020	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2021	438,396,598	452,102,719	13,706,121	97.0%	33,737,970
6/30/2022	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2023	490,839,176	450,574,070	40,265,106	108.9	32,141,125

<sup>+</sup> This schedule does not include data pertaining to the County Employees Retirement System (CERS); the data for 6/30/19 – 6/30/23 in this schedule is as presented in the ACFR of the pension plan for the Fiscal Years Ended June 30, 2019 through June 30, 2023, which may be different than the GASB compliant information reported in the state ACFR.

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

(Continued on the following page)

**SCHEDULE OF FUNDING – TEACHERS’ RETIREMENT SYSTEM – KENTUCKY<sup>+</sup>**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (\$)</b>	<b>Actuarial Accrued Liability (\$)</b>	<b>Unfunded Actuarial Accrued Liability (\$)</b>	<b>Funded Ratio</b>	<b>Covered Payroll (\$)</b>
6/30/2019	20,154,161,000	34,676,713,000	14,522,552,000	58.1%	3,648,428,000
6/30/2020	20,796,494,000	35,582,250,000	14,785,756,000	58.5%	3,723,482,000
6/30/2021	22,624,398,000	39,581,704,000	16,957,306,000	57.2%	3,784,400,000
6/30/2022	24,090,355,000	40,970,441,000	16,880,086,000	58.8%	4,033,509,000
6/30/2023	24,725,018,000	42,179,888,000	17,454,870,000	58.6%	4,138,909,000

<sup>+</sup>The data for 6/30/19 – 6/30/23 in this schedule is as presented in the ACFR of the Teachers’ Retirement System for the Fiscal Years Ended June 30, 2019 through June 30, 2023, which may be different than the GASB compliant information reported in the state ACFR.

*Experience Studies.* Per HB 76 of the 2022 Regular Session of the Kentucky General Assembly, an investigation of the economic assumptions of all state retirement systems is required at least once during each 2-year period. An experience study for the Kentucky Retirement Systems as of June 30, 2022 was published in June 2023, and an experience study for the TRS Board as of June 30, 2023 was published on September 1, 2023.

*Other Post-Employment Benefits.* The Commonwealth’s ACFR for the Fiscal Year Ended June 30, 2017 represents GASB Statement 45 (“Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”). The Commonwealth adopted GASB Statement 75 (“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”) for ACFR reporting for the fiscal year ending June 30, 2018, and after.

The Commonwealth is obligated to provide healthcare benefits to certain retired state employees and teachers. The Retirement Plans administer 2 multi-employer defined benefit healthcare plans (collectively, the “Health Plans”) for which the Commonwealth pays a portion of the cost of the benefits of the retired employees. As of January 1, 2006, the Commonwealth commenced self-funding of healthcare benefits for state employees. The Kentucky Retirement Systems also adopted, on January 1, 2006, a self-funding health care plan for Medicare Eligible Retirees; in 2013, Kentucky Retirement Systems offered its Medicare Eligible Retirees an insured Medicare Advantage Plan. TRS became self-insured for post-retirement healthcare costs for Medicare Eligible Retirees on July 1, 1991. Beginning January 1, 1997, TRS offered non-Medicare Eligible Retirees insurance through the state health insurance program, which has since become self-insured. Beginning January 1, 2007, TRS offered its Medicare Eligible Retirees an insured Medicare Advantage Plan and, beginning July 1, 2010, offered this group an insured Medicare Part D Employer Group Waiver Drug Plan, which has now been self-funded since 2015. The TRS Board requires retirees not eligible for Medicare to pay the equivalent for the Medicare Part B program towards their cost of health coverage.

The Retirement Plans commission actuarial studies, which provide results for consideration, under certain actuarial funding methods and sets of assumptions. Annual actuarial reports are performed on both of the Retirement Plans. Pursuant to their respective actuarial studies, the OPEB UAAL as of June 30, 2023 was estimated at \$87.1 million for the Kentucky Retirement Systems and \$1,144.2 million for TRS. These estimates represent the present value of the amount of healthcare benefits under the respective Health Plans, payable over future periods and allocated by the actuarial cost method, as of June 30, 2023. The actuarial estimates for the Kentucky Retirement Systems’ OPEB UAAL decreased from the \$121.0 million reported in the Kentucky Retirement Systems’ ACFR for FY22. The actuarial estimates for TRS UAAL decreased from the \$1,389.8 million reported in the TRS ACFR for FY 22.

The Kentucky Retirement Systems’ state supported OPEB ADEC for the fiscal year ended June 30, 2023 was \$133.2 million; \$139.9 million was contributed. The TRS ACFR for FY21 changed from reporting ADEC to Statutorily Required Employer Contributions for the Health Insurance Trust. The TRS state supported OPEB Employer Contribution for the fiscal year ended June 30, 2023 was \$212.1 million; \$212.4 million was contributed. The state supported portion of the OPEB for the fiscal year ended June 30, 2023 had a contribution of 96.50% of the Commonwealth’s obligation for the Kentucky Retirement Systems and 99.98% of the Commonwealth’s obligation for TRS. For TRS, OPEB amounts for UAAL, employer contributions, and funded status includes the life insurance trust.

(Continued on the following page)

**SCHEDULE OF FUNDING – KENTUCKY RETIREMENT SYSTEMS OTHER POST EMPLOYMENT  
BENEFITS (OPEB)<sup>+</sup>**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (\$)</b>	<b>Actuarial Accrued Liability (\$)</b>	<b>Unfunded Actuarial Accrued Liability (\$)</b>	<b>Funded Ratio</b>	<b>Covered Payroll (\$)</b>
<i>Kentucky Employees Retirement System (KERS)</i>					
<u>Non-Hazardous</u>					
6/30/2019	991,427,000	2,733,065,000	1,741,638,000	36.3%	1,515,953,000
6/30/2020	1,095,958,769	2,564,787,757	1,468,828,988	42.7%	1,482,431,000
6/30/2021	1,291,472,004	2,574,111,678	1,282,639,674	50.2%	1,452,345,000
6/30/2022	1,409,552,576	1,782,386,300	372,833,724	79.1%	1,437,132,000
6/30/2023	1,532,894,678	1,877,108,617	344,213,939	81.7%	1,653,492,000
<u>Hazardous</u>					
6/30/2019	525,315,000	426,705,000	-98,610,000	123.1%	151,448,000
6/30/2020	539,251,445	427,976,729	-111,274,716	126.0%	182,209,000
6/30/2021	575,024,703	424,455,939	-150,568,764	135.5%	172,725,000
6/30/2022	597,700,735	347,043,977	-250,656,758	172.2%	188,648,000
6/30/2023	619,518,838	363,512,398	-256,006,440	170.4%	223,922,000
<i>State Police Retirement System (SPRS)</i>					
6/30/2019	197,395,000	276,809,000	79,414,000	71.3%	48,780,000
6/30/2020	207,017,723	276,143,386	69,125,663	75.0%	48,231,000
6/30/2021	223,251,488	272,405,954	49,154,466	82.0%	47,155,000
6/30/2022	234,238,705	232,798,506	-1,440,199	100.6%	48,600,000
6/30/2023	245,171,996	244,058,286	-1,113,710	100.5%	65,830,000
<i>Kentucky Retirement Systems Summary (Includes KERS Non-Hazardous, KERS Hazardous, and SPRS)</i>					
6/30/2019	1,714,137,000	3,436,579,000	1,722,442,000	49.9%	1,716,181,000
6/30/2020	1,842,227,937	3,268,907,872	1,426,679,935	56.4%	1,712,871,000
6/30/2021	2,089,748,195	3,270,973,571	1,181,225,376	63.9%	1,672,225,000
6/30/2022	2,241,492,016	2,362,228,783	120,736,767	94.9%	1,674,380,000
6/30/2023	2,397,585,512	2,484,679,301	87,093,789	96.5%	1,943,244,000
<i>Judicial Retirement Plan (JRP) &amp; Legislators' Retirement Plan (LRP)</i>					
6/30/2019	134,603,984	66,740,213	(67,863,771)	201.7%	27,857,590
6/30/2020	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2021	164,125,204	55,057,895	(109,067,309)	298.1%	33,737,970
6/30/2022	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2023	195,665,171	67,381,744	-128,283,427	290.4%	32,141,125

<sup>+</sup> This schedule does not include data pertaining to the County Employees Retirement System (CERS); the data for 6/30/19 – 6/30/23 in this schedule is as presented in the ACFR of the pension plan for the Fiscal Years Ended June 30, 2019 through June 30, 2023, which may be different than the GASB compliant information reported in the state ACFR.

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

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**SCHEDULE OF FUNDING – TEACHERS’ RETIREMENT SYSTEM – KENTUCKY<sup>+</sup>(OPEB)**

Actuarial Valuation Date	Actuarial Value of Assets (\$)	Actuarial Accrued Liability (\$)	Unfunded Actuarial Accrued Liability (\$)	Funded Ratio	Covered Payroll (\$)
<i>Other Post-Employment Benefits (OPEB)</i>					
6/30/2019	1,535,028,000	3,250,687,000	1,715,659,000	47.2%	3,648,428,000
6/30/2020	1,793,197,000	2,879,847,000	1,086,650,000	62.3%	3,723,482,000
6/30/2021	2,168,131,000	3,573,333,000	1,405,202,000	60.7%	3,784,400,000
6/30/2022	2,498,073,000	3,887,910,000	1,389,837,000	64.3%	4,033,509,000
6/30/2023	2,887,997,000	4,032,223,000	1,144,226,000	71.6%	4,138,909,000

<sup>+</sup> The data for 6/30/19 – 6/30/23 in this schedule is as presented in the ACFR of the Teachers’ Retirement System for the Fiscal Years Ended June 30, 2019 through June 30, 2023, which may be different than the GASB compliant information reported in the state ACFR.

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

House Bill 236 of the 2023 Regular Session of the Kentucky General Assembly provided that fiduciaries use only pecuniary factors when considering the sole interest of the members and beneficiaries of the retirement systems; and requires the boards of the state-administered retirement systems to adopt their own proxy guidelines.

Following the experience study for the Kentucky Retirement Systems as of June 30, 2022, the KRS Board voted to modify the following assumptions, which were used for the Fiscal Year 2023 Actuarial Report and forward:

		Assumed Rate of Return		Inflation		Payroll Growth	
		To	From	To	From	To	From
KERS-N <sup>(1)</sup>	Pension	NC	5.25%	2.50%	2.30%	NC	0.00%
KERS-N <sup>(1)</sup>	OPEB	6.50%	6.25%	2.50%	2.30%	NC	0.00%
KERS-H <sup>(2)</sup>	Pension	NC	6.25%	2.50%	2.30%	NC	0.00%
KERS-H <sup>(2)</sup>	OPEB	6.50%	6.25%	2.50%	2.30%	NC	0.00%
SPRS	Pension	NC	5.25%	2.50%	2.30%	NC	0.00%
SPRS	OPEB	6.50%	6.25%	2.50%	2.30%	NC	0.00%

<sup>(1)</sup> Non-Hazardous

<sup>(2)</sup> Hazardous

<sup>(NC)</sup> No Change

House Bill 551 of the 2023 Regular Session of the Kentucky General Assembly created an additional income stream for the Retirement Plans by designating proceeds above administrative costs from sports wagering be allocated to the Kentucky Permanent Pension Fund (the “Permanent Pension Fund”). Funding to the Retirement Plans is subject to appropriation from the Permanent Pension Fund.

House Bill 1 of the 2022 Regular Session of the Kentucky General Assembly allocated an additional \$485 million in General Fund dollars to the retirement systems. The amount included \$215 million for the SPRS pension fund in FY22 to be applied to the unfunded liability. In each of FY23 and FY24, \$135 million is provided to be applied to the unfunded liability of the KERS Nonhazardous pension fund. House Bill 1 set the Employer Contribution rates for FY23 and FY24 at the Actuarially Determined Rates as approved by the KRS Board of Trustees. The contribution rate for KERS Hazardous was set to 31.82%, and the rate for SPRS was set to 99.43%. House Bill 1 included \$89 million in FY23 and \$84.6 million in FY24 to assist with the anticipated increased retirement costs over each quasi-state agency employer’s baseline contribution. House Bill 1 allocated \$200 million to the Kentucky Permanent Pension Fund in FY24. HB 1 also allocated an additional \$479 million to TRS to pay off, in lump sum, liabilities for retired teachers’ sick leave applied as salary retirement credit and ad hoc cost of living adjustments provided in prior years.

House Bill 604 of the 2022 Regular Session of the Kentucky General Assembly allocated \$105 million in each of FY23 and FY24 to be applied to the unfunded liability of the KERS Nonhazardous pension fund.

Senate Bill 205 of the 2022 Regular Session of the Kentucky General Assembly required state governmental entities, including the retirement systems operated by KPPA, to divest from financial companies that engage in boycotts of fossil fuel based energies companies. The bill also prohibits state agencies from entering into contracts for goods and services with companies that engage in boycotts of fossil fuel based energy companies. These provisions would not apply if the state governmental agency determines that the requirements would be inconsistent with its fiduciary responsibility.

House Bill 8 of the 2021 Regular Session of the Kentucky General Assembly amended KRS 61.565 to change the KERS nonhazardous actuarially accrued liability contribution (unfunded liability payment) that is payable by employers on or after July 1, 2021, from a value that is paid as a percent of pay on each employee to a fixed allocation funding method; and provide that the employers shall pay the normal cost for all employees plus their actuarially-calculated portion of the organization specific unfunded liability.

House Bill 258 of the 2021 Regular Session of the Kentucky General Assembly provided a new tier of benefits for teachers hired on or after January 1, 2022. The new plan includes a defined benefit foundational component and a defined contribution supplemental component. It does not change any benefits for existing TRS members active or retired.

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

House Bill 352 of the 2020 Regular Session set the KERS employer contribution rate at 84.43% for FY21 and set the 118 quasi-governmental employer contribution rate below the current ADEC rate at 49.47%.

House Bill 484 of the 2020 Regular Session separated the CERS and Kentucky Retirement Systems into 2 governing boards. Oversight of CERS was transferred from the Kentucky Retirement Systems Board of Trustees to the County Employees Retirement System Board of Trustees.

House Bill 1 of the 2019 Special Session of the Kentucky General Assembly addressed pension related changes for 118 quasi-governmental agencies including regional mental health programs, local and district health departments, domestic violence shelters, rape crisis centers, child advocacy centers, state-supported universities and community colleges. The bill froze the employer contribution rate at 49.47% for fiscal year 2020 and provided 4 avenues for voluntary cessation of participation in the Kentucky Retirement System or the option to remain in the System for those agencies. An actuarial analysis by GRS Retirement Consulting, dated July 18, 2019, projected an actuarial cost relief to those agencies of \$827 million. The FY20 employer contribution rate freeze at 49.47% instead of the actuarial determined rate of 83.43%, was projected to have an actuarial cost of \$121 million for FY20 to the Retirement System.

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

		Assumed Rate of Return		Inflation		Payroll Growth	
		To	From	To	From	To	From
KERS-N <sup>(1)</sup>	Pension	5.25%	6.75%	2.30%	3.25%	0.00%	4.00%
KERS-N <sup>(1)</sup>	OPEB	6.25%	7.50%	2.30%	3.25%	0.00%	4.00%
KERS-H <sup>(2)</sup>	Pension	6.25%	7.50%	2.30%	3.25%	0.00%	4.00%
KERS-H <sup>(2)</sup>	OPEB	6.25%	7.50%	2.30%	3.25%	0.00%	4.00%
SPRS	Pension	5.25%	6.75%	2.30%	3.25%	0.00%	4.00%
SPRS	OPEB	6.25%	7.50%	2.30%	3.25%	0.00%	4.00%

<sup>(1)</sup> Non-Hazardous

<sup>(2)</sup> Hazardous

In September of 2021, the TRS Board ratified the following assumptions established by the actuary, which were used for the Fiscal Year 2021 Actuarial Report and forward:

		Assumed Rate of Return		Inflation		Payroll Growth	
		To	From	To	From	To	From
TRS	Pension	7.10%	7.50%	2.50%	3.50%	2.75%	3.50%
TRS	OPEB	7.10%	8.00%	2.50%	3.50%	2.75%	3.50%

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

***Litigation Potentially Impacting Kentucky Retirement Systems.***

1. In April 2013, Seven Counties Services, Inc. ("Seven Counties"), filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Western District of Kentucky (the "Bankruptcy Court"). Seven Counties identified KERS as a creditor with a primary objective of discharging its continuing obligation to remit retirement contributions for approximately 1,300 employees and terminate its membership in KERS.

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

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

In June 2014, KERS appealed the Bankruptcy Court's ruling. On October 6, 2014, Seven Counties filed a formal reorganization plan with the Bankruptcy Court. On January 6, 2015, the Bankruptcy Court confirmed Seven Counties' plan of reorganization (the "Confirmation Order"). On January 19, 2015, KERS appealed the Confirmation Order. On March 31, 2016, the United States District Court issued a Memorandum of Opinion and Order that (i) denied KERS' motion to certify a question of law to the Kentucky Supreme Court, (ii) reversed the Bankruptcy Court's determination regarding classifying KERS as a multi-employer plan and determined KERS was a multiple employer plan, (iii) affirmed the Bankruptcy Court's decision in all other aspects; and (iv) denied Seven Counties' cross-appeal.

On April 21, 2016, the Kentucky Retirement Systems' Board of Trustees voted to appeal the decision to the United States Court of Appeals for the Sixth Circuit ("Sixth Circuit"). On August 24, 2018, the Sixth Circuit issued an Opinion ruling that Seven Counties was not a state instrumentality within the meaning of the Bankruptcy Code and was therefore eligible to file under Chapter 11. However, the Sixth Circuit also certified a question of law to the Kentucky Supreme Court regarding whether the relationship between Seven Counties and Kentucky Retirement Systems was contractual or statutory. Oral arguments were held at the Kentucky Supreme Court on March 6, 2019, and on August 29, 2019 the Kentucky Supreme Court ruled that Seven Counties participation in and its contributions to the KERS are based on a statutory obligation. The Opinion of the Kentucky Supreme Court was forwarded to the Sixth Circuit for further action resolving the outstanding issues.

On July 20, 2020, the Sixth Circuit issued an Opinion stating that they affirmed their previous determination that Seven Counties was eligible to file a Chapter 11 bankruptcy case. The Sixth Circuit also reversed the conclusion that Seven Counties can reject its obligation to participate as an executory contract and that Seven Counties need not maintain its statutory contribution obligation during the pendency of the bankruptcy. The case was remanded back to the Bankruptcy Court.

The parties were able to stipulate to the principal amount of Seven Counties unpaid employer contributions for the post-petition time-frame of April 6, 2014 through February 5, 2015. A limited hearing occurred in February 2022 regarding whether interest is applicable to the stipulated amount. The Bankruptcy Court entered an order that set the amount of the contributions, but did not order Seven Counties to pay that amount. The order was silent regarding the application of interest. Both Seven Counties and KERS appealed the Bankruptcy Court's order to the United States District Court where it was to be joined with the then-pending appeal of the confirmation of Seven Counties' reorganization plan.

The United States District Court refused to hear the appeals stating that the Bankruptcy Court's order was not final and appealable. That left KERS in a position where no relief was possible; the Bankruptcy Court would not enter an order requiring payment, and the District Court would not hear an appeal. This forced KERS to once again bring the appeals to the Sixth Circuit. In January 2024, the Sixth Circuit Court of Appeals dismissed KERS' appeal with direction to the Bankruptcy Court to expeditiously resolve the remaining issues of (1) ordering Seven Counties to pay the stipulated principal amount of unpaid employer contributions, and (2) the amount of interest Seven Counties owes.

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

2. In January and February 2022, 2 complaints were filed on behalf of specific named plaintiffs and others similarly situated based on the same facts that gave rise to the former River City FOP complaint regarding the Medicare Secondary Payer Act. KPPA was aware that the River City FOP case impacted more individuals than the originally named plaintiffs and worked on legislative and regulatory solutions. Legislation passed by the 2022 Kentucky General Assembly allows individuals negatively impacted by the Medicare Secondary Payer Act to receive their health insurance through the Kentucky Employees Health Plan, and KPPA has promulgated a regulation to reimburse those individuals who had to pay for health insurance consistent with the Sixth Circuit Opinion. The 2 lawsuits from January and February are currently in the discovery phase concerning class certification. In addition to the MSPA issue, the 2 new suits allege that requiring Medicare eligible members to pay for Medicare Part B violates their right to "free" health insurance under their inviolable contract.

In the fall of 2023, 3 additional suits were filed on the same grounds as the suits described above. Collectively, the 5 lawsuits seek to certify separate classes of Hazardous Duty retirees in KERS and CERS, Non-Hazardous retirees in KERS and CERS, and retirees in the SPRS. These suits are all at various stages of the class certification process.

3. In December 2017, certain members and beneficiaries of the Kentucky Retirement Systems filed litigation (Mayberry et al. v. KKR et al.) against certain Hedge Fund Sellers, Investment, Actuarial and Fiduciary Advisors, Annual Report Certifiers, and certain (past and present) Kentucky Retirement Systems' Trustees and Officers in Franklin Circuit Court. The litigation alleges (in summary) that actuarial assumptions, fees, statements, and disclosures harmed the financial status of the Retirement Systems. While Kentucky Retirement Systems is designated a "Defendant," that designation is a technical formality in so much as Kentucky Retirement Systems is a "nominal defendant." On April 20, 2018, the Kentucky Retirement Systems and the plaintiffs filed a joint notice with the Court advising that Kentucky Retirement Systems does not intend to challenge its status as a "nominal defendant." Since then, the Franklin Circuit Court ruled on various Defendants' Motions to Dismiss, denying nearly all of them. On January 10, 2019, KKR, Henry Kravis, and George Roberts (collectively, "KKR Parties") amended their Answer to assert cross claims against Kentucky Retirement Systems. Certain Officer and Trustee Defendants appealed the denial of their Motion to Dismiss on immunity grounds to the Court of Appeals, and that appeal was transferred to the Kentucky Supreme Court. The hedge fund defendants filed a Petition for Writ of Prohibition in the Court of Appeals, arguing the Plaintiffs lacked standing to bring the action. That Petition was granted on April 23, 2019. Plaintiffs promptly appealed the Court of Appeals' decision to the Supreme Court of Kentucky. On July 9, 2020, the Supreme Court of Kentucky issued an Opinion stating that the plaintiffs, as beneficiaries of a defined-benefit plan who have received all of their vested benefits so far and are legally entitled to receive their benefits for the rest of their lives, do not have a concrete stake in this case and therefore lack standing to bring this claim. The case was remanded to the circuit court with directions to dismiss the complaint. Thereafter, plaintiffs filed a motion seeking to amend their complaint to add parties (Tier 3 members of the Retirement Systems) and claims that would purportedly correct the standing defect identified by the Supreme Court of Kentucky. Furthermore, the Attorney General of the Commonwealth sought leave to intervene in this action through a motion filed July 20, 2020, and an Intervening Complaint on July 22, 2020. The Defendants filed motions seeking to have the case dismissed. On

December 28, 2020, Franklin Circuit Court issued an Order dismissing the Complaint filed by the Plaintiffs, denied Plaintiffs' Motion to file a Second Amended Complaint, and granted the Office of the Attorney General's Motion to Intervene. A variety of additional motions and pleadings were filed, including an original action by the Tier 3 Group. This original action is still in the initial stages and is pending with Franklin Circuit Court. (Tia Taylor, et al. v KKR & Co. L.P., et al.) On January 12, 2021, Franklin Circuit Court issued a scheduling Order granting the Attorney General until February 1, 2021 to file an Amended Intervening Complaint, granting the Tier 3 Group until February 11, 2021 to file a Motion to Intervene in this action. Additional extension orders were granted for the Attorney General intervention. The Attorney General filed an Amended Complaint on May 24, 2021. On June 14, 2021, the Tier 3 Group's Motion to Intervene in the Attorney General action was denied. In the spring of 2022, Franklin Circuit Judge Phillip Shepherd recused and this matter was assigned to Judge Thomas Wingate.

Following the Attorney General's intervention, the Defendant's challenged the intervention as beyond the scope of the remand from the Supreme Court in July of 2020. Franklin Circuit Court denied that motion and the matter was on appeal when this case was assigned to Judge Thomas Wingate. Judge Wingate placed the matter in abeyance pending a decision on whether the Attorney General's intervention was proper. The Court of Appeals held that the Attorney General should not have been allowed to intervene. Simultaneously with his intervention, the Attorney General filed a separate, stand-alone case with an identical complaint to protect against the possibility that his intervention would be deemed improper.

The Kentucky Supreme Court denied discretionary review of the Court of Appeals' opinion that the Attorney General's intervening complaint in the original action from 2017 was improper, and the action is now over.

A number of related cases have also developed based on issues raised in the above referenced Mayberry action. There has been an action filed by a number of the Trustees and Officers named in Mayberry seeking reimbursement by Kentucky Retirement Systems of legal fees. Kentucky Retirement Systems has also filed an action against Hallmark Specialty Insurance seeking a declaratory judgement that Hallmark has a duty to defend and indemnify Kentucky Retirement Systems in the Mayberry action. Two of the hedge fund Defendants in the Mayberry action have also filed an action in the United States District Court for the Eastern District of Kentucky naming individual members of the former Board of Trustees of the Kentucky Retirement Systems as Defendants. This action is seeking a judgment declaring that the Trustees violated Plaintiffs' right to due process as well as an award of costs and attorneys' fees. Three actions have also been filed in Delaware regarding the Mayberry action. One filed by Prisma Capital Partners and one filed by Blackstone Alternative Asset Management allege breaches of warranties, representations, and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems. The third was filed by Prisma Capital Partners against the Daniel Boone Fund, LLC. Additionally, an action has been filed by PAAMCO against Kentucky Retirement Systems in California also alleging breaches of warranties, representations, and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems. Finally, on August 2, 2021, Blackstone Alternative Asset Management, L.P. (BAAM) filed an action against the Kentucky Public Pensions Authority, the Board of Trustees of the Kentucky Retirement Systems, the Board of Trustees of the County Employees Retirement System, the Kentucky Retirement Systems Insurance Fund, and the Kentucky Retirement Systems Pension Fund (collectively "Defendants") for breach of contract. The Defendants filed a Motion to Dismiss on September 8, 2021. The last of these additional actions, the suit filed by BAAM, was dismissed by Franklin Circuit Court. The Court of Appeals upheld the dismissal, and BAAM is seeking Discretionary Review by the Supreme Court. The rest of these cases remain active in various stages of litigation.

4. Mountain Comprehensive Care Center and Adanta filed separate suits challenging the actuarially accrued liability assigned these 2 entities via the process outlined in KRS 61.565, known as House Bill 8 from the 2021 Regular Session of the Kentucky General Assembly. The suits challenge not only the liability assigned to them, but they challenge the constitutionality of the statutory authority. The parties are currently engaged in discovery.

#### **SUMMARIES OF THE PRINCIPAL DOCUMENTS**

The following statements are brief summaries of certain provisions of the Resolution, the Lease, and the Subleases. The statements regarding the Resolution, the Lease, and the Subleases do not purport to be complete and reference is made to the Resolution, the Lease, and the Subleases, copies of which are available for examination at the Office of Financial Management, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40622. Each Resolution and the Lease relating to each Resolution is separate from and will operate independently of the other Resolutions and Leases and the occurrence of an event of default under one Resolution will not, in and of itself, constitute an event of default any the other Resolution.

## The Resolution

*Funds and Accounts.* The following Funds and Accounts have been established under the Resolution. In addition to the deposit of a portion of the proceeds of the Series B Bonds to the debt service funds for the Prior Build America Bonds and the use of a portion of the proceeds of the Series C Bonds to purchase the Tendered Bonds, as described in “PLAN OF FINANCE” herein, deposits of the proceeds of the Bonds and Revenues (as defined herein) will be made as described below.

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

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

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

2. Cost of Issuance Fund. The Resolution creates a Cost of Issuance Fund (the “Cost of Issuance Fund”) for the Bonds to be held and maintained by the Trustee. From the proceeds of the Bonds and other available moneys, if any, deposited by the Commission at the time of delivery of such Bonds, there will be deposited therein an amount sufficient to pay certain expenses in connection with the issuance of the Bonds. In addition, the Resolution also creates a Tender Account (the “Tender Account”) within the Cost of Issuance Fund, into which there will be deposited a portion of the proceeds of the Series C Bonds in the amount sufficient to purchase the Tendered Bonds. Upon the payment of all duly authorized expenses incident to the issuance of the Bonds, any remaining balance in the Cost of Issuance Fund will be transferred to the Bond Fund.

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

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

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

*Events of Default.* The Resolution defines “Events of Default” as follows:

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

(b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond at maturity or, with respect to the Series A Bonds, upon redemption before maturity; or

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

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

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

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

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

*Individual Holder Action Restricted.* No Holder of any Bonds has any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Resolution or for the execution of any trust thereof or for the appointment of a receiver or the enforcement of any other right under the Kentucky Revised Statutes, unless such Holder has given to the Trustee written notice of the event of default or breach of trust or duty on account of which such suit,

action, or proceeding is to be taken and unless the Holders of not less than 25% in aggregate principal amount of Bonds Outstanding have made written request accompanied by indemnity and security satisfactory to the Trustee and have offered it reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit, or proceeding in its own name, and the Trustee thereafter fails or refuses to exercise the powers granted by the Resolution or to institute such action, suit, or proceeding in its, his, or their own name or names. It is understood and intended that no one or more Holders of any Bonds have any right in any manner whatsoever to affect, disturb, or prejudice the security of the Resolution by its, his, or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity will be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all of such Bonds then Outstanding. Nothing contained in the Resolution or in the Bonds affects or impairs the right of any Holder of any Bond to payment of the principal of or premium, if any, or interest on such Bond at and after the maturity thereof or the obligation of the Commission to pay the principal of, premium, if any, and interest on the Bonds to the respective Holders thereof at the time and place, from the source, and in the manner therein provided and in the Bonds expressed.

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

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

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

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

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

Whenever there shall be held by the Trustee in the Bond Fund or an escrow fund established for such purpose, either (a) moneys in an amount which shall be sufficient, or (b) Defeasance Obligations (as defined below) the principal of, premium, if any, and interest on which, when due (without consideration of reinvestment income), will provide moneys which, together with other moneys, if any, then on deposit in the Bond Fund or in such escrow fund, shall be sufficient, as set forth in a verification report from a firm of independent certified public accountants, to pay, when due,

the principal of and interest and redemption premium, if applicable, on the Bonds or any part thereof, to and including the date upon which the Bonds, or any of them, will be redeemed or will mature, as the case may be, then and, in any of such events, all such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the defeasance provisions of the Resolution, and the Trustee will and is irrevocably instructed by the Resolution to give notice thereof to the Holders of the Bonds.

As used herein, “Defeasance Obligations” means:

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

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

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

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

### **The Lease and the Subleases**

The Commission and the Cabinet have entered into the Lease whereby the Cabinet will lease the Project from the Commission and will pay rentals to the Commission during biennial renewal terms which will provide funds, together with amounts required to be paid under the Subleases, sufficient to pay the amounts due on the Bonds. The Lease has a current term ending June 30, 2024 and the Subleases have a current term ending June 30, 2024. The Commission has granted the Cabinet the exclusive option to renew the Lease for successive and ensuing renewal terms of 2 years commencing on July 1 immediately following the end of the current term, and the Subleases have corresponding renewal provisions. The last renewal term for the Lease and the Subleases relating to the Bonds ends June 30, 2046, the final maturity date for the Bonds to be issued by the Commission for the Project being November 1, 2044. Under the provisions of the Constitution of the Commonwealth, the Commission, the Cabinet, and the Sublessees are each prohibited from entering into lease obligations extending beyond their biennial budget period. Notwithstanding the foregoing, the Lease and the Subleases provide that each succeeding renewal term will be deemed to be automatically renewed unless written notice of the election by the Cabinet or the Sublessees, respectively, to not so renew is given to the Commission by the last business day of May (with respect to the Lease) or the last business day of April (with respect to the Subleases) before the beginning of the next succeeding biennial renewal term. Upon the first day of the biennial renewal term, the Cabinet and the Sublessees are bound for the entire amount of the rent becoming due during such term as a general obligation of the Cabinet or the Sublessees, limited to amounts appropriated for such purpose payable from any and all funds of the Cabinet or of the Sublessees, including, but not limited to, appropriations, contributions, gifts, matching funds, devises, and bequests from

any source, whether federal or state, and whether public or private, so long as the same are not conditioned upon any use of the Project in a manner inconsistent with law.

The Cabinet and the Sublessees have covenanted and agreed in the Lease and the Subleases, respectively, that in each budgetary biennium of the Commonwealth, and on every occasion when appropriations bills are prepared for introduction in the various successive Sessions of the Kentucky General Assembly, they will cause to be included in the appropriations proposed to be made for the Cabinet and the Sublessees sufficient amounts (over and above all other requirements of the Cabinet and the Sublessees) to enable the Cabinet and the Sublessees to make rental payments under the Lease and Subleases and thereby produce income and revenues to the Commission to permit timely payment of the Bonds as the same become due. The Kentucky General Assembly enacted the 2022 budget bill, in accordance with which the Kentucky General Assembly appropriated to the Cabinet and the Sublessees amounts sufficient to meet the rental payments due under the Lease and the Subleases, respectively, and therefore to permit the Commission to meet the debt service requirements of the Bonds through June 30, 2024, and is currently considering budget bills that would provide appropriations for the Commonwealth for the period of July 1, 2024 through June 30, 2026.

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

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

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

## **RISK FACTORS**

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

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

### **Bonds are Special and Limited Obligations**

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE COMMISSION. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE COMMONWEALTH, OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE COMMONWEALTH, BUT ARE PAYABLE SOLELY FROM AMOUNTS DEPOSITED IN CERTAIN FUNDS AND ACCOUNTS CREATED BY THE RESOLUTION AND FROM RENTAL INCOME DERIVED FROM THE BIENNIALLY RENEWABLE LEASE WITH THE CABINET AND

THE BIENNIAL RENEWABLE SUBLEASES BETWEEN THE CABINET AND CERTAIN STATE AGENCIES, THE RENT FROM WHICH IS SUBJECT TO APPROPRIATION BY THE KENTUCKY GENERAL ASSEMBLY ON A BIENNIAL BASIS. THE BONDHOLDERS HAVE NO SECURITY INTEREST IN ANY OF THE PROPERTIES CONSTITUTING THE PROJECT OR ANY AMOUNTS DERIVED THEREFROM. See “SECURITY FOR THE BONDS” and the cover page of this Official Statement.

### **Risks Relating to the Commonwealth**

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

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

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

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

*State Retirement Systems.* The Commonwealth has funding responsibility for a number of multi-employer benefit plans. See “THE COMMONWEALTH—State Retirement Systems” herein for more information about the Commonwealth’s retirement system, including pension plans and other post-employment benefits. No warranty or representation is made regarding the future investment return or performance of any such benefit plan or plans from the inclusion of such information in this Official Statement.

*Cybersecurity.* The COT reports to the Kentucky General Assembly annually on cybersecurity breaches. The Commonwealth has not suffered a material loss related to a security breach in the past 5 years.

The Commonwealth has in place a security program that leverages the National Institute of Standards and Technology (“NIST”) risk management framework. As a state entity, the Commonwealth is subject to multiple regulatory standards including the IRS, SSA, HIPAA, HITECH, and MARS-E. In 2013, the Commonwealth elected to align to the NIST 800-53 risk management framework as this framework is the foundation of all applicable compliance standards. NIST Special Publication 800-53 is a set of recommended security and privacy controls for federal information systems and organizations to help meet the Federal Information Security Management Act requirements. To ensure ongoing compliance with the NIST framework, and subsequently all regulatory standards, the Commonwealth leverages independent third-party assessments to measure the effectiveness of the established policies, processes, and technical controls.

The Commonwealth ensures compliance with regulatory requirements and prevents future cybersecurity incidents through the implementation and maintenance of a cybersecurity program, including, but not limited to, the following:

Managerial and Operational Controls. The Commonwealth has in place a comprehensive policy structure that addresses all NIST 800-53 moderate controls. These policies are reviewed annually and measured for effectiveness through independent third-party assessment.

Enterprise Risk Management. The Commonwealth has in place a risk management strategy where risks are measured and tracked. Risks are gathered through agency level reports, internal and external audits, active vulnerability scanning, penetration testing, and various external data feeds regarding current and emerging threats. Mitigation activities are tracked through an established plan of action and milestones. Additionally, since 2017, the Commonwealth has had a cyber-liability insurance policy in place, which has not had a submitted claim.

Defense in Depth Security Architecture. The Commonwealth has in place a layered security architecture that employs state of the art next generation firewalls, intrusion prevention and detection systems, endpoint detection and response capabilities, and malicious code prevention. All security architecture, endpoint, directory, remote access, and critical infrastructure logs are stored in a comprehensive Security Incident and Event Management (“SIEM”) system for analysis. These defensive technologies and the SIEM system are monitored by Commonwealth security staff, and partnerships with the Multistate Information and Sharing Analysis Center and the Center for Internet Security Agency. The Commonwealth entered into an agreement for third party monitoring and threat hunting services which became effective in the third quarter of 2023. Fully vetted and tested incident response plans are in place to address any anomalies detected. Incident response plans are exercised annually at a minimum. Multifactor authentication is used where possible to protect external access. Privileged account management practices protect elevated access. Business continuity and recovery technologies and processes are in place to recover business operation and are tested annually. Backups are maintained in multiple locations and isolated from threats.

### **Risks Relating to the Bonds**

*Ratings of Bonds.* See “RATINGS” herein for information about the ratings assigned by rating agencies. There is no assurance that such ratings will be maintained for any given period of time or that any rating will not be lowered or withdrawn entirely. Any revision, modification, or withdrawal of any such ratings could have a material adverse effect on the availability of a market for the Bonds or the prices at which the Bonds may be resold.

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

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

### **Risks Relating to Tax Matters**

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

*IRS Bond Examinations.* The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, including both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit of the Commission. If an audit is commenced, under current procedures, the Service may treat the Commission as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the Commission could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

### **RATINGS**

Moody’s Investors Service, Inc. (“Moody’s”) and Fitch Ratings (“Fitch”) have assigned the ratings of “A1” and “AA-” to the Bonds, respectively.

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

### **APPROVAL OF LEGAL PROCEEDINGS**

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

### **LITIGATION**

There is no controversy or litigation of any nature now pending, or threatened, (i) restraining or enjoining the issuance, sale, execution, or delivery of the Bonds, or (ii) in any way contesting or affecting (a) the validity of the Bonds, (b) any proceedings of the Commission taken with respect to the issuance or sale of the Bonds, (c) the pledge or application of any monies or security provided for the payment of the Bonds, or (d) the due existence or powers of the Commission.

### **TAX TREATMENT**

#### **General**

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of any Bond) is excludable from gross income for federal income tax purposes and interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds is exempt from income taxation by the Commonwealth and the Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

A copy of the form of opinion of Bond Counsel for the Bonds is attached hereto as EXHIBIT G.

#### **Tax Treatment of the Bonds**

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

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

Although Bond Counsel has rendered its opinion that interest on the Bonds is excludable from gross income for federal income tax purposes and that interest on the Bonds is excludable from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect

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

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

### **Tax Treatment of Original Issue Discount**

The Bonds that have an interest rate that is lower than the yield, as shown on the inside cover page hereto (the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period), and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period. Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

### **Tax Treatment of Original Issue Premium**

The Bonds that have an original yield below their respective interest rates, as shown on the inside cover page hereto (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable before their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the

purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond before its maturity. Even though such purchaser's basis in such Premium Bond may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

### **Backup Withholding**

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

### **Changes in Federal and State Tax Law**

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

## **UNDERWRITING**

BofA Securities, Inc. ("BofA"), as representative of the Underwriters, has agreed to purchase the Bonds for an aggregate purchase price of \$[ ] (which is equal to the principal amount of the Bonds, plus a net premium on the Bonds of \$[ ] and less an underwriting discount of \$[ ]).

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

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

As described under the heading "PLAN OF FINANCE – Tender Offer" herein, pursuant to the Invitation, the Commission is inviting certain owners of the Target Bonds to tender their Target Bonds for cash payment. BofA Securities, Inc. is serving as the Dealer Manager (the "Dealer Manager") for the Tender Offer. For its services as Dealer Manager, the Dealer Manager will be compensated in an amount equal to a percentage of the aggregate principal amount of Target Bonds tendered and accepted for purchase.

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

The Underwriters and their affiliates may also communicate independent investment recommendations, market color, or trading ideas and/or publish or express independent research views in respect of such assets, securities, or instruments and may, at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

BofA Securities, Inc., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may, in turn, distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for its selling efforts with respect to the Bonds.

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

Huntington Capital Markets is a trade name under which securities and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, including Huntington Securities, Inc. (“HSI”), are marketed. Municipal sales, trading, and underwriting services are provided through HSI, which is a broker-dealer registered with the Securities and Exchange Commission.

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

#### **CONTINUING DISCLOSURE**

The Commission will comply with the requirements of the Securities and Exchange Commission regarding secondary market disclosure as set forth in Rule 15c2-12 (the “Rule”), as amended, under the Securities Exchange Act of 1934. Specifically, the Commission entered into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), a form of which is attached hereto as EXHIBIT H, in which it covenanted to provide notice in a timely manner, not later than 10 business days after the event, to the Municipal Securities Rulemaking Board (the “MSRB”), and the appropriate state information depository, if any, of any of the types of events with respect to the Bonds set forth in the form attached hereto. Effective on July 1, 2009, the MSRB became the sole nationally recognized municipal securities information repository and the Commission’s filings with the MSRB will be in accordance with the MSRB’s Electronic Municipal Market Access (EMMA) system, as applicable to the Continuing Disclosure Agreement. In addition, ongoing financial disclosure regarding the Commonwealth has been and will be available through the filing, within 9 months of the end of the fiscal year, commencing with the fiscal year ending June 30, 2024, by the Commonwealth of 2 documents entitled The Kentucky Annual Comprehensive Financial Report and Supplementary Information to the Kentucky Annual Comprehensive Financial Report (or successor reports) with EMMA as required under the Rule and in accordance with the Continuing Disclosure Agreement.

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

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

The Commonwealth and the Commission learned that in some instances prior Notices of Material Events posted to EMMA failed to include all affected CUSIPs regarding rating changes on certain securities issued by the Commonwealth

and certain of its agencies, including the Commission. On April 3, 2019 and April 21, 2020, the Commission filed a Notice of Material Event: Notice of Late Filing and a Notice of Material Event: Notice of Rating Downgrade and Late Filing on EMMA regarding the matter described in the previous sentence and listing the affected securities.

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

The Commonwealth and the Commission learned that in one instance, a Redemption Notice related to the refunding of Commission bonds was posted to EMMA 91 days after its effective date.

The Commonwealth and the Commission have taken actions to assure compliance with the Rule with respect to such events. Additionally, the Commonwealth and the Commission have modified their respective procedures to assure that future material event notices would be timely filed with respect to such events.

#### **VERIFICATION**

Bingham Arbitrage Rebate Services, Inc. (the “Verifier”) will verify, from the information provided to them, the mathematical accuracy, as of the date of the closing of the Series B Bonds, of the computations contained in the provided schedules in order to determine that the anticipated receipts from the securities and cash deposits listed in the underwriters’ schedules, to be held in escrow, will be sufficient to pay the principal of, premium, if any, and interest on the Prior Build America Bonds to be refunded with the proceeds of the Series B Bonds, when due. The Verifier will express no opinion on the assumptions provided to them, nor as to the exemption of the interest on the Series B Bonds from gross income for federal tax purposes.

#### **OTHER MATTERS**

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

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

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

COMMONWEALTH OF KENTUCKY STATE  
PROPERTY AND BUILDINGS COMMISSION

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

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## EXHIBIT A

### DEBT INFORMATION PERTAINING TO THE COMMONWEALTH OF KENTUCKY

#### COMMONWEALTH DEBT MANAGEMENT

##### **Management**

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

##### **Structure**

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

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

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

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

Non-appropriation debt carries the name of the Commonwealth for the benefit and convenience of other entities within the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for the payment thereof and does not constitute a debt, liability, obligation, or a pledge of the faith and credit of the Commonwealth. The Kentucky General Assembly does not intend to appropriate any funds to fulfill the financial obligations represented by these types of indebtedness. Some issuers covenant that in the event of a shortfall the issuer will request from the Governor and the Kentucky General Assembly sufficient amounts to pay debt service.

##### **Default Record**

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

**TABLE I**

**ACTIVE DEBT ISSUING ENTITIES**

ENTITY	STATUTORY AUTHORITY/PURPOSE	DEBT LIMITATIONS	RATINGS <sup>†</sup>
State Property and Buildings Commission (“SPBC”)	KRS 56.450 Provide financing for capital construction projects and financing programs approved by the Kentucky General Assembly.	Cannot incur debt without prior approval of projects and appropriation of debt service by the Kentucky General Assembly.	A1/A/AA-/A+
Kentucky Asset/Liability Commission (“ALCo”)	KRS 56.860 Provide financing of capital projects and cash flow borrowings to meet working capital needs of the Commonwealth.	Cannot incur debt without prior approval of projects and appropriation of debt service by Kentucky General Assembly, exclusive of cash flow borrowings within a fiscal year.	Varies
Turnpike Authority of Kentucky (“TAK”)	KRS 175.410-175.990 Construct, maintain, repair, and operate Turnpike projects, resource recovery roads and economic development roads.	Cannot incur debt without prior approval of projects and appropriation of debt service by the Kentucky General Assembly.	Aa3/A/AA-/AA-
The State Universities (consisting of 9)	KRS 56.495 Construct educational buildings and housing and dining facilities.	Cannot incur debt without prior approval of projects and appropriation of debt service by the Kentucky General Assembly.	Varies
Kentucky Housing Corporation (“KHC”)	KRS 198A Make low interest mortgage loans and construction loans to increase the supply of housing for low to moderate income residents of the Commonwealth.	Limited to \$5.0 billion of debt outstanding.	Aaa/AAA/NR/NR
Kentucky Infrastructure Authority (“KIA”)	KRS 224A Provide financial assistance to local governments for the construction or refinancing of infrastructure facilities and to provide loans to industries for construction of pollution control facilities.	Revolving Fund programs cannot incur debt without appropriation of debt service by the Kentucky General Assembly. Without legislative approval, other programs are limited to debt outstanding of \$500 million.	Aaa/AAA/AAA/NR
Kentucky Higher Education Student Loan Corporation (“KHESLC”)	KRS 164A Finances, makes and administers loans to fund and refinance costs to attend education institutions as permitted by the Commonwealth.	Limited to \$5.0 billion of debt outstanding.	Varies
School Facilities Construction Commission (“SFCC”)	KRS 157.611-157.665 Assist local school districts with the financing and construction of school buildings. Finance the construction of vocational education facilities.	Cannot incur debt without appropriation of debt service by the Kentucky General Assembly.	A1/NR/NR/NR
Kentucky Economic Development Finance Authority (“KEDFA”)	KRS 154 Issue industrial revenue bonds on behalf of industries, hospitals, and commercial enterprises in the state.  Provide low interest loans to developing businesses. Provide financing and tax credits to manufacturing entities expanding or locating facilities in the Commonwealth.	None.	Varies
Kentucky Public Transportation Infrastructure Authority (“KPTIA”)	KRS 175B.005-175B.115 Facilitate construction, financing, operation, and oversight of significant transportation projects within the Commonwealth by entering into bi-state agreements and by creating bi-state authorities and project authorities.	Cannot incur debt without prior approval of projects by the Kentucky General Assembly.	Baa2/NR/BBB/NR

<sup>†</sup> As of March 21, 2024. Ratings, where applicable, include Moody’s, Standard & Poor’s, Fitch, and Kroll. Certain State Property and Buildings Commission Agency and Road Fund Revenue Bonds may have ratings different from those identified above. The above table is exclusive of any rating associated with any bond insurance policy associated with any entity identified above or a bond or other obligation issued or incurred by any such entity.

Notes:

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

**State Property and Buildings Commission:**

- On May 11, 2023, Fitch Ratings (“Fitch”) upgraded the Commonwealth’s Long-Term Issuer Default Rating (“IDR”) to “AA” from “AA-” and its rating on the Commonwealth’s appropriation-backed debt to “AA-” from “A+”. At the same time, Fitch upgraded its rating on the Next Generation and Public Private Partnership counterparty obligations for the Kentucky Wired Project to “A+”.
- On June 29, 2023, Standard & Poor’s (“S&P”) upgraded the Commonwealth’s issuer credit rating to “A+” from “A” and its rating on the Commonwealth’s appropriation-backed debt to “A” from “A-”. At the same time, S&P upgraded its rating on the Commonwealth’s appropriation-backed lease debt from the Administrative Office of the Courts to “A-” from “BBB+” and its long-term rating on certain issues linked to the state intercept programs for schools and universities to “A” from “A-”.

**Turnpike Authority of Kentucky:**

- On July 20, 2017, Moody’s downgraded the Turnpike Authority of Kentucky’s Road Fund appropriation-supported obligations to “Aa3” from “Aa2”.
- On August 23, 2021, Kroll assigned a rating of “AA-” to the Turnpike Authority of Kentucky.
- On May 11, 2023, Fitch upgraded the Turnpike Authority of Kentucky’s Road Fund appropriation-supported obligations to “AA-” from “A+”.
- On June 28, 2023, S&P upgraded the Turnpike Authority of Kentucky’s Road Fund appropriation-supported obligations to “A” from “A-”.

**Kentucky Asset/Liability Commission – GARVEEs:**

- On February 18, 2014, Moody’s downgraded certain stand-alone GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to “A1” from “Aa3”.
- On June 16, 2014, Moody’s downgraded certain GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to “A2” from “A1”.
- On May 11, 2023, Fitch upgraded certain GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to “AA-” from “A+”.
- On June 28, 2023, S&P upgraded certain GARVEEs, issued by the Kentucky Asset/Liability Commission, backed by appropriations from the Federal Highway Trust Fund to “A” from “A-”.

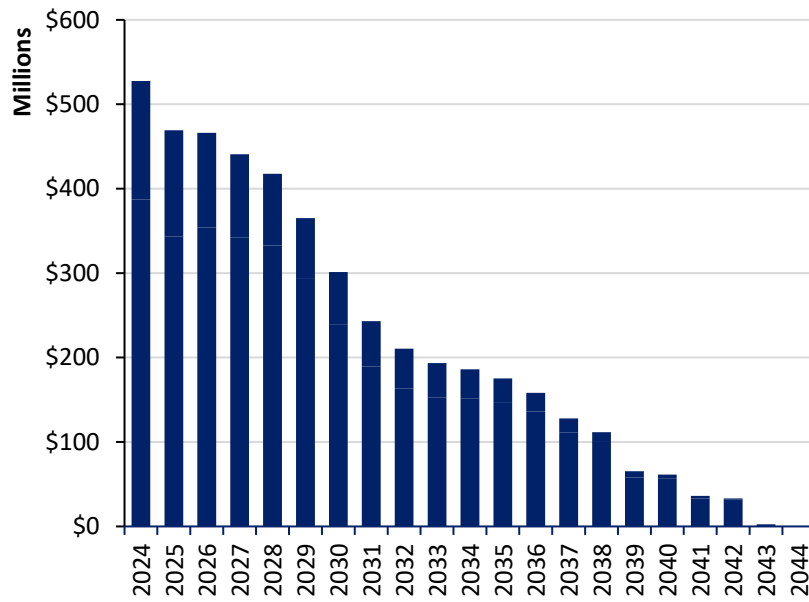
**Kentucky Infrastructure Authority:**

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

**Kentucky Public Transportation Infrastructure Authority:**

- On March 26, 2021, Fitch upgraded the rating on the Kentucky Public Transportation Infrastructure Authority’s First Tier Revenue Bonds and Transportation Infrastructure Finance and Innovation Act loan to “BBB” from “BBB-”.
- On March 30, 2021, Moody’s upgraded the rating on the Kentucky Public Transportation Infrastructure Authority’s First Tier Revenue Bonds and Transportation Infrastructure Finance and Innovation Act loan to “Baa2” from “Baa3”.

**TABLE II**  
**COMMONWEALTH OF KENTUCKY**  
**GENERAL FUND SUPPORTED DEBT SERVICE\***



\* Includes the Commission, ALCo, and SFCC debt supported by the General Fund as of June 30, 2023. Debt service is “net” of any capitalized interest or Build America Bonds subsidy. Excludes any bonds supported by the Agency Fund or Road Fund issued by the foregoing entities, P3s (as defined herein), COPs (as defined herein), or the Administrative Office of the Courts.

## EXHIBIT B

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

#### Overview

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

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

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

#### Commonwealth P3 Projects

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

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

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

The complete Official Statement for the Commonwealth State Office Building project may be obtained from the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) website at:

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

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

The System is being developed through a “Design Build/Finance Operate/Maintain” public/private partnership structure and is almost complete. The Commonwealth and the developer (the “System Developer”) entered into a project implementation agreement, pursuant to which the Commonwealth granted the System Developer an exclusive right to design, construct, operate,

and maintain the System in return for payments by the Commonwealth in the form of a milestone payment, a designated equipment payment, and availability payments. The Kentucky Economic Development Finance Authority issued Senior Revenue Bonds (Next Generation Kentucky Information Highway Project) on September 3, 2015, the proceeds of which were loaned to a non-profit corporation, Kentucky Wired Infrastructure Corp. (“Borrower”), for the purpose of paying a portion of the costs of the design, development and construction of the System (“Project”).

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

The System Developer included a detailed Project Schedule and Schedule Update in its Next Generation Kentucky Information Highway Project Final Monthly EMMA Report for the October 2021 reporting period. On December 14, 2018, the different Project parties entered into a Settlement Agreement resolving 207 Supervening Events. The terms of the settlement have been incorporated into an Amended and Restated Project Agreement with an effective date of March 13, 2019. Pursuant to this settlement, the Commonwealth paid \$93,000,000 for Project completion costs and for costs resulting from Supervening Events. As a result of the Amended and Restated Project Agreement, the Project Longstop Date was October 29, 2021. Construction progress had been halted on the Project due to ongoing disputes resulting from disagreements related to the Fort Knox huts quality and service migration issues. On August 10, 2021 the different Project parties entered into a Settlement Agreement contingent upon Bondholders Approval which was achieved on September 30, 2021. It was also contingent upon consent of the Collateral Agent, which was obtained October 1, 2021. A Change Directive was then issued on October 13, 2021 which incorporates the terms of the Settlement Agreement into the Project and Design Build Agreements. As a result, the System is deemed complete and the Construction Period ended.

Senate Bill 200, adopted in the 2018 Regular Session of the Kentucky General Assembly, authorized full funding for availability payments from the General Fund through fiscal year 2020.

Senate Bill 200 also authorized up to \$110,000,000 for payment of the Settlement Amount and certain project costs. The financing was completed on August 6, 2019.

The complete Official Statement and filings for the Next Generation Kentucky Information Highway project may be obtained from EMMA at:

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

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

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

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

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

The complete Official Statement for the Commonwealth State Office Building project may be obtained from EMMA at:

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

**Default Record**

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

**TABLE I****ACTIVE PUBLIC PRIVATE PARTNERSHIPS**

<b>Project</b>	<b>Structure</b>	<b>Status</b>	<b>Principal Outstanding</b>
2015 Commonwealth of Kentucky State Sower Office Building	Capital lease payments, consisting of base rent and additional rent, made pursuant to a facilities lease agreement under a 30-year, tax-exempt structure.	Project commenced in March 2015 and achieved substantial completion on April 1, 2016 and final completion on May 15, 2016. Full occupancy was achieved by August 23, 2016.	\$59,830,000
2015 Next Generation – Kentucky Information Highway	Availability payments under a taxable, tax-exempt, and subordinate structure for a 30-year term.	Project commenced in 2015 and as of October 13, 2021, the System has been deemed complete and the Construction Period has ended.	\$279,038,600
2018 Commonwealth of Kentucky State Office Building	Capital lease payments, consisting of base rent and additional rent, made pursuant to a facilities lease agreement under a taxable and a tax-exempt structure for a 30-year term.	Project commenced in December 2017 and achieved substantial completion on February 27, 2020. Full occupancy was achieved on December 17, 2019.	\$98,615,000

**EXHIBIT C**  
**THE PROJECT**

The Cabinet will lease all of the property, economic development projects, or community development projects, as described below, to the extent proceeds of the Bonds are used to pay the costs thereof (portions of which costs have been paid with proceeds of any Commission bonds previously issued or may be paid from the proceeds of any Commission bonds to be issued in the future).

<b>Agency</b>	<b>Project Title</b>	<b>Amount</b>
<b><u>2010-12</u></b>		
Economic Development-Financial Incentives	Kentucky Economic Development Finance Authority	\$22,050,000
<b><u>2012-14</u></b>		
Environmental Protection	Maxey Flats Cap	1,479,477
Behavioral Health	Electrical System Upgrade at Western State Hospital – Design	262,657
<b><u>2014-16</u></b>		
Finance and Administration – General Administration	Next Generation Kentucky Information Highway	3,356,661
Finance and Administration – General Administration	Business-One Stop Portal – Phase II	2,444
Public Health	Radiation Monitoring Equipment	566,895
Eastern Kentucky University	Construct Science Building – Phase II & III	811
Kentucky State University	Replace Boilers and Repair Aging Distribution Lines	344,238
Morehead State University	Renovate/Expand Student Services Facility	212,574
KCTCS	Construct Advanced Manufacturing Facility – Georgetown	40,632
State Fair Board	Kentucky International Convention Center Renovation and Expansion	201,297
State Fair Board	Freedom Hall Sewer Line Replacement	99,260
Kentucky Center for the Arts	Roof Replacement	495,856
Parks	Upgrade Guest Accommodations	70,574
Murray State University	Construct New Breathitt Veterinary Center	1,183,823
University of Louisville	Construct Belknap Classroom/Academic Building	552
<b><u>2016-18</u></b>		
Economic Development	High-Tech Construction/Investment Pool – 2016-2018	7,000,000
Economic Development	Kentucky Economic Development Finance Authority Loan Pool – 2016-2018	984,416
Education and Workforce – General Administration & Program Support	Workforce Development Construction Pool	620,675
Department of Education – Operations & Support Services	Kentucky School for the Blind Howser Hall Renovation	13,184
Department of Education – Operations & Support Services	Kentucky School for the Deaf New Elementary Building	87,390
Department of Education – Operations & Support Services	Kentucky School for the Deaf McDaniel/Scoggin Education Building	273
Finance and Administration – General Administration	Business One-Stop Portal-Phase III	6,458,766
Facilities and Support Services	Upgrade L&N Building	529,572
Facilities and Support Services	HVAC Replacement – CHR Building	394,855
Behavioral Health, Developmental and Intellectual Disabilities	Western State Hospital – Electrical Upgrade-Phase I	26,839
Corrections – Adult Institutions	Kentucky Correctional Institution for Women – Sewer Plant/Lines	1,047,836
Parks	Maintenance Pool 2016-2018	5,092

<b>Agency</b>	<b>Project Title</b>	<b>Amount</b>
State Fair Board	Kentucky Exposition Center Roof Repair	688,185
<b><u>2018</u></b>		
Education and Workforce Development – KET	FCC Transmitter Repack 2018-2020	170,302
Facilities and Support Services	L&N Building Security and Structural Repairs	559,447
Facilities and Support Services	Upgrade Capitol Mechanical and Electrical System, Phase I	19,448
Facilities and Support Services	Emergency Generator Replacement COT/CHR	53,332
Health & Family Services – BHDID	Electrical & Telecommunications Upgrade – Western State Hospital, Phase II	2,795,013
Health & Family Services – BHDID	HVAC System Replacement – Hazelwood	878,881
Health & Family Services – BHDID	Renovate/Replace Cottages – Oakwood, Phase I	111,673
Justice Cabinet – Corrections –Adult Institutions	Demolish and Repair Tower – Kentucky State Reformatory	2,889,800
Justice Cabinet – Corrections –Adult Institutions	Replace Perimeter Fence – Kentucky State Reformatory	214,807
Justice Cabinet – State Police	Two-Way Radio System Replacement, Phase I	88,495,568
Military Affairs	Armory Modernization Pool – 2018-2020	43,681
Parks	Maintenance Pool – 2018-2020	239,244
State Fair Board	Kentucky International Convention Center East Roof Replacement	503,596
Revenue	Integrated Tax System	67,779,311
Finance – COT	Legacy System Replacement	2,189,196
KYTC	Kentucky Aviation Economic Development Fund	308,363
<b><u>2019</u></b>		
Economic Development	Economic Development Bond Boon	25,000,000
Parks	Hospitality Upgrades Pool	17,305
Parks	Life Safety System Upgrade and ADA Improvements Pool	48,248
Parks	Utilities and Communications Cabling Infrastructure Replacement Pool	374,606
Parks	Lodge Roof Replacement and Repairs Pool	1,219,789
Parks	Waste Water Treatment and Infrastructure Upgrades Pool	6,591,804
<b><u>2020-2021</u></b>		
Eastern Kentucky University	Purchase Aviation Maintenance Technician/Pilot Training Equipment	253,805
Eastern Kentucky University	Construct Aviation/Aerospace Instructional Facility	4,906,800
Attorney General	Technology Upgrades	1,484,980
Finance and Administration	Maintenance Pool	135,790
Finance and Administration	Capitol Campus Upgrade	273,461,334
Finance and Administration	Air Handler Replacement and Repair – Central Lab	470,079
Finance and Administration	Elevator Upgrades – Phase I	166,970
Corrections	Repair/Replace Roofs – Eastern Kentucky Correctional Complex	975,229
Corrections	Generator Replacement – Various Facilities	3,896,019
CHFS – Behavioral Health	Western State Hospital – Electrical Upgrade – Phase III	3,401,920
CHFS – Behavioral Health	Oakwood – Renovate/Replace Cottages – Phase II	7,695,118
CHFS – Behavioral Health	Oakwood – Replace, Upgrade, and Enhance Emergency Generators	1,614,192
State Fair Board	Prestonia Grounds and Infrastructure Improvements	301,120
Parks	Wastewater Treatment Upgrades Pool	9,775,000
Parks	Maintenance Pool	9,762
Environmental Protection	State-Owned Dam Repair Pool	4,944,233
Education	School Safety Facilities Upgrade	465,275

<b>Agency</b>	<b>Project Title</b>	<b>Amount</b>
Veterans' Affairs	Construct Bowling Green Veterans Center	10,425,000
Economic Development	Economic Development Bond Program	2,500,000
Economic Development	High-Tech Construction/Investment Pool	2,500,000
Economic Development	Kentucky Economic Development Finance Authority Loan Pool	2,500,000
Heritage Council	Records Digitization	8,908
Local Government	Flood Control – State Match for Federal Funds	33,284
Education and Labor	Replace Unemployment Insurance System	10,000,000
Corrections	Design Relocation of Corrections Medical Facility	3,220,478
Corrections	Design of the Expansion of Little Sandy Correctional Complex	2,202,252
Kentucky State University	Roof Repair and Replacement Pool	2,227,143
University of Kentucky	Sanders-Brown Center on Aging	12,059,817

**2022**

Eastern Kentucky University	Renovate Alumni Coliseum	30,532,741
Eastern Kentucky University	Construct New Model Laboratory School	90,000,000
Eastern Kentucky University	Asset Preservation Pool	49,783,862
Kentucky State University	Asset Preservation Pool	12,695,391
Morehead State University	Construct Science & Engineering Building	98,000,000
Morehead State University	Asset Preservation Pool	31,171,314
Murray State University	Construct School of Nursing and Health Professional Building	45,334,202
Murray State University	Asset Preservation Pool	42,435,238
Northern Kentucky University	Expand Hermann Science Center	79,299,996
Northern Kentucky University	Asset Preservation Pool	42,632,993
University of Kentucky	Construct Health Education Building	249,898,048
University of Kentucky	Asset Preservation Pool	148,768,142
University of Louisville	Speed School Addition	65,000,000
University of Louisville	Asset Preservation Pool	75,282,913
Western Kentucky University	Construct New Gordon Ford College of Business	73,777,267
Western Kentucky University	Asset Preservation Pool	65,719,492
KCTCS	Renovate Occupational Tech Phase 1 – Elizabethtown CTC	16,500,000
KCTCS	Expand Leitchfield Campus – Elizabethtown CTC	9,000,000
KCTCS	Construct Student/Classroom – Bluegrass CTC Newtown	52,200,000
KCTCS	Asset Preservation Pool	141,129,538
Kentucky Infrastructure Authority	Fund A – Federally Assisted Wastewater Program	11,804,469
Kentucky Infrastructure Authority	Fund F – Drinking Water Revolving Loan Program	11,422,284
Kentucky Infrastructure Authority	Fund B – Infrastructure Revolving Loan Program	25,000,000
Military Affairs	Construct Readiness Center Somerset	4,227,000
Local Government	Flood Control Matching Fund	10,852,629
Economic Development	Economic Development Bond Program	10,000,000
Economic Development	High-Tech Construction/Investment Pool	10,000,000
Economic Development	Kentucky Economic Development Finance Authority Loan Pool	10,000,000
Kentucky Department of Education	State Schools Safety and Security Pool	2,805,000
Kentucky Department of Education	State School Dormitory and Cottage Renovation	6,210,984
Kentucky Department of Education	Construct Leadership Training Center Classrooms	5,992,592
Environment Protection	State-Owned Dam Repair	7,500,000
Environment Protection	Southern Wood Treatment Site	5,484,400
Controller	eMARS Upgrade	6,888,077

<b>Agency</b>	<b>Project Title</b>	<b>Amount</b>
Facilities	Historic Properties Deferred Maintenance	1,630,154
Facilities	HVAC Replacement/Rebuild – Various	4,276,375
Facilities	L&N Building Exterior Upgrade	6,374,600
Facilities	CHR – Escalators Replacement/Elevator Upgrades	6,659,205
Behavioral Health	Oakwood – Renovate/Replace Cottages – Phase III	9,998,000
Behavioral Health	Western State Nursing Facility – Renovations	6,336,000
Income Support	Kentucky Child Support Enforcement System (KASES III)	11,216,833
Community Based Services	The Workers Information System (TWIST) Modernization	8,823,318
Criminal Justice Training	New Indoor Firing Range	27,035,766
Corrections	Relocate Medical Services/CPTU from the Reformatory	171,126,000
Corrections	Little Sandy Correctional Complex-Expansion	84,828,078
State Police	Post 7 (Richmond) & 10 (Harlan) Construction	8,438,700
State Police	KEWS Fiberglass Shelter Replacement	5,292,750
Parks	State Parks Improvement	71,000,000
Parks	Lake Barkley State Resort Park – Emergency Repairs	7,500,000
Parks	Jenny Wiley State Resort Park – Emergency Repairs	5,500,000
Parks	Campground Updates	40,000,000
Parks	Utility Improvements	20,000,000
Parks	Broadband Upgrades	6,000,000
Horse Park	Renovate International Museum of the Horse	3,782,644
Fair Board	State Fair Board Property Improvements	179,551,810
Fair Board	Maintenance Pool	1,201,828
Transportation Cabinet	Barkley Regional Airport Improvement Projects Pool	5,300,000
Transportation Cabinet	Mt. Sterling/Montgomery County Airport Improvement Pool	7,766,575
Transportation Cabinet	Bardstown/Nelson County Airport Improvement Pool	7,700,000
	Unallocated Bond Proceeds from SPBC 128	(150,000,000)
	<b>Grand Total</b>	<b>\$2,715,049,964</b>

## EXHIBIT D

### SUMMARY OF PRIOR BUILD AMERICA BONDS

The outstanding Revenue and Revenue Refunding Bonds, Project No. 95 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission), dated July 9, 2009, maturing on the dates and in the amounts and bearing interest at the rates set forth below:

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>CUSIP</b>
August 1, 2029*	\$137,235,000	6.573%	49151E 2Q5

\*Term Bonds

The outstanding Revenue Bonds, Project No. 96 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission), dated November 17, 2009, maturing on the dates and in the amounts and bearing interest at the rates set forth below:

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>CUSIP</b>
November 1, 2029*	\$143,275,000	6.155%	49151E 4G5

\*Term Bonds

The outstanding Revenue Bonds, Project No. 99 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission), dated November 17, 2010, maturing on the dates and in the amounts and bearing interest at the rates set forth below:

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>CUSIP</b>
November 1, 2025*	\$38,215,000	5.373%	49151E 7C1
November 1, 2030*	\$109,565,000	5.921%	49151E 7B3

\*Term Bonds

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**EXHIBIT E**

**TENDERED BONDS**

*If the Tender Offer is consummated, the final Official Statement will include a schedule of the Tendered Bonds substantially similar to the table below:*

**Tendered Bonds**

<b>Series</b>	<b>CUSIP<sup>†</sup></b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Outstanding Principal Amount</b>	<b>Par Amount of Bonds Accepted for Tender</b>	<b>Purchase Price as a Percentage of Principal Amount</b>
<hr/>						
<b>Total:</b>						

<sup>†</sup> Copyright 2024, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. All CUSIP data herein are provided by CUSIP Global Services. The CUSIP numbers listed above are being provided solely for the convenience of the Bondholders only at the time of issuance of the Tendered Bonds, and the Commission does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Tendered Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Tendered Bonds.

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## EXHIBIT F

### BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate, and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

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

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

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

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

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

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

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

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

## EXHIBIT G

### FORM OF BOND COUNSEL OPINION FOR THE BONDS

\_\_\_\_\_, 2024

Commonwealth of Kentucky  
State Property and Buildings Commission  
Frankfort, Kentucky 40622

U.S. Bank Trust Company, National Association  
Louisville, Kentucky

State Property and Buildings Commission of  
the Commonwealth of Kentucky  
\$222,095,000\* Revenue Bonds, Project No. 130 Series A  
\$410,735,000\* Revenue Refunding Bonds, Project No. 130 Series B  
\$ \_\_\_\_\_\* Revenue Refunding Bonds, Project No. 130 Series C

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the State Property and Buildings Commission of the Commonwealth of Kentucky (the “Commission”) of \$222,095,000\* aggregate principal amount of Revenue Bonds, Project No. 130 Series A (the “Series A Bonds”), \$410,735,000\* aggregate principal amount of Revenue Refunding Bonds, Project No. 130 Series B (the “Series B Bonds”), and \$ \_\_\_\_\_\* aggregate principal amount of Revenue Refunding Bonds, Project No. 130 Series C (the “Series C Bonds” and, together with the Series A Bonds and Series B Bonds, the “Bonds”). The Bonds are issuable as fully registered Bonds without coupons, dated as of their date of delivery, in denominations of \$5,000 or any integral multiple thereof, bearing interest payable semiannually on May 1 and November 1 of each year, commencing on November 1, 2024. The Series A Bonds are subject to redemption at the option of the Commission as set forth in the Bond Resolution (as defined herein). The Series B Bonds and the Series C Bonds are not subject to redemption before maturity.

The Bonds are being issued by the Commission, pursuant to Chapter 56 and Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes, as supplemented and amended (the “Act”), and a resolution adopted by the Commission on March 14, 2024 (the “Bond Resolution”). The Series A Bonds are being issued for the purposes of providing funds to (a) pay the costs of the New Project, including capitalized interest, as authorized by the Budget Act described in the Bond Resolution, and (b) pay the costs of issuing the Series A Bonds. The Series B Bonds are being issued for the purposes of providing funds to (i) refund all or a portion of the Commission’s outstanding (A) Revenue and Revenue Refunding Bonds, Project No. 95 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission) dated July 9, 2009, (B) Revenue Bonds, Project No. 96 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission) dated November 17, 2009, and (C) Revenue Bonds, Project No. 99 Series C (Federally Taxable – Build America Bonds – Direct Payment to the Commission) dated November 17, 2010, and (ii) pay the costs of issuing the Series B Bonds. The Series C Bonds are being issued for the purposes of providing funds to (1) pay the costs of purchasing certain of the Commission’s (a) Revenue Refunding Bonds, Project No. 117 Federally Taxable Series C dated August 31, 2017, (b) Revenue Refunding Bonds, Project No. 122 Federally Taxable Series D dated October 30, 2019, and (c) Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B dated July 1, 2021, pursuant to a tender offer, as described in the Bond Resolution, and (2) pay the costs of issuing the Series C Bonds.

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

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

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\* Preliminary, subject to change.

From such examination, we are of the opinion that:

1. The Bonds have been authorized and issued in accordance with the laws of the Commonwealth of Kentucky and constitute valid and legally binding obligations of the Commission, payable as to principal and interest solely from the payments to be made by the Cabinet pursuant to the Lease, which payments are subject to biennial appropriation by the General Assembly of the Commonwealth of Kentucky.
2. The Bond Resolution has been duly adopted by the Commission, and constitutes a valid and binding obligation of the Commission, enforceable against the Commission in accordance with its terms.
3. The Lease has been duly authorized, executed and delivered by the Commission and the Cabinet, and represents a valid and binding agreement of the Commission and the Cabinet, enforceable in accordance with its terms.
4. Assuming compliance by the Commission and the Cabinet with certain covenants, existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owners thereof) is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.
5. The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts, or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.
6. Under the existing laws of the Commonwealth of Kentucky, interest on the Bonds is excluded from the gross income of the recipients thereof for Kentucky income tax purposes and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions and taxing authorities thereof.

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

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

Very truly yours,

## EXHIBIT H

**COMMONWEALTH OF KENTUCKY**  
**STATE PROPERTY AND BUILDINGS COMMISSION**  
**\$222,095,000\* REVENUE BONDS, PROJECT NO. 130 SERIES A**  
**\$410,735,000\* REVENUE REFUNDING BONDS, PROJECT NO. 130 SERIES B**  
**\$ \_\_\_\_\_\* REVENUE REFUNDING BONDS, PROJECT NO. 130 SERIES C**

### CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) dated as of May 1, 2024, by the Kentucky State Property and Buildings Commission (the “Issuer”) and acknowledged by U.S. Bank Trust Company, National Association, Louisville, Kentucky, as trustee (the “Trustee”) under the Bond Resolution adopted by the Issuer on March 14, 2024 (the “Resolution”), is executed and delivered in connection with the issuance of the Issuer’s \$222,095,000\* Revenue Bonds, Project No. 130 Series A (the “Series A Bonds”), \$410,735,000\* Revenue Refunding Bonds, Project No. 130 Series B (the “Series B Bonds”), and \$ \_\_\_\_\_\* Revenue Refunding Bonds, Project No. 130 Series C (the “Series C Bonds” and, together with the Series A Bonds and Series B Bonds, the “Bonds”). Capitalized terms used in this Agreement which are not otherwise defined in the Resolution shall have the respective meanings specified above or in Article IV hereof. The parties agree as follows:

### ARTICLE I THE UNDERTAKING

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

#### **SECTION 1.2. Annual Financial Information.**

(a) The Issuer shall provide, or shall cause to be provided, Annual Financial Information with respect to each fiscal year of the Commonwealth of Kentucky (the “Commonwealth”), commencing with the fiscal year ending June 30, 2024, by no later than 9 months after the end of the respective fiscal year, but, in any event, shall provide Audited Financial Statements no later than 15 business days after the final publication date of such Audited Financial Statements, to the MSRB.

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

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

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

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

### ARTICLE II OPERATING RULES

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

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

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

**SECTION 2.4. Manner of Transmission of Information and Notices.**

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

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

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

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

**ARTICLE III  
TERMINATION, AMENDMENT, AND ENFORCEMENT**

**SECTION 3.1. Termination.**

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

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

**SECTION 3.2. Amendment.**

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

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

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information

prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

### **SECTION 3.3. Benefit; Third-Party Beneficiaries; Enforcement.**

(a) The provisions of this Agreement shall inure solely to the benefit of the Holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement.

(b) Except as provided in this subsection (b), the provisions of this Agreement shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Bonds, provided, however, that the Trustee shall not be required to take any enforcement action under this subsection (b) except at the written direction of the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity reasonably satisfactory to it. The Holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be Holders of Bonds for purposes of this subsection (b) unless and until the respective Holder exercises any rights pursuant to this subsection (b).

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

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

## **ARTICLE IV DEFINITIONS**

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

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

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

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

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

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

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

- (i) principal and interest payment delinquencies;

- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax-exempt status of the securities;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls (except in the case of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event if the terms under which the redemption is to occur are set forth in detail in an official statement and the only open issue is which Bonds will be redeemed in the case of a partial redemption, provided notice of the redemption is given to the Holders and the public; see Exchange Act Release No. 23856, Dec. 3, 1986) and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
- (xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation of the Commonwealth or an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Commonwealth or an obligated person, any of which affect security Holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Commonwealth or an obligated person, any of which reflect financial difficulties.

As used herein, an event is “material” if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of the occurrence of the event.

With respect to (xv) and (xvi) above, the Rule defines “financial obligation” as a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b). However, “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Holders” shall mean any holder of the Bonds and any beneficial owner thereof.

“Material Event Notice” means written or electronic notice of a Material Event.

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

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

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

“SEC” means the United States Securities and Exchange Commission.

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

**ARTICLE V  
MISCELLANEOUS**

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

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

(Signature page to follow)

**IN WITNESS WHEREOF**, the Commission has caused this Agreement to be executed by its duly authorized officer, and the Trustee has caused this Agreement to be acknowledged by its duly authorized representative, all as of the date first above written.

COMMONWEALTH OF KENTUCKY STATE  
PROPERTY AND BUILDINGS COMMISSION

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged by:

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

## ATTACHMENT A

### MSRB PROCEDURES FOR SUBMISSION OF CONTINUING DISCLOSURE DOCUMENTS AND RELATED INFORMATION

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

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

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

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

The MSRB’s Internet-based electronic submitter interface (EMMA Dataport) is at [www.emma.msrb.org](http://www.emma.msrb.org).

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**KENTUCKY STATE PROPERTY  
AND BUILDINGS COMMISSION**