PRELIMINARY OFFICIAL STATEMENT DATED MAY 20, 2021

Book-Entry-Only
NEW ISSUE

Ratings: Moody's: "A1"
Fitch: "A+"
(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 Series A Bonds is excludible from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. 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 Series B Bonds is not excludible from gross income for federal income tax purposes. Interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See "TAX TREATMENT" herein for a more complete discussion, and EXHIBIT E – "FORM OF BOND COUNSEL OPINION FOR THE BONDS."

COMMONWEALTH OF KENTUCKY
State Property and Buildings Commission
$43,950,000* Revenue Refunding Bonds, Project No. 125 Series A
$87,920,000* Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B

Dated: Date of Delivery **Maturity: March 1 and September 1, as shown on inside cover**

The Commonwealth of Kentucky State Property and Buildings Commission (the "Commission") is issuing its Revenue Refunding Bonds, Project No. 125 Series A (the "Series A Bonds"), and Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B (the "Series B Bonds," and together with the Series A 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 of, premium, if any, and interest due on the Bonds will be made directly to DTC. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest payable on each March 1 and September 1, commencing on March 1, 2022. Principal of, premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, Louisville, Kentucky, as Trustee and Paying Agent.

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

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

The Bonds are being issued by the Commission, an independent agency of the Commonwealth of Kentucky (the "Commonwealth"), at the request of the Finance and Administration Cabinet of the Commonwealth (the "Cabinet") pursuant to Bond Resolution adopted on April 13, 2021 (the "Resolution"). The Bonds are being issued to (i) refund the Prior Bonds (as defined herein); and (ii) pay the costs of issuing the Bonds.

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

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

The Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approving legal opinion of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Stites & Harbison, PLLC, Louisville, Kentucky. It is expected that the Bonds will be available for delivery in New York New York, through the book-entry procedures of DTC, on or about July 1, 2021.

Citigroup

Morgan Stanley

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

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

Dated: ____________, 2021

* Preliminary, subject to change.

COMMONWEALTH OF KENTUCKY
STATE PROPERTY AND BUILDINGS COMMISSION
REVENUE REFUNDING BONDS
PROJECT NO. 125

$43,950,000* Revenue Refunding Bonds, Project No. 125 Series A

Maturity*	Principal Amount*	Interest Rate	Price	Yield	CUSIP No.+
03/01/2022	$16,450,000	%		%	49151F
09/01/2022	25,370,000	%		%	49151F
09/01/2024	2,130,000	%		%	49151F

$87,920,000* Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B

Maturity*	Principal Amount*	Interest Rate	Price	Yield	CUSIP No.+
03/01/2022	$ 2,030,000	%		%	49151F
09/01/2022	1,460,000	%		%	49151F
09/01/2023	1,470,000	%		%	49151F
09/01/2024	1,480,000	%		%	49151F
09/01/2025	8,705,000	%		%	49151F
09/01/2026	8,840,000	%		%	49151F
09/01/2027	8,990,000	%		%	49151F
09/01/2028	9,165,000	%		%	49151F
09/01/2029	9,350,000	%		%	49151F
09/01/2030	9,565,000	%		%	49151F
09/01/2031	9,800,000	%		%	49151F
09/01/2032	10,040,000	%		%	49151F
09/01/2033	7,025,000	%		%	49151F

 The CUSIP numbers listed are being provided solely for the convenience of the Bondholders only at the time of issuance of the Bonds and the Commission does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Preliminary, subject to change.

COMMONWEALTH OF KENTUCKY
STATE PROPERTY AND BUILDINGS COMMISSION
MEMBERS

ANDREW G. BESHEAR
Governor
(Chairman of the Commission)

JACQUELINE COLEMAN
Lieutenant Governor

DANIEL CAMERON
Attorney General

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

LARRY HAYES
Interim Secretary
Cabinet for Economic Development

JOHN HICKS
State Budget Director

ED ROSS
State Controller

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

REGARDING USE OF THIS OFFICIAL STATEMENT

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

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

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

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

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

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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".

The Offering The Commission is offering its Revenue Refunding Bonds, Project No. 125 Series A (the "Series A Bonds"), and Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds").

Authority The Bonds are being issued pursuant to the provisions of the Constitution and laws of the Commonwealth, including particularly Chapters 56 and 58 of the Kentucky Revised Statutes, the Bond Resolution adopted by the Commission on April 13, 2021 (the "Resolution"), (i) authorizing the issuance of the Bonds and (ii) approving the Lease Agreement, dated as of July 1, 2021, by and between the Commission and the Cabinet (the "Lease").

Use of Proceeds The Bonds are being issued to (i) refund certain Commission Revenue Bonds, Project No. 99 Series A, Commission Revenue and Revenue Refunding Bonds, Project No. 100 Series A, and Commission Revenue Bonds, Project No. 106 Series A, as more completely identified in EXHIBIT C – SUMMARY OF PRIOR BONDS, and (ii) pay the costs of issuing the Bonds.

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

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

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

Features of Bonds	The Bonds will be issued in denominations of $5,000 or any integral multiple thereof, at the interest rates, yields and purchase prices set forth on the inside cover hereof. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest due on the Bonds will be made directly to DTC. The Bonds will bear interest payable on each March 1 and September 1, commencing on March 1, 2022. Principal of, premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, Louisville, Kentucky, as Trustee and Paying Agent (the "Trustee"). The Series B Bonds maturing on and after September 1, 20[__] are subject to optional redemption at par on or after September 1, 20[__], and on any business day thereafter, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued interest thereon, without premium. See "THE BONDS - Redemption." It is expected that delivery of the Bonds will be made on or about July [__], 2021, 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 Series A 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. Under present law, interest on the Series B Bonds (including original issue discount treated as interest) is not excludable from gross income of the owners thereof for federal income tax purposes. It is also the opinion of Bond Counsel, under the laws of the Commonwealth of Kentucky, as presently enacted and construed, that interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof. See "TAX TREATMENT" herein and EXHIBIT E for a more complete description of the opinion of Bond Counsel and additional federal tax law consequences.
Continuing Disclosure	Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule") prohibits an underwriter from purchasing or selling municipal securities in an initial offering unless it has determined that the issuer of such securities has committed to provide annually, certain information, including audited financial information, and notice of various events described in the Rule, if material. In order to enable the purchaser to comply with the provisions of the Rule, the Commission will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with the Trustee, substantially in the form of EXHIBIT F attached hereto. See "CONTINUING DISCLOSURE" and EXHIBIT F - FORM OF CONTINUING DISCLOSURE AGREEMENT herein.

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

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OFFICIAL STATEMENT

Relating to

COMMONWEALTH OF KENTUCKY
State Property and Buildings Commission
$43,950,000* Revenue Refunding Bonds, Project No. 125 Series A
$87,920,000* Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B

INTRODUCTION

This Official Statement, including the cover page and the exhibits attached hereto, provides information in connection with the issuance and sale by the State Property and Buildings Commission (the "Commission"), an independent agency of the Commonwealth of Kentucky (the "Commonwealth"), of its Revenue Refunding Bonds, Project No. 125 Series A (the "Series A Bonds"), and Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds"), issued at the request of the Finance and Administration Cabinet of the Commonwealth (the "Cabinet").

The Bonds are being issued, to (i) refund certain Commission Revenue Bonds, Project No. 99 Series A (the "Project No. 99 Bonds"), Commission Revenue and Revenue Refunding Bonds, Project No. 100 Series A (the "Project No. 100 Bonds"), and Commission Revenue Bonds, Project No. 106 Series A (the "Project 106A Bonds"), as more completely identified in EXHIBIT C – SUMMARY OF PRIOR BONDS (the Revenue and Refunding Revenue Bonds identified in EXHIBIT C, collectively, the "Prior Bonds"), and (ii) pay the costs of issuing the Bonds.

The Bonds have been authorized and issued pursuant to the Constitution and laws of the Commonwealth, including particularly Chapters 56 and 58 of the Kentucky Revised Statutes ("KRS"). The Commission adopted the Bond Resolution (the "Resolution") on April 13, 2021, (i) authorizing the issuance of the Bonds and (ii) approving the Lease Agreement dated as of July 1, 2021, by and between the Commission and the Cabinet (the "Lease").

The Cabinet, as lessee, has entered into the Lease with the Commission. Payments made pursuant to the Lease will provide the Commission with amounts to pay the principal of, premium, if any, and interest on the Bonds as they become due. The current term of the Lease ends June 30, 2022, and the Lease renews automatically (unless terminated in writing by the last business day of the preceding May, by the Cabinet) for successive biennial periods to and including the biennial period which includes the final maturity of the Bonds. The Lease requires the Cabinet, for each biennial period during which Bonds are outstanding, to seek legislative appropriations to the Cabinet in amounts which are sufficient to permit the Cabinet to make rental payments to the Commission in amounts sufficient to pay principal of, premium, if any, and interest on the Bonds.

The Kentucky General Assembly has 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, 2022.

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

Descriptions of the Commonwealth, the Commission, the Resolution, the Bonds, the Lease, the Project and the Cabinet are included in this Official Statement. Capitalized terms not otherwise defined herein have the meanings assigned to them in the Resolution. All summaries of documents and agreements in this Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are available at the Office of Financial Management, 702 Capital Avenue, Suite 76, Frankfort, Kentucky 40601, (502) 564-2924. This Official

* Preliminary, subject to change.

Statement will be posted with the Electronic Municipal Market Access ("EMMA") system, as well as with the Commonwealth's investor relations site at www.bonds.ky.gov.

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 March 1 and September 1, commencing on March 1, 2022, at the interest rates set forth on the inside cover of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The fifteenth day of the calendar month prior to each date established for the payment of the principal, interest or premium, if any, on the Bonds, whether by maturity, acceleration or redemption, is the record date established for the Bonds. U.S. Bank National Association, Louisville, Kentucky, is the trustee for the Bonds (the "Trustee").

Redemption

The Series A Bonds are not subject to optional redemption.

The Series B Bonds maturing on and after September 1, 20[__] are subject to optional redemption at par on or after September 1, 20[__], and on any business day thereafter, in whole or in part, and if in part in such order of maturity as may be determined by the Commission (less than all of a single maturity to be selected by lot in such manner as the Trustee may determine), at a redemption price equal to the principal amount thereof, plus accrued interest thereon, without premium.

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

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

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

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

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

Book-Entry-Only System

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

SECURITY FOR THE BONDS

The Bonds are not secured by a lien on any properties constituting the Project or any amounts derived therefrom. The principal of, premium, if any, and interest on the Bonds are payable solely from the Bond Fund (hereinafter defined) and from the rental payments of the Cabinet under the Lease. 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, 2022.

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

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

PLAN OF FINANCE

The proceeds of the Bonds will be used by the Commission and the Cabinet to (i) refund the Prior Bonds, and (ii) pay the costs of issuing the Bonds.

To provide for the refunding of the Project No. 99 Bonds and the Project No. 100 Bonds (the "Current Refunded Bonds"), on the date of closing of the Series A Bonds, certain proceeds of the Series A Bonds will be deposited with the trustees for the Current Refunded Bonds. To provide for the refunding of those Project 106A Bonds (the "Advance Refunded Bonds"), on the date of closing of the Series B Bonds, certain proceeds of the Series B Bonds will be deposited with an escrow agent to be applied to the taxable advance refunding of the Advance Refunded Bonds.

SOURCES AND USES OF FUNDS FOR THE BONDS

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

SOURCES:	Series A Bonds	Series B Bonds	Total
Par Amount of Bonds	$	$	$
Net Original Issue Premium			
Total Sources:	$	$	$
USES:			
Deposit to Escrow/Prior Bonds Debt Service Funds	$	$	$
Costs of Issuance+			
Total Uses:	$	$	$

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

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THE PROJECT

The Project consists of the various public projects which were originally funded with the Prior Bonds. The Cabinet will lease all of the facilities, renovations and improvements (the "Project") refinanced with the proceeds of the Bonds from the Commission under the Lease. State agencies originally related to the Project are the following:

Cabinet for Economic Development
Department for Local Government
Kentucky Infrastructure Authority
Council on Postsecondary Education
Cabinet for Health and Family Services
Energy and Environment Cabinet
Department of Veterans Affairs
Justice and Public Safety Cabinet
Tourism, Arts and Heritage Cabinet
Education and Workforce Development Cabinet
Personnel Cabinet
Kentucky Department of Agriculture
Kentucky River Authority
Transportation Cabinet
Finance and Administration Cabinet

THE STATE PROPERTY AND BUILDINGS COMMISSION

General

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

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

Future Financings of the Commonwealth

The 2010 Extraordinary (Special) Session of the General Assembly delivered House Bill 1 (Executive Branch Budget other than Transportation Cabinet) and House Bill 3 (Kentucky Transportation Cabinet Budget) to the Governor on May 29, 2010, establishing an Executive Branch Budget for the biennium ending June 30, 2012. The Governor took final action on the bills on June 4, 2010. Together, the bills authorized bond financing for projects totaling $1,980.2 million to support various capital initiatives of the Commonwealth. Of the total authorization, $507.4 million is General Fund supported, $515.3 million is Agency Restricted Fund supported, $522.5 million is supported by Road Fund appropriations and $435 million is Federal Highway Trust Fund supported through Grant Anticipation Revenue Vehicle Bonds designated for the Lake Barkley and Kentucky Lake Bridges Project and the Louisville-Southern Indiana Ohio River Bridges Project. A portion of the General Fund, Agency Restricted Fund, and Road Fund authorizations, and all of the Federal Highway Trust Fund authorization have been permanently financed. House

Bill 201 from the 2018 Regular Session of the General Assembly deauthorized $59.5 million of Grant Anticipation Revenue Vehicle (GARVEE) Bonds which were not needed to complete the Lake Barkley and Kentucky Lake Bridges Project.

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

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

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

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

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

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

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

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

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

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

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

*General Fund bonds totaling $98.35 million authorized by the 2021 Legislative session cannot be issued until the fiscal year beginning July 1, 2021.

The Kentucky General Assembly may authorize debt financing to support various capital initiatives or funding obligations of the Commonwealth in future sessions.

THE FINANCE AND ADMINISTRATION CABINET

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

THE COMMONWEALTH

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

Material amounts of federal stimulus continue to flow into Kentucky to combat the economic effects of the Coronavirus. The $1.9 trillion federal package passed in March of 2021 included nearly $5 billion in direct payments to Kentucky individuals, $2.4 billion to state government, $1.6 billion to local governments and hundreds of millions of dollars to schools. Increased availability of vaccines combined with decreased positivity rates and relaxation of restrictions highlight an improving revenue outlook for the Commonwealth. None of the models used by the state in December of 2020 to predict revenues for fiscal 2022 contemplated the amount of federal stimulus and the impact it would have in the Commonwealth. The budget for fiscal 2022 passed by the Kentucky General Assembly and sent to the Governor in March of 2021 was a continuation budget from the cautionary one year budget passed in the early stages of the pandemic during March of 2020.

The March 2021 IHS Markit Outlook used in the 3rd Quarter Economic & Revenue Report, which is summarized below, incorporates all pandemic relief measures enacted in 2020, in addition to the $1.9 trillion American Rescue Plan Act federal stimulus enacted March 11, 2021.

As indicated in the Commonwealth of Kentucky Quarterly Economic & Revenue Report Third Quarter Fiscal Year 2021, Kentucky personal income grew by 7.4 percent in the third quarter of FY 2021, which is below the national growth rate of 8.7 percent. The adjacent-quarter growth rates for the last five quarters were 0.9, 10.6, -6.8, -2.3, and 6.7 percent, respectively. The previous peak for Kentucky personal income was $220.7 billion, which occurred in the fourth quarter of FY20. Personal income is currently 2.9 percent below the previous peak. Transfer receipts income remains the fastest growing personal income component while dividends, interest and rents was the slowest growing component. Kentucky transfer receipts adjacent-quarter growth rates for the last five quarters were 2.6, 63.6, -27.8, -12.7, and 24.8 percent, respectively. Transfer receipts income remains 36 percent higher than immediately before the 2020 recession. Dividends, interest and rents income, which made up 15.3 percent of total personal income, decreased 1.8 percent in the third quarter of Fiscal Year 2021.

As all supersectors lost jobs during the past year, Kentucky non-farm employment decreased a net 4.8 percent in the third quarter of FY 2021. Most of the job losses occurred during the recession. The last five adjacent-quarter growth rates for Kentucky non-farm employment were 0.2, -12.3, 6.8, 1.2, and 0.4, respectively. Kentucky non-farm employment fell 12.3 percent from the third quarter of FY20 to the fourth quarter of FY20, a loss of 240,700 jobs. However, non-farm employment grew during the next three quarters on an adjacent-quarter basis. Kentucky non-farm employment in the third quarter of FY 2021 was 1,859,400, which is still 93,500 jobs below the previous peak during the third quarter of FY 2020. The Quarterly Economic Revenue Report for the Third Quarter of Fiscal Year 2021 may be found together with the previous quarterly report at www.osbd.ky.gov.

While Kentucky's economy has recovered much of its initial economic losses, total non-farm employment has not yet returned to pre-pandemic levels. Total non-farm employment is forecasted to edge up by 24,100 jobs by June 2021, and by an additional 31,600 jobs by December 2021, ending the second quarter of FY22. A subtle uptick in non-farm employment growth is expected over the next three fiscal quarters. Personal income is expected to grow 3.6 percent by the final quarter of FY 2021, and by 1.7 percent for the first half of FY 2022. Gains in personal income are expected to support consumer spending and disposable income in the short term, improving the overall economic climate over the forecast horizon.

Financial Information Regarding the Commonwealth

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

The Commonwealth annually publishes *The Kentucky Comprehensive Annual Financial Report* (the "CAFR") with respect to the Fiscal Year of the Commonwealth most recently ended. The CAFR includes certain financial statements of the Commonwealth, as well as general financial information pertaining to the Accounting System and Budgetary Controls, Debt Administration, Cash Management, Risk Management, General Fund Budgetary Basis and Governmental Funds GAAP Basis. In addition, the Notes to Financial Statements as set forth in the CAFR contain information regarding the basis of preparation of the Commonwealth's financial statements, Funds and Pension Plans. The "Statistical Section" of the CAFR includes information on Commonwealth revenue sources, Commonwealth expenditures by function, taxes and tax sources, taxable property, assessed and estimated values, property tax, levies and collections, demographic statistics (population, per capita income and unemployment rate), construction and bank deposits, sources of personal income and largest Commonwealth manufacturers. Commencing with the Fiscal Year of the Commonwealth ending June 30, 2021, the CAFR will be known as the *Annual Comprehensive Financial Report* and is anticipated to be referred to as the "ACFR".

Certain Financial Information Incorporated by Reference

The CAFR for the Fiscal Year ended June 30, 2020 is incorporated herein by reference. The Commonwealth has filed the CAFR for the Fiscal Year ended June 30, 2020 with the following Nationally Recognized Municipal

Securities Information Repository ("NRMSIR") in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"):

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

A copy of the CAFR for the Fiscal Year ended June 30, 2020 may be obtained from EMMA. Additionally, the CAFR for the Fiscal Year ended June 30, 2020 and certain other fiscal years may be found on the Internet:

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

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

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

Budgetary Process in the Commonwealth

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

While the above describes the statutory and historical method of the budgetary process, the General Assembly during each of its 2020 and 2021 Regular Sessions enacted a one-year budget. This non-traditional approach was a direct effect of the uncertainty resulting from the economic slow-down caused by the actions taken to combat COVID-19.

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

Fiscal Year 2018

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

The largest portion of the Commonwealth's net position, $24 billion, is net investment in capital assets (e.g. land, infrastructures, buildings and improvements and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. The second largest portion of the Commonwealth's net position, totaling $1.9 billion, is restricted and represents resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance is unrestricted net position. The unrestricted net position, if they have a positive value, could be used at the Commonwealth's discretion.

However, the unrestricted balance is ($42.4) billion; therefore, funds are not available for discretionary purposes. A contributing factor to the negative balance is that liabilities are recognized on the government-wide statement of net position when the obligation is incurred. Accordingly, the Commonwealth recognizes long-term liabilities (such as general bonded debt, compensated absences, unfunded employer pension cost, and contingent liabilities-shown in Note 16 to the financial statements) on the statement of net position.

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

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

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

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

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

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

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

Fiscal Year 2019

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

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

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

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

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

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

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

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

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

Fiscal Year 2020

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, infrastructures, buildings and improvements and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. The second largest portion of the Commonwealth's net position, totaling $1.6 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-shown in Note 16 to the financial statements) 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 percent of the governmental activities' total revenue came from taxes, while 46.0 percent resulted from grants and contributions (including federal aid). Overall, program revenues were insufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes. At June 30, 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.

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 percent. Expenditures increased by $1.6 billion from the previous year, a change of 11.0 percent. The Transportation Fund experienced a slight decrease in revenues and a decrease in expenditures, resulting in an increase in fund balance of $238 thousand.

The Commonwealth of Kentucky's bonded debt decreased by $317 million to $5.9 billion, a 5.1 percent decrease during the current fiscal year. The major factor in this decrease is a result of the refunding of old issues by the FY2020 new issues. The remaining liability on the retired bonds plus the FY2020 principal payments on the remaining bonds outstanding were greater than the FY2020 issues for new projects. No general obligation bonds were authorized or outstanding at June 30, 2020.

Fiscal Year 2021 (unaudited)

As reported by the Office of the State Budget Director on May 10, 2021, the April 2021 General Fund receipts increased by 59.1 percent compared to April of last year. The comparisons to April 2020 are heavily affected by the substantial declines in tax collections at the onset of the pandemic last year. Total revenues for the month were $1,363.6 million, compared to $857.0 million received in April 2020, an increase of $506.6 million. Receipts have grown 10.8 percent for the first 10 months of FY 2021. The enacted budget calls for revenue growth of 1.2 percent for the current fiscal year. The Office of State Budget Director recently released an interim revenue estimate that forecasts a revenue surplus of $586.4 million since revenues are now expected to grow by 6.3 percent for Fiscal Year 2021.

Road Fund receipts grew by 59.9 percent in April. Total receipts for April reached an all-time monthly high of $162.6 million, $60.9 million more than last April. Year-to-date collections have grown 5.5 percent through the first ten months of Fiscal Year 2021. The official Road Fund estimate calls for revenues to increase by 5.8 percent compared to Fiscal Year 2020 actual receipts. Based on year-to-date collections, revenues must increase by 7.4 percent for the remainder of the year to meet the estimate. The recently released interim revenue estimate calls for Road Fund revenues to increase 6.6 percent in Fiscal Year 2021 which would result in a budget surplus of $12.1 million.

Consensus Forecasting Group; Official Revenue Forecasts

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

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

The Office of the State Budget Director makes available on its website the CFG official, enacted and revised revenue estimates for the General and Road Funds. When published, the updates can be found at www.osbd.ky.gov.

The Consensus Forecasting Group met on December 4, 2020 to render the official estimates for FY21 and FY22. Three scenarios from IHS Markit (Control, Optimistic, and Pessimistic) were used as inputs in the OSBD's MAK model, an analytical model that takes US trends in employment and income as predetermined variables in order to estimate Kentucky-specific forecasts for employment and personal income. The CFG adjusted the FY21 General Fund forecast to $11,729.0 million, the FY22 General Fund forecast to $11,996.3 million, the FY21 Road Fund Forecast to $1,577.7 million, and the FY22 Road Fund forecast to $1,609.2 million. It is important to note that the model scenario predated the late December 2020 $900 billion federal stimulus package, the release of the federal government's COVID vaccination schedule, the March 2021 $1.9 trillion federal stimulus package, and contemplation of any federal infrastructure legislation.

The General Assembly, during its 2021 Regular Session, amended the FY21 revenue forecast originally enacted during its 2020 Regular Session and enacted a modified version of the CFG's Pessimistic forecast for revenues for both the General Fund and the Road Fund for Fiscal Year 2022. Ultimately, a one-year budget was adopted for FY21 and FY22. This non-traditional approach was a direct effect of the uncertainty caused by the economic slow-down caused by actions taken to combat COVID-19.

The official revenue estimates, as adopted by the CFG, legislatively enacted by the General Assembly, revised by the CFG and compared to actual General and Road Fund totals for Fiscal Years 2015 through 2022 are represented below:

General Fund

Fiscal Year	Adopted	Enacted	Revised	Actual
2015	$9,794,300,000	$9,973,800,000	N/A	$9,966,600,000
2016	10,046,600,000	10,067,200,000	$10,289,900,000	10,338,900,000
2017	10,617,200,000	10,616,375,000	N/A	10,477,800,000
2018	10,875,500,000	10,874,400,000	10,718,400,000	10,838,200,084
2019*	11,005,900,000	11,198,200,000	N/A	11,392,698,460
2020*	11,290,000,000	11,487,500,000	10,991,500,000	11,566,600,000
2021**	11,722,200,000	11,704,000,000	11,729,000,000	N/A
2022	11,996,300,000	11,834,800,000	N/A	N/A

*General Fund enacted revenues for Fiscal Years 2019 and 2020 include modifications resulting from tax reform legislation enacted during the 2018 Regular Session of the Kentucky General Assembly, specifically House Bills 75, 366 and 487. These changes include (1) moving to a flat 5% income tax for individuals and corporations; (2) broadening the sales tax base to include sales tax on certain services; and (3) increasing the cigarette tax by $0.50 per pack to a total of $1.10.
**General Fund enacted revenue during the 2020 Regular session of the General Assembly for FY21 was $11,592,051,800 and subsequently amended by the General Assembly in the 2021 Regular Session to $11,704,000,000.

Road Fund

Fiscal Year	Adopted	Enacted	Revised	Actual
2015	$1,546,700,000	$1,584,870,600	N/A	$1,526,700,000
2016	1,558,400,000	1,559,396,800	$1,445,900,000	1,482,500,000
2017	1,456,900,000	1,456,900,000	N/A	1,508,000,000
2018	1,478,200,000	1,478,200,000	1,503,300,000	1,511,003,520
2019	1,505,300,000	1,505,300,000	N/A	1,566,079,860
2020	1,508,500,000	1,508,500,000	1,390,000,000	1,491,500,000
2021	1,573,400,000	1,543,400,000	1,577,700,000	N/A
2022	1,609,200,000	1,609,200,000	N/A	N/A

The actual Phase 1 Tobacco Master Settlement Agreement (MSA) payments for Fiscal Year 2020 were $117.6 million. The CFG official revenue estimate as adopted for the MSA payments is $106.3 million in Fiscal Year 2021 and $103.0 million in Fiscal Year 2022.

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 KRS 42.500 et seq. and KAR Title 200 Chapter 14. The State Investment Commission ("SIC"), is currently comprised of the Governor, the Treasurer, Secretary of the Finance and Administration Cabinet and two gubernatorial appointees from the Kentucky Banker's Association and Bluegrass Community Bankers Association, is charged with the oversight of the Commonwealth's investment activities. Effective June 29, 2021, KRS 42.500 will be amended to replace the Governor with the State Controller as a member of the SIC. The SIC is required to meet at least quarterly, and delegates day-to-day investment management to the Office of Financial Management.

On April 30, 2021, the Commonwealth's operating portfolio was approximately $6.522 billion in cash and securities. The composition of investments was as follows: U.S. Treasury securities (40.9%); securities issued by agencies and instrumentalities of the United States Government (14.4%); mortgage-backed securities and collateralized mortgage obligations (1.3%); repurchase agreements collateralized by the aforementioned (6.1%); municipal securities (0.0%); and corporate and asset-backed securities, including money market securities (37.3%). The portfolio had a current yield of 0.11% and an effective duration of 0.71 years.

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

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

The Commonwealth engages in selective derivative transactions. These transactions are entered into only with an abundance of caution and for specific hedge applications to minimize yield volatility in the portfolio. The SIC expressly prohibits the use of margin or other leveraging techniques. The Commonwealth executes a variety of transactions which may be considered derivative transactions, which include: over the counter treasury options, MBS, CMO and ABS.

Interest Rate Swaps

Historically, the Commonwealth utilized interest rate swaps for the purpose of hedging certain of its current or projected interest-sensitive assets and interest-sensitive liabilities. ALCo is the agency with specific statutory authority to enter into and manage interest rate swaps and other similar vehicles. ALCo currently has no interest rate swaps outstanding. As of May 3, 2021, the Commonwealth has no outstanding interest rate swaps.

State Retirement Systems

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

Retirement Plans. Effective April 1, 2021, eligible state and local government employees may participate in one of two provided multi-employer benefit plans: (i) the Kentucky Public Pensions Authority ("KPPA"), or (ii) the Teachers' Retirement System of Kentucky ("TRS"). The Kentucky Retirement Systems, through its board, oversees three of the five 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 fourth and fifth of five systems that the KPPA supports. 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 all five plans. 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. 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 eligible employees hired January 1, 2014 and thereafter, are no longer party to the inviolable contract and the General Assembly can amend, suspend or reduce benefits with future legislation. The Kentucky Public Employees' Deferred Compensation Authority (the "KDC") additionally provides administration of tax-deferred supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate. The available deferred compensation plans include a 457(b) Plan and a 401(k) Plan. The Retirement Plans and KDC are component units of the Commonwealth for financial reporting purposes and are included in The Kentucky Comprehensive Annual Financial Report. For a brief description of the Retirement Plans and of the Retirement Plans' assets and liabilities, see The Kentucky Comprehensive Annual Financial Report for Fiscal Year 2020 Note 8 beginning on page 97. Additional information regarding the Kentucky Retirement Systems and TRS can be found on their respective web sites at https://kyret.ky.gov and https://trs.ky.gov, including their respective Comprehensive Annual Financial Reports (collectively, the "CAFRs") and the accompanying actuarial studies, described under Other Post-Employment Benefits. Only information contained on the Internet web page identified above is incorporated herein and no additional information that may be reached from such page by linking to any other page should be considered to be incorporated herein.

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

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

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

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

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

Pension Funding. The Commonwealth's enacted budget for fiscal years 2019 through 2021 included the full Actuarially Determined Employer Contribution ("ADEC") for the assumed rates of return found on the following pages for the Kentucky Retirement Systems executive branch participants and TRS. Certain "Quasi" government agencies which participate in the KERS non-hazardous system were permitted to retain the FY 2018 contribution rate of 49.47% for fiscal years 2019 through 2021. Based upon the assumptions employed in the Retirement Plans' June 30, 2020 actuarial valuation reports used in preparing the associated Retirement Plans' 2020 CAFRs, the Kentucky Retirement Systems had a state supported pension Unfunded Actuarial Accrued Liability (the "UAAL") of $15,357 million. TRS, assuming a 7.5 percent investment return, had a pension UAAL of $14,788 million. Unlike Fiscal Year 2017, TRS was not required to report the pension liability in accordance with GASB 67. The state supported portion of the Retirement Plans for the Fiscal Year ended June 30, 2020 had funding percentages of 17.82 percent for the Kentucky Retirement Systems and 58.45 percent for TRS. These funding percentages compare to 16.86, and 58.12 percent respectively for the Fiscal Year ended June 30, 2019. In FY2000 funding ratios were greater than 100% and decreased over a number of years due to a variety of factors including, changes to the discount rate, lower than projected investment returns and other variances from actuarial assumptions. The Kentucky Retirement Systems' state supported ADEC for pension benefits for the Fiscal Year ended June 30, 2020 was $1,170 million; $1,166 million was contributed. The TRS state supported pension ADEC for the Fiscal Year ended June 30, 2020 was $1,134 million; $1,134 million was contributed.

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SCHEDULE OF FUNDING - KENTUCKY RETIREMENT SYSTEMS RETIREMENT FUNDS+

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll
Kentucky Employees Retirement System (KERS)					
Non-Hazardous					
6/30/2016+++	$2,112,286,498	$13,224,698,427	$11,112,411,929	16.0%	$1,529,248,873
6/30/2017++++	2,123,623,157	15,591,641,083	13,468,017,926	13.6	1,602,396,000
6/30/2018	2,019,278,000	15,675,232,000	13,655,954,000	12.9	1,509,955,000
6/30/2019	2,206,280,000	16,466,427,000	14,260,147,000	13.4	1,484,854,000
6/30/2020	2,323,298,166	16,348,961,571	14,025,663,405	14.2	1,476,156,000
Hazardous					
6/30/2016+++	$559,487,184	$936,706,126	$377,218,942	56.0%	$147,563,457
6/30/2017+++++	607,158,871	1,121,419,836	514,260,965	54.1	178,511,000
6/30/2018	639,262,000	1,151,923,000	512,661.000	55.5	152,936,000
6/30/2019	671,747,000	1,226,195,000	554,548,000	54.8	160,600,000
6/30/2020	709,586,801	1,283,769,521	574,182,720	55.3	171,840,000
State Police Retirement System (SPRS)					
6/30/2016+++	$234,567,536	$775,160,294	$540,592,758	28.1%	$45,551,469
6/30/2017++++	261,320,225	967,144,667	705,824,442	27.0	54,065,000
6/30/2018	268,259,000	989,528,000	721,269,000	27.1	50,346,000
6/30/2019	282,162,000	1,045,318,000	763,156,000	27.0	49,515,000
6/30/2020	296,126,111	1,053,157,155	757,031,044	28.1	49,019,000
Kentucky Retirement Systems Summary (Includes KERS Non-Hazardous, KERS Hazardous and SPRS)					
6/30/2016	$2,906,341,218	$14,936,564,847	$12,030,223,629	19.5%	$1,722,363,799
6/30/2017	2,992,102,253	17,680,205,586	14,688,103,333	16.9	1,834,972,000
6/30/2018	2,926,799,000	17,816,683,000	14,889,884,000	16.4	1,713,237,000
6/30/2019	3,160,089,000	18,737,940,000	15,577,851,000	16.9	1,695,969,000
6/30/2020	3,329,011,078	18,685,888,247	15,356,877,169	17.8	1,697,015,000
Judicial Retirement Plan (JRP) & Legislator's Retirement Plan (LRP)					
6/30/2016	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2017	$457,704,218	$509,499,416	$51,795,198	89.80%	$31,096,555
6/30/2018	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2019	$381,002,551	$439,619,398	$58,616,847	86.67%	$27,857,590
6/30/2020	N/A*	N/A*	N/A*	N/A*	N/A*

+This schedule does not include data pertaining to the County Employees Retirement System (CERS); the data for 6/30/16-6/30/20 in this schedule is as presented in the CAFR of the pension plan for the Fiscal Years Ended June 30, 2016 through June 30, 2020, which may be different than the GASB compliant information reported in the state CAFR.
++Discount rate changed from 7.75 percent to 7.50 percent as of 7/2014.
+++Discount rate changed from 7.50 percent to 6.75 percent as of 7/2015.
++++Discount rate changed from 6.75 percent to 5.25 percent as of 7/2017.
+++++Discount rate changed from 7.50 percent to 6.25 percent as of 7/2017.
*JRP and LRP only perform actuarial valuations every 2 years for benefits.

SCHEDULE OF FUNDING - TEACHERS' RETIREMENT SYSTEM - KENTUCKY+

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll
Retirement Funds					
6/30/2016	$17,496,894,000	$32,028,227,000	$14,531,333,000	54.6%	$3,537,226,000
6/30/2017	18,514,638,000	32,819,887,000	14,305,249,000	56.4	3,563,584,000
6/30/2018	19,496,056,000	33,795,671,000	14,299,615,000	57.7	3,605,116,000
6/30/2019	20,154,161,000	34,676,713,000	14,522,552,000	58.1	3,648,428,000
6/30/2020	20,796,494,000	35,582,250,000	14,785,756,000	58.5	3,723,482,000

+The data for 6/30/16-6/30/20 in this schedule is as presented in the CAFR of the Teachers' Retirement System for the Fiscal Years Ended June 30, 2016 through June 30, 2020, which may be different than the GASB compliant information reported in the state CAFR.

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

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

The Retirement Plans commission actuarial studies, which provide results for consideration, under certain actuarial funding methods and sets of assumptions. A five-year experience study covering the period from July 1, 2013 to June 30, 2018 for the Kentucky Retirement Systems, was dated April of 2019. Similarly, a five-year experience study covering the period from July 1, 2010 to June 30, 2015 for the TRS Board was dated September 15, 2016. In addition to the experience studies, annual actuarial reports are performed on both retirement systems. Pursuant to their respective actuarial studies, the OPEB UAAL as of June 30, 2020 was estimated at $1,426.7 million for the Kentucky Retirement Systems and $1,086.7 million for TRS. These estimates represent the present value of the amount of healthcare benefits under the respective Health Plans, payable over future periods and allocated by the actuarial cost method, as of June 30, 2020. The actuarial estimates for the Kentucky Retirement Systems' OPEB liabilities decreased from the $1,722.4 million reported in the Kentucky Retirement Systems' 2019 CAFR. The actuarial estimates for TRS decreased from the $1,715.7 million reported in their 2019 CAFR.

The Kentucky Retirement Systems' state supported OPEB Actuarially Determined Employer Contribution for Fiscal Year ended June 30, 2020 was $201.4 million; $193.9 million was contributed. The TRS state supported OPEB Actuarially Determined Employer Contribution for the Fiscal Year ended June 30, 2020 was $45.8 million; $186.4 million was contributed. The state supported portion of the OPEB for the Fiscal Year ended June 30, 2020 had funding percentages of 56.4 percent for the Kentucky Retirement Systems and 62.3 percent for TRS.

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

(OPEB)+

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll
Kentucky Employees Retirement System (KERS)					
Non-Hazardous					
6/30/2016	$743,270,060	$2,456,677,964	$1,713,407,904	30.3%	$1,529,248,873
6/30/2017	823,917,560	2,683,496,055	1,859,578,495	30.7	1,593,097,000
6/30/2018	887,121,000	2,435,506,000	1,548,385,000	36.4	1,573,898,000
6/30/2019	991,427,000	2,733,065,000	1,741,638,000	36.3	1,515,953,000
6/30/2020	1,095,958,769	2,564,787,757	1,468,828,988	42.7	1,482,431,000
Hazardous					
6/30/2016	$473,160,173	$377,745,230	$(95,414,943)	125.3%	$147,563,457
6/30/2017	493,458,367	419,439,652	(74,018,715)	117.7	171,087,000
6/30/2018	511,441,000	393,481,000	(117,960,000)	130.0	190,317,000
6/30/2019	525,315,000	426,705,000	(98,610,000)	123.1	151,448,000
6/30/2020	539,251,445	427,976,729	(111,274,716)	126.0	182,209,000
State Police Retirement System (SPRS)					
6/30/2016	$172,703,691	$257,197,259	$84,493,568	67.2%	$45,551,469
6/30/2017	180,463,820	276,641,361	96,177,541	65.2	48,873,000
6/30/2018	187,535,000	262,088,000	74,553,000	71.6	50,064,000
6/30/2019	197,395,000	276,809,000	79,414,000	71.3	48,780,000
6/30/2020	207,017,723	276,143,386	69,125,663	75.0	48,231,000
Kentucky Retirement Systems Summary (Includes KERS Non-Hazardous, KERS Hazardous, SPRS)					
6/30/2016	$1,389,133,924	$3,091,620,453	$1,702,486,529	44.9%	$1,722,363,799
6/30/2017	1,497,839,747	3,379,576,978	1,881,737,231	44.3	1,813,057,000
6/30/2018	1,586,097,000	3,091,075,000	1,504,978,000	51.3	1,814,279,000
6/30/2019	1,714,137,000	3,436,579,000	1,722,442,000	49.9	1,716,181,000
6/30/2020	1,842,227,937	3,268,907,872	1,426,679,935	56.4	1,712,871,000
Judicial Retirement Plan (JRP) & Legislators' Retirement Plan (LRP)					
6/30/2016	$104,138,383	$93,292,111	$(10,846,272)	111.6%	$34,476,745
6/30/2017	115,102,561	74,112,837	(40,989,724)	155.3	31,096,555
6/30/2018	N/A*	N/A*	N/A*	N/A*	N/A*
6/30/2019	$134,603,984	$66,740,213	$(67,863,771)	201.7%	$27,857,590
6/30/2020	N/A*	N/A*	N/A*	N/A*	N/A*

+ This schedule does not include data pertaining to the County Employees Retirement System (CERS); the data for 6/30/16-6/30/20 in this schedule is as presented in the CAFR of the pension plan for the Fiscal Years Ended June 30, 2016 through June 30, 2020, which may be different than the GASB compliant information reported in the state CAFR.
*JRP and LRP only perform actuarial valuations every 2 years for benefits.

<u>SCHEDULE OF FUNDING - TEACHERS' RETIREMENT SYSTEM - KENTUCKY</u>[+](OPEB)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll
Other Post-Employment Benefits (OPEB)					
6/30/2016	$895,324,000	$3,740,132,000	$2,844,808,000	23.9%	$3,537,226,000
6/30/2017	1,081,424,000	3,800,788,000	2,719,364,000	28.5	3,563,584,000
6/30/2018	1,307,726,000	3,453,180,000	2,145,454,000	37.9	3,605,115,000
6/30/2019	1,535,028,000	3,250,687,000	1,715,659,000	47.2	3,648,428,000
6/30/2020	1,793,197,000	2,879,847,000	1,086,650,000	62.3	3,723,482,000

[+]The data for 6/30/16-6/30/20 in this schedule is as presented in the CAFR of the Teachers' Retirement System for the Fiscal Years Ended June 30, 2016 through June 30, 2020, which may be different than the GASB compliant information reported in the state CAFR.

Recent Changes to State Retirement Systems.

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

House Bill 8 of the 2021 Regular Session of the Kentucky General Assembly was delivered to the Governor for signature or veto on March 21, 2021, and was signed by the Governor on March 23, 2021. House Bill 8 amends KRS 61.565 to change the Kentucky Employees Retirement System's (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 set dollar amount; and provide that the set dollar amount shall be allocated to each individual employer based upon the employer's percent share of the liability as of the June 30, 2019 actuarial valuation.

House Bill 258 of the 2021 Regular Session of the General Assembly was delivered to the Governor on March 16, 2021, vetoed by the Governor on March 23, 2021, and the veto was overridden by the legislature on March 29, 2021. House Bill 258 provides 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 was signed by the Governor on April 8, 2020. The bill had several provisions that affected KERS, SPRS and CERS. The amortization of the UAAL was again reset for this system to a closed 30-year amortization beginning with the June 30, 2019 valuation, and using a level percent of payroll instead of the current level dollar amortization. Additionally, any future increases or decreases in the UAAL will be amortized over a 20-year closed period utilizing a layered amortization method. Among other administrative changes, the bill also extended to June 30, 2021 the voluntary cessation of participation date for the 118 quasi-governmental agencies identified in House Bill 1 of the 2019 Regular Session. The University determination of voluntary cessation of participation date was previously set to January 1, 2021. Finally, the bill delayed an increase of the phase-in of higher contribution rates for CERS employers.

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

House Bill 484 of the 2020 Regular Session was signed by the Governor on April 7, 2020. This bill in-effect made no administrative changes, but separated the CERS and KRS into two governing boards. Oversight of CERS 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 was signed by the Governor on July 24, 2019. Its purpose was to address pension related changes for 118 quasi-governmental agencies including regional mental health programs, local and district health departments, domestic violence shelters, rape crisis centers, child advocacy centers, state-supported universities and community colleges. The bill froze the employer contribution rate at 49.47% for Fiscal Year 2020 and provided four avenues for voluntary cessation of participation in the Kentucky Retirement System or the option to remain in the System for those agencies. An actuarial analysis by GRS Retirement Consulting, dated July 18, 2019, projected an actuarial cost relief to those agencies of $827 million. The FY 2020 employer contribution rate freeze at 49.47% instead of the actuarial determined rate of 83.43%, was projected to have an actuarial cost of $121 million for FY 2020 to the Retirement System.

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

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

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

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

[1] Non-Hazardous
[2] Hazardous

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

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

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

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

Litigation Potentially Impacting KERS.

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

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

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

In June 2014, KERS appealed the Bankruptcy Court's ruling. On October 6, 2014, Seven Counties filed a formal reorganization plan with the Bankruptcy Court. On January 6, 2015, the Bankruptcy Court confirmed Seven Counties' plan of reorganization (the "Confirmation Order"). On January 19, 2015, KERS appealed the Confirmation Order. At a hearing on January 20, 2015, the Bankruptcy Court denied a motion by KERS seeking a stay of the

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

On April 21, 2016, the Kentucky Retirement Systems' Board of Trustees voted to appeal the decision to the United States Court of Appeals for the Sixth Circuit ("Sixth Circuit"). KERS filed a brief with the Sixth Circuit Court of Appeals on January 3, 2017. Seven Counties then filed a brief at the end of July 2017, and oral arguments were held on November 30, 2017. On August 24, 2018, the Sixth Circuit issued an Opinion ruling that Seven Counties was not a state instrumentality within the meaning of the Bankruptcy Code and was therefore eligible to file under Chapter 11. However, the Court of Appeals also certified a question of law to the Kentucky Supreme Court regarding whether the relationship between Seven Counties and Kentucky Retirement Systems was contractual or statutory. Kentucky Retirement Systems filed a Petition for Rehearing and Rehearing En Banc, which was held in abeyance until the Kentucky Supreme Court issues a decision on the certified question of law. Oral arguments were held at the Kentucky Supreme Court on March 6, 2019, and on August 29, 2019 the Supreme Court ruled that Seven Counties participation in and its contributions to the KERS are based on a statutory obligation. The Supreme Court opinion and case information can be found at https://appellate.kycourts.net/SC/SCDockets/CaseDetails.aspx?cn=2018SC000461. The Supreme Court of Kentucky Opinion was forwarded to the Sixth Circuit for further action resolving the outstanding 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 Sixth Circuit dismissed Seven Counties' cross appeal and remanded the case for further proceedings consistent with the opinion. KERS again filed a petition to have the Opinion regarding Seven Counties' ability to file a Chapter 11 bankruptcy Reheard En Banc by the entire Sixth Circuit. This petition was denied in an Order dated September 11, 2020. The case was remanded back to the Bankruptcy Court. The case is currently being litigated, with a hearing scheduled for the end of August 2021.

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

In June 2014, the City of Fort Wright, a participating employer in CERS, filed a lawsuit against the Kentucky Retirement Systems' Board of Trustees alleging that the Board invested CERS funds in investments that were prohibited by statute and common law. In addition, the City alleged that the Board of Trustees paid substantial asset management fees, which the suit alleges were improper. Kentucky Retirement Systems filed a motion to dismiss this action based on a number of legal issues, including the argument that the action was barred by the doctrine of sovereign immunity. Franklin Circuit Court denied the motion to dismiss. An interlocutory appeal of the sovereign immunity issue was filed at the Kentucky Court of Appeals. On September 23, 2016, the Court of Appeals upheld the Franklin Circuit Court's ruling that sovereign immunity did not prohibit this action from proceeding. After a motion to the Kentucky Supreme Court for discretionary review of the Court of Appeals' ruling was denied, the case returned to the Franklin Circuit Court on the merits of the claims made. Both parties filed Motions for Declaratory Judgement on the legal issue of whether or not Kentucky Retirement Systems is authorized under Kentucky law to invest CERS plan assets according to the standards established in KRS 61.650 or if some other standard applies. On September 20, 2018, Franklin Circuit Court issued an Opinion and Order denying the City of Fort Wright's Motion for Declaratory Judgment and granting Kentucky Retirement Systems Cross-Motion for Declaratory Judgment. The City of Fort Wright appealed this decision to the Kentucky Court of Appeals, which issued an Opinion on January 10, 2020, affirming the decision of the Franklin Circuit Court in favor of the Kentucky Retirement Systems. The City of Fort Wright then filed a Motion for Discretionary Review at the Kentucky Supreme Court. On September 16, 2020, the Supreme Court of Kentucky granted this Motion. On September 28, 2020, the Kentucky Retirement Systems filed a Cross Motion for Discretionary Review, which was granted December 9, 2020. The case is currently being litigated.

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

On November 17, 2016, Western Kentucky University ("WKU") filed a motion in Franklin Circuit Court seeking a judgment against the Kentucky Retirement Systems after the Kentucky Retirement Systems asserted WKU should continue to make retirement contributions for employees who were purportedly fired as WKU employees and then rehired as contract laborers. On March 3, 2017, Kentucky Retirement Systems filed a Motion to Dismiss this action based on WKU's failure to name necessary parties. Franklin Circuit Court denied this motion. WKU has filed a motion for Summary Judgment in this action which was denied on October 18, 2018. Additional discovery was then allowed. WKU has not filed a renewed motion for summary judgement. Kentucky Retirement Systems has filed a response. On March 11, 2020, Franklin Circuit Court issued an Order granting Summary Judgment in favor of WKU. Kentucky Retirement Systems filed an appeal of this Opinion and Order with the Court of Appeals on June 17, 2020. Litigation is ongoing.

On June 12, 2017, the River City Fraternal Order of Police and several other individuals filed a Complaint and Motion for a Restraining Order challenging the Kentucky Retirement Systems' implementation of the Medicare Secondary Payer Act as it relates to KRS 61.702, asserting that Kentucky Retirement Systems violated both the federal law and the inviolable contract rights of its members. The court granted a Temporary Restraining Order (the "TRO"); however, a hearing was held at the end of July 2017 to determine whether to dissolve the TRO or grant an injunction during the pendency of this action. On September 25, 2017, Franklin Circuit Court issued an Order in the River City FOP litigation denying the Plaintiffs' Motion for Temporary Injunction and dissolved the Court's previous Restraining Order effective November 1, 2017. Plaintiffs thereafter filed a Motion to amend their Complaint to explicitly allege a violation of the Federal Medicare Secondary Payer Act. This motion was granted. Kentucky Retirement Systems filed a notice that it was removing the case to Federal District Court, where both counsels for River City and Kentucky Retirement Systems filed motions for summary judgment. On March 21, 2019, United States District Judge William Bertelsmann issued a Memorandum Opinion and Order denying the Kentucky Retirement Systems motion for summary judgement and granting River City Fraternal Order of Police's motion for summary judgement in part. Kentucky Retirement Systems filed a motion for reconsideration, which was denied by an Order dated July 17, 2019. On June 3, 2020, Judge Bertelsmann issued a Judgment and Memorandum Opinion and Order that Plaintiff Arnold be awarded damages totaling $9,594.48, Plaintiff Simkins be awarded $83,168.98, Plaintiff Larkin be awarded damages of $6,181.92, and Plaintiff Wood be awarded damages totaling $4,033.61. Kentucky Retirement Systems filed a Notice of Appeal on July 8, 2020. The matter has been briefed and oral arguments have been heard in the Sixth Circuit.

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

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 current KRS Board of Trustees as Defendants. This action is seeking a judgment declaring that the Trustees violated Plaintiffs' right to due process as well as an award of costs and attorneys' fees. Three actions have also been filed in Delaware regarding the Mayberry action. One filed by Prisma Capital Partners and one filed 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. Finally, an action has been field by PAAMCO against Kentucky Retirement Systems in California also allege breaches of warranties, representations and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems.

There are currently three cases pending before the Supreme Court of Kentucky regarding the validity and implementation of KRS 61.598. The portion of KRS 61.598 currently under challenge establishes the procedure for allocating to employers additional actuarial costs resulting from annual increases in an employee's creditable compensation greater than ten percent over the employee's last five fiscal years of employment. The cases allege a variety of constitutional challenges. These cases have been briefed and are under consideration.

SUMMARIES OF THE PRINCIPAL DOCUMENTS

The following statements are brief summaries of certain provisions of the Resolution and the Lease. The statements regarding the Resolution and the Lease do not purport to be complete and reference is made to the Resolution and the Lease, copies of which are available for examination at the Office of Financial Management, 702 Capital Avenue, Suite 76, Frankfort, Kentucky 40601.

The Resolution

Funds and Accounts. The following Funds and Accounts have been established under the Resolution. In addition to the deposits to the debt service funds established under the Prior Resolutions and under the Escrow

Agreement described under "PLAN OF FINANCE" above, deposits of the proceeds of the Bonds and Revenues will be made as described below.

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

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

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

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

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

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

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

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

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

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

Upon the happening and continuance of any event of default described in clause (a) or (b) above, unless the principal of all the Bonds has already become due and payable, either the Trustee (by notice in writing to the

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

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

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

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

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

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

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

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

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

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

As used herein, "Defeasance Obligations" means:

(a) non-callable direct obligations of the United States of America, non-callable and, non-prepayable direct federal agency obligations the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve

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

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

(c) certificates assigned a rating equivalent to the rating assigned to obligations pledging the full faith and credit of the United States at the time of purchase by S&P, Moody's and Fitch Ratings Inc., a New York corporation ("Fitch") (if rated by Fitch) at the time of purchase, 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

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 sufficient to pay the amounts due on the Bonds. The Lease has a current term ending June 30, 2022. The Commission has granted the Cabinet the exclusive option to renew the Lease for successive and ensuing renewal terms of two years commencing on July 1 immediately following the end of the current term. The last renewal term for the Lease relating to the Bonds ends June 30, 2040, the final maturity date for the Bonds to be issued by the Commission for the Project being September 1, 2039. Under the provisions of the Constitution of the Commonwealth, the Commission and the Cabinet are each prohibited from entering into lease obligations extending beyond their biennial budget period. Notwithstanding the foregoing, the Lease provides that each succeeding renewal term will be deemed to be automatically renewed unless written notice of the election by the Cabinet to not so renew is given to the Commission by the last business day of May prior to the beginning of the next succeeding biennial renewal term. Upon the first day of the biennial renewal term, the Cabinet is bound for the entire amount of the rent becoming due during such term as a general obligation of the Cabinet, limited to amounts appropriated for such purpose payable from any and all funds of the Cabinet, 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 has covenanted and agreed in the Lease that when appropriations bills are prepared for introduction at the various successive sessions of the General Assembly of the Commonwealth, they will cause to be included in the appropriations proposed for that biennial period to be made for the Cabinet sufficient amounts (over and above all other requirements of the Cabinet) to enable the Cabinet to make rental payments under the Lease and thereby produce income and revenues to the Commission to permit timely payment of the Bonds as the same become due during such period.

In the Resolution, the Commission has covenanted that it will receive and apply the lease rental payments from the Cabinet 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 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 Holders have no security interest in any properties constituting the Project or any amounts derived therefrom.

RATINGS

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

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 E. Certain legal matters will be passed upon for the Commission by its counsel. Certain legal matters will be passed upon for the Underwriters by Stites & Harbison, PLLC, Louisville, Kentucky.

LITIGATION

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

TAX TREATMENT

General

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

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

Tax Treatment of Federally Tax-Exempt Bonds

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

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

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

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

Tax Treatment of Original Issue Discount

The Federally Tax-Exempt 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 prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

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 Federally Tax-Exempt Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Federally Tax-Exempt 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 Federally Tax-Exempt Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

The Taxable Bonds

The interest on the Series B Bonds is includable in gross income for federal income tax purposes. Purchasers of the Series B Bonds should consult their own tax advisors as to the federal, state or local tax consequences of purchasing, owning or selling the Series B Bonds.

Changes in Federal and State Tax Law

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

RISK FACTORS

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

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

Bonds are Special and Limited Obligations

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE COMMISSION. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE COMMONWEALTH, OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE COMMONWEALTH, BUT ARE PAYABLE SOLELY FROM AMOUNTS DEPOSITED IN CERTAIN FUNDS AND ACCOUNTS CREATED BY THE RESPECTIVE RESOLUTIONS AND FROM RENTAL INCOME DERIVED FROM THE BIENNIALLY RENEWABLE LEASE WITH THE CABINET, 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 OR ANY AMOUNTS DERIVED THEREFROM. See "SECURITY FOR THE BONDS" and the cover page of this Official Statement.

Risks Relating to the Commonwealth

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

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

The outbreak of a novel strain of coronavirus that can result in a severe respiratory disease, referred to as COVID-19, was first detected in 2019. COVID-19 has since spread across the world. In March 2020, the outbreak of COVID-19 was declared a pandemic (the "COVID-19 Pandemic") by the World Health Organization, as well as a U.S. national emergency and a statewide emergency in the Commonwealth. The responses of governments, business, and individuals to the COVID-19 Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national, and local economies are experiencing negative effects due to reduced consumer spending and affected unemployment, as well as government mandated and voluntary responses to mitigate the COVID-19 Pandemic, including school and business closures, event cancellations, and reduced travel. Unemployment in the United States and in the Commonwealth has increased as a result of the COVID-19 Pandemic. There can be no assurances as to the materiality, severity, or duration of the negative economic conditions caused by the COVID-19 Pandemic.

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

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

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

Risks Relating to the Bonds

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

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

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

Risks Relating to Tax Matters

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

UNDERWRITING

Citigroup Global Markets Inc. ("Citigroup"), as representative of the Underwriters, has agreed to purchase (i) the Series A Bonds for an aggregate purchase price of $_______________ (which is equal to the principal amount of the Series A Bonds, plus a net premium on the Series A Bonds of $______________ and less an underwriting discount of $______________) and (ii) the Series B Bonds for an aggregate purchase price of $_______________ (which is equal to the principal amount of the Series B Bonds 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.

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

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

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

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

FHN Financial Capital Markets is a division of First Horizon Bank and First Horizon Advisors, Inc., is a wholly owned subsidiary of First Horizon Bank. FHN Financial Capital Markets has entered into a distribution agreement with First Horizon Advisors, Inc., for the distribution of the Bonds, at the original issue prices. Such arrangement generally provides that FHN Financial Capital Markets will share a portion of its underwriting compensation or selling concession with First Horizon Advisors, Inc.

CONTINUING DISCLOSURE

The Commission will comply with the requirements of the Securities and Exchange Commission regarding secondary market disclosure as set forth in Rule 15c2-12 (the "Rule"), as amended, under the Securities Exchange Act of 1934. Specifically, the Commission entered into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), a form of which is attached as EXHIBIT F, in which it covenanted to provide notice in a timely manner, not later than ten business days after the event, to the Municipal Securities Rulemaking Board (the "MSRB"), and the appropriate state information depository, if any, of any of the types of events with respect to the Bonds set forth in the form attached hereto. Effective on July 1, 2009, the MSRB became the sole nationally recognized municipal securities information repository and the Commission's filings with the MSRB will be in accordance with the MSRB's Electronic Municipal Market Access (EMMA) system, as applicable to the Continuing Disclosure Agreement. In addition, ongoing financial disclosure regarding the Commonwealth has been and will be available through the filing, within nine (9) months of the end of the fiscal year, commencing with the fiscal year ending June 30, 2018, by the Commonwealth of two documents entitled The Kentucky Comprehensive Annual Financial Report and Supplementary Information to the Kentucky Comprehensive Annual Financial Report (or successor reports) with EMMA as required under the Rule and in accordance with the Continuing Disclosure Agreement.

The Commonwealth is providing, and for the five (5) years preceding the date of issuance of the Bonds has provided, ongoing market disclosure as required by 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 May 9, 2018, on April 3, 2019, and on April 21, 2020 the Commission filed Notices of Material Event, Notices of Rating Downgrades and Late Filings on EMMA regarding the matter described in the previous sentence and listing the affected securities.

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

The Commonwealth and the Commission have taken 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

Precision Analytics 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 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 Advance Refunded 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 from taxation of the interest on the Bonds.

OTHER MATTERS

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

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

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

THE COMMONWEALTH OF KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION

By: ______________________________

Ryan Barrow, Executive Director
Office of Financial Management
(Secretary to the Commission)

EXHIBIT A

DEBT INFORMATION PERTAINING TO THE COMMONWEALTH OF KENTUCKY

COMMONWEALTH DEBT MANAGEMENT

Management

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

Structure

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

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

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

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

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

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

Default Record

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

TABLE I
ACTIVE DEBT ISSUING ENTITIES

ENTITY	STATUTORY AUTHORITY/PURPOSE	DEBT LIMITATIONS	RATINGS [1]
State Property and Buildings Commission ("SPBC")	**KRS 56.450** Provide financing for capital construction projects and financing programs approved by the General Assembly.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	A1/A-/A+/A+
Kentucky Asset/Liability Commission ("ALCo")	**KRS 56.860** Provide financing of capital projects and cash flow borrowings to meet working capital needs of the Commonwealth.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly, exclusive of cash flow borrowings within a fiscal year.	Varies
Turnpike Authority of Kentucky ("TAK")	**KRS 175.410-175.990** Construct, maintain, repair, and operate Turnpike projects, resource recovery roads and economic development roads.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly	Aa3/A-/A+/NR
The State Universities (consisting of nine)	**KRS 56.495** Construct educational buildings and housing and dining facilities.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	Varies
Kentucky Housing Corporation ("KHC")	**KRS 198A** Make low interest mortgage loans and construction loans to increase the supply of housing for low to moderate income residents of the Commonwealth.	Limited to $5.0 billion of debt outstanding.	Aaa/AAA/NR/NR
Kentucky Infrastructure Authority ("KIA")	**KRS 224A** Provide financial assistance to local governments for the construction or refinancing of infrastructure facilities and to provide loans to industries for construction of pollution control facilities.	Revolving Fund programs cannot incur debt without appropriation of debt service by the General Assembly. Without legislative approval, other programs are limited to debt outstanding of $500 million.	Aaa/AAA/AAA/NR
Kentucky Higher Education Student Loan Corporation ("KHESLC")	**KRS 164A** Finances, makes and administers loans to fund and refinance costs to attend education institutions as permitted by the Commonwealth.	Limited to $5.0 billion of debt outstanding.	Varies
School Facilities Construction Commission ("SFCC")	**KRS 157.611-157.665** Assist local school districts with the financing and construction of school buildings. Finance the construction of vocational education facilities.	Cannot incur debt without appropriation of debt service by General Assembly.	A1/NR/NR/NR
Kentucky Economic Development Finance Authority ("KEDFA")	**KRS 154** Issue industrial revenue bonds on behalf of industries, hospitals, and commercial enterprises in the state. Provide low interest loans to developing businesses. Provide financing and tax credits to manufacturing entities expanding or locating facilities in the Commonwealth.	None.	Varies
Kentucky Public Transportation Infrastructure Authority ("KPTIA")	**KRS 175B.005-175B.115** Facilitate construction, financing, operation, and oversight of significant transportation projects within the Commonwealth by entering into bi-state agreements and by creating bi-state authorities and project authorities.	Cannot incur debt without prior approval of projects by General Assembly.	Baa2/NR/BBB/NR

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

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

Turnpike Authority of Kentucky

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

Kentucky Asset/Liability Commission – GARVEEs

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

Kentucky Infrastructure Authority

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

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".

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EXHIBIT B

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

Overview

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

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

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

Commonwealth P3 Projects

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

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

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

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

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

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

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

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

The System Developer included a detailed Project Schedule and Schedule Update in its *Next Generation Kentucky Information Highway Project EMMA Report* for the April 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. The System Developer failed to meet the Target System Completion Date of October 29, 2020. As a result of the Amended and Restated Project Agreement, the Project Longstop Date is October 29, 2021. The risk of failing to achieve System Completion by the Longstop Date currently remains low. Construction on the project is approximately 99% complete overall.

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

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

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

2018 Commonwealth of Kentucky State Office Building project - Mayo-Underwood Building. The Certificates of Participation, Series 2018A and Taxable Series 2018B (Commonwealth of Kentucky State Office Building project) closed on February 22, 2018. The proceeds of the Series 2018A and Taxable Series 2018B Certificates 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 contractor, and executed both a management contract and facilities lease agreement. Under the management contract, the building will be managed by the developer upon completion of the project. Additionally, the lease allows the Commonwealth to use and occupy the building subject to proper management and the payment of periodic lease payments, which consist of base rent and additional rent. The Commonwealth maintains an option to purchase the entire project on any date on or after the commencement of the lease, otherwise the project will be conveyed back to the Commonwealth at the end of the lease term.

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

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

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

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

Default Record

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

TABLE I
ACTIVE PUBLIC PRIVATE PARTNERSHIPS

PROJECT	Structure	Status	Principal Outstanding
2015 Commonwealth of Kentucky State Office Building	Capital lease payments, consisting of base rent and additional rent, made pursuant to a facilities lease agreement under a 30-year, tax-exempt structure.	Project commenced in March 2015 and achieved substantial completion on April 1, 2016 and final completion on May 15, 2016. Full occupancy was achieved by August 23, 2016.	$63,810,000
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 April 2021, construction of the project is 99% complete. The risk of failing to achieve System Completion by the Longstop Date of October 29, 2021 remains low.	$285,681,903
2018 Commonwealth of Kentucky State Office Building	Capital lease payments, consisting of base rent and additional rent, made pursuant to a facilities lease agreement under a taxable and tax-exempt structure for a 30-year term.	Site work commenced in December 2017 and achieved substantial completion on February 27, 2020. Full occupancy was achieved on December 17, 2019.	$105,685,000

EXHIBIT C

SUMMARY OF PRIOR BONDS

The outstanding Revenue and Revenue Refunding Bonds, Project No. 100 Series A, which mature on the dates, in the amounts and bear interest at the rates set forth below:

Maturity Date	Amount	Interest Rate
August 1, 2022	$ 810,000	3.750%
August 1, 2022	25,050,000	5.000
August 1, 2024	2,630,000	4.000

The outstanding Revenue Bonds, Project No. 106 Series A, which mature on the dates, in the amounts and bear interest at the rates set forth below:

Maturity Date	Amount	Interest Rate
October 1, 2025	$ 7,340,000	5.000%
October 1, 2026	7,720,000	5.000
October 1, 2027	8,115,000	5.000
October 1, 2028	8,530,000	5.000
October 1, 2029	8,960,000	5.000
October 1, 2030	9,420,000	5.000
October 1, 2031	9,910,000	5.000
October 1, 2032	10,415,000	5.000
October 1, 2033	7,265,000	5.000

The outstanding Revenue Bonds, Project No. 99 Series A, which mature on the dates, in the amounts and bear interest at the rates set forth below:

Maturity Date	Amount	Interest Rate
November 1, 2021	$ 16,610,000	5.000%

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EXHIBIT D

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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EXHIBIT E

FORM OF BOND COUNSEL OPINION FOR THE BONDS

______________, 2021
Commonwealth of Kentucky
State Property and Buildings Commission
Frankfort, KY 40601

U.S. Bank National Association
Louisville, Kentucky

State Property and Buildings Commission of
the Commonwealth of Kentucky
$____________ Revenue Refunding Bonds, Project No. 125 Series A
$_____________ Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B

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 $____________ aggregate principal amount of Revenue Refunding Bonds, Project No. 125 Series A (the "Series A Bonds"), and $_____________ aggregate principal amount of Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B (the "Series B Bonds," and together with the Series A 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 March 1 and September 1 of each year commencing on March 1, 2022. The Series B Bonds are subject to redemption at the option of the Commission as set forth in the Bond Resolution (as defined below). The Series A Bonds are not subject to optional redemption prior to maturity.

The Bonds are being issued by the Commission, pursuant to Chapter 56 and Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes, as supplemented and amended (the "Act"), and a resolution adopted by the Commission on April 13, 2021 (the "Bond Resolution") for the purpose of providing funds to (a) refund the Prior Bonds, or portions thereof, each as described in the Bond Resolution; and (b) pay the costs of issuing the Bonds.

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

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

From such examination, we are of the opinion that:

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

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

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

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

5. The accrual or receipt of interest on the Series A 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 Series A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts, or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Series A Bonds.

6. Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Purchasers of the Series B Bonds should consult their own tax advisors as to the tax consequences of purchasing or owning the Series B Bonds.

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

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

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

Very truly yours,

EXHIBIT F

COMMONWEALTH OF KENTUCKY
State Property and Buildings Commission
$**43,950,000*** Revenue Refunding Bonds, Project No. 125 Series A
$**87,920,000*** Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated as of July 1, 2021, by the Kentucky State Property and Buildings Commission (the "Issuer") and acknowledged by U.S. Bank National Association, as trustee (the "Trustee") under the Bond Resolution adopted by the Issuer on April 13, 2021 (the "Resolution"), is executed and delivered in connection with the issuance of the Issuer's $43,950,000* aggregate principal amount of Revenue Refunding Bonds, Project No. 125 Series A (the "Series A Bonds"), and $87,920,000* aggregate principal amount of Revenue Refunding Bonds, Project No. 125 Federally Taxable Series B (the "Series B Bonds," and together with the Series A 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, 2021, by no later than 9 months after the end of the respective fiscal year, but in any event shall provide Audited Financial Statements no later than 15 business days after the final publication date of such Audited Financial Statements, to the MSRB.

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

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

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

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

* Preliminary, subject to change.

ARTICLE II

OPERATING RULES

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

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

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

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

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

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

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

ARTICLE III

TERMINATION, AMENDMENT AND ENFORCEMENT

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

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

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

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

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

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

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

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

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

ARTICLE IV

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

MISCELLANEOUS

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

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

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

KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION

By ____

Title: ______________________________________

Acknowledged by:

U.S. BANK 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 obligating persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

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

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