DATED JANUARY 26, 2012

NEW ISSUE | **RATING**
Electronic Bidding via Parity® | ***Moody's: " "***
NOT Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, all subject to the qualifications described herein under the heading "Tax Exemption." The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof (see "Tax Exemption" herein).

$16,335,000*
KNOX COUNTY SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES OF 2012

Dated: February 1, 2012 | **Due: as shown below**

Interest on the Bonds is payable each June 1 and December 1, beginning June 1, 2012. The Bonds will mature as to principal on June 1, 2012 and December 1, 2012 and each December 1 thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of $5,000 and integral multiples thereof.

Maturity Date	Amount	Interest Rate	Reoffering Yield	CUSIP	Maturity Date	Amount	Interest Rate	Reoffering Yield	CUSIP
06/01/12	$135,000	%	%		12/01/19	$1,630,000	%	%	
12/01/12	$640,000	%	%		12/01/20	$1,665,000	%	%	
12/01/13	$645,000	%	%		12/01/21	$1,700,000	%	%	
12/01/14	$730,000	%	%		12/01/22	$1,750,000	%	%	
12/01/15	$750,000	%	%		12/01/23	$1,700,000	%	%	
12/01/16	$800,000	%	%		12/01/24	$1,030,000	%	%	
12/01/17	$820,000	%	%		12/01/25	$1,060,000	%	%	
12/01/18	$1,280,000	%	%						

The Bonds are not subject to redemption prior to their stated maturity as described herein.

The Bonds constitute a limited indebtedness of the Knox County School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project on an annual renewable basis to the Knox County Board of Education.

The Knox County (Kentucky) School District Finance Corporation will until February 2, 2012, at 1:00 P.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed $1,635,000.**

PURCHASER'S OPTION: The Purchaser of the Bonds, within 24 hours of the sale, may specify to the Financial Advisor that any Bonds may be combined immediately succeeding sequential maturities into a Term Bond(s), bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein) being subject to mandatory redemption in such maturities for such Term Bond(s).

The Bonds will be delivered utilizing the BOOK-ENTRY-ONLY-SYSTEM administered by The Depository Trust Company.

The Corporation deems this preliminary Official Statement to be final for purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof which has been omitted in accordance with such Rule and which will be supplied with the final Official Statement.

R | S | A

Ross, Sinclaire & Associates, LLC

KNOX COUNTY, KENTUCKY
BOARD OF EDUCATION

Marty Smith, Chairman
Kenneth Crawford, Vice Chairman
Clarence Brown, Member
Sam Watts, Member
Carla Jordan, Member

Walter Hulett, Superintendent/Secretary

KNOX COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

Marty Smith, President
Kenneth Crawford, Vice President
Clarence Brown, Member
Sam Watts, Member
Carla Jordan, Member

Walter Hulett, Secretary
Gertrude Smith, Treasurer

BOND COUNSEL

Henry M. Reed III
Steptoe & Johnson, PLLC
Louisville, Kentucky

FINANCIAL ADVISOR

Ross, Sinclaire & Associates, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank, National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Knox County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2012, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

The Official Statement includes the front cover page immediately preceding this page and all Appendices hereto.

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OFFICIAL STATEMENT
Relating to the Issuance of

$16,335,000*

KNOX COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS,
SERIES OF 2012

** Subject to Permitted Adjustment*

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Knox County School District Finance Corporation (the "Corporation") School Building Refunding Revenue Bonds, Series of 2012 (the "Bonds").

The Bonds are being issued to (i) purchase an escrow scheduled to mature at such times and in such amounts as are necessary and will be adequate, with investment or reinvestment thereof, to pay maturing principal, accruing interest and refund in advance of maturity on December 1, 2013 all of the outstanding Knox County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2003 dated December 1, 2003 (the "2003 Bonds") maturing December 1, 2012 and thereafter (the "Defeased Bonds"); and, (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Defeased Bonds will result in considerable interest cost savings to the Knox County School District (the "District") and is in the best interest of the District.

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a statutory mortgage lien and a pledge of the rental income derived by the Corporation from leasing the Project to the Knox County Board of Education (the "Board") on a year to year basis (see "Security" herein).

All financial and other information presented in this Official Statement has been provided by the Knox County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement should be considered in its entirety, and no one subject discussed should be considered more or less important than any other by reason of its location in the text. Reference should be made to laws, reports or other documents referred to in this Official Statement for more complete information regarding their contents.

Copies of the Bond Resolution authorizing the issuance of the Bonds, Participation Agreement and the Lease Agreement, dated February 1, 2012, may be obtained at the office of Henry M. Reed III, Steptoe & Johnson, PLLC, Bond Counsel, 2218 Frankfort Avenue, Louisville, Kentucky 40206.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds 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.

The following information about the Book-Entry only system applicable to the Bonds has been supplied by DTC. Neither the Corporation nor the Paying Agent and Registrar 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.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's 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.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds 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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Paying Agent and Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 or its nominee, the Paying Agent and Registrar or the Corporation, 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 Corporation or the Paying Agent and Registrar, 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 the Corporation or the Paying Agent and Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

THE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board. Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Board herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

Any bonds, notes or other indebtedness issued or contracted by the Corporation shall, prior to the issuance or incurrence thereon, be specifically approved by the Board. The members of the Board of Directors of the Corporation are the members of the Board. Their terms expire when they cease to hold the office and any successor members of the Board are automatically members of the Corporation upon assuming their public offices.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

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

The 1986, 1988, 1990, 1992, 1994, 1996, 1998, 2000, 2003, 2005, 2006, 2008 and 2010 Regular Sessions of the Kentucky General Assembly appropriated funds to be used for debt service of participating school districts. The appropriations for each biennium are shown in the following table:

Biennium	Appropriation
1986-88	$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
Total	$133,053,700

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 1986 included additional funds to continue to meet the annual debt requirements for all bond issues involving Commission participation issued in prior years.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2012

Following its failure to adopt the required Biennial Budget for the Commonwealth during its Regular Session, the Kentucky General Assembly was convened in Extraordinary Session and adopted a budget for the biennium ending June 30, 2012, which was approved by the Governor.

OUTSTANDING BONDS

The following table shows the outstanding Bonds of the Board by the original principal amount of each issue, the current principal outstanding, the amount of the original principal scheduled to be paid with the corresponding interest thereon by the Board or the School Facilities Construction Commission, the approximate interest range; and, the final maturity date of the Bonds:

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2002A-REF	$225,000	$25,000	$0	$225,000	3.500%	2012
2003	$17,610,000	$14,915,000	$10,701,079	$6,908,921	3.500% - 4.375%	2025
2005-REF	$6,365,000	$4,200,000	$5,397,253	$967,747	3.250% - 3.750%	2017
2007	$11,040,000	$9,620,000	$3,635,337	$7,404,663	3.750% - 4.250%	2027
2008	$4,460,000	$3,915,000	$979,250	$3,480,750	3.700% - 3.700%	2028
2009-REF	$1,510,000	$1,000,000	$1,299,991	$210,009	3.000% - 3.700%	2019
Totals:	$41,210,000	$33,675,000	$22,012,910	$19,197,090		

AUTHORITY

The Board of Directors of the Corporation has adopted a Bond Resolution which authorized among other things:

i) the issuance of approximately $16,335,000 of Bonds subject to a permitted adjustment of $1,635,000;

ii) the advertisement for the public sale of the Bonds;

iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,

iv) the President and Secretary of the Corporation to execute certain documents relative to the sale and delivery of the Bonds.

THE BONDS

General

The Bonds will be dated February 1, 2012, will bear interest from that date as described herein, payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2012 and will mature as to principal on June 1, 2012 and December 1, 2012 and each December 1 thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). U.S. Bank, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System.

Redemption

The Bonds are not subject to redemption prior to their stated maturity.

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the Projects acquired and constructed from the Bond proceeds from the Corporation to the Board.

Mortgage Lien

The Bonds are secured by a statutory mortgage lien upon and pledge of the revenues derived from the rental of the school Project to the Board under a Lease Agreement dated February 1, 2012 (the "Series of 2012 Lease").

The Lease

The Board has leased the school Projects securing the Bonds for an initial period from February 1, 2012 through June 30, 2012 with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until December 1, 2025, the final maturity date of the Bonds.

STATE INTERCEPT

Under the terms of the 2012 Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 2012 Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the 2012 Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately $499,864 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet a portion of the debt service of the Bonds. <u>The plan for financing the Project will require the Commission to pay approximately thirty-one percent (31%) of the debt service of the Bonds.</u>

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2012. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods until the Bonds are retired, but the Commission is not required to do so.

THE PLAN OF REFUNDING

A sufficient amount of the proceeds of the Bonds at the time of delivery will be deposited into an Escrow Fund for the Defeased Bonds. The 2012 Escrow Fund deposit is intended to be sufficient to pay maturing principal, accruing interest and refund in advance of maturity on December 1, 2013 all of the outstanding Knox County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2003 dated December 1, 2003 (the "2003 Bonds") maturing December 1, 2012 and thereafter (the "Defeased Bonds"); and, (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Defeased Bonds will result in considerable interest cost savings to the Knox County School District (the "District") and is in the best interest of the District.

The investments purchased for the Escrow Fund shall be limited to (i) direct Obligations of or Obligations guaranteed by the United States government, or (ii) Obligations of agencies or corporations of the United States as permitted under KRS 66.480(1)(b) and (c) or (iii) Certificates of Deposit of FDIC banks fully collateralized by direct Obligations of or Obligations guaranteed by the United States.

The Plan of Refunding the Bonds of the Prior Issue as set out in the Preliminary Official Statement is tentative as to what Bonds of the Prior Issue shall be defeased and will not be finalized until the sale of the Refunding Bonds.

PURPOSE OF THE PRIOR BONDS

The 2003 Bonds were issued by the Corporation for the purpose of providing funds to finance construction of a High School (the "Project").

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet approximately 69% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----------------2012 Refunding Revenue Bonds ---------------- Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	Total Local Bond Payments
2012	$1,670,709	$135,000	$117,459	$252,459	$101,796	$150,663	$1,586,234
2013	$1,666,071	$640,000	$348,283	$988,283	$500,180	$488,102	$1,607,846
2014	$1,667,294	$645,000	$342,178	$987,178	$500,179	$486,998	$1,608,627
2015	$1,667,653	$730,000	$334,573	$1,064,573	$500,182	$564,391	$1,610,343
2016	$1,668,354	$750,000	$324,943	$1,074,943	$500,181	$574,762	$1,609,114
2017	$1,667,357	$800,000	$313,493	$1,113,493	$500,180	$613,313	$1,611,267
2018	$1,667,554	$820,000	$300,528	$1,120,528	$500,201	$620,326	$1,609,999
2019	$1,664,167	$1,280,000	$281,923	$1,561,923	$500,181	$1,061,742	$1,609,707
2020	$1,674,008	$1,630,000	$253,375	$1,883,375	$500,180	$1,383,195	$1,619,700
2021	$1,674,080	$1,665,000	$217,936	$1,882,936	$500,181	$1,382,756	$1,617,831
2022	$1,673,587	$1,700,000	$177,955	$1,877,955	$500,179	$1,377,776	$1,615,113
2023	$1,676,888	$1,750,000	$133,518	$1,883,518	$500,910	$1,382,607	$1,620,705
2024	$1,676,976	$1,700,000	$86,530	$1,786,530	$401,865	$1,384,665	$1,622,013
2025	$1,675,396	$1,030,000	$47,795	$1,077,795		$1,077,795	$1,616,331
2026	$1,675,526	$1,060,000	$16,430	$1,076,430		$1,076,430	$1,617,675
2027	$1,063,774						$1,063,774
2028	$1,058,147						$1,058,147
Totals:	$27,187,542	$16,335,000	$3,296,915	$19,631,915	$6,006,394	$13,625,521	$26,304,426

Note: Numbers rounded to the nearest $1.00. Projections based on an average coupon of 2.437%.

ESTIMATED USE OF BOND PROCEEDS

The table below shows the estimated sources of funds and uses of proceeds of the Bonds, other than any portions thereof representing accrued interest:

Sources:	
Par Amount of Bonds	$16,335,000.00
Total Sources	$16,335,000.00
Uses:	
Deposit to Escrow Fund	$16,080,310.00
Underwriter's Discount	163,350.00
Cost of Issuance	91,340.00
Total Uses	$16,335,000.00

DISTRICT STUDENT POPULATION

Selected school census and average daily attendance for the Knox County School District is as follows:

Year	Average Daily Attendance
1989-90	4,628.6
1990-91	4,570.6
1991-92	4,520.8
1992-93	4,520.8
1993-94	4,435.2
1994-95	4,390.4
1995-96	4,204.4
1996-97	4,136.2
1997-98	4,163.1
1998-99	4,163.1
1999-00	4,295.0
2000-01	4,307.9
2001-02	4,208.1
2002-03	4,150.8
2003-04	4,229.1
2004-05	4,239.5
2005-06	4,204.1
2006-07	4,241.8
2007-08	4,217.0
2008-09	4,139.8
2009-10	4,119.3
2010-11	4,061.1

Source: Kentucky State Department of Education.

STATE SUPPORT

Support Education Excellence in Kentucky (SEEK). In determining the cost of the program to Support Education Excellence in Kentucky (SEEK), the statewide guaranteed base funding level is computed by dividing the amount appropriated by the prior year's statewide average daily attendance. The SEEK fund is a guaranteed amount of money per pupil in each school district of Kentucky. The current SEEK allotment is $3,866 per pupil. The $100 capital outlay allotment per each average daily attendance is included within the guaranteed amounts. Each district's base funding from the SEEK program is adjusted for the number of at-risk students, the number and types of exceptional children in the district, and cost of transporting students from and to school in the district.

Capital Outlay Allotment. The per pupil capital outlay allotment for each district from the public school fund and from local sources shall be kept in a separate account and may be used by the district only for capital outlay projects approved by the State Department of Education. These funds shall be used for the following capital outlay purposes:

a. For direct payment of construction costs.
b. For debt service on voted and funding bonds.
c. For payment or lease-rental agreements under which the board will eventually acquire ownership of the school plant.
d. For retirement of any deficit resulting from over-expenditure for capital construction, if such deficit resulted from certain declared emergencies.
e. As a reserve fund for the above named purposes, to be carried forward in ensuing budgets.

The allotment for each school board of education in the Commonwealth for fiscal year 1978-79 was $1,800 per classroom unit. The 1979 Session of the Kentucky General Assembly approved increases in this allotment in 1979-80 to $1,900 per classroom unit. This rate remained unchanged in 1980-81. The 1981 Session of the Kentucky General Assembly decreased the allotment per classroom to $1,800 and this allotment rate did not change from the 1981-82 rate, until the 1990-91 school year. Beginning with 1990-91, the Capital Outlay allotment for each district is based on $100 per average daily attendance.

The following table shows the computation of the capital outlay allotment for the Knox County School District for certain preceding school years. Beginning 1990-91, the allotment is based on average daily attendance as required by law.

Year	Capital Outlay Allotment
1990-91	457,060.0
1991-92	452,080.0
1992-93	452,080.0
1993-94	443,520.0
1994-95	439,040.0
1995-96	420,440.0
1996-97	413,620.0
1997-98	416,310.0
1998-99	416,310.0
1999-00	429,500.0
2000-01	430,790.0
2001-02	420,810.0
2002-03	415,080.0
2003-04	422,910.0
2004-05	423,950.0
2005-06	420,410.0
2006-07	424,180.0
2007-08	421,700.0
2008-09	413,980.0
2009-10	411,930.0
2010-11	406,114.0

If the school district has no capital outlay needs, upon approval from the State, the funds can be used for school plant maintenance, repair, insurance on buildings, replacement of equipment, purchase of school buses and purchase of modern technological equipment for educational purposes. If any district has a special levy for capital outlay or debt service that is equal to the capital outlay allotment or a proportionate fraction thereof, and spends the proceeds of the levy for eligible purposes, the State may authorize the district to use all or a proportionate fraction of its capital outlay allotment for current expenses (school districts which use capital outlay allotments to meet current expenses are not eligible to participate in the School Facilities Construction Commission funds).

Facilities Support Program of Kentucky. School districts may be eligible to participate in the Facilities Support Program of Kentucky (FSPK), subject to the following requirements:

1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;

2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,

3) The new revenues generated by the 5 cent addition, must be placed in a restricted account for school building construction bonding.

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes $6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean $6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to $34,000 effective January 1, 2011.

Limitation on Taxation. The 1979 Special Session of the Kentucky General Assembly enacted House Bill 44 which provides that no school district may levy a general tax rate, voted general tax rate, or voted building tax rate which would generate revenues that exceeds the previous years revenues by four percent (4%).

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

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

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

Local Thirty Cents Minimum. Effective for school years beginning after June 30, 1990, the board of education of each school district shall levy a minimum equivalent tax rate of thirty cents ($0.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

Additional 15% Not Subject to Recall. Effective with the school year beginning July 1, 1990, each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Effective with the 1990-91 school year, the State will equalize the revenue generated by this levy at one hundred fifty percent (150%) of the statewide average per pupil equalized assessment. For 1993-94 and thereafter, this level is set at $225,000. The additional 15% rate levy is not subject to the public hearing or recall provisions.

Assessment Valuation. No later than July 1, 1994, all real property located in the state and subject to local taxation shall be assessed at one hundred percent (100%) of fair cash value.

Special Voted and Other Local Taxes. Any district may, in addition to other taxes for school purposes, levy not less than four cents nor more than twenty cents on each one hundred dollars ($100) valuation of property subject to local taxation, to provide a special fund for the purchase of sites for school buildings and the erection, major alteration, enlargement, and complete equipping of school buildings. In addition, districts may levy taxes on tangible and intangible property and on utilities, except generally any amounts of revenues generated above that provided for by House Bill 44 is subject to voter recall.

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
1991-92	56.2	360,267,215	2,024,702
1992-93	52.7	379,199,358	2,131,100
1993-94	53.5	441,056,621	2,324,368
1994-95	52.5	463,083,716	2,477,498
1995-96	59.6	474,263,938	2,489,886
1996-97	59.6	499,006,129	2,974,077
1997-98	61.2	511,540,716	3,048,783
1998-99	61.2	532,213,706	3,257,148
1999-00	57.2	564,321,901	3,453,650
2000-01	56.8	606,772,528	3,470,739
2001-02	57.2	610,469,311	3,467,466
2002-03	60.6	770,404,867	4,406,716
2003-04	60.6	731,364,954	4,432,072
2004-05	57.3	795,469,322	4,820,544
2005-06	55	884,527,383	5,068,342
2006-07	51.9	919,773,508	5,058,754
2007-08	55	963,593,113	5,001,048
2008-09	55.2	1,009,702,920	5,553,366
2009-10	55.2	1,053,354,308	5,814,516
2010-11	54.7	1,021,379,532	5,638,015

Overlapping Bond Indebtedness

The following table shows any other overlapping bond indebtedness of the Knox County School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2010.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Knox			
General Obligation	$16,895,000	$2,554,000	$14,341,000
Public Project Public Corporation	$2,555,000	$665,000	$1,890,000
Water Revenue	$350,000	$20,000	$330,000
Refunding Revenue	$16,091,310	$90,708	$16,000,602
Housing Facilities Renewable	$12,000,000	$1,835,000	$10,165,000
City of Barbourville			
General Obligation	$600,000	$0	$600,000
Utilities Revenue	$1,200,000	$333,000	$867,000
College Project Revenue	$7,500,000	$0	$7,500,000
Special Districts			
Knox County Utility Commission	$2,773,000	$254,500	$2,518,500
Totals:	$59,964,310	$5,752,208	$54,212,102

Source: 2010 Kentucky Local Debt Report.

SEEK Allotment

The Board has reported the following information as to the SEEK allotment to the District, and as provided by the State Department of Education. These receipts are compared to the 1989-90 fiscal year funding prior to enactment of the Kentucky Education Reform Act:

	Base Funding	Local Tax Effort	Total State & Local Funding
2010-11 SEEK	20,199,232	5,638,015	25,837,247
2009-10 SEEK	20,312,363	5,814,516	26,126,879
2008-09 SEEK	22,591,492	5,553,366	28,144,858
2007-08 SEEK	22,672,027	5,001,048	27,673,075
2006-07 SEEK	20,970,660	5,058,754	26,029,414
2005-06 SEEK	20,258,430	5,068,342	25,326,772
2004-05 SEEK	19,472,629	4,820,544	24,293,173
2003-04 SEEK	19,088,330	4,432,072	23,520,402
2002-03 SEEK	18,233,117	4,406,716	22,639,833
2001-02 SEEK	18,446,453	3,467,466	21,913,919
2000-01 SEEK	18,542,670	3,470,739	22,013,409
1999-00 SEEK	17,275,855	3,453,650	20,729,505
1998-99 SEEK	17,021,829	3,257,148	20,278,977
1997-98 SEEK	16,349,714	3,048,783	19,398,497
1996-97 SEEK	15,591,185	2,974,077	18,565,262
1995-96 SEEK	15,015,420	2,489,886	17,505,306
1994-95 SEEK	15,146,147	2,477,498	17,623,645
1993-94 SEEK	14,806,022	2,324,368	17,130,390
1992-93 SEEK	14,682,111	2,131,100	16,813,212
1991-92 SEEK	13,565,819	2,024,702	15,590,520

(1) Support Education Excellence in Kentucky (SEEK) replaces the minimum foundation program and power equalization funding. Capital Outlay is now computed at $100 per average daily attendance (ADA). Capital Outlay is included in the SEEK base funding.

(2) The Board established a current equivalent tax rate (CETR) of $0.547 for FY 2010-11. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.

ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.

iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:

a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or

b) fails to comply with the law.

CERTAIN PENDING LEGISLATION

On September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011, if enacted, would limit the tax benefit of the tax exemption (along with several other listed tax benefits) to the 28% tax bracket. The American Jobs Act of 2011 or other legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

CONTINUING DISCLOSURE

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

Financial information regarding the Board may be obtained from Superintendent, Knox County School District Board of Education, 200 Daniel Boone Dr., Barbourville, Kentucky 40906 Telephone 606-546-3157.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that the Refunding Bonds are NOT "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended, and therefore advises as follows:

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

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

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of MORE than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2012, the Refunding Bonds may be treated by financial institutions as if they were acquired before August 8, 1986.

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

LITIGATION

There is no litigation presently pending against the Corporation or the District, nor to the knowledge of the officials of the Corporation or the District is there any litigation threatened, which questions or affects the validity of the Bonds or any proceedings or transactions relating to the issue, sale and delivery thereof.

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Henry M. Reed III, Steptoe & Johnson, PLLC, Bond Counsel. The form of the approving legal opinion of Bond Counsel will appear on each printed Bond.

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

Bond Counsel has reviewed the information contained in the Official Statement describing the Bonds and the provisions of the Bond Resolution and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections, and general information concerning the Corporation or District, and expresses no opinion thereon, assumes no responsibility for same and has not undertaken independently to verify any information contained herein.

BOND RATING

As noted on the cover page of this Official Statement, Moody’s Investors Service has given the Bonds the indicated rating. Such rating reflects only the respective views of such organization. Explanations of the significance of the rating may be obtained from the rating agency. There can be no assurance that such rating will be maintained for any given period of time or will not be revised or withdrawn entirely by the rating agency, if in their judgement circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Prospective bidders are advised that Ross, Sinclaire & Associates, LLC ("Ross Sinclaire") has been employed as Financial Advisor in connection with the issuance of the Bonds. Ross Sinclaire's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

APPROVAL OF OFFICIAL STATEMENT

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Knox County School District and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement except as to copies of documents denominated "Official Terms and Conditions" and "Bid Form." The financial information supplied by the Board of Education is represented by the Board of Education to be correct. The Corporation deems this preliminary Official Statement to be final for purposes of Securities Exchange Commission Rule 15c2-12(b)(1) as qualified by the cover hereof.

No dealer, broker, salesman, or other person has been authorized by the Corporation, the Knox County Board of Education or the Financial Advisor to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except when otherwise indicated, the information set forth herein has been obtained from the Kentucky Department of Education and the Knox County School District and is believed to be reliable; however, such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Financial Advisor or by Counsel. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to the date hereof.

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

By /s/______________________
President

By /s/______________________
Secretary

APPENDIX A

Knox County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2012

Demographic and Economic Data

KNOX COUNTY, KENTUCKY

Barbourville, the county seat of Knox County, is located in the historic Cumberland Gap area of southeastern Kentucky. Barbourville, with an estimated 2006 population of 3,569, is located 103 miles southeast of Lexington, Kentucky; 100 miles north of Knoxville, Tennessee; and 173 miles southeast of Louisville, Kentucky.

Knox County covers a land area of 387 square miles, and had am estimated 2006 population of 31,973.

The Economic Framework

The total number of people employed in Knox County in 2005 averages 8,603. Trade, transportation, and utilities provided 1,222 jobs; 1,931 people were employed in services; public administration accounted for 375 employees; 1,321 jobs were present in manufacturing; information services provided 96 jobs; 328 people were employed in financial activities; and construction accounted for 157 jobs.

Labor Supply

There is a current estimated labor supply of 12,951 persons available for industrial jobs in the labor market area. In addition, from 2006 through 2009, 11,183 young persons in the area will become 18 years of age and potentially available for industrial jobs.

Transportation

Barbourville is served directly by U.S. Highway 25E and Kentucky Highways 11 and 6. Interstate 75 is located 17 miles northwest, while access to the Daniel Boone Parkway is 24 miles north. Fifteen trucking companies serve Barbourville with interstate and/or intrastate service. CSX Transportation provides main line rail service to Barbourville. The London-Corbin Airport, 25 miles northwest of Bartbourville, maintains a 6,000-foot paved runway. The nearest scheduled commercial airline service is available at Blue Grass Airport, four miles west of Lexington, 107 miles northwest of Barbourville.

Power and Fuel

Electric power is provided to Barbourville and parts of Knox County by the Barbourville Utility Commission, which is supplied by the Kentucky Utilities Company. Knox county is also provided electric power by the Cumberland Valley Rural Electric Cooperative Corporation and Kentucy Utilities Company. Natural gas is provided to Barbourville by Delta Natural Gas Company, Inc.

LOCAL GOVERNMENT

Structure

The City of Barbourvile is governed by a mayor and six council members. The mayor is elected to a four-year term, while the council members each serve two-year terms. Knox County is served by a county judge/executive and five magistrates. Each county official serves a four-year term.

Planning and Zoning

City agency - Barbourville Planning & Zoning Commission
Zoning enforced - Within city only
Subdivision regulations enforced - Within city only
Local codes enforced - Building and housing
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

LABOR MARKET STATISTICS

The Barbourville-Knox County Labor Market Area includes Knox County and the adjoining Kentucky counties of Bell, Clay, Laurel, Rockcastle and Whitley.

Population

Area	2004	2005	2006
Labor Market Area	196,179	197,255	198,332
Barbourville	3,514	3,520	3,569
Knox County	31,912	31,664	31,973

Source: U.S. Department of Commerce, Bureau of the Census.

Population Projections

Area	2010	2015	2020
Labor Market Area	203,654		
Knox County	32,168	33,270	34,253

Source: Kentucky State Data Center, University of Louisville and Kentucky Cabinet for Economic Development.

EDUCATION

Public Schools

	Knox County
Total Enrollment (2005-2006)	4,882
Expenditures Per Pupil	$8,907
Pupil to Teacher Ratio	14.5 - 1

Vocational - Technical Education

Technical Institution	Location	Enrollment (2004-2005)
Knox County ATC	Barbourville, KY	499
Bell County ATC	Pineville, KY	554
Corbin ATC	Corbin, KY	306
Clay County ATC	Manchester, KY	169
Leslie County ATC	Hyden, KY	423
Jackson County ATC	McKee, KY	297
Rockcastle County ATC	Mt. Vernon, KY	431
Lee County ATC	Beattyville, KY	316
Wayne County ATC	Monticello, KY	529
Breathitt County ATC	Jackson, KY	391
Knott County ATC	Hindman, KY	350

Colleges and Universities

Institution	Location	Enrollment (Fall 2005)
Union College	Barbourville, KY	1,224
Cumberland College	Williamsburg, KY	1,843
Somerset Community College	Somerset, KY	6,079
Hazard Community College	Hazard, KY	3,883
Southeast Community & Tech College	Cumberland, KY	4,712
Berea College	Berea, KY	1,595

FINANCIAL INSTITUTIONS

Institution	Total Assets	Total Deposits
Union National Bank & Trust Company of Barbourville	$190,324,000	$166,953,000

Source: McFadden American Financial Institutions Directory, July - December 2007 edition.

EXISTING INDUSTRY

Firm	Product	Total Employed
Advocate Publishing Company	Newspaper publishing, commercial offset printing & plastic binding, 4-color process printing	23
Datatrac Information Services, Inc.	Inbound call center	325
Inifinity Business Group	Outsourced electronic payment, risk management, and fraud prevention company	14
Jackson MSC Inc.	Commercial dishwashers	225
Payne Business Systems	Computer assemblies	6
Southeastern Kentucky Rehabilitation Industries Inc.	Hats, caps, covers, nets, bags & suits (military)	113
Truseal Technologies	Sealants for insulated glass windows	280

Sources: Kentucky Cabinet for Economic Development (08/21/2007).

APPENDIX B

Knox County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2012

Audited Financial Statement for FY Ending June 30, 2011

APPENDIX C

Knox County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2012

Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 1st day of February 1, 2012 by and between the Board of Education of Knox County, Kentucky ("Board"); the Knox County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

The Board has never failed under previous written agreements to comply in all material respects with any previous undertaking with regard to the Rule to provide required financial reports or notices of material events.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $16,335,000 of the Corporation's School Building Refunding Revenue Bonds, Series of 2012, dated February 1, 2012 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared Ross, Sinclaire & Associates, LLC, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION

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

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

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

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

2. MATERIAL EVENTS NOTICES

Under the Rule, Section 15c2-12(b)(5)(i)(C), the following sixteen (16) events must be disclosed within ten (10) business days following the occurrence of said event to MSRB via EMMA and the SID, if any, without regard to materiality:

(1) Principal/interest payment delinquency;

(2) Nonpayment related default;

(3) Unscheduled draw on debt service reserve reflecting financial difficulties;

(4) Unscheduled draw on credit enhancement reflecting financial difficulties;

(5) Substitution of credit or liquidity provider, or its failure to perform;

(6) Adverse tax opinion or event affecting the tax-exempt status of the security;

(7) Modifications to rights of security holders;

(8) Bond call;

(9) Defeasance;

(10) Release, substitution or sale of property securing the repayment of the security;

(11) Rating change;

(12) Failure to provide event filing information as required;

(13) Tender offer/secondary market purchases;

(14) Merger/consolidation/acquisition and sale of all or substantially all assets;

(15) Bankruptcy, insolvency, receivership or similar event, and

(16) Successor, additional or change in trustee.

Notice of said material events shall be given to the entities identified in this Section by the Board on a timely basis (within ten (10) business days of the occurrence). Notwithstanding the foregoing, the provisions of the documents under which the Bonds are authorized and issued do not provide for a debt service reserve, credit enhancements or credit or liquidity providers.

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

3. SPECIAL REQUESTS FOR INFORMATION

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

4. DISCLAIMER OF LIABILITY

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

5. FINAL OFFICIAL STATEMENT

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

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

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

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

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

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

8. DEFAULT

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

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

BOARD OF EDUCATION OF THE KNOX COUNTY SCHOOL DISTRICT

____
Chairman

Attest:

____
Secretary

KNOX COUNTY (KENTUCKY) SCHOOL DISTRICT FINANCE CORPORATION

____
President

Attest:

____
Secretary

APPENDIX D

Knox County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2012

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$16,335,000*
Knox County School District Finance Corporation
School Building Refunding Revenue Bonds, Series of 2012
Dated February 1, 2012

SALE: February 2, 2012 AT 1:00 P.M., E.S.T.

The Secretary of the Knox County (Kentucky) School District Finance Corporation (the "Corporation") will until 1:00 P.M., E.S.T., on February 2, 2012 receive at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, Frankfort, Kentucky 40601, competitive bids for the purchase of $16,335,000 principal amount of Knox County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2012 (the "Refunding Bonds"), dated and bearing interest from February 1, 2012, payable on June 1, 2012, and semi-annually thereafter on June 1 and December 1 of each year, in denominations in multiples of $5,000 within the same maturity, maturing on June 1, 2012 and December 1, 2012 and on June 1 in each of the years as follows:

MATURITY	PRINCIPAL AMOUNT**
2012*	$ 135,000
2012	640,000
2013	645,000
2014	730,000
2015	750,000
2016	800,000
2017	820,000
2018	1,280,000
2019	1,630,000
2020	1,665,000
2021	1,700,000
2022	1,750,000
2023	1,700,000
2024	1,030,000
2025	1,060,000

*First Maturity June 1, 2012

**Subject to the permitted adjustment increasing or decreasing the principal amount of Refunding Bonds to be sold by up to $1,635,000.

PROVISIONS FOR PRIOR REDEMPTION; BOND REGISTRAR/PAYING AGENT

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

The Bonds are NOT subject to redemption at the option of the Corporation prior to their stated maturities.

KNOX COUNTY (KENTUCKY) SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a nonprofit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board of Education of the Knox County School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Bonds herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

AUTHORITY AND PURPOSE

The Refunding Bonds are being issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including KRS Sections 162.120 through 162.300, 162.385, and Section 58.180, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of Hemlepp v. Aronberg, 369 S.W.2d 121, for the purpose of providing funds to retire all of the outstanding Knox County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2003, dated December 1, 2003 (the "2003 Bonds") maturing December 1, 2012 and thereafter (the "Defeased Bonds").

PROCEEDS TO RETIRE CERTAIN BONDS OF PRIOR ISSUE

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

The total principal amount of the 2003 Bonds outstanding as of February 1, 2012 is $12,740,000, scheduled to mature on December 1 in each of the years 2012 through 2024.

Upon the delivery of the Refunding Bonds sufficient proceeds thereof shall be deposited in a special Escrow Fund and Invested in U.S. Government Obligations or collateralized Certificates of Deposit or investment contracts collateralized by a qualified surety bond in order to Pay the principal and accruing interest on the Defeased Bonds maturing on December 1, 2012 and December 1, 2013 and (ii) redeem the Defeased Bonds maturing on and after December 1, 2014 on December 1, 2013.

The Bond Resolution expressly provides that upon delivery of the Refunding Bonds and the deposit of sufficient funds in accordance with the preceding paragraph, the statutory mortgage lien upon and pledge of rental revenues securing the Defeased Bonds shall be released and the Defeased Bonds shall be paid from and secured by the monies deposited in the Escrow Fund.

SECURITY FOR REFUNDING BONDS

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Projects originally financed from the proceeds of the Defeased Bonds. The Refunding Bonds are secured by a statutory mortgage lien upon and pledge of the revenues derived from the rental of the school Project to the Board under a Lease Agreement (the "Series of 2012 Lease" or "Lease").

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

The Lease provides that the Prior Lease will be canceled as to the Defeased Bonds upon the required Escrow deposit but will remain in effect to secure the Remaining Bonds until their retirement. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until December 1, 2025, the final maturity date of the Refunding Bonds, and such annual rentals shall be deposited as received in the Bond Fund for the Refunding Bonds and used and applied for the payment of all maturing principal of and interest on the Refunding Bonds.

Under the terms of the 2012 Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 2012 Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the 2012 Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2012

Following its failure to adopt the required Biennial Budget for the Commonwealth during its Regular Session, the Kentucky General Assembly was convened in Extraordinary Session, and adopted a budget for the biennium ending June 30, 2012, which has been approved by the Governor.

BIDDING CONDITIONS AND RESTRICTIONS

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

(1) Bids must be made on Official Bid Form, contained in Information for Bidders available from the undersigned or Ross, Sincliare & Associates, LLC, Lexington, Kentucky, or by visiting www.rsamuni.com submitted manually, by facsimile or electronically via PARITY®.

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

(3) The minimum bid shall be not less than $16,171,650 (99% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(4)The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly $16,335,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified; provided, however, the Corporation reserves the right to increase or decrease the total principal amount of Refunding Bonds sold to such best bidder, in the amount of not exceeding $1,635,000, with such increase or decrease to be made in any maturity, and the total amount of Refunding Bonds awarded to such best bidder will be a minimum of $14,700,000 or a maximum of $17,970,000. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be at the same price per $5,000 of Refunding Bonds as the price per $5,000 for the $16,335,000 of Refunding Bonds bid.

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

(6) The successful purchaser shall be required (without further advice from the Corporation) to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds actually awarded to the Paying Agent Bank, U.S. Bank, National Association, Louisville, Kentucky, Attn: Mr. Charles Lush (502-562-6436) by the close of business on the day following the award as a good faith deposit said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.

(7) All Refunding Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

(8) The right to reject bids for any reason deemed acceptable by the Corporation, and the right to waive any possible informalities or irregularities in any bid, which in the sole judgment of the Corporation shall be minor or immaterial, is expressly reserved.

(9) CUSIP identification numbers will be printed on the Refunding Bonds at the expense of the Corporation. The purchaser shall pay the CUSIP Service Bureau assignment charge and expenses incident to the printing of the Final Official Statement. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for said Refunding Bonds in accordance with the terms of any accepted proposal for the purchase of said Bonds.

(B) Bidders will be required to take delivery of the Bonds on or about March 1, 2012 and pay for the Bonds in FEDERAL FUNDS.

(C) Said Bonds are offered for sale on the basis of the principal of said Bonds not being subject to Kentucky ad valorem taxation and on the basis of the interest on said Bonds not being subject to Federal or Kentucky income taxation on the date of their delivery to the successful bidder. See TAX EXEMPTION below.

(D) The Corporation shall provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

(E) If, prior to the delivery of the Bonds, any event should occur which alters the tax exempt status of the Bonds, or of the interest thereon, the purchaser shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Corporation, whereupon the good faith check of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

(F) The Corporation and the Board agree to cooperate with the successful bidder in the event said purchaser desires to purchase municipal bond insurance regarding the Refunding Bonds; provided, however, that any and all expenses incurred in obtaining said insurance shall be solely the obligation of the successful bidder should the successful bidder so elect to purchase such insurance.

STATE SUPPORT OF EDUCATION

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

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

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

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

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

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

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

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

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

CONTINUING DISCLOSURE

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

Financial information regarding the Board may be obtained from Superintendent, Knox County School District Board of Education, 200 Daniel Boone Dr., Barbourville, Kentucky 40906 Telephone 606-546-3157.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that the Bonds are NOT "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended, and therefore advises as follows:

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

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

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of MORE than $10,000,000 of qualified tax-exempt obligations during the calendar year ending December 31, 2012, the Bonds may be treated by financial institutions as if they were acquired before August 8, 1986.

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

BOOK-ENTRY-ONLY SYSTEM

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

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized bookentry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

KNOX COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

By s/ Walter Hulett
Secretary

APPENDIX E

Knox County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2012

Official Bid Form

OFFICIAL BID FORM

(Bond Purchase Agreement)

The Knox County (Kentucky) School District Finance Corporation ("Corporation" or "Issuer"), will until 1:00 P.M., E.S.T., on February 2, 2012, receive in the office of Dr. Robert E. Tarvin, Executive Director of the Kentucky Schools Facilities Construction Commission, Suite 102, 229 W. Main Street, Frankfort, Kentucky 40601, (telephone 502-564-5582; Fax 502-564-3412) competitive bids for its $16,335,000 School Building Refunding Revenue Bonds, Series of 2012, dated February 1, 2012; maturing June 1, 2012 and December 1, 2012 and on December 1 through 2025 ("Bonds").

We hereby bid for said $156,335,000* principal amount of Bonds, the total sum of $_______________ (not less than $16,171,650) plus accrued interest from February 1, 2012 payable June 1, 2012 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on June 1, 2012 and December 1 in each of the years as follows:

Year	Amount**	Rate
2012*	$ 135,000	_______%
2012	640,000	_______%
2013	645,000	_______%
2014	730,000	_______%
2015	750,000	_______%
2016	800,000	_______%
2017	820,000	_______%
2018	1,280,000	_______%
2019	1,630,000	_______%
2020	1,665,000	_______%
2021	1,700,000	_______%
2022	1,750,000	_______%
2023	1,700,000	_______%
2024	1,030,000	_______%
2025	1,060,000	_______%

*First Maturity on June 1, 2012
**Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $17,970,000 of Bonds or as little as $14,700,000 of Bonds, at the same price per $5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

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

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

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through U.S. Bank, National Association, Louisville, Kentucky, Attn: Mr. Charles Lush (502-562-6436).

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within 45 days and upon acceptance by the Issuer's Financial Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

____
Bidder

By ________________________________
Authorized Officer

____
Address

Total interest cost from February 1, 2012 to final maturity	$______________________
Plus discount	$______________________
Net interest cost (Total interest cost plus discount or less any premium)	$______________________
Average interest rate or cost (ie NIC)	______________________%

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

Accepted by Ross, Sinclaire & Associates, LLC, as Financial Advisor and Agent for the Knox County School District Finance Corporation for $_______________ amount of Bonds at a price of $_____________ as follows:

Year	**Amount**	**Rate**	**Year**	**Amount**	**Rate**
2012	_______,000	________%	2019	_______,000	________%
2012	_______,000	________	2020	_______,000	________
2013	_______,000	________	2021	_______,000	________
2014	_______,000	________	2022	_______,000	________
2015	_______,000	________	2023	_______,000	________
2016	_______,000	________	2024	_______,000	________
2017	_______,000	________	2025	_______,000	________
2018	_______,000	________			

Dated: February 2, 2011

____
ROSS, SINCLAIRE & ASSOCIATES, LLC,
as Agent for the Knox County
School District Finance Corporation