

DATED OCTOBER 27, 2011

NEW ISSUE
Electronic Bidding via Parity®
Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

RATING
Moody's: " "

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).

\$9,620,000*

SHELBY COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS,
SERIES OF 2011

Dated: November 15, 2011

Due: as shown below

Interest on the Bonds is payable each May 1 and November 1, beginning May 1, 2012. The Bonds will mature as to principal on May 1, 2012 and each May 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.

<u>Maturing</u> <u>May 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP</u>	<u>Maturing</u> <u>May 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP</u>
2012	\$50,000	%	%		2019	\$505,000	%	%	
2013	\$125,000	%	%		2020	\$555,000	%	%	
2014	\$125,000	%	%		2021	\$565,000	%	%	
2015	\$545,000	%	%		2022	\$1,885,000	%	%	
2016	\$485,000	%	%		2023	\$1,890,000	%	%	
2017	\$490,000	%	%		2024	\$1,900,000	%	%	
2018	\$500,000	%	%						

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

The Bonds constitute a limited indebtedness of the Shelby 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 Shelby County Board of Education.

The Shelby County (Kentucky) School District Finance Corporation will until November 3, 2011, at 11:00 A.M., E.D.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 \$965,000.**

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.



Ross, Sinclair & Associates, LLC

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of these Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

**SHELBY COUNTY, KENTUCKY
BOARD OF EDUCATION**

Samuel D. Hinkle IV, Chairperson
Allen Phillips, Vice Chairperson
Doug Butler, Member
Brenda Jackson, Member
Eddie Mathis, Member

James Neihof, Superintendent/Secretary

**SHELBY COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

Samuel D. Hinkle IV, President
Allen Phillips, Vice President
Doug Butler, Member
Brenda Jackson, Member
Eddie Mathis, Member

James Neihof, Secretary
Greg Murphy, Treasurer

BOND COUNSEL

Henry M. Reed III
Louisville, Kentucky

FINANCIAL ADVISOR

Ross, Sinclaire & Associates, LLC
Louisville, Kentucky

PAYING AGENT AND REGISTRAR

US 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 Shelby County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2011, 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**

\$9,620,000*

**SHELBY COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS,
SERIES OF 2011**

** 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 Shelby County School District Finance Corporation (the "Corporation") School Building Refunding Revenue Bonds, Series of 2011 (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 accrued interest and refund in advance of maturity on May 1, 2014 certain of the outstanding Shelby County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2004 dated May 1, 2004 (the "2004 Bonds") maturing May 1, 2015 and thereafter; 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 Shelby County School District (the "District") and is in the best interest of the District. The 2004 Bonds maturing May 1, 2012 through May 1, 2014 will not be defeased and will remain payable under the terms of the prior Lease (the "Remaining Bonds").

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 Shelby 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 Shelby 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 November 15, 2011, may be obtained at the office of Henry M. Reed III, 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:

<u>Biennium</u>	<u>Appropriation</u>
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	<u>12,656,200</u>
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 District	Approximate Interest Rate Range	Final Maturity
1996	\$285,000	\$95,000	\$0	\$285,000	5.100% - 5.100%	2016
2004	\$12,335,000	\$9,650,000	\$10,068,172	\$2,266,828	4.000% - 5.000%	2024
2005	\$5,140,000	\$3,955,000	\$5,140,000	\$0	3.125% - 4.250%	2025
2009-REF	\$13,710,000	\$12,120,000	\$10,657,504	\$3,052,496	2.250% - 3.250%	2019
2009	\$35,700,000	\$34,670,000	\$33,021,315	\$2,678,685	3.250% - 5.000%	2029
2010-REF	\$6,210,000	\$6,125,000	\$6,210,000	\$0	1.000% - 3.125%	2021
Totals:	\$73,380,000	\$66,615,000	\$65,096,991	\$8,283,009		

AUTHORITY

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

- i) the issuance of approximately \$9,620,000 of Bonds subject to a permitted adjustment of \$965,000;
- 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 November 15, 2011, will bear interest from that date as described herein, payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2012 and will mature as to principal on May 1, 2012 and each May 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). US 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 Bond 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 November 15, 2011 (the "Series of 2011 Lease"); provided, however, said lien and pledge rank on the basis of parity with the lien and pledge securing the Remaining Bonds.

The Lease

The Board has leased the school Projects securing the Bonds for an initial period from November 15, 2011 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 May 1, 2024, the final maturity date of the Bonds.

STATE INTERCEPT

Under the terms of the Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of KRS 157.627(5) and 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease and 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.

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 2011 Escrow Fund deposit is intended to be sufficient to pay accrued interest and refund in advance of maturity on May 1, 2014 certain of the outstanding Shelby County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2004 dated May 1, 2004 (the "2004 Bonds") maturing May 1, 205 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 Shelby County School District (the "District") and is in the best interest of the District. The 2004 Bonds maturing May 1, 2012 through May 1, 2014 will not be defeased and will remain payable under the terms of the prior Lease (the "Remaining Bonds").

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 Prior Bonds were issued by the Corporation for the purpose of providing funds to finance construction of Clear Creek Elementary School (the "Project").

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately \$175,564 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. The plan for financing the Project will require the Commission to pay approximately nineteen percent (19%) of the debt service of the Bonds.

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.

STIMATED 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 81% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	-----2011 Series Refunding Revenue Bonds-----					Total Local Bond Payments
		Principal	Interest	Total	SFCC Portion	Local Portion	
2012	\$4,940,095	\$50,000	\$115,973	\$165,973	\$136,414	\$165,973	\$4,897,831
2013	\$4,937,242	\$125,000	\$250,658	\$375,658	\$175,565	\$375,658	\$4,896,424
2014	\$4,936,624	\$125,000	\$248,533	\$373,533	\$175,565	\$373,533	\$4,893,682
2015	\$4,937,251	\$545,000	\$246,408	\$791,408	\$175,565	\$791,408	\$4,897,183
2016	\$4,927,912	\$485,000	\$237,143	\$722,143	\$175,565	\$722,143	\$4,887,254
2017	\$4,924,940	\$490,000	\$228,898	\$718,898	\$175,564	\$718,898	\$4,882,462
2018	\$4,917,768	\$500,000	\$220,568	\$720,568	\$175,564	\$720,568	\$4,879,060
2019	\$4,908,511	\$505,000	\$209,068	\$714,068	\$175,564	\$714,068	\$4,866,078
2020	\$5,024,571	\$555,000	\$196,443	\$751,443	\$175,565	\$751,443	\$4,985,013
2021	\$5,019,403	\$565,000	\$182,013	\$747,013	\$175,564	\$747,013	\$4,978,665
2022	\$5,064,971	\$1,885,000	\$166,475	\$2,051,475	\$175,563	\$2,051,475	\$5,022,946
2023	\$5,058,652	\$1,890,000	\$111,810	\$2,001,810	\$175,565	\$2,001,810	\$5,017,712
2024	\$5,052,464	\$1,900,000	\$57,000	\$1,957,000	\$175,564	\$1,957,000	\$5,014,464
2025	\$5,046,204						\$5,046,204
2026	\$5,035,867						\$5,035,867
2027	\$5,025,428						\$5,025,428
2028	\$5,004,429						\$5,004,429
2029	\$4,998,180						\$4,998,180
Totals:	\$89,760,511	\$9,620,000	\$2,470,985	\$12,090,985	\$2,243,188	\$12,090,985	\$89,228,883

Note: Numbers are rounded to the nearest \$1.00; projections are based on an average interest rate of 3.19468%.

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	<u>\$9,620,000.00</u>
Total Sources	\$9,620,000.00
Uses:	
Deposit to Escrow Fund	\$9,460,720.00
Underwriter's Discount	96,200.00
Cost of Issuance	<u>63,080.00</u>
Total Uses	\$9,620,000.00

DISTRICT STUDENT POPULATION

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

<u>Year</u>	<u>Average Daily Attendance</u>
1989-90	3,969.2
1990-91	4,091.8
1991-92	4,063.8
1992-93	4,063.8
1993-94	4,108.2
1994-95	4,178.5
1995-96	4,153.7
1996-97	4,170.5
1997-98	4,291.9
1998-99	4,291.9
1999-00	4,478.4
2000-01	4,576.9
2001-02	4,771.9
2002-03	4,841.2
2003-04	4,823.4
2004-05	5,073.9
2005-06	5,301.0
2006-07	5,479.8
2007-08	5,591.1
2008-09	5,710.8
2009-10	5,862.1
2010-11	6,015.5

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 Shelby County School District for certain preceding school years. Beginning 1990-91, the allotment is based on average daily attendance as required by law.

<u>Year</u>	<u>Capital Outlay Allotment</u>
1990-91	409,180.0
1991-92	406,380.0
1992-93	406,380.0
1993-94	410,820.0
1994-95	417,850.0
1995-96	415,370.0
1996-97	417,050.0
1997-98	429,190.0
1998-99	429,190.0
1999-00	447,840.0
2000-01	457,690.0
2001-02	477,190.0
2002-03	484,120.0
2003-04	482,340.0
2004-05	507,390.0
2005-06	530,100.0
2006-07	547,980.0
2007-08	559,110.0
2008-09	571,079.0
2009-10	586,208.0
2010-11	601,554.0

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 (\$.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

<u>Tax Year</u>	<u>Combined Equivalent Rate</u>	<u>Total Property Assessment</u>	<u>Property Revenue Collections</u>
1991-92	55.5	919,828,808	5,105,050
1992-93	57.9	973,898,408	5,405,136
1993-94	57.4	1,051,772,503	6,089,763
1994-95	57.4	1,094,675,876	6,283,440
1995-96	58.8	1,273,469,322	7,309,714
1996-97	56	1,353,644,439	7,959,429
1997-98	57.4	1,537,680,616	8,611,011
1998-99	57.4	1,630,000,000	9,356,200
1999-00	59.5	1,695,775,917	9,733,754
2000-01	63	1,903,396,406	11,325,209
2001-02	59.5	1,997,056,662	12,581,457
2002-03	63	2,111,749,847	12,564,912
2003-04	63	2,253,255,993	14,195,513
2004-05	60.9	2,416,719,066	15,225,330
2005-06	69.5	2,593,877,461	15,796,714
2006-07	71.1	2,814,059,162	19,557,711
2007-08	69.5	2,984,760,867	21,221,650
2008-09	73.2	3,131,433,467	21,763,463
2009-10	73.2	3,171,114,014	23,212,555
2010-11	73.4	3,178,758,065	23,268,509

Overlapping Bond Indebtedness

The following table shows any other overlapping bond indebtedness of the Shelby County School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2008.

<u>Issuer</u>	<u>Original Principal Amount</u>	<u>Amount of Bonds Redeemed</u>	<u>Current Principal Outstanding</u>
County of Shelby			
General Obligation	\$2,500,000	\$715,000	\$1,785,000
Public Project Revenue	\$100,000,000	\$0	\$100,000,000
Refunding Revenue	\$2,665,000	\$0	\$2,665,000
Courthouse Annex Lease Revenue	\$4,500,000	\$0	\$4,500,000
Sewer Renewable	\$1,185,000	\$593,000	\$592,000
Lease Purchase Renewable	\$319,000	\$175,000	\$144,000
Fire Protection Renewable	\$98,000	\$13,000	\$85,000
Building Renewable	\$1,300,000	\$230,000	\$1,070,000
Detention Facility Renewable	\$6,400,000	\$380,000	\$6,020,000
City of Shelbyville			
General Obligation	\$15,320,750	\$2,306,486	\$13,014,264
Water & Sewer Revenue	\$3,285,000	\$2,280,000	\$1,005,000
Improvement Project Special Assmt.	\$1,060,000	\$400,000	\$660,000
Recreational Facilities Public Corp.	\$3,200,000	\$1,705,000	\$1,495,000
Refunding Revenue	\$7,230,000	\$0	\$7,230,000
Lease Purchase Renewable	\$24,006,116	\$11,656,346	\$12,349,770
City of Simpsonville			
General Obligation	\$600,000	\$18,221	\$581,779
Sewer Revenue	\$703,000	\$285,000	\$418,000
Refunding Revenue	\$2,000,000	\$0	\$2,000,000

Special Districts			
Bagdad FPD	\$82,000	\$0	\$82,000
Mt. Eden FPD	\$60,000	\$10,000	\$50,000
Shelby County Extension District	\$1,200,000	\$110,000	\$1,090,000
Shelby County Public Health Dist.	\$125,000	\$10,000	\$115,000
Shelby County Suburban Fire Dist.	\$1,981,000	\$229,500	\$1,751,500
Shelbyville-Shelby County Parks	\$2,200,000	\$370,000	\$1,830,000
US 60 Water District	\$1,332,264	\$285,566	\$1,046,698
West Shelby Water District	\$1,461,000	\$161,000	\$1,300,000
Totals:	\$184,813,130	\$21,933,119	\$162,880,011

Source: 2008 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:

	<u>Base Funding</u>	<u>Local Tax Effort</u>	<u>Total State & Local Funding</u>
2010-11 SEEK	21,861,132	23,268,509	45,129,641
2009-10 SEEK	23,212,555	23,212,555	46,425,109
2008-09 SEEK	22,054,565	21,763,463	43,818,028
2007-08 SEEK	21,215,375	21,221,650	42,437,025
2006-07 SEEK	18,555,384	19,557,711	38,113,095
2005-06 SEEK	17,555,309	15,796,714	33,352,023
2004-05 SEEK	15,639,029	15,225,330	30,864,359
2003-04 SEEK	14,571,627	14,195,513	28,767,140
2002-03 SEEK	14,151,764	12,564,912	26,716,676
2001-02 SEEK	13,798,936	12,581,457	26,380,393
2000-01 SEEK	13,101,788	11,325,209	24,426,997
1999-00 SEEK	12,398,004	9,733,754	22,131,758
1998-99 SEEK	12,241,533	9,356,200	21,597,733
1997-98 SEEK	11,111,900	8,611,011	19,722,911
1996-97 SEEK	11,086,087	7,959,429	19,045,516
1995-96 SEEK	10,611,017	7,309,714	17,920,731
1994-95 SEEK	10,452,424	6,283,440	16,735,864
1993-94 SEEK	10,083,378	6,089,763	16,173,141
1992-93 SEEK	10,091,847	5,405,136	15,496,984
1991-92 SEEK	10,261,343	5,105,050	15,366,392

- (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 \$0.734 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.

POTENTIAL LEGISLATION

Numerous Legislative proposals have been made in both Houses of Congress which if enacted into law, (or altered interpretations 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 as same now exist. 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, Shelby County Board of Education, Box 159, 1155 W. Main Street, Shelbyville, Kentucky 40066 (502) 633-2375.

TAX EXEMPTION; BANK QUALIFIED

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

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

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

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2011, 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, 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, Sinclair & Associates, LLC ("Ross Sinclair") has been employed as Financial Advisor in connection with the issuance of the Bonds. Ross Sinclair's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders, including Ross Sinclair, 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 Shelby 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 Shelby 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 Shelby 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

**Shelby County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2011**

Demographic and Economic Data

SHELBY COUNTY, KENTUCKY

Shelbyville, the county seat of Shelby County, is located in the Outer Bluegrass Region of north central Kentucky. Shelbyville is located 31 miles east of Louisville, KY; 50 miles west of Lexington, Kentucky; and 95 miles southwest of Cincinnati, Ohio. In 2008, Shelbyville has an estimated population of 11,294.

Shelby County, with a rolling hilly terrain, covers a total land area of 384 square miles. Shelby County had an estimated 2009 population of 42,078.

The Economic Framework

The total number of Shelby County residents employed in 2008 averaged 13,649. In 2008, manufacturing firms in the county reported 3,956 employees; trade, transportation and utilities provided 2,435 jobs; 4,009 people were employed in service occupations; public administration accounted for 615 employees; contract construction firms provided 534 jobs; information services provided 148 jobs; agriculture, forestry, fishing and hunting provided 114 jobs and financial activities provided 560 jobs.

Labor Supply

There is a current estimated labor supply of 46,889 persons available for jobs in the labor market area. In addition, from 2009 through 2012, 76,519 young persons in the area will become 18 years of age and potentially available for industrial jobs.

Transportation

Shelby County is served directly by U.S. Highway 64, U.S. Highways 60 and 460, and Kentucky Routes 53 and 55. Twenty-seven trucking companies provide interstate and/or intrastate service to the area. CSX Transportation and the Norfolk Southern Corporation provides main line rail service. The nearest internodal facilities are available at Louisville, 31 miles west of Shelbyville. The Capital City Airport, 20 miles east of Shelbyville in Frankfort; and Bowman Field in Louisville, 26 miles west, provide facilities for small craft operation. The nearest scheduled commercial airline service is available at the Louisville International Airport, 35 miles west of Shelbyville.

Power and Fuel

Electric power is provided to Shelbyville and portions of Shelby County by LG&E Energy Corp. The major portions of Shelby County is served by the East Kentucky Power Cooperative. Natural gas service is provided by the LG&E Energy Corp. and Atmos Energy Corporation.

Education

The Shelby County School System provides primary and secondary level education to Shelbyville and Shelby County. Eleven colleges and universities are located within 50 miles of Shelbyville. Vocational training is available at the Shelby County Area Technology Center in Shelbyville. Kentucky Tech-Jefferson Campus in Louisville, 31 miles west of Shelbyville, is the nearest state vocational training center.

LOCAL GOVERNMENT

Structure

The City of Shelbyville is served by a mayor, six council members, and a full-time city administrator. The mayor serves a four-year term and the council members serve two-year terms. Shelby County is served by a county judge/executive and seven magistrates. Each official is elected to a four-year term.

Planning and Zoning

Joint agency- Triple S Planning Commission
Participating cities- Shelbyville, Simpsonville
Zoning enforced- All areas, both county and cities
Subdivision regulations enforced- All areas, both county and cities
Local codes enforced- Building
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

The city of Shelbyville levies an occupational license tax of one percent on gross wages, salaries, and commissions of individuals. A net profit business tax of \$50 for the first year is charged by the city. Thereafter, the net profits business tax is one percent with a maximum of \$3,000 per year.

Shelby County levies an occupational license tax of one percent on wages and net profits, in unincorporated areas, exempting the first \$10,000 of net profits.

Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and state statutes allow local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside of city limits may also be subject to city property taxes.

Special local taxing jurisdictions (fire protection districts, watershed districts, and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county).

Property assessments in Kentucky are at 100% fair cash value. A 15% reduction is automatically granted for accounts receivable.

LABOR MARKET STATISTICS

The Shelby County Labor Market Area includes Shelby County and the adjoining Kentucky counties of Anderson, Franklin, Henry, Jefferson, Oldham, and Spencer.

<u>Area</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Labor Market Area	1,443,536	1,461,476	1,474,651
Shelbyville	11,173	11,294	NA
Shelby County	40,615	41,376	42,078

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

POPULATION PROJECTIONS

<u>Area</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Shelby County	41,445	44,882	47,993

Source: University of Louisville, Urban Studies Center, State Data Center.

EDUCATION

Public Schools

	<u>Shelby County</u>
Total Enrollment (2008-2009)	6,531
Pupil-Teacher Ratio (2008-2009)	15.9-1
Expenditures Per Pupil (2008-2009)	\$8,824.00

Vocational Training

Kentucky Tech schools are operated by the Cabinet for workforce Development and provide secondary (Sec) and postsecondary (P/S) vocational-technical training.

Customized Training

The Kentucky Tech system, through its Training and Development Coordinators, will provide technical assistance and will identify and develop low-cost customized training programs and services for both established and prospective businesses. Businesses wanting to establish a customized training program should contact a Training and Development Coordinator located on the campus of the Kentucky Tech-Jefferson Campus.

Assessment Services

Kentucky Tech Career Connections offers to business, education and government agencies testing packages for evaluating job applicants, selecting employees for promotional consideration, and developing training programs within the organization.

Adult Education Services

Adult education programs are available to adults who want to develop new skills, improve basic skills, or earn a high school equivalency diploma. In Shelby County, adult education is provided by the Shelby County Board of education and adult literacy programs are provided through the Appalachian Communities for Children.

<u>Vocational School</u>	<u>Location</u>	<u>Enrollment 2008-2009</u>
Shelby County ATC	Shelbyville	890
Nelson County ATC	Bardstown	387
Bullitt County ATC	Shepherdsville	210
Carroll County ATC	Carrollton	411
Hughes Jones Harrodsburg ATC	Harrodsburg	278
Eastside Technical Center	Lexington	450
Marion County ATC	Lebanon	705
Harrison County ATC	Cynthiana	446
Meade County ATC	Brandenburg	387
Garrard County ATC	Lancaster	264
Lincoln County ATC	Stanford	263
Clark County ATC	Winchester	400

Area Colleges and Universities

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2009)</u>
Kentucky State University	Frankfort, KY	2,834
Bellarmino University	Louisville, KY	3,090
Jefferson Community & Tech.	Louisville, KY	14,992
Spalding University	Louisville, KY	2,084
University of Louisville	Louisville, KY	22,031
Midway College	Midway, KY	1,408
Saint Catharine College	St. Catharine, KY	851
Georgetown College	Georgetown, KY	1,882
Asbury College	Wilmore, KY	1,622
Bluegrass Community & Tech.	Lexington, KY	13,378
Transylvania University	Lexington, KY	1,089
University of Kentucky	Lexington, KY	27,171
Centre College	Danville, KY	1,216
Elizabethtown Community College	Elizabethtown, KY	6,915
Campbellsville University	Campbellsville, KY	3,186

FINANCIAL INSTITUTIONS

<u>Institution</u>	<u>Assets</u>	<u>Deposits</u>
Citizens Union Bank of Shelbyville	\$715,927,000	\$569,599,000

Source: McFadden American Financial Directory.

EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Employees</u>
<i>Shelbyville:</i>		
Alcan Packaging	Flexible packaging for food industry	243
Alcan Global Pharmaceutical Packaging Inc.	Flexible packaging for pharmaceutical industry	158
Barnes Distribution	Packaging facility of automotive replacement parts & distribution to automotive dealers	50
Bekaert Corp.	Preformed steel staple wire, fine wire, flat wire	95
Black & Decker Corp.	Circular saw blades	81
Ichikoh Manufacturing Inc.	Truck and car rear & side view mirrors	115
Johnson Controls Inc.	Automobile seat assembling	225
Katayama American Co. Inc.	Automotive door sashes and moldings	273
LEDCO	Interior wooden & specialized mirrored doors	125
Martinrea	Automobile parts stamping	262
National Envelope Corporation	Envelope manufacturing	150
Nifco North America Inc.	Manufacture plastic injection molded fasteners	50
Ohio Valley Aluminum Co. LLC	Aluminum billets	111
Omega Plastics of KY	Plastic & high-density polyethylene bags	76
Process Machinery Inc.	Manufacture and distribute products for the Aggregate Processing Industry	67
Revere Packaging LLC	Aluminum foil containers & plastic dome food covers	50
Roll Forming Corp.	Custom roll formed products and headquarters	200
Ryerson Inc.	Aluminum & stainless steel processing	49
<i>Simpsonville:</i>		
Neff Packaging Solutions	Advertising displays and paperboard folding cartons	75
Purnell Old Folks Sausage Inc.	Sausage products	240

Source: Kentucky Cabinet for Economic Development, Division of Research (1/10/10).

APPENDIX B

Shelby County School District Finance Corporation School Building Refunding Revenue Bonds Series of 2011

Financial Data

**SHELBY COUNTY BOARD OF EDUCATION
COMBINED BALANCE SHEET
GENERAL FUND
For Year Ending June 30**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assets and Resources			
<u>Assets:</u>			
Cash & Cash Equivalents	\$12,714,501	\$13,241,649	\$5,767
Investments	24,254	15,111	12,021,786
Accounts Receivable:	363,659		
Taxes	0	160,159	308,199
Other	0	7,755	24,170
Note receivable	0	0	0
Due from FSPK fund	0	0	2,524,788
Due from School Food Service Fund	<u>0</u>	<u>0</u>	<u>173,474</u>
 Total Assets	 \$13,102,414	 \$13,424,674	 \$15,058,184
 Total Assets & Resources	 \$13,102,414	 \$13,424,674	 \$15,058,184
 Liabilities and Fund Balances			
<u>Liabilities:</u>			
Accounts Payable	\$335,006	\$134,840	\$154,515
Accrued payroll taxes	0	1,439	0
Due to other funds	0	0	0
Current portion of accumulated sick leave	<u>115,000</u>	<u>115,000</u>	<u>175,000</u>
 Total Liabilities	 \$450,006	 \$251,279	 \$329,515
 <u>Fund Balances:</u>			
Unrestricted	<u>\$12,652,407</u>	<u>\$13,173,395</u>	<u>\$14,728,669</u>
 Total Fund Balances	 \$12,652,407	 \$13,173,395	 \$14,728,669
 Total Liabilities & Fund Balances	 <u>\$13,102,414</u>	 <u>\$13,424,674</u>	 <u>\$15,058,184</u>

Source: Shelby County Board of Education Financial Audits.

**SHELBY COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
For Year Ending June 30**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:			
Revenue from Local Sources:			
Taxes:			
Property	\$12,675,048	\$13,511,606	\$14,138,672
Motor Vehicle	975,581	925,882	973,593
Utilities	3,082,238	2,944,686	2,976,895
Revenue in Lieu of Taxes	22,932	0	0
Earnings on investments	1,036,948	655,182	499,265
Tuition and Fees	10,400	0	0
Other local	365,201	89,024	136,735
Intergovernmental - State	29,174,379	30,650,445	29,467,343
Intergovernmental - Federal	<u>45,550</u>	<u>55,207</u>	<u>58,351</u>
Total Revenues	\$47,388,275	\$48,832,032	\$48,250,854
Expenditures:			
Instruction	\$29,246,165	\$30,344,538	\$29,613,188
Support Services:			
Student	1,853,994	1,813,475	1,820,227
Instructional Staff	2,215,445	2,846,823	2,240,297
District Administration	1,074,916	1,059,488	1,305,973
School Administration	1,908,652	2,190,823	2,490,489
Business	896,711	1,034,612	1,090,086
Plant Operation & Maintenance	5,000,313	4,752,226	4,916,321
Pupil Transportation	3,902,744	3,828,473	3,029,823
Central Office	381,765	0	0
Food Service	0	425,369	112,529
Community Services	0	0	64,340
Facilities & Construction	0	0	0
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$46,480,704	\$48,295,827	\$46,683,273
Excess (Deficiency) of Revenues over Expenditures	\$907,571	\$536,205	\$1,567,581
Other Financing Sources:			
Operating Transfers In	\$145,142	\$620,216	\$210,191
Operating Transfers Out	(3,105,722)	(707,743)	(271,301)
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Assets	18,202	0	0
Other	<u>0</u>	<u>72,310</u>	<u>48,803</u>
Total other financing sources	\$(2,942,377)	\$(15,217)	\$(12,307)
Excess (deficit) of Revenues & Other Financing Sources over Expenditures & Other Financing Uses	\$(2,034,806)	\$520,988	\$1,555,274
Fund Balance July 1, 2007	\$14,687,213		
Fund Balance July 1, 2008		\$12,652,407	
Fund Balance July 1, 2009			\$13,173,395
Ending Fund Balance	<u>\$12,652,407</u>	<u>\$13,173,395</u>	<u>\$14,728,669</u>

Source: Shelby County Board of Education Financial Audits.

APPENDIX C

**Shelby County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2011**

Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 15th day of November, 2011 by and between the Board of Education of Shelby County, Kentucky ("Board"); the Shelby 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.

WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$9,620,000 of the Corporation's School Building Refunding Revenue Bonds, Series of 2011, dated November 15, 2011 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared Ross, Sinclair & Associates, LLC, Louisville, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION

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

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

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

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

2. MATERIAL EVENTS NOTICES

Under the Rule, Section 15c2-12(b)(5)(i)(C), the following 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
SHELBY COUNTY SCHOOL DISTRICT**

Chairman

Attest:

Secretary

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

President

Attest:

Secretary

APPENDIX D

**Shelby County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2011**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$9,620,000

**Shelby County School District Finance Corporation
School Building Refunding Revenue Bonds, Series of 2011
Dated November 15, 2011**

SALE: November 3, 2011 AT 11:00 A.M., E.D.S.T.

The Shelby County (Kentucky) School District Finance Corporation (the "Corporation") will until 11:00 A.M., E.D.S.T., on November 3, 2011 receive at the office of Dr. Robert E. Tarvin, Executive Director, Kentucky School Facilities Construction Commission, 229 W. Main Street, Suite 102, Frankfort, Kentucky 40601, competitive bids for the purchase of \$9,620,000 principal amount of Shelby County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2011 (the "Refunding Bonds"), dated and bearing interest from November 15, 2011, payable on May 1, 2012, and semi-annually thereafter on November 1 and May 1 of each year, in denominations in multiples of \$5,000 within the same maturity, maturing on May 1 as follows:

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT*</u>
2012	\$ 50,000
2013	125,000
2014	125,000
2015	545,000
2016	485,000
2017	490,000
2018	500,000
2019	505,000
2020	555,000
2021	565,000
2022	1,885,000
2023	1,890,000
2024	1,900,000

*Subject to the Permitted Adjustment increasing or decreasing the principal amount of Refunding Bonds to be sold by up to \$965,000.

REDEMPTION PROVISIONS

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

The Refunding Bonds are to be issued in fully registered form (both principal and interest). US Bank, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to each Registered Owner of record as of the 15th day of the month preceding the due date which shall be Cede & Co., as the Nominee of The Depository Trust Company ("DTC"). Please see "Book-Entry-Only-System" below.

SHELBY COUNTY (KENTUCKY) SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board of Education of the Shelby 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 Sections 162.120 through 162.300, 162.385, and Section 58.180 of the Kentucky Revised Statutes, within the meaning of the decision of the Court of Appeals of Kentucky

(Supreme Court) in the case of Hemlepp v. Aronberg, 369 S.W.2d 121, for the purpose of providing funds to retire certain of the outstanding Shelby County (Kentucky) School District Finance Corporation School Building Revenue Bonds, Series of 2004, dated May 1, 2004 (the "Prior Issue") maturing on and after May 1, 2015 (the "Defeased Bonds") prior to their stated maturities on May 1, 2014. The Bonds of the Prior Issue maturing May 1, 2012 through May 1, 2014 shall not be defeased and shall remain payable under the Prior Lease (the "Remaining Bonds").

SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay 18.4% of the debt service of the Refunding Bonds through May 1, 2024; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial budget period terminating on June 30, 2012.

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

PROCEEDS TO RETIRE CERTAIN BONDS OF PRIOR ISSUE

The Bonds of the Prior Issue were issued under the authority of Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes for the purpose of providing funds to finance construction of Clear Creek Elementary School (the "Project"). Under the terms of the Resolution authorizing the Prior Issue, those Bonds are payable from the income and revenues of the Project financed from the proceeds thereof. The Bonds of the Prior Issue are secured by a statutory mortgage lien upon and a pledge of revenues from the rental of the Project to the Board under a Contract, Lease and Option, dated May 1, 2004 (the "Prior Lease").

The total principal amount of the Prior Issue currently outstanding is \$9,650,000, scheduled to mature on May 1 in each of the years 2012 through 2024. The Bonds of the Prior Issue constitute the only outstanding bonded indebtedness payable from or secured by the school Project financed from the proceeds thereof.

The 2011 Bond Resolution adopted by the Corporation's Board of Directors authorizes the payment and retirement of the Defeased Bonds including principal, accruing interest but without redemption premium, prior to their stated maturities through the deposit of the required amount of proceeds of the Refunding Bonds in a special Escrow Fund for application to the retirement of the Defeased Bonds.

The 2011 Bond Resolution expressly provides that upon delivery of the Refunding Bonds and the deposit of sufficient funds in accordance with the preceding paragraph neither the statutory mortgage lien upon nor the pledge of the revenues from the rental of the Project under the Prior Lease shall constitute the security and source of payment for any of the Defeased Bonds of the Prior Issue and the Registered Owners of such Defeased Bonds of the Prior Issue shall be paid from and secured by the monies deposited in the Escrow Fund for the retirement thereof upon the delivery of the Refunding Bonds.

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

SECURITY FOR REFUNDING BONDS

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Project financed from the proceeds of the Prior Issue. The Refunding Bonds are secured by a statutory mortgage lien upon and a pledge of the revenues derived from the rental of the school Project to the Board under a Lease Agreement dated November 15,

2011 (the "2011 Lease"); said lien and pledge ranking on a parity with the lien and pledge securing the Remaining Bonds.

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

The 2011 Lease provides that the Prior Lease will be canceled effective upon the escrow of sufficient funds to provide for the retirement of the Defeased Bonds after the retirement of the Remaining Bonds. The 2011 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 2011 Lease until May 1, 2024, 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 2011 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 2011 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 2011 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 2011 Bond Resolution and the 2011 Lease the statutory mortgage lien securing the Refunding Bonds which is created and granted pursuant to KRS 162.200 upon the school Project are and shall be restricted in their application to the exact location of said school building Project and to such easements and rights of way for ingress, egress and the rendering of services thereto as may be necessary for the proper use and maintenance of said school buildings; the right being reserved to erect or construct upon any land not occupied by the school Project other independently financed school buildings, free and clear of said statutory mortgage lien, which other independently financed school buildings may or may not have a party wall with and adjoin said school building constituting the Project, provided no part of the cost of said other independently financed school buildings is paid from the proceeds of the sale of the Refunding Bonds.

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, Sinclair & Associates, LLC, Louisville, 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 \$9,523,800 (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 \$9,620,000 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 \$965,000, 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 \$8,655,000 or a maximum of \$10,585,000. 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 \$9,620,000 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 May 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 US Bank, National Association, Louisville, Kentucky, Attn: Ms. Betty Bain (502-562-6259) 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. 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) The Bonds will be delivered utilizing the DTC Book-Entry-Only-System.

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

(D) The Corporation will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A Final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

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

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

STATE SUPPORT OF EDUCATION

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

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

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

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

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

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

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

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

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

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.

POTENTIAL LEGISLATION

Numerous Legislative proposals have been made in both Houses of Congress which if enacted into law, (or altered interpretations 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 as same now exist. 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, Shelby County Board of Education, Box 159, 1155 W. Main Street, Shelbyville, Kentucky 40066 (502) 633-2375.

TAX EXEMPTION; "BANK QUALIFIED"

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

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

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

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2011, the Bonds may be treated by financial institutions as if they were acquired before August 8, 1986.

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

The Corporation will provide the purchaser the customary no-litigation certificate, and the final approving Legal Opinions of Henry M. Reed III, Bond Counsel and Special Tax Counsel, Louisville, Kentucky approving the legality of the Bonds. These opinions will accompany the Bonds when delivered, without expense to the purchaser.

BOOK-ENTRY-ONLY-SYSTEM

The Refunding Bonds shall utilize the Book-Entry-Only-System administered by The Depository Trust Company ("DTC").

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities

certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records.

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

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

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

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

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

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Bond Registrar. Under such circumstances, in the event that a

successor securities depository is not obtained, Bond certificates are required to be printed and delivered by the Bond Registrar.

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

SHELBY COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

By s/ James Neihof
Secretary

APPENDIX E

**Shelby County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2011**

Official Bid Form

**OFFICIAL BID FORM
(Bond Purchase Agreement)**

The Shelby County (Kentucky) School District Finance Corporation ("Corporation"), will until 11:00 A.M., E.D.S.T., on November 3, 2011, 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 \$9,620,000 School Building Refunding Revenue Bonds, Series of 2011, dated November 15, 2011; maturing May 1, 2012 through 2024 ("Bonds").

We hereby bid for said \$9,620,000* principal amount of Bonds, the total sum of \$_____ (not less than \$9,523,800) plus accrued interest from November 15, 2011 payable May 1, 2012 and semiannually thereafter (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 May 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2012	\$ 50,000	_____%	2019	\$ 505,000	_____%
2013	125,000	_____%	2020	555,000	_____%
2014	125,000	_____%	2021	565,000	_____%
2015	545,000	_____%	2022	1,885,000	_____%
2016	485,000	_____%	2023	1,890,000	_____%
2017	490,000	_____%	2024	1,900,000	_____%
2018	500,000	_____%			

*Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$10,585,000 of Bonds or as little as \$8,655,000 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 by the Secretary of the Corporation 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.

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 May 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through US Bank, National Association, Louisville, Kentucky, Attn: Ms. Betty Bain (502-562-6259).

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 forty-five (45) days of the award 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 November 15, 2011 to final maturity	\$ _____
Plus discount or less any premium	\$ _____
Net interest cost (Total interest cost plus discount or less any premium)	\$ _____
Average interest rate or cost (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, Sinclair & Associates, LLC as Agent for the Shelby County School District Finance Corporation for \$ _____ amount of Bonds at a price of \$ _____ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2012	_____,000	_____%	2019	_____,000	_____%
2013	_____,000	_____%	2020	_____,000	_____%
2014	_____,000	_____%	2021	_____,000	_____%
2015	_____,000	_____%	2022	_____,000	_____%
2016	_____,000	_____%	2023	_____,000	_____%
2017	_____,000	_____%	2024	_____,000	_____%
2018	_____,000	_____%			

Dated: November 3, 2011

 Ross, Sinclair & Associates, LLC,
 Financial Advisor and Agent for Shelby
 County School District Finance Corporation